ZICB



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2025 Annual Report.

Zambia Industrial Commercial Bank Ltd

(A registered commercial bank)

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Zambia Industrial Commercial Bank Ltd
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Introduction

Zambia Industrial Commercial Bank Limited (ZICB) was incorporated on 31st August 2017 and opened to the public on 1st August 2018. The Bank was created with a vision to contribute towards Zambia's economic development with a focus on industrialisation and commercialisation of local business enterprises.

The Bank is 100% locally owned and its key shareholders include the National Pension Scheme Authority (NAPSA) through its investment company - NAPSA Investment Holding Limited (NAPSA-IH), the Industrial Development Corporation Limited (IDC), and the Workers' Compensation Fund Control Board.

Shareholding structure

NAPSA Investment Holdings limited (NAPSA-IH)	64.27%
Industrial Development Corporation (IDC)	30.21%
Workers Compensation Fund Control Board	4.74%
Mahdi Manufacturing Ltd	0.30%
Guardian Insurance Brokers	0.24%
Davies/Angela Kabuswe	0.23%

Supporting the Industrialization and commercialization of the Zambian economy.

+Our Vision

To be the preferred bank in our chosen segments supporting commercialisation, industrialisation and growth of our customers.

+Our Mission

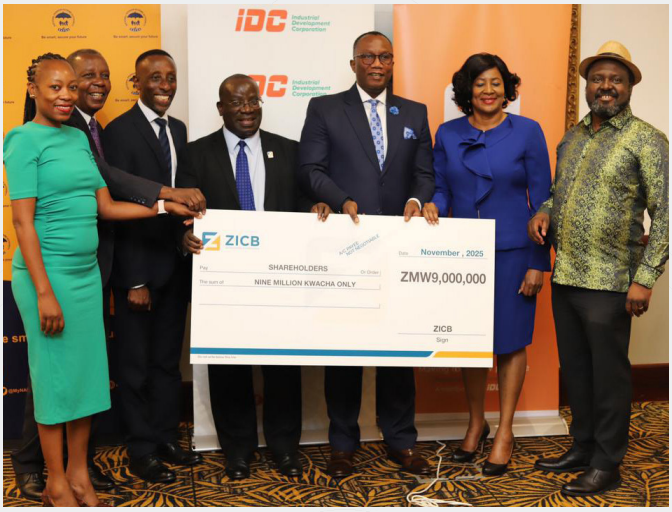
To support our customers' wealth creation and growth through provision of customer centric banking solutions to our chosen segments pivotal to commercialisation and industrialisation of the Zambian economy.

+Our Focus

ZICB has been set up for the primary purpose of supporting the growth of local businesses. The Bank will also extend support to its corporate clients' value chain predicated by its relationship with the corporate.

Looking back at 2025

























Recognition of Excellence

Our commitment to delivering exceptional service ,driving innovation and empowering communities continues to earn us recognition at both local and recognition at both local and regional levels.

In 2025, ZICB was honoured with three prestigious awards

OUR 2025 AWARDS AND RECOGNITIONS

01

Best Service of the Year Banking Sector

Zambia Annual Quality Awards (Zambia Bureau of Standards)



Recognised for our outstanding service excellence, innovation and dedication to raising the standard of banking in Zambia.

02

Best Service of the Year - Large enterprise category

SADC Quality Awards



Awarded at the regional level in recognition of our commitment to international service standards and quality assurance.

03

Recognition for Financial Education for kids

Zed Kidpreneur Academy



Honoured for our partnership and impact in equipping children aged 4–17 with the knowledge and skills for a financially empowered future.

CSR Activities 2025



















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Danny Luswili
Board Chairman

Chairman's Statement

Holding Steady, Building a Strong Foundation

The year 2025 presented a demanding operating environment for Zambia Industrial Commercial Bank Limited (ZICB), shaped by a combination of global economic uncertainty, climate-related shocks and domestic macroeconomic adjustments. Against this backdrop, the Bank remained focused on executing its strategic priorities while strengthening its role as a key financial partner in Zambia's economic transformation.

Throughout the year, ZICB maintained its commitment to supporting the growth of local businesses, expanding access to financial services and facilitating investment in productive sectors of the economy. Guided by our Corporate Strategic Plan and supported by strong governance frameworks, the Bank continued to position itself as a development-oriented commercial bank playing an important role in advancing Zambia's industrialisation and enterprise growth agenda.

A major highlight during the year was the assignment of an 'A' Long-Term Credit Rating (LTR) to ZICB by Premier Rating Services Ltd. The Bank was also assigned a Short-Term Credit Rating (STR) of 1. This rating reflects ZICB's financial strength, sound governance structures and positive growth trajectory. Importantly, it strengthens the Bank's credibility within financial markets and enhances our ability to access competitively priced credit lines that enable us to provide more affordable financing solutions to businesses and households across the country.

Navigating a Volatile Economic Environment

The domestic economic environment during 2025 was influenced by several structural and climate-related challenges. The severe drought experienced across the Southern African region resulted in significant power shortages, leading to extended periods of loadshedding that disrupted industrial production and constrained economic activity in key sectors such as manufacturing and mining.

Inflationary pressures remained elevated during the early part of the year, reaching a peak of 16.8 percent (yearon-year) in February 2025. However, because of the implementation of pragmatic policies by the Government, macroeconomic conditions gradually improved as the year progressed, with inflation declining consistently over seven consecutive months to 10.9 percent in November 2025, before closing the year at 11.2 percent.

During this period, the Bank of Zambia maintained a cautious monetary policy stance, including adjustments to the Statutory Reserve Ratio, aimed at managing liquidity levels within the banking sector and anchoring inflation expectations. These policy measures played an important role in safeguarding financial system stability and maintaining confidence within the broader economy.

Delivering Resilience and Sustainable Value

Despite the challenging macroeconomic environment, ZICB continued to demonstrate resilience and operational discipline. The Bank maintained a strong focus on prudent financial management while delivering sustainable value to its shareholders. During the year, ZICB declared a total dividend payout of K9 million, representing a 30 percent payout ratio from the Net Profit After Tax of K31 million for the year ended December 2024. This translated into K0.01295 per share, reflecting the Bank's commitment to balancing shareholder returns with the need to preserve capital for future growth.

Beyond financial performance, ZICB continued to contribute meaningfully to social development. During the year, ZICB took part in various social responsibility initiatives. One key initiative we were involved in was funding the construction of a Mothers' Shelter at Chaisa Clinic; an initiative aimed at strengthening maternal health services and improving access to safe delivery facilities for expectant mothers. This initiative reflects our broader commitment to improving the well-being of the communities in which we operate.

The Bank's dedication to service excellence was also recognised at the regional level. ZICB received the Best

Service of the Year in the Large Enterprise Category at the SADC Annual Quality Awards, held in Madagascar. This recognition underscores the Bank's continued focus on delivering high standards of service and maintaining the trust of its customers.

Financing Zambia's Growth and Industrial Transformation
In line with its strategy of expanding access to financial services and supporting economic activity across key growth regions, ZICB continued to strengthen its national footprint. A notable milestone during the year was the official opening of the Solwezi Branch, strategically positioned to support economic activity in Zambia's North-Western Province.

The expansion of our presence in this region aligns closely with developments surrounding the Lobito Corridor, a major regional infrastructure initiative expected to play an increasingly important role in global supply chains, particularly within the context of the global transition toward green energy technologies. The corridor will facilitate the movement of critical minerals and other commodities between Zambia, Angola and international markets, creating opportunities for local enterprises to participate in regional and global value chains.
During the year, ZICB also strengthened its international partnerships through the signing of a €30 million financing facility with EIB Global during the EU–Zambia Lobito Corridor Business Forum. This facility will support agriculture and agribusiness financing, strengthen food security and expand financing opportunities for Agric-focused Small and Medium Enterprises.

2026 Outlook: Positioning for an Uncertain Global Landscape

Looking ahead, the leadership of ZICB remains cautiously optimistic about the Bank's prospects, even as the global economic environment continues to face significant uncertainty. While Zambia's macroeconomic outlook has improved following progress in the sovereign debt restructuring process and ongoing economic reforms, geopolitical developments continue to pose potential risks to global economic stability and financial markets.
The ongoing conflict between Russia and Ukraine continue to influence global commodity markets, particularly in the areas of energy, fertiliser and grain supply. Disruptions arising from the war have contributed to volatility in global food and energy prices, placing pressure on inflation levels across both advanced and emerging economies. Since the world is now integrated, these developments have important implications for production costs, trade flows and domestic price stability.
At the same time, heightened geopolitical tensions in the Middle East, particularly the escalation of hostilities involving Iran and the United States–Israel Alliance, have introduced further uncertainty into global energy markets. Sustained disruptions to energy supply chains will have broader implications for global inflation, investment flows and economic growth.

Within this context, ZICB will continue to prioritise financing solutions that support key sectors of the economy, particularly agriculture, mining and manufacturing, while expanding access to credit for Small and Medium Enterprises, which remain central to Zambia's economic diversification and job creation agenda.
We will continue to strengthen operational efficiency, enhance our digital banking capabilities and deepen strategic partnerships that enable us to respond effectively to evolving customer needs and emerging economic opportunities.

Building the Future Together

The year 2025 reaffirmed the importance of resilience, discipline and strategic clarity in navigating an evolving economic landscape. While the operating environment presented challenges, it also provided opportunities to strengthen the Bank's foundations and reinforce its role within Zambia's financial sector.
ZICB remains firmly committed to supporting local business growth, promoting financial inclusion and contributing meaningfully to Zambia's industrialisation and economic transformation. With a clear strategic direction and the continued support of our stakeholders, we look forward with confidence to the opportunities that lie ahead.

Thank you very much and God bless all of you.



Danny Luswili
Board Chairman

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Zambia Industrial Commercial Bank Ltd

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Ngenda Nyambe
Chief Executive Officer

CEO's Statement

Introduction

The year 2025 presented a complex operating environment for Zambia's economy, characterised by persistent energy constraints arising from the severe drought experienced in the preceding year, as well as continued uncertainty in the global economic landscape. These factors weighed on productivity across key sectors, particularly manufacturing and agriculture, while exerting sustained pressure on domestic prices and the cost of doing business.

Inflation remained elevated during the early part of the year, peaking at 16.8% in February 2025, before gradually moderating. Encouragingly, inflation declined for seven consecutive months to 10.9% in November 2025 – the lowest level since August 2023 – before closing the year at 11.2%. During this period, monetary authorities maintained a cautious policy stance aimed at stabilising prices, safeguarding financial sector liquidity, and supporting macroeconomic stability.

Against this backdrop, Zambia Industrial Commercial Bank (ZICB) Limited demonstrated resilience and remained focused on executing its strategic mandate of supporting the growth and commercialisation of local enterprises, particularly Small and Medium Enterprises (SMEs) and emerging corporates.

The Bank delivered a solid operational performance during the year.

Financial Performance

- Interest Income grew by 15% to ZMW 545.13 million from ZMW 475 million in 2024.
- Loans and Advances grew to ZMW 1.6 billion from ZMW 1.3 billion in 2024.
- Customer Deposits increased by 49 % to ZMW 5.8 billion.
- Profit Before Tax decreased by -16% to ZMW 43.06 million from ZMW 51.3 million in 2024.

Interest Income increased by 15% to ZMW 545.13 million, reflecting sustained growth in lending and investment activities. Loans and Advances expanded to ZMW 1.6 billion from ZMW 1.3 billion in 2024, while Customer Deposits grew by 49% to ZMW 5.8 billion, underscoring continued customer confidence in the Bank.

Profit Before Tax stood at ZMW 43.06 million, representing a decline of 16% from ZMW 51.3 million recorded in 2024. This was largely attributable to the challenging operating environment and elevated cost pressures. Nevertheless, the Bank maintained a strong balance sheet and remains well positioned for sustainable long-term growth.

Retail Banking

The strategic separation of Retail Banking from the former Commercial Department positioned the segment as a key growth driver. Under the newly established structure, the Department delivered strong balance sheet growth and increased its contribution to overall performance.

Following the completion of the Purchase and Assumption Agreement with the Bank of Zambia for Investrust Bank Plc (in liquidation), the Department assumed 15 branches with relatively weak balance sheets. Despite this, a disciplined turnaround strategy was executed, with several branches achieving breakeven and returning to profitability by the year-end of 2025.

Cost pressures remained elevated, driven by prolonged electricity load shedding, and increased cost of funds amid liquidity constraints. Notwithstanding these challenges, the Department demonstrated strong execution, doubling its balance sheet over the period.

Corporate Banking

During the year, the Bank strengthened its Corporate and SME offering through a strategic partnership with a merchant acquirer to deploy Point of Sale (POS) solutions. Over 300 POS terminals were rolled out, enabling seamless payment acceptance across SMEs, public sector entities, FMCGs, and agribusiness value chains.

This initiative enhanced the Bank's merchant acquiring capabilities while improving customer convenience and transaction efficiency.

The Corporate Banking segment recorded strong growth,

with the loan book and deposits increasing by 26% and 54% respectively, reflecting deepened client relationships and effective execution of the Bank's growth strategy.

Digital Banking and Marketing

The Bank advanced its digital agenda through the successful completion of the Digital 3.0 Transformation Project, a key milestone in modernising infrastructure and enhancing the end-to-end customer experience. This included a comprehensive redesign of Mobile and Internet Banking platforms, delivering a more intuitive and customer-centric interface.

Following the acquisition of Investrust Bank Plc (in liquidation), a phased branch rebranding programme was implemented to ensure brand consistency and strengthen market visibility.

To further enhance service excellence, the Bank deployed a Customer Sentiment Management Platform to track Customer Satisfaction (CSAT) and Net Promoter Score (NPS), enabling real-time feedback and continuous service improvement.

These initiatives reinforce the Bank's commitment to digital transformation, operational resilience, and customer-focused innovation.

Credit Risk Management

The Bank recorded loan book growth of approximately 27%, driven by corporate lending in key sectors including manufacturing, agriculture, mining, energy, and transport, alongside expansion in the retail portfolio supported by strategic partnerships for scheme lending.

Total performing loans increased to 3,461 from 3,254 in 2024. Credit recoveries improved significantly to ZMW 90.79 million, compared to ZMW 53.42 million in the prior year. The non-performing loan ratio closed at 13.48%.

The Bank maintained a disciplined credit risk management approach, ensuring portfolio quality while supporting growth in priority sectors.

Treasury

Market conditions remained constrained, reflecting the lagged effects of prior policy tightening and limited liquidity. The yield curve trended downward, prompting a rebalancing of the Bank's investment portfolio.

Interest income from government securities grew by 10% to ZMW 250 million, while trading income declined by 33% due to market volatility and margin compression.

Looking ahead, performance will be supported by enhanced customer acquisition and cross-selling initiatives.

Information Technology

The year marked a period of transition, driven by rapid branch expansion and increased system demands. Legacy infrastructure constraints were addressed through the execution of a technology resiliency roadmap, including the replacement of end-of-life network equipment.

These interventions resulted in improved system stability and availability towards year-end.

The Bank remains focused on modernising its technology architecture, increasing automation, and strengthening its technology risk management framework.

Enterprise Risk Management

The 2025 operating environment presented a complex risk landscape characterised by tightened liquidity, rising cyber security threats, persistent electricity loadshedding, and macroeconomic pressures.

In response, the Bank strengthened liquidity risk management, enhanced credit oversight, and invested in cyber resilience through improved threat detection and response capabilities.

Operational continuity was supported through alternative power solutions and process redundancies. Additionally, a proactive and integrated risk management approach enabled the Bank to effectively navigate emerging risks while preserving financial stability and supporting strategic objectives.

Operations

The Bank successfully onboarded an A-rated correspondent bank, BNK Mellon. This has consequently enhanced ZICB's ability to efficiently process international payments and improve customer service delivery.

In addition, the Bank achieved the required regulatory compliance with the ISO 20022 standard by the November 2025 deadline, positioning it to benefit from enhanced payment efficiency, security, and data quality.

Human Capital

Following the acquisition of selected assets and liabilities of Investrust Bank Plc (in liquidation) in June 2024, the Bank expanded its branch network from 6 to 22 outlets, resulting in an 82% increase in staff complement to over 250 employees across six provinces. While this expansion strengthened the Bank's national footprint and growth potential, productivity indicators during 2025

re-mained below target, particularly in respect of Profit Before Tax, and revenue per staff.
In response, Management undertook a strategic review of the Bank's human capital model to enhance productivity, improve efficiency, and better align resources with business performance objectives. Key measures included the alignment of Key Performance Indicators (KPIs) to revenue generation and operational efficiency, more selective recruitment focused on revenue-generating roles, prioritisation of internal talent for replacement positions, and improved workforce planning to mitigate overcapacity, including consideration of branch rationalisation where necessary.

Accordingly, the Bank placed increased emphasis on cost optimisation initiatives, with a focus on managing human capital-related expenses while strengthening overall organisational effectiveness and performance.

Corporate Social Responsibility (CSR)

ZICB remains committed to advancing sustainable social and economic development. During the year, the Bank implemented initiatives focused on education, community welfare, entrepreneurship, and cultural heritage.

Key highlights included the handover of a classroom block at Nakabu Primary School in Mumbwa District, staff-led community outreach at WONS Orphanage in Lusaka, participation in the MSME and Cooperatives Indaba, and support for national traditional ceremonies, such as Kuomboka and Ncwala.

These initiatives reflect the Bank's commitment to inclusive growth, financial inclusion, and national development.

Outlook for 2026

As we look ahead to 2026, we remain cautiously optimistic, while mindful of an evolving global and domestic environment.

Global geopolitical tensions and shifting trade dynamics continue to pose risks, while domestically, the conclusion of the IMF-supported programme is expected to strengthen macroeconomic stability and investor confidence.

Improved electricity supply, a stronger agricultural outlook, and continued investment in the mining sector are expected to further support economic recovery and growth. The upcoming General Elections presents an opportunity for demonstration of policy continuity and maintenance of investor confidence.

Against this backdrop, the Bank will continue to focus on innovation, digital transformation, cost discipline, and revenue diversification. We remain committed to supporting the commercialisation and industrialisation of local enterprises and contributing to Zambia's economic development.



Mr. Ngenda Nyambe
Chief Executive Officer



Mwape Mondoloka
Bank Secretary

Notice of 8th Annual General Meeting

Notice is hereby Given that the 8th Annual General Meeting of Zambia Industrial Commercial Bank Limited (ZICB) will be held on Thursday, 26 March 2026 commencing at 10:00 hours at Neelkanth Sarovar Premiere, Plot 6111 Manchinchi Road, Lusaka to transact the following business:

ORDINARY BUSINESS

1. **Call to order**

   Call to order, tabling of proxies and confirmation of quorum.

2. **Resolution 1- Adoption of Minutes**

   To consider and adopt the minutes of the 7th Annual General Meeting held on 28 March 2025

3. **Resolution 2- Adoption of Directors' Report and Financial Statements**

   To receive and adopt the Financial Statements for the year ended 31 December 2025 and the Reports of the Directors and Auditors.

4. **Resolution 3- Re-Appointment of External Auditors**

   To re -appoint Grant Thornton Zambia Limited as the external auditors of the Company for the ensuing financial year and to authorise the Directors to set their remuneration.

5. **Any Other Business**

   To transact any other business that may properly be transacted at the Annual General Meeting.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in his/her stead. A proxy need not also be a member of the Company. Proxy forms must be lodged at the registered office of the Company by no later than 10:00hrs on Tuesday, 24 March 2026.

A proxy form is attached to this Notice.

BY ORDER OF THE BOARD



Mwape Mondoloka (Ms.)

Bank Secretary

Zambia Industrial Commercial Bank Limited

P.O Box 30228, Lusaka.

Tel: +260 211 428 700 / 7000

mwape.mondoloka@zicb.co.zm

3 March 2026

Making Tomorrow Possible

The Board of Directors

The composition of the Board as at 31st December 2025 was as follows;



Mr. Danny Luswili

Board Chairman

Mr. Danny Luswili is a seasoned banking, finance, risk management, and corporate governance professional with over 30 years of executive-level experience across the corporate sector. He holds a Bachelor of Accountancy and Finance (BAcc), and a Master of Science in Strategic Business Management (MSc). He is a Fellow of the Chartered Institute of Management Accountants (FCMAUK), a member of the Chartered Institute of Public Finance and Accountancy (CIPFA-UK), a Chartered Global Management Accountant (CGMA-UK), a Fellow of the Zambia Institute of Directors (FIoDZ), and a Fellow of the Zambia Institute of Chartered Accountants (FZICA).

Mr. Luswili has extensive experience across banking, finance, consultancy, mining, manufacturing, energy, project management, and administration. Throughout his career, he has held several senior leadership positions, including Finance and Administration Manager, Company Secretary, Compliance Manager, Risk Manager, Head of Risk Management, and Chief Compliance Officer.



Mr. Isaiah Chindumba

Non-Executive Director

Mr. Isaiah Chindumba is a banking and information technology professional with more than 30 years of experience in the financial services sector at both local and international levels. He previously served as Chief Operating Officer at Commercial Bank of Rwanda, now I&M Bank Rwanda Limited, based in Kigali. Prior to this, he held several senior positions at Citibank Zambia Limited, including Resident Vice President, Country Legal and Compliance Officer, and Chief of Staff.

Over the course of his career, Mr. Chindumba has also served as Assistant General Manager, Senior Branch Operations Officer, Manager Operations, and Head of Administration and Treasury Operations. He holds a Bachelor of Arts Degree in Education and a Postgraduate Diploma in International Law from the University of Zambia. In addition, he has received professional certification in Marketing Strategic Planning from the Edinburgh Business School in the United Kingdom



Mrs. Theresa Liswaniso Kampata

Non-Executive Director

Mrs. Theresa M. Liswaniso Kampata is an Advocate with 29 years' work experience in Corporate law; Development Finance; Tax, Power Purchase & Distribution; Risk, Compliance, Banking, and Financial Sector regulation. She holds a Master of Laws (LLM) Degree in Corporate Governance and Financial Regulation from the University of Warwick, United Kingdom. She is a qualified legislative drafter and Chevening Scholar.

Her work experience, inter alia includes: Principal Counsel Ministry of Justice, an Advocate in private practice, and in-house Counsel/Board Secretary in: Development Bank of Zambia, Copperbelt Energy Corporation, Zambia Revenue Authority, First National Bank Zambia Limited, and Zambia Development Agency.

Mrs. Kampata has practical experience in team leadership, strategy formulation, business acumen in Commercial law, Financial Regulation, Contracting, and Good Governance including litigation. Board experience: Previous: Board Member: Zambia National Building Society; Food Reserve Agency. Current: Board Member: Zambia Public Procurement Authority, chairperson: Audit and Risk Committee.



Dr. Progress Choongo

Non-Executive Director

Dr. Progress Choongo is a Senior Lecturer in the School of Business at the Copperbelt University, where he has served for over 15 years. He holds a PhD in Sustainable Entrepreneurship from Vrije Universiteit Amsterdam, a Master of Science in Project Management from the University of Leeds, and a Bachelor of Science in Project Management from Copperbelt University.

He has held several leadership roles at the University, including Coordinator of the Graduate School, Head of Department for Operations and Supply Chain Management, Project Manager, and Interim Director for Projects, Innovations and Products. His academic expertise covers leadership, corporate governance, project management, risk management, and sustainable procurement.

Dr. Choongo's research focuses on entrepreneurship, sustainability, leadership, business growth, and corporate social responsibility. He has published in international peer-reviewed journals and undertaken consultancy and grant-writing assignments for international institutions and development partners.



Ms. Mankolo Beyani

Non-Executive Director

Ms. Mankolo Beyani is a financial sector professional with over 25 years of experience in banking supervision, regulation, and financial services. She began her career in 1995 as a Management Trainee at Indo-Zambia Bank Limited, where she served in various roles, including Manager in the Foreign Business Department.

In 2002, she joined the Bank of Zambia and served for 18 years in key supervisory and regulatory positions within the Financial Institutions Supervision Department. Her roles included Assistant Director for Examination and Surveillance, Assistant Director for Regulatory Policy, Licensing and Liquidations, Senior Macro-prudential Analyst, and Financial Analyst.

Ms. Beyani holds a Bachelor of Arts Degree in Economics from the University of Zambia and a Master's Degree in International and Development Economics from the Berlin University of Applied Sciences in Germany. Her expertise spans financial regulation, banking supervision, policy development, and macro-prudential analysis.



Mr. Ngenda Nyambe

Chief Executive Officer and Executive Director

Mr. Ngenda Nyambe is a seasoned banking executive with more than 25 years of experience in commercial and development banking. He began his career in 1996 as a Graduate Management Trainee at Stanbic Bank and subsequently rose through senior leadership positions at Standard Chartered Bank Zambia Plc, Barclays Bank Zambia Plc (now Absa Bank Zambia), and Zambia National Commercial Bank Plc.

Throughout his career, Mr. Nyambe has gained extensive experience across global markets, financial institutions, development organisations, public sector financing, and commercial banking. He has also served in corporate governance roles as a Non-Executive Director at Ecobank Zambia Limited, Indo-Zambia Bank Limited, and other public and private sector institutions.

Mr. Nyambe is recognised for his strategic leadership, strong execution capabilities, and consistent track record of driving institutional growth and delivering organisational objectives.

Management Committee



Mr. Ngenda Nyambe
Executive Director & CEO



Dr. Louis Kabula
Chief Financial Officer



Mr. Misheck Mkokweza
Chief Corporate Banking Officer



Mr. Chibotu Chiyasa
Chief Retail Banking Officer



Mr. Thulani Muchiya
Chief Risk Officer



Mr. Andrew Chimasa
Chief Digital & Marketing Officer



Ms. Mwangala Muyoyeta
Chief Information Officer



Ms. Mwaka Kopakopa
Executive Head – Treasury



Dr. Mayando Sikanda
Executive Head – Operations



Mr. David Ndumba
Executive Head – Human Capital



Mr. Eric Mukombo
Executive Head – Credit



Mrs. Hlupekile Luhana
Executive Head – Internal Audit



Ms. Mwape Mondoloka
Bank Secretary and Legal Counsel



Mr. Kumesa Kauta Executive Head – Procurement & Shared Services



Mrs. Mutuaka Kazoka
Manager – Compliance



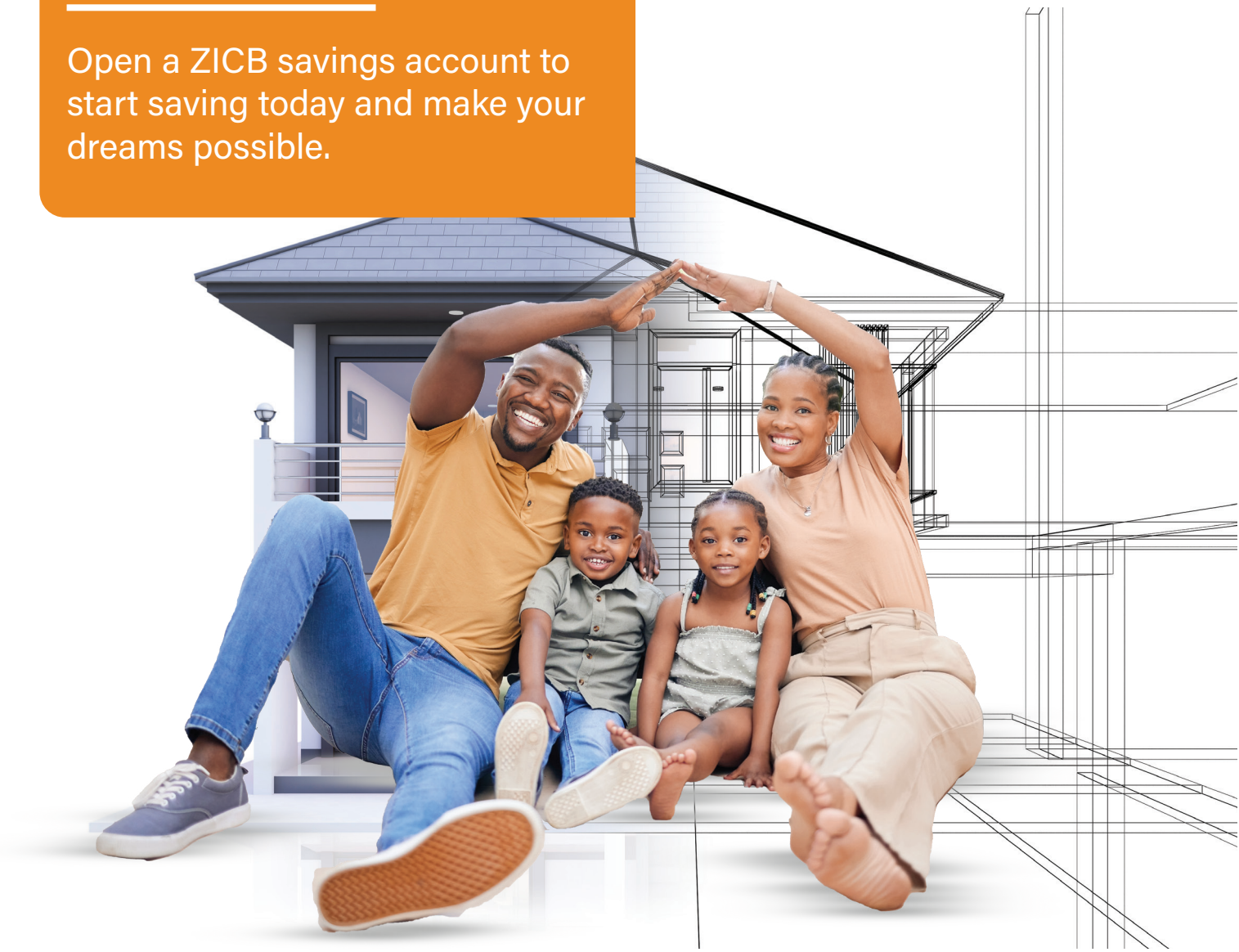
Mr. Luke Njovu
Manager – Corporate Affairs

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Zambia Industrial Commercial Bank

Financial Statements
for the year ended 31 December 2025

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DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

The Directors submit their report together with the audited annual financial statements for the year ended 31 December 2025, which disclose the state of affairs and performance of the Zambia Industrial Commercial Bank Limited ("ZICB", the "Company" or the "bank" are used interchangeably).

Principal activities

The principal activities of the Company is provision of financial services to the general public. There has been no significant changes in the Company's business during the year.

Share capital and beneficial owner(s)

The authorised share capital of the bank is 822,028,645 ordinary shares of K1 each and a total of 695,028,645 ordinary shares were allotted to the shareholders of the Company. The beneficial shareholding is represented in the table below:

Name of Shareholder	Shares Allocated	Percentage of Shareholding	Beneficial Owner(s)
NAPSA Investment Holdings limited (NAPSA-IH)	446,7000,000	64.27%	This is a special purpose vehicle created by the National Pension Scheme Authority
Industrial Development Corporation (IDC)	210,000,000	30.21%	The Company is controlled by the Government of the Republic of Zambia
Workers Compensation Fund Control Board	32,934,162	4.74%	This is a national compensation fund for Zambian workers with all staff of locally registered companies as members
Mahdi Manufacturing Ltd	2,119,519	0.30%	This is privately owned local company
Guardian Insurance Brokers	1,674,964	0.24%	This is privately owned local company
Davies/Angela Kabuswe	1,600,000	0.23%	Davies Kabuswe and Angela Kabuswe

Significant subsequent events

There were none.

Results and dividend

The profit before tax for the year was K43.1 million which has been added to the accumulated profits (2024 : profit before tax K51.3 million). The Directors do not propose a dividend for the financial year ended 31 December 2025 (2024 : K9 million).

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Directors and remuneration

The Directors who held office during the year and to the date of this report were

Danny Luswili	Chairman
Ngenda Nyambe	Chief Executive Officer
Mankolo Beyani	Non-executive
Progress Choongo	Non-executive
Theresa Kampata	Non-executive
Isaiah Chindumba	Non-executive

Company Secretary
Mwape Mondoloka
5th Floor – KK Mall Office Block
Stand No. 27395, Mass Media
Alick Nkhata Road
Lusaka

During the year, the total director's remuneration was K4.5 million (2024 : K5.6 million).

Interests register information

During the year, there were no interests in company transactions and business affairs by any of the Company officers (director, company secretary or executive officer of the Bank).

The interests' register, as required by the Companies Act 2017 of Zambia, containing interests declared, is available for inspection at the Company's registered office.

Average number of employees and remuneration

The total remuneration of employees during the year amounted to K192.5 million (2024 : K129.4 million) and the average number of employees was 291 (2024 : 189)

Month	Number	Month	Number
January	289	July	287
February	287	August	293
March	286	September	316
April	287	October	286
May	290	November	289
June	287	December	289

DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Health and Safety

The Company attaches great importance to the welfare of its employees. The Company provides medical services to staff and their registered dependants through a medical scheme.

Gifts and donations

During the year the Company donated K3.0 million (2024 : K 3.8 million) to various charitable organisations involved in empowering youths, women and the community.

Research and development

The Company did not incur any costs on research and development during the year (2024 : Nil).

Related party transactions

The Company engaged in related party transactions during the year with various companies in the group with a total net transaction value of K2.2 billion (2024 : K 1.3 billion). These transactions were all carried at arm's length as disclosed under note 29 to the financial statements.

Exports

The Company did not export any products nor services during the year (2024 : Nil).

Other material facts, circumstances and events

The directors are not aware of any material fact, circumstance or event which occurred between the reporting date and the date of this report which might influence an assessment of the Company's financial position or the results of its operations.

Corporate governance

The Board of Directors hereby confirms that the Company has complied with all the internal control aspects of the principles of good governance. An Audit Committee, Risk Committee, Nominations and Remunerations Committee, Loans Review Committee and Credit Committee are in place.

Property, plant and equipment

The bank acquired leasehold improvements and equipment amounting to K70 million during the year (2024 : K21 million). In the opinion of the Directors, the carrying value of property, plant and equipment is not less than their recoverable value.

Company Auditor and remuneration

The Auditor, Grant Thornton Zambia, has indicated willingness to continue in office and a resolution for their reappointment will be proposed at the next annual general meeting.

Signed on behalf of the Board of Directors

Danny Luswili
Chairman

Progress Choongo
Non Executive Director

Date: **26 March 2025**

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

Introduction

Zambia Industrial Commercial Bank Limited (ZICB) is committed to a high level of corporate governance and fostering a culture that values ethical behaviour, integrity and respect. We believe that adopting and operating in accordance with high standards of corporate governance is essential for sustainable long-term performance and value creation.

The Board has ultimate authority over, and oversight of, the bank and regards corporate governance as a critical element in achieving the bank's objectives. Accordingly, the Board reaffirms its commitment to strong corporate governance consistent with the Bank of Zambia Corporate Governance Directives, which require banks to maintain governance practices that ensure safety, soundness, accountability, and protection of depositors and other stakeholders.

The governance framework also complies with the Banking and Financial Services Act, 2017 and other sector-specific corporate governance requirements in Zambia.

Governance Framework

In alignment with BOZ directives, ZICB has implemented a governance framework that:

- Establishes clear division of power between the Board, management, and shareholders, ensuring accountability and protection of depositors.
- Ensures effective internal and external controls, risk management, and competitive integrity in operations.
- Embeds ethical conduct, compliance culture, and regulatory adherence.

The Board of Directors

The Board is currently composed of six (6) directors, four (5) of whom are non-executive and one (1) executive director being the Chief Executive Officer (CEO).

Board role and responsibilities

The Board is primarily responsible to the stakeholders and the shareholders for creating and delivering sustainable value through oversight of the management of the Company's business. The Board is ultimately accountable to ensure that all Directors uphold the highest standards of governance in the discharge of their fiduciary duties and to take all reasonable measures to prevent any breach of duty and/or responsibility.

The Board shall serve as the principal decision making authority of the bank in respect of all matters of strategic, financial, operational, or reputational significance. In fulfilling this mandate, the Board shall:

- Review and approve the strategic objectives and plans for achieving the objectives of the bank so as to deliver such long-term value, providing overall strategic direction within a framework of rewards, and controls.
- Ensure that management strikes an appropriate balance between promoting long-term sustainable growth and delivering short-term performance.
- Ensure that Directors act in good faith, promote the success of the company for the benefit of the stakeholders as a whole.
- Be committed to upholding the highest standards of integrity and ethical behaviour in line with the values of the bank.
- Delegate to the Chief Executive Officer or any director holding any executive office or any senior executive any of the powers, authorities and directions vested in the Board's directors, including the power of sub-delegation. The Board may delegate similarly such powers, authorities and discretions to any committee and company Boards as may exist or be created from time to time.

- Approve capital funding for the company and the terms and conditions of rights or other issues and any prospectus in connection therewith, subject to the authority of the majority shareholders.
- Ensure that an adequate budget and planning process exists, that performance is measured against budgets and plans and approve annual budgets in line with the approved policies and procedures of the bank.
- Consider and approve capital expenditure recommended by management.
- Ensure that all Directors are aware of and comply with their fiduciary duties and responsibilities as set out under applicable legislation, including the Banking and Financial Services Act, the Bank of Zambia Corporate Governance Directives, the Securities Act, the Financial Intelligence Centre Act (as amended), and the Companies Act. Directors shall also be responsible for maintaining adequate knowledge of the bank's business operations and environment to effectively discharge their duties.

During the year under review, the Board undertook the annual review of its Board Charter. The Board Charter is an important component of the framework that defines corporate governance practices within the bank and is designed to provide guidance to Board of Directors, shareholders and other external stakeholders as to how the bank approaches this critical issue.

During the period under review, the Board discharged many of its functions including risk management, oversight on capital expenditure, review and approval of the Internal Capital Adequacy Assessment Process (ICAAP), approval of the strategic objectives and plans for achieving the objectives of the Company so as to deliver such long-term value, providing overall strategic direction, monitoring of the compliance with rules and regulations applicable to the bank to enhance performance of its duties and ensure the adequacy of systems of financial, operational and internal controls of the bank.

We are happy to report that in discharging its mandate, the Board exuded independence and was well informed. In March 2026, the Board confirmed that the bank had complied with the provisions of the laws, regulations, guidelines issued by the Bank of Zambia and the codes of industry practice as contained in the Code of Banking Practice. The Statement of Compliance by the Chairman of the Board has since been submitted to Bank of Zambia.

Board Performance Evaluation

The Nominations & Remuneration Committee is responsible for determining the process for evaluating Board performance.

The evaluation of the performance of the Board of Directors is a key principle of Corporate Governance. The Board has put in place a Board Performance Evaluation Policy which requires the Board to conduct an annual evaluation of its effectiveness as a board, the effectiveness of individual directors, the committees, the Chief Executive Officer as well as the Company Secretary.

During the year under review, the Board undertook an evaluation of the performance of the Board, its Committees, the Directors, the CEO and the Company Secretary. The evaluation was facilitated internally by the Company Secretary by means of the Diligent Board Premier Questionnaires.

The results of the Board evaluation will form the basis for the Directors' continuous development and enhancement of its performance.

Board will continue to implement appropriate actions to enhance its performance.

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

Director Induction and Continuous Education

The Board has put in place a Director Induction and On-Going Training Policy and a program to ensure that all directors receive a full formal and tailored induction on joining the Board to ensure that they are provided with the knowledge and material to add value from an early stage. The induction is relevant to all new Board members; however, the content of the programme is also tailored to meet each director's individual level of experience and expertise as may be appropriate. The Directors are advised of the legal, regulatory, and other obligations of a director on an ongoing basis.

During the first quarter of the year under review, the Directors attended the following trainings:

1. Corporate Governance Best Practice for Effective Board Leadership,
2. Cyber Security and Artificial IntelligenceIn the third quarter, training topics included:
3. Overview on Board Effectiveness- How an Effective Board and its Committees Operate
4. Theoretical and practical approaches to Evaluation of Board Performance
5. Stakeholder Management -The Board and Management

Officials from the Financial Intelligence Centre (FIC) delivered the mandatory annual Anti Money Laundering (AML) training themed: The Role of the Board in Anti-Money Laundering/ Countering the Financing of Terrorism and Proliferation to the Board in the fourth quarter of the year under review. In addition, the two newly appointed Directors attended the International Corporate Governance Conference hosted by the Institute of Directors of Zambia in collaboration with Abeam.

During the year, the directors engaged independent professional advisors to enable them to discharge their duties.

Directors' Remuneration

The fees paid to the Directors are representative of their commitment towards the bank being able to meet its target in terms of performance. The Directors' fees are determined by the majority shareholder and thereafter are tabled for approval by the Shareholders. During the year under review, Shareholders resolved to increase the Directors' fees by 12.5% with effect from 1 December 2025. The disclosure of the Director's fees and remuneration is made in note 29 of the financial statement. During the year, the total directors' remuneration was K4.5 million (2024: K5.6 million).

CORPORATE GOVERNANCE STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

Meetings of the Board

During the year ended 31 December 2025 the Board held four (4) regular meetings and four (4) Special meetings. Attendance was as shown in the table below:

Consolidated Board Attendance Table – 2025

Name of Director	25/03 (R)	17/04 (S)	29/05 (R)	28/08 (R)	16/09 (S)	12/12 (R)	17/12 (S)	23/12 (S)
Mr Danny Luswili	√	√	√	√	√	√	√	√
Mr Isaiah Chindumba	√	√	√	√	√	√	√	√
Mrs Theresa Kampata	√	√	√	√	√	√	√	√
Dr Progress Choongo	√	√	√	√	√	√	√	√
Ms Mankolo Beyani	√	√	√	√	√	√	√	√
Mr Ngenda Nyambe	√	√	√	√	√	√	√	√

Key

√	Present
*	Apologies Rendered
R	Regular meeting
S	Special meeting

Board Committees Membership, Meetings and Record of Attendance

Consistent with BOZ expectations for effective oversight and accountability, the following committees support the Board's governance role: Risk Committee, Nominations and Remuneration Committee, Loans Review Committee, Credit Committee and Audit Committee.

Risk Committee

The Committee provides oversight in the identification, evaluation and management of all potential and actual risks of the bank, including liquidity risk, credit risk, operational risk, reputational risk, legal risk, compliance risk, strategic risk and market risk. It reviews the integrity and effectiveness of the bank's risk management systems and ensures that a robust risk management culture exists in the bank.

On a quarterly basis, the Committee reviews and monitors the bank's risk profile against the Risk Appetite Statement. The Committee also receives formal and informal communication from the Chief Risk Officer and Manager Compliance. The Committee was chaired by Mr Isaiah Chindumba and Ms Mankolo Beyani was the other member of the Committee. The Committee held four (4) meetings during the period under review.

Name of Director	11/02 (R)	24/04 (R)	24/07 (R)	30/10 (R)
Mr Danny Luswili	√	√	√	√
Ms M. Beyani	√	√	√	√

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

Audit Committee

The Audit Committee exercises oversight on the Bank's financial reporting process. This includes assessing the integrity and effectiveness of the financial, accounting and internal control systems to safeguard the assets of the Bank.

The Committee ensures that Management takes appropriate corrective actions in a timely manner to address any control weaknesses, non-compliance with laws, regulations and other problems. It oversees the independence and effectiveness of the Bank's internal and external audit functions. The Committee also receives formal and informal communication from the Head of Internal Audit.

The Committee was chaired by Dr Progress Choongo and Mrs Theresa Kampata was the other member of the Committee.

During the period under review the Committee held four (4) ordinary meetings.

Record of attendance at meetings

Name of Director	13/03 (R)	22/04 (R)	22/07 (R)	05/11 (R)
Dr P. Chongo	√	√	√	√
Mrs T. Kampata	√	√	√	√
Mr D. Luswili	√	NRTA	NRTA	NRTA

Key

√	Present
*	Apologies Rendered
NRTA	Not Required to Attend

Loans Review Committee

The Board Loans Review Committee is responsible for approving lending strategies and policies including appropriate loan limits. In line with its mandate, the Committee approves asset quality standards with respect to all lending areas and monitors concentration of credit by product, industry and geographical areas.

It further ensures that effective credit governance is in place and regularly reviews the Bank's lending activities to ensure the Bank is compliant with the approved internal credit policies and all applicable laws.

The Loans Review Committee was chaired by Mrs Theresa Kampata and Dr Progress Choongo was the other member of the Committee.

During the period under review, the Committee held four (4) ordinary meetings.

Record of attendance at meetings

Name of Director	13/02 (R)	29/04 (R)	29/07 (R)	04/11 (R)
Mrs T. Kampata	√	√	√	√
Dr P. Chongo	√	√	√	√

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

Board Committees Membership, Meetings and Record of Attendance (continued)

Nominations and Remuneration Committee

The Committee assists the Board by reviewing the recruitment process for the Board, executives and key senior staff of the Bank. It establishes formal selection criteria for prospective directors and is responsible for the board evaluation review. The Committee also reviews and assesses the adequacy of the Bank's corporate governance principles and is also responsible for promoting ethical behaviour in the Bank.

In accordance with the provisions of the Bank of Zambia Corporate Governance Directives, the Committee was chaired by the Board Chairman, Mr. Danny Luswili and Mr Isaiah Chindumba and Ms Mankolo Beyani were members of the Committee.

The Committee held four (4) regular meetings and two (2) Special meetings during the period under review.
Record of attendance at the meetings was as follows:

Name of Director	18/02 (R)	24/03 (S)	30/04 (R)	31/07 (R)	06/11 (R)	10/12 (S)
Mr D. Luswili	√	√	√	√	√	√
Mr I. Chindumba	√	√	√	√	√	√
Ms M. Beyani	√	√	√	√	√	√

Board Committees Membership, Meetings and Record of Attendance (continued)

Credit Committee

The Committee was set up for the purpose of ensuring compliance with the requirements of the Banking and Financial Services (Large Loans Exposures) Regulations Statutory Instrument No 96 of 1996 (the Large Loan Regulations) and the Banking and Financial Services (Insider Lending) Regulations Statutory Instrument No 97 of 1996 (the Insider Lending Regulations); to consider for approval, credit facilities referred to it by the Management Credit Committee and also to ensure that effective credit governance relating to the approval of Large Loans and insider lending is in place.

The Credit Committee was chaired by Mr. Isaiah Chindumba. Mr Danny Luswili and Ms Mankolo Beyani were members. However, when matters involving large loans or insider lending were under consideration, the full Board convened and acted as the Committee.

The Committee would meet every two (2) weeks, provided there was substantive business requiring its consideration.

Management Committees

The Board and its Committees are supported by five (5) Key Management Committees as follows:

1. Executive Committee (EXCO)

The Executive Committee (EXCO) was established to assist the CEO to implement the bank's Strategic Plan subject to statutory limits and the Board's limitations on delegation of authority to the CEO, to achieve sustainable growth within the bank's governance framework and approved risk profile.

The committee is conferred with the power to take any action necessary to manage the business of the bank and fulfil its responsibilities to the Board, which include:

- Formulation of the bank's strategy and targets (both financial and non-financial) that are to be approved by the Board of directors;
- Delivery of the bank strategy as approved by the Board of Directors and review of the performance against the agreed financial, non-financial and operational targets set;
- Monitoring of the bank's financial performance;
- Monitoring the actual performance against budget and financial indicators and ensuring efficient use of capital;
- Ensuring adequate budget and planning processes; and
- Ensuring that the bank has adequate systems of financial and operational internal controls.

Where appropriate, the Committee can delegate these responsibilities to another Committee comprising such persons as the Chief Executive Officer shall appoint.

2. Enterprise Risk Management Committee

The Enterprise Risk Management Committee (ERMC) is mandated by the Board to oversee the implementation of the risk management framework of the bank. ERMC evaluates the adequacy of the bank's risk management systems and the adequacy of the bank's control environment with Management, and the internal and external auditors.

The Committee shall have the following responsibilities for all risks within its purview:

- Formulate policies, processes, systems and procedures for risk management;
- Monitor implementation of risk policies, systems processes and procedures;
- Monitor adherence to the risk appetite;
- Monitor risk limits and tolerances; and
- Review risk reports for presentation to the Board and /or Board committees;

2.Enterprise Risk Management Committee (continued)

Under ICAAP the Committee shall:

- Oversee the establishment and implementation of the ICAAP;
- Review the risk and capital policies of the bank and ensure the implementation of these policies;
- Ensure the establishment of policies and procedures for the management of material risks;
- Ensure there are processes in place linking capital to the Bank's material risks;
- Review and approve the framework for capital allocation among the classes of risk, business lines and geography;
- Monitor the relevance of the risk and capital policy on a regular basis; and
- Review all capital management reports and ensure compliance with capital management policies.

The Committee is chaired by the CEO and comprises of members of EXCO and all Unit Heads.

3. Asset and Liability Committee (ALCO)

The Asset and Liability Committee (ALCO) is the principal management forum for balance sheet management and related longer-term strategy. The Committee is responsible for market and liquidity risk management of the bank. ALCO shall have the following roles and responsibilities:

- Review and approve the capital adequacy targets;
- Review the process, policies and strategies for the management and maintenance of the bank's capital and forward to the ERMC for endorsement of the Board;
- Review the framework for capital allocation among the classes of risk, business lines and geography and endorse to ERMC for approval; and
- Review all capital management reports against target capital levels and develop action plans and recommendations to the ERMC to remediate such deviations.

The ALCO is chaired by the CEO and shall comprise of the Chief Financial Officer (Deputy Chair), Chief Risk Officer, Chief Commercial Officer, Head Credit and the Head of Treasury. The Market Risk Manager is the Committee's Secretary. Other personnel may be called upon from time to time to attend ALCO meetings and to provide input or present papers/data on particular subject.

4. Management Credit Committee

The Management Credit Committee (MCC) is a committee of Management that has delegated authority for the oversight of the bank's credit risk management process as conferred by the Board of Directors.

The functions of the MCC include:

- Consideration and approval of business lines and credit programs in line with acceptable products for the bank's operations;
- Approval of individual credits in line with credit approval authority limits;
- Approval of loan write offs beyond the approved authority of the Credit Department, within delegated authority;
- Review of credit risk portfolio reports, impairment adequacy and credit risk sectors; and
- Review the identified Early Warning accounts. Provide guidance and oversight on remedial actions for Early Warning and problem accounts.

The Committee comprises of the CEO as Committee Chair, Chief Financial Officer, Chief Corporate Banking Officer, Chief

Management Committees (continued)

Retail Banking Officer, Chief Risk Officer, Head of Treasury and the bank Secretary as appointed by the CEO. The Head of Credit is the Committee's secretary.

5. Procurement Committee

The Procurement Committee is constituted to examine and accept tenders relating to the procurement of goods and services.

The role of the Committee is to:

- To review, consider and approve all purchases above K250, 000 and all contractual procurements;
- To ensure that all procurements by the bank are conducted in accordance with the bank's Procurement Procedures and legislation pertaining to public procurement;
- Providing prior authorisation of the procurement in accordance with the procedures; and
- Ratify procurements made outside the approved procedures.

The approval by Procurement Committee shall have a validity period of six (6) months after which fresh authority has to be obtained if the contract has not been entered into with the supplier, contractor or service provider.

The Procurement Committee shall be chaired by the CEO and shall comprise the Chief Financial Officer, Chief Risk Officer, Chief Corporate Banking Officer, the Bank Secretary and Head of Operations. The Head of Procurement and Shared Services is Secretary to the Committee. The Committee also has an Independent Procurement Practitioner as a member.

Risk Management

The bank's risk management framework consists of structure, policies, strategies, processes and techniques for the management of risks. All activities and processes of the bank consider risk management as shared beliefs and practices characterising how the bank considers risk in everything it does, from strategy development and implementation to its day-to-day activities. The strategy for the management of risk in ZICB is to empower all staff to proactively identify, control, monitor, and regularly report risk issues to management through various interventions.

The bank's Risk Management function provides central oversight of risk management across the bank to ensure that the full spectrum of risks facing the bank are properly identified, measured, monitored, and controlled in order to minimize adverse outcomes. The focus is to inculcate a risk culture in the bank. The Board of Directors are responsible for risk management oversight roles and responsibilities which are delegated to the following committees: Board Risk Management Committee, Board Audit Committee, Board Loans Review Committee and the Board Nominations and Remuneration Committee. At the tactical level, management manages risk through executive management committees namely, the ERMC, ALCO and the MCC.

At the operational level, risk management responsibilities per risk area are managed through business and functional unit managers. The risk management is through definition and monitoring of the risk limits, of key risk indicators (KRI) and key performance indicators (KPI) at granular levels in line with the overall approved corporate objectives and risk appetite.

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

During the year, the risk management division oversaw the development and enhancement of the function within the bank, guided by the corporate strategic plan. These initiatives included:

- Full implementing of the Risk Control Self-Assessment for all divisions of the bank
- Implementing the fraud monitoring tools and increased fraud awareness of staff and customers,
- Implementing the stress testing framework and scenario analysis process to better dimension to ensure shocks and early warning indicators are triggered.
- Business Continuity Plan (BCP) - Considering the ongoing and evolving pandemic, we continue to ensure that effective health and safety measures are in place for both our internal and external customers.

The bank's risk management process has continued to achieve desired results as evidenced by improved risk ratios. Risk management is fundamental to the bank's decision-making and management process. The bank remains committed to sustainable risk management practices to drive institutional growth.

Risk Appetite

Risk Appetite is the amount and type of risk an organization is willing to accept in pursuit of business objectives. A well-defined risk appetite helps clarify and align an organization's strategic direction with its risk management policy and practice in terms of its willingness to pursue high, above average, moderate or low risk strategic options.

The ZICB's Risk Appetite is owned by the Board of Directors, it expresses the aggregate level of risk that we are willing to assume in the context of achieving our strategic objectives. The risk appetite is derived using both quantitative and qualitative criteria. Risk appetite in relation to the major risks to which the bank is exposed is regulated by limits and thresholds. These metrics aid in reaching our financial targets and guiding the bank's profitability profile.

The Board is responsible for approving the overall risk appetite and high-level tolerances for all relevant risk categories taking into consideration the risk capacity, capital structure and access to financial markets as well as 'non-financial equity. It is the role of the Board to hold Management accountable for the timely identification, management and scalation of breaches in risk limits and of material risk exposure. The Board must ensure that annual business plans are in line with the approved risk appetite and that Management takes appropriate action with regard to any breaches in risk limits.

Everyone in the organization has a role to play in effective deployment of the risk appetite framework. The Board ensures there is alignment between the strategic objectives of the bank and the risk appetite. The risk management committees: ERMC, MCC and ALCO are responsible for making recommendations to the Board for approval of risk limits and thresholds in line with the approved risk appetite and regular monitoring of limit breaches and deviations for appropriate remedial actions.

The Chief Risk Officer ensures the risk appetite is translated to well-defined risk limits and threshold at business unit and product levels and ensures continuous monitoring and appraises the risk committees and the Board of the actual risk profiles and deviations from the plan or desired risk profile.

All staff have direct responsibility for the control and risk management environment in their area. Where there is a failure or potential weakness in controls, it must be reported to line management to resolve the situation. The line manager will advise whether the incident should be reported as a risk incident.

The risk appetite statement shows the total impact of risk that ZICB is willing to accept in pursuit of its strategic objectives.

The risk appetite statement shows the total impact of risk that ZICB is willing to accept in pursuit of its strategic objectives. It shows how the bank wishes to be perceived by its stakeholders such as shareholders, employees, regulators, customers, rating agencies, etc. The risk appetite statement must always be aligned with the bank's overall corporate risk philosophy and culture.

Stress Testing

Stress testing forms an integral part of the bank's internal capital adequacy assessment and risk management process. The specific objectives of stress testing include providing a forward-looking impact assessment of risk exposures under stressed conditions and enabling the development of appropriate management actions and contingency plans across a range of stressed scenarios or sensitivity analyses, as input in setting the bank's risk appetite and determining whether its risk exposures are within the stated risk appetite under stressed conditions and supporting internal and external communications regarding the bank's financial condition, particularly during periods of heightened market volatility and economic uncertainty.

The bank has a Stress Testing Policy that governs the stress testing programme. The Board is responsible for approving the policy and procedures governing the stress testing programme and ensuring sufficient resources and expertise to effectively implement the programme. The Bank uses a range of stress testing methodologies such as sensitivity and scenario analysis to ensure that its stress testing programme is comprehensive.

Sensitivity analysis estimates the impact on the value of a portfolio of exposures arising from assumed movements in a single risk factor or several closely related risk factors such as a parallel yield curve shift or an increase in the probability of default (PD) of borrowers. When performing sensitivity analysis, the identified risk factors are stressed using different degrees of severity.

Scenario analysis contains simultaneous movement in a number of risk factors such as interest rates and other macroeconomic variables. The stressed scenarios may be based on historical (a significant market event experienced in the past) or hypothetical events (plausible events that have yet to occur).

Internal Capital Adequacy Assessment Process (ICAAP)

The Internal Capital Adequacy Assessment Process ("ICAAP") as stipulated in Pillar 2 of Basel II is to ensure that the bank has sufficient capital to support all material risks to which the business is exposed. The Internal Capital Adequacy Assessment Process document is produced annually and sets out the results of the bank's own assessment of its internal capital requirements in accordance with Pillar II framework.

The purpose is to determine the adequate level of capital to support the bank's business strategy and ensure adequate capital levels with regards to the associated risks.

The ICAAP report serves some key purposes:

1. It informs the bank's Board of Directors how the bank assesses its risks, mitigates those risks and how much current and future capital is deemed necessary to support the bank's operations considering those risks.
2. It also serves as evidence of the bank's internal capital adequacy assessment process to the Bank of Zambia.
3. It is used in the facility approval process; assesses the impact of any loan facility on the bank's capital as part of the review and monitoring process.
4. It is used in the capital planning and stress testing models of the bank.

The ICAAP is regularly reviewed at the highest levels of the bank's organisational structure means that the bank's risk management processes and ICAAP assumptions are regularly being challenged. Maintaining and continually reviewing the bank's ICAAP helps to ensure that the bank continues to retain its focus on the risks it faces.

The efficient use of capital is fundamental to enhance shareholder value through careful deployment of capital resources. The ICAAP framework ensures that internal systems, controls, and management information are in place to enable the Board and senior management track changes in the economic environment, which may require adjustments to the business strategy in order to remain within the risk appetite.

Capital management is an integral part of decision-making within the bank. Progress is measured against pre-determined targets in the balanced scorecard which incorporates capital metrics. Decisions on the allocation of capital resources, which are an integral part of the ICAAP and capital management process, are based on several factors including return on regulatory capital.

The Board of Directors and its Committees, the ERMC and ALCO form the core governance bodies related to ICAAP. During the year under review, the Board considered and approved the ICAAP 2024, which was thereafter submitted to Bank of Zambia.

Code of Ethics

The BOZ Corporate Governance Directives emphasise the importance of ethical conduct, transparency, and accountability in financial institutions. As such the Board has approved the Code of Conduct for all staff. All staff of the bank have assented to the Code of Conduct. The Board takes its responsibility to its customers and shareholders very seriously. The Board understands the importance of transparency, accountability, and ethical behaviour in everything we do.

Whistle Blowing Policy

The Board has developed a Whistle Blowing Policy that is designed to enable employees and other relevant stakeholders report acts of impropriety/malpractices that fall outside the scope of other procedures which should be reported to appropriate authorities.

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025

Conflict of Interest

All Directors of the bank must avoid any situation which may give rise to a conflict between their personal interest and that of the bank. The Directors are each responsible to notify the Chairman and the Secretary of any actual or potential conflict of interest situations as soon as they arise.

Pursuant to the Conflict of Interest Policy, the bank has established a robust process requiring Directors to disclose outside business interests before they are entered into. Further, any potential or actual conflicts of interest are reported to the Bank Secretary, and a register of directors' interests is maintained. At every meeting of the Board or a Committee, the Directors are required to place on record any conflict of interest on any matters on the agenda.

Relationship with Stakeholders

The Board recognises the importance of maintaining good communications with all shareholders, staff and stakeholders on all areas of concern. This is achieved through the holding of staff town halls, media and investor briefing sessions as well as the hosting of the Annual General Meetings (AGM). Ad hoc shareholder requests for information are handled on an on-going basis and on the floor of the AGM.

The bank's financial results are published in the local media every quarter in accordance with the reporting requirements under the Banking and Financial Services Act, the Companies Act and the Securities Act.

Access to Information and Independent Advice

The Board is entitled to seek any information it requires from any bank employee or from any source. In this regard, procedures are in place which enable the Directors to have access to all relevant company information and to senior management, to assist them in the discharge of their duties and to enable them to make informed decisions. During the year under review the Board engaged the services of two (2) Human Resource Practitioners and one (1) Cyber Security expert to provide advice on various staff matters.

Sustainability and Long Term Value Creation

Aligned with overarching governance principles in Zambia's regulatory framework, the bank supports sustainable value creation, financial inclusion, environmental risk considerations, and community development initiatives.

Conclusion

The Board remains committed to complying with the Bank of Zambia Corporate Governance Directives, the Banking and Financial Services Act 2017, and all other applicable governance standards. The Board will continue strengthening governance practices to ensure financial stability, depositor protection, and long term institutional resilience.

By Order of the Board



Mwape Mondoloka (Ms.)
Bank Secretary

28 March 2026

STATEMENT OF THE DIRECTORS RESPONSIBILITIES FOR THE YEAR ENDED 31 DECEMBER 2025

Statement of directors' responsibilities

The Banking and Financial Services Act, 2017 and the Companies Act, 2017 of Zambia requires the Directors to prepare annual financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company. The Directors are further required to ensure the Company adheres to the corporate governance principles or practices contained in Sections 82 to 122 of the Companies Act 2017 of Zambia.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with IFRS Accounting Standards, the requirements of the Companies Act of 2017 and the Banking and Financial Services Act, 2017.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of annual financial statements, and for such internal controls as the Directors determine necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors are of the opinion that the financial statements set out on pages 23 to 86 give a true and fair view of the state of the financial affairs of the Company and of its financial performance in accordance with IFRS Accounting Standards, the Companies Act 2017 of Zambia and the Banking and Financial Services Act, 2017. The Directors further report that they have implemented and adhered to the corporate governance principles or practices contained in Part VII's Sections 82 to 122 of the Companies Act 2017 of Zambia.

As disclosed in note 2.3, the bank made a pre-tax profit of K43.1 million during the financial year (2024 : K51.3 million) and had accumulated profits of K33 million at the reporting date (2024 : accumulated profits of K24.9 million). The Directors of the bank are confident that the bank will continue to generate sufficient resources from operations to discharge its liabilities in the normal course of business for at least 12 months and the foreseeable future, from the date of approval of these annual financial statements. On this basis, the preparation of the financial statements under the going concern basis is appropriate.

Signed on behalf of the Board of Directors

Danny Luswili
Chairman

Progress Choongo
Non Executive Director

Date:

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OFZAMBIA INDUSTRIAL COMMERCIAL BANK LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Zambia Industrial Commercial Bank Limited, which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of Zambia Industrial Commercial Bank Limited as of 31 December 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis of Opinion

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

Key Audit Matters

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ZAMBIA INDUSTRIAL COMMERCIAL BANK LIMITED

Key Audit Matters (continued)

Description of matter	How matter was addressed
Classification, measurement and impairment of financial assets The bank classified, measured and assessed impairment of the bank's assets in accordance with IFRS 9 "financial instruments". The Directors are required to review the classifications of assets and align the classifications to the requirements of the reporting standards. The Directors also reviewed the fair valuations and impairment models. Due to the complex and subjective judgements required in estimating the timing and valuation of impairment and in estimating the fair value of assets, this was considered a key audit matter.	We reviewed the classification of the financial assets to ensure compliance with the reporting standards. We reviewed the valuation and verified the calculation of the fair values. We also verified the inputs used in the valuations. In considering the reasonableness of the impairment provision, we reviewed the assumptions used in impairment calculations.

Other information

The Directors are responsible for the other information. The other information comprises the Directors' report, Corporate Governance statement and statement of directors' responsibilities but does not include the annual financial statements and our auditor's report thereon.

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

Responsibilities of the Directors for the annual financial statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards and the requirements of the Banking and Financial Services Act, 2017 and the Companies Act, 2017, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the bank or to cease operations, or have no realistic alternative but to do so. Those charged with governance are responsible for overseeing the bank's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ZAMBIA INDUSTRIAL COMMERCIAL BANK LIMITED (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the bank's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including 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, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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

The Companies Act, 2017 requires that in carrying out our audit, we consider and report to you on whether:

As required in Section 259 (3) of the Companies Act 2017;

- There is a relationship, interest or debt which we have, as the bank Auditors, with the bank; and
- There were no serious breaches of corporate governance principles or practices by the directors.
- As regards to loans made to a director, company secretary or executive officer of the company the company does not share the:-

    - particulars of any relevant loan made during the financial year to which the accounts apply including any loan which was repaid during the year; and
    - amount of any relevant loan, whenever made, which remained outstanding at the end of the financial year.

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

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF ZAMBIA INDUSTRIAL COMMERCIAL BANK LIMITED (CONTINUED)

Report on other legal and regulatory requirements (continued)

In accordance with the requirements of the Banking and Financial Services Act, 2017, we are required to report whether:

- We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- There were any transactions that were not within the powers of the bank or which were contrary to the Act which came to our attention;
- The bank has complied with the provisions of this Act and the regulations, guidelines and prescriptions under this Act; and
- There are transactions or conditions affecting the wellbeing of the bank which have come to our attention that in our opinion are not satisfactory and require rectification.

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

Chartered Accountants



Rodia Milumbe Musonda (AUD/F000367)
Name of Partner signing on behalf of the Firm

Lusaka

Date

ZAMBIA INDUSTRIAL COMMERCIAL BANK LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Notes	2025 K'000	2024 K'000
Interest income	7	545,127	475,047
Interest expense	8	(356,638)	(310,820)
Net interest income		188,489	164,227
Recoveries on loans and advances		4,745	3,155
Impairment loss	17	(4,075)	(7,164)
Net interest income after recoveries on loans and advances		189,159	160,218
Fee and commission income	9	59,539	68,530
Fee and commission expense	9	(16,113)	(2,114)
Net Fee and commission income		43,426	66,416
Other income	10	106,308	-
Foreign exchange income	11	46,655	68,345
Personnel expenses	12	(192,454)	(129,363)
Depreciation and amortisation	19,20 & 21	(19,881)	(18,225)
Administrative expenses	13	(130,152)	(96,113)
Profit before income tax		43,061	51,278
Income tax (charge)	14	(11,451)	(20,214)
Profit for the year		31,610	31,064
Other comprehensive income for the year			
Business combination loss – deferred tax	14	(14,589)	
Other comprehensive income for the year		(14,589)	
Total comprehensive income for the year		17,021	31,064

The notes on pages 27 to 86 are an integral part of these annual financial statements.

ZAMBIA INDUSTRIAL COMMERCIAL BANK LIMITED
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2025

STATEMENT OF FINANCIAL POSITION

Assets	Notes	2025 K'000	2024 K'000
Cash and balance at Bank of Zambia	15	1,249,879	901,848
Balances with other banks	16	1,359,768	361,335
Financial investment at armortised cost	18	1,533,274	1,552,696
Loans and advances to customers	17	1,636,929	1,303,288
Other assets	22	515,289	359,780
Leasehold improvements and equipment	19	110,183	55,390
Intangible assets	21	91,579	83,404
Right of use assets	20	18,526	12,418
Deferred tax	14	18,052	38,579
Total assets		6,533,479	4,668,738
Liabilities			
Deposits from customers	23	5,843,140	3,858,750
Balances due to banks	24	51,429	170,980
Lease liabilities	25	18,382	14,525
Current tax payable	14	2,905	
Other liabilities	26	37,415	52,296
Total Liabilities		5,953,271	4,096,551
Equity			
Share capital	27	695,029	695,029
General reserves	27	(193,258)	(193,258)
Accumulated profits		32,955	24,934
Statutory Credit Risk Reserves		45,482	45,482
Total equity		580,208	572,187
Total liabilities and equity		6,533,479	4,668,738

STATEMENT OF CHANGES IN EQUITY

	Share Capital	Common Control reserves	Statutory credit risk Reserves	Accumulated Profit/ (Losses)	Total
	K'000	K'000	K'000	K'000	K'000
Balance at 1 January 2024	695,029	(193,258)	45,482	(6,130)	541,123
Profit for the year	-	-	-	31,064	31,064
Balance at 31 December 2024	695,029	(193,258)	45,482	24,934	572,187
Profit for the year	-	-	-	31,610	31,610
Other comprehensive income					
Deferred tax – Business combination (Note 14)	-	-	-	(14,589)	(14,589)
	-	-	-	(14,589)	(14,589)
Transactions with owners of the company					
Dividends paid	-	-	-	(9,000)	(9,000)
	-	-	-	(9,000)	(9,000)
Balance at 31 December 2025	695,229	193,258	45,432	32,955	580,208

The notes on pages 27 to 86 are an integral part of these annual financial statements.

STATEMENT OF CASH FLOWS

	Note	2025 K'000	2024 K'000
Cash flows from operating activities			
Profit for the year before tax		43,061	51,278
Adjustments for:			
Depreciation of leasehold improvements and equipment		19,881	18,225
Reassessment of right-of-use assets		4,314	460
Reassessment of lease liabilities		7,524	2,967
Net interest payable		(7,764)	(439)
		67,016	73,369
Changes in operating assets			
Change in loans and advances to banks and customers		(1,332,074)	91,875
Change in other assets		(155,509	(227,615)
		(1,487,583)	(135,740)
Changes in operating liabilities			
Change in balances due to banks		(119,551)	158,362
Change in deposits from customers		1,984,390	445,812
Change in other liabilities		(14,885)	10,162
		1,849,954	614,336
Net cash generated from operating activities		**429,387**	**551,965**
Cash flows from investing activities			
Purchase of investment securities		19,422	(375,153)
Purchase of leasehold improvement and equipment	19	(70,038)	(20,982)
Purchase of intangible assets		(8,417)	(18,722)
Net cash used in investing activities		(59,032)	(414,858)
Cash flows from financing activities			
Lease payments		(13,324)	(6,564)
Dividends paid		(9,000)	
Net cash used in financing activities		(22,324)	(6,564)
Net increase in cash and cash equivalents		348,031	130,543
Cash and cash equivalents at the beginning of the year		901,848	771,305
Cash and cash equivalents at the end of the year	15	1,249,879	901,848

The notes on pages 27 to 86 are an integral part of these annual financial statements.

ZAMBIA INDUSTRIAL COMMERCIAL BANK LIMITED NOTES TO THE ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2025

1. General information

Zambia Industrial Commercial Bank Limited ("the bank") is domiciled in Zambia. The registered office of the bank is 5th floor KK mall stand No. 27395, Alick Nkhata Road, Lusaka. The bank is primarily involved in corporate and retail banking as well as provision of related financial services.

2. Significant accounting policies

2.1. Compliance with International Financial Reporting Standards

The annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS. The financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

2.2 Basis of preparation

The annual financial statements have been prepared on the historical cost basis unless otherwise stated.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of the transactions.

The financial statements are presented in Zambian Kwacha (K) and all values are rounded to the nearest thousand Kwacha, except when otherwise indicated.

The bank presents its statement of financial position in order of liquidity.

2.3 Going concern

The Bank made a pre-tax profit of K43.1 million (2024: Profit K51.3 million) and had accumulated profit of K33.0 million (2024: K24.9 million). The Directors of the Bank are confident that the Bank will continue to generate sufficient resources from operations to discharge its liabilities in the normal course of business for at least 12 months and the foreseeable future from the date of approval of these annual financial statements. The shareholders are committed to supporting the Bank financially. The directors have considered these circumstances and believe it is appropriate to prepare the financial statements on a going concern basis.

The bank's going concern status is further supported by the following:

i) The continuation of business on a strong growth path experienced in 2025 for deposits and loan growth during the seventh year of operations to enable it to generate sufficient revenues to cover its overheads.

ii) Making good decisions towards a sustainable approach to surviving the highly competitive and dynamic environment through preserving our capital and providing sustainable solutions to our clients.

2. Significant accounting policies (continued)

iii) Leveraging digital capabilities, third-party technologies, and alliances to enhance reach and impact to our deserving clients in urban and rural communities..

iv) During 2025, the Company optimised its large branch network to double the value of its retail segment and experienced strong growth in its other segments. The bank will continue to attract new customers to sustain its growth and profitability.

i) Promote sustainability by contributing to a net zero carbon emissions.

vi) The Board and Management have created a formidable strategy adapted to the market environment and competitive landscape to realise the company's goals, business objectives, and create value for all stakeholders.

2.4 New standards adopted at 1 January 2025

Some accounting pronouncements which have become effective from 1 January 2025 and have therefore been adopted do not have a significant impact on the bank's financial results or position.

2.5 New accounting standards adopted by the bank

Some Standards and amendments that are effective for the first time in 2025 and could be applicable to the bank are:

- Lack of Exchangeability (Amendments to IAS 21)
- IFRS S1 – General Requirements for Disclosure of Sustainability – related Financial Information
- IFRS S2 – Climate related Disclosures

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made.

2.6 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the bank

At the date of authorisation of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the bank.

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and 7)
- IFRS 18 'Presentation and Disclosure in Financial Statements'
- IFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- IFRS 19 Amendments to IFRS 19 'Subsidiaries without Public Accountability: Disclosures'
- Annual improvements to IFRS Accounting Standards – volume 11 (IFRS 1, IFRS 7, IFRS 9, IFRS 10, IAS 7)
- Contracts referencing nature – dependent electricity (Amendments to IFRS 9 and IFRS 7)

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the bank's financial statements.

2. Significant accounting policies (continued)

2.7 Functional and presentation currency

(i) Functional and presentation currency translation

Items included in the annual financial statements are measured using the currency of the primary economic environment in which the bank operates (the functional currency). The annual financial statements are presented in the Zambian Kwacha which is the functional currency.

(ii)Transactions and balances

Transactions in foreign currencies during the year are converted into Zambian Kwacha at rates prevailing at transaction dates. Foreign exchange gains and losses resulting from settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

2.8 Interest income and expense

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the bank estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

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

Interest income and expense presented in the statement of comprehensive income include:

-interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis; and

-interest income and expense on all trading assets and liabilities are considered to be incidental to the bank's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

2.9 Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income, including account servicing fees, investment management fees, sales commission, placement fees and syndication fees are recognised as the related services are performed. If a loan commitment is not expected to result in the drawdown of a loan, then the related loan commitment fees are recognised on a straight – line basis over the commitment period.

Other fees and commission expense relate to transactions and service fees, which are expensed as the services are provided.

2. Significant accounting policies (continued)

2.10 Trading income

Trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest and foreign exchange differences.

2.11 Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the annual financial statements as pledged assets when the transferee has the right by contract or custom to sell or repledge the collateral; the counterparty liability is included in deposits from banks or deposits from customers, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other banks or customers, as appropriate. The difference between sale and repurchase price is treated as interest and accrued over the life of the agreements using the effective interest method. Securities lent to counterparties are also retained in the financial statements.

2.12 Financial assets and financial liabilities

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Bank commits to purchase or sell the asset.

At initial recognition, the Bank measures a financial asset or financial liability at its fair value plus or minus,in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability,such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Financial assets

(i) Classification and subsequent measurement

The bank has applied IFRS 9 and classifies its financial assets in the following measurement categories:

- Fair value through profit or loss (FVPL)
- Fair value through other comprehensive income (FVOCI)
- Amortised cost

The classification requirements for debt and equity instruments are described below:

(a) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds and trade receivables purchased from clients in factoring arrangements without recourse.

2. Significant accounting policies (continued)

2.12 Financial assets and financial liabilities (continued)

Classification and subsequent measurement of debt instruments depend on:

- the bank's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the bank classifies its debt instruments into one of the following three measurement categories:

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through Other Comprehensive Income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in 'Net Investment income'.

Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented in the profit or loss statement within 'Net trading income' in the period in which it arises, unless it arises from debt instruments that were designated at fair value or which are not held for trading, in which case they are presented separately in 'Net investment income'. Interest income from these financial assets is included in 'Interest income' using the effective interest rate method.

Business model

The business model reflects how the bank manages the assets in order to generate cash flows. That is, whether the bank's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVPL. The Bank makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

2. Significant accounting policies (continued)

2.12 Financial assets and financial liabilities (continued)

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

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

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the bank assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the bank considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at fair value through profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

The bank reclassifies debt investments when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Equity instruments

Equity instruments are instruments that meet the definition of equity from the issuer's perspective; that is, instruments that do not contain a contractual obligation to pay and that evidence a residual interest in the issuer's net assets. Examples of equity instruments include basic ordinary shares.

The bank subsequently measures all equity investments at fair value through profit or loss, except where the bank's management has elected, at initial recognition, to irrevocably designate an equity investment at fair value through other comprehensive income. The bank's policy is to designate equity investments as FVOCI when those investments are held for purposes other than to generate investment returns. When this election is used, fair value gains and losses are recognised in OCI and are not subsequently reclassified to profit or loss, including on disposal. Impairment losses (and reversal of impairment losses) are not reported separately from other changes in fair value. Dividends, when representing a return on such investments, continue to be recognised in profit or loss as other income when the bank's right to receive payments is established.

2. Significant accounting policies (continued)

2.12 Financial assets and financial liabilities (continued)

Gains and losses on equity investments at FVPL are included in the 'Net trading income' line in the statement of profit or loss. In the year ended 31 December 2024, the bank had no equity investments designated as FVPL (2024: Nil).

(ii) Impairment of financial assets

The bank assesses on a forward-looking basis the expected credit losses ('ECL') associated with its debt instrument assets carried at amortised cost and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The bank recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

(Overview of the ECL principles

The bank records an allowance for expected credit losses for all loans and other debt financial assets not held at FVPL, together with loan commitments and financial guarantee contracts, in this section all referred to as 'financial instruments'. Equity instruments are not subject to impairment under IFRS 9.

The ECL allowance is based on the credit losses expected to arise over the life of the asset (the lifetime expected credit loss or LTECL), unless there has been no significant increase in credit risk since origination, in which case, the allowance is based on the 12 months' expected credit loss (12mECL) depending on the bank's policies for determining if there has been a significant increase in credit risk.

The 12mECL is the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

Both LTECLs and 12mECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

The bank's policy for Banking financial assets measured on a collective basis.

The bank has established a policy to perform an assessment, at the end of each reporting period, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

2. Significant accounting policies (continued)
2.12 Financial assets and financial liabilities (continued)

Based on the above process, the bank classifies its loans into Stage 1, Stage 2, Stage 3 and POCI as described below:

- **Stage 1 :** When loans are first recognised, the bank recognises an allowance based on 12mECLs. Stage 1 loans also include facilities where the credit risk has improved and the loan has been reclassified from Stage 2.
- **Stage 2 :** When a loan has shown a significant increase in credit risk since origination, the bank records an allowance for the LTECLs. Stage 2 loans also include facilities, where the credit risk has improved and the loan has been reclassified from Stage 3.
- **Stage 3 :** Loans considered credit-impaired. The bank records an allowance for the LTECLs.
- **POCI :** Purchased or originated credit impaired (POCI) assets are financial assets that are credit impaired on initial recognition. POCI assets are recorded at fair value at original recognition and interest income is subsequently recognised based on a credit-adjusted EIR. ECLs are only recognised or released to the extent that there is a subsequent change in the expected credit losses.

The bank took over loan assets from the failed bank, IBC as part of the purchase and assumption agreement. All of the loans were deemed as Purchased or originated credit impaired recognised initially at fair value.

(iii) Overview of the ECL principles (continued)

For financial assets for which the bank has no reasonable expectations of recovering either the entire outstanding amount, or a proportion thereof, the gross carrying amount of the financial asset is reduced. This is considered a (partial) derecognition of the financial asset.

The calculation of ECLs

The bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the EIR. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

The mechanics of the ECL calculations are outlined below and the key elements are, as follows:

- PD - The Probability of Default is an estimate of the likelihood of default over a given time horizon. A default may only happen at a certain time over the assessed period, if the facility has not been previously derecognised and is still in the portfolio.
- EAD - The Exposure at Default is an estimate of the exposure at a future default date, taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, whether scheduled by contract or otherwise, expected drawdowns on committed facilities, and accrued interest from missed payments.
- LGD - The Loss Given Default is an estimate of the loss arising in the case where a default occurs at a given time. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, including from the realisation of any collateral. It is usually expressed as a percentage of the EAD.

2. Significant accounting policies (continued)
2.12 Financial assets and financial liabilities (continued)

When estimating the ECLs, the bank considers three scenarios (a base case, best case and worst case).

The mechanics of the ECL method are summarised below:

- Stage 1 : The 12mECL is calculated as the portion of LTECLs that represent the ECLs that result from default events on a financial instrument that are possible within the 12 months after the reporting date. The bank calculates the 12mECL allowance based on the expectation of a default occurring in the 12 months following the reporting date. These expected 12-month default probabilities are applied to a forecast EAD and multiplied by the expected LGD and discounted by an approximation to the original EIR. This calculation is made for each of the three scenarios, as explained above

(iii) Overview of the ECL principles (continued)

- Stage 2: When a loan has shown a significant increase in credit risk since origination, the bank records an allowance for the LTECLs. The mechanics are similar to those explained above, including the use of multiple scenarios, but PDs and LGDs are estimated over the lifetime of the instrument. The expected cash shortfalls are discounted by an approximation to the original EIR.
- Stage 3 : For loans considered credit-impaired, the bank recognises the lifetime expected credit losses for these loans. The method is similar to that for Stage 2 assets, with the PD set at 100%.
- Loan Commitments and letters of credit: When estimating LTECLs for undrawn loan commitments, the bank estimates the expected portion of the loan commitment that will be drawn down over its expected life. The ECL is then based on the present value of the expected shortfalls in cash flows if the loan is drawn down, based on a probability-weighting of the three scenarios. The expected cash shortfalls are discounted at an approximation to the expected EIR on the loan.
- Financial guarantee contracts: The bank's liability under each guarantee is measured at the higher of the amount initially recognised less cumulative amortisation recognised in the income statement, and the ECL provision. For this purpose, the bank estimates ECLs based on the present value of the expected payments to reimburse the holder for a credit loss that it incurs. The shortfalls are discounted by the risk-adjusted interest rate relevant to the exposure. The calculation is made using a probability-weighting of the three scenarios.

Sovereign Debt

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

- The market's assessment of creditworthiness as reflected in the bond yields.
- The probability of debt being restructured, resulting in holders suffering losses through voluntary or mandatory debt forgiveness.
- The currency in which the debt is denominated and Government's ability to print money.

2. Significant accounting policies (continued)

2.12 Financial assets and financial liabilities (continued)

Financial assets (continued

iv) Modification of loans

The bank sometimes renegotiates or otherwise modifies the contractual cash flows of loans to customers. When this happens, the bank assesses whether or not the new terms are substantially different to the original terms. The bank does this by considering, among others, the following factors:

a) If the borrower is in financial difficulty, whether the modification merely reduces the contractual cash flows to amounts the borrower is expected to be able to pay.
b) Whether any substantial new terms are introduced, such as a profit share/equity-based return that substantially affects the risk profile of the loan.
c) Significant extension of the loan term when the borrower is not in financial difficulty.
d) Significant change in the interest rate.
e) Change in the currency the loan is denominated in.
f) Insertion of collateral, other security or credit enhancements that significantly affect the credit risk associated with the loan.

If the terms are substantially different, the bank derecognises the original financial asset and recognises a 'new' asset at fair value and recalculates a new effective interest rate for the asset. The date of negotiation is consequently considered to be the date of initial recognition for impairment calculation purposes, including for the purpose of determining whether a significant increase in credit risk has occurred. However, the bank also assesses whether the new financial asset recognised is deemed to be credit-impaired at initial recognition, especially in circumstances where the renegotiation was driven by the debtor being unable to make the originally agreed payments.

If the terms are not substantially different, the renegotiation or modification does not result in derecognition, and the bank recalculates the gross carrying amount based on the revised cash flows of the financial asset and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

(v) Derecognition other than on a modification

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the bank transfers substantially all the risks and rewards of ownership, or (ii) the bank neither transfers nor retains substantially all the risks and rewards of ownership and the bank has not retained control.

2. Significant accounting policies (continued)

2.12 Financial assets and financial liabilities (continued) Financial assets (continued)

(v) Derecognition other than on a modification (continued)

The bank enters into transactions where it retains the contractual rights to receive cash flows from assets but assumes a contractual obligation to pay those cash flows to other entities and transfers substantially all of the risks and rewards. These transactions are accounted for as 'pass through' transfers that result in derecognition if the bank:

a) Has no obligation to make payments unless it collects equivalent amounts from the assets;
b) Is prohibited from selling or pledging the assets; and
c) Has an obligation to remit any cash it collects from the assets without material delay.

Collateral (shares and bonds) furnished by the bank under standard repurchase agreements and securities lending and borrowing transactions are not derecognised because the bank retains substantially all the risks and rewards on the basis of the predetermined repurchase price, and the criteria for derecognition are therefore not met. This also applies to certain securitisation transactions in which the bank retains a subordinated residual interest.

Financial Liabilities

(i) Classification and subsequent measurement

In both the current and prior period, financial liabilities are classified as subsequently measured at amortised cost, except for:

- Financial liabilities at fair value through profit or loss: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in the trading booking) and other financial liabilities designated as such at initial recognition. Gains or losses on financial liabilities designated at fair value through profit or loss are presented partially in other comprehensive income (the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability, which is determined as the amount that is not attributable to changes in market conditions that give rise to market risk) and partially profit or loss (the remaining amount of change in the fair value of the liability). This is unless such a presentation would create, or enlarge, an accounting mismatch, in which case the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss

- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer. In subsequent periods, the bank recognises any expense incurred on the financial liability.

- Financial guarantee contracts and loan commitments

2. Significant accounting policies (continued)

2.12 Financial assets and financial liabilities (continued)

Financial Liabilities (continued)

(ii) Derecognition (continued)

Financial liabilities are derecognised when they are extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires).

The exchange between the bank and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in covenants are also taken into consideration. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Financial guarantee contracts and loan commitments

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee contracts are initially measured at fair value and subsequently measured at the higher of:

- the amount of the loss allowance; and
- the premium received on initial recognition less income recognised in accordance with the principles of IFRS 15.

Loan commitments provided by the bank are measured as the amount of the loss allowance. The bank has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. However, for contracts that include both a loan and an undrawn commitment and the bank cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

2. Significant accounting policies (continued)

2.12 Financial assets and financial liabilities (continued)

Financial Liabilities (continued)

(ii) Derecognition (continued)

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2. Significant accounting policies (continued)

2.12 Financial assets and financial liabilities (continued)

Financial Liabilities (continued)

(ii) Derecognition (continued)

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2. Significant accounting policies (continued)

2.12 Financial assets and financial liabilities (continued)

Determination of fair value

For financial instruments traded in active markets, the determination of fair values of financial instruments is based on quoted market prices or dealer price quotations. This includes listed equity securities and quoted debt instruments on major exchanges and broker quotes from Bloomberg and Reuters.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. If the above criteria are not met, the market is regarded as being inactive. Indicators that a market is inactive are when there is a wide bid-offer spread or significant increase in the bid-offer spread or where there are few recent transactions.

For all other financial instruments, fair value is determined using valuation techniques. In these techniques, fair values are estimated from observable data in respect of similar financial instruments, using models to estimate the present value of expected future cash flows or other valuation techniques, using inputs (for example, LIBOR yield curve, FX rates, volatilities and counterparty spreads) existing at the reporting dates.

The bank uses widely recognised valuation models for determining fair values of non-standardised financial instruments of lower complexity, such as options or interest rate and currency swaps. For these financial instruments, inputs into models are generally market-observable.

For more complex instruments, the bank uses internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry. Valuation models such as present value techniques are used primarily to value derivatives transacted in the over-the-counter market, unlisted debt securities (including those with embedded derivatives) and other debt instruments for which markets were or have become illiquid. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions.

The bank uses its own credit risk spreads in determining the current value for its derivative liabilities and all other liabilities for which it has elected the fair value option. When the bank's credit spreads widen, the bank recognises a gain on these liabilities because the value of the liabilities has decreased. When the bank's credit spreads narrow, the bank recognises a loss on these liabilities because the value of the liabilities has increased.

2. Significant accounting policies (continued)

2.12Financial assets and financial liabilities (continued)

Determination of fair value (continued)

The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the bank holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risks, liquidity risk and counterparty credit risk. Based on the established fair value model governance policies, related controls and procedures applied, the directors believe that these valuation adjustments are necessary and appropriate to fairly state the values of financial instruments carried at fair value. Price data and parameters used in the measurement procedures applied are generally reviewed carefully and adjusted, if necessary – particularly in view of the current market developments.

In cases when the fair value of unlisted equity instruments cannot be determined reliably, the instruments are carried at cost less impairment. The fair values of contingent liabilities and irrevocable loan commitments correspond to their carrying amounts.

Classes of financial instruments

The bank classifies the financial instruments into classes that reflect the nature of information and take into account the characteristics of those financial instruments.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Derecognition

Financial assets are derecognised when the contractual rights to receive the cash flows from these assets have ceased to exist or the assets have been transferred and substantially all the risks and rewards of ownership of the assets are also transferred (that is, if substantially all the risks and rewards have not been transferred, the bank tests control to ensure that continuing involvement on the basis of any retained powers of control does not prevent derecognition). Financial liabilities are derecognised when they have been redeemed or otherwise extinguished.

Leasehold improvements and equipment is initially stated at historical cost and subsequently measured at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of these assets.

Subsequent expenditures are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the bank and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repair and maintenance costs are charged to 'operating expenses' during the period in which they are incurred.

Depreciation on other assets is calculated on a straight-line basis to allocate the cost less the residual values over estimated useful lives, as follows:

Furniture and fittings	**20%**
Leasehold improvements	**Over life of lease (average life of lease 5 years)**
Motor vehicles	**25%**
Office equipment	**20%**
Computer hardware	**25% (Computer servers 10%)**
Servers	**10%**

Leasehold improvements are written off over the shorter of the period of the lease or the economic life of the asset.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in 'other operating expenses' in profit or loss.

2.14 Intangible assets

All software costs are stated at historical cost less amortisation. Historical cost includes expenditure that is directly attributable to the acquisition of these assets.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. It is amortised over 10 years. All other expenditure is expensed as incurred.

2.15 Impairment of non-financial assets

At each reporting date, the bank reviews the carrying amounts of its non-financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs.

2. Significant accounting policies (continued)

2.15 Impairment of non-financial assets (continued)

The 'recoverable amount' of an asset or CGU (Cashflow Generating Unit) is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

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

Impairment losses are recognised in profit or loss. They are allocated to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

2.16 Taxation

(i) Current income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws substantively enacted at the reporting date in the country as the bank operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) Deferred income tax

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2. Significant accounting policies (continued)

2.17 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, including: cash and non-restricted balances with the Central Bank, treasury and other eligible bills, and amounts due from other banks. Cash and cash equivalents exclude the cash statutory reserve requirement held with the Central Bank.

2.18 Employee benefits

A defined contribution plan is a pension plan under which the bank pays fixed contributions into a separate entity. The bank has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the bank pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.19 Share capital

The Board classifies capital instruments in accordance with the substance of the contract terms of the instruments as financial liabilities or equity instances. Ordinary shares are classified as equity instruments.

(i) Share issue costs

Incremental costs directly attributable to the issue of an equity instrument are deducted from the initial measurement of the equity instruments.

(ii) Dividends on the bank's ordinary shares

Dividends on ordinary shares are recognized in equity in the period when approved by the bank's shareholders. Dividends for the year that are declared after the end of the reporting period are dealt with in the subsequent events note.

2.20 Leases

(i) The bank's leasing activities and how these are accounted for

The bank recognises right-of-use assets and lease liabilities at the lease commencement date for most leases. However, the bank has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value assets and for short-term leases, i.e. leases that at commencement date have lease terms of 12 months or less. The bank defines lowvalue leases as leases of assets for which the value of the underlying asset when it is new is US$5,000 or less and is not considered fundamental to its operations. The bank recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

2. Significant accounting policies (continued)

2.20 Leases (continued)

Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
- Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the bank's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. Generally, the bank uses its incremental borrowing rate as the discount rate. The bank determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments specific to the lease, e.g. term, country, currency and security.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. Interest costs are charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

It is remeasured when there is a change in future lease payments arising from a change in index or rate, a change in the estimate of the amount payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.
The right-of-use assets are initially measured at cost comprising the following:

- The amount of the initial measurement of the lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs

The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

2. Significant accounting policies (continued)
2.20 Leases (continued)

(ii) Renewal and termination options

A number of lease contracts include the option to renew the lease for a further period or terminate the lease earlier. The majority of extension and termination options held are exercisable only by the bank and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The bank applies judgement in assessing whether it is reasonably likely that options will be exercised. Factors considered include how far in the future an option occurs, the bank's business planning cycle of three to five years and history of terminating/not renewing leases.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

A number of leases entitle both the bank and the lessor to terminate the lease without a termination penalty. In determining whether the bank has an economic incentive to not exercise the termination option, the bank considers the broader economics of the contract and not only contractual termination payments.

The right-of-use assets are subsequently measured at cost less any accumulated depreciation and impairment losses and adjusted for certain remeasurements of the lease liability. The right-of-use assets are depreciated over the shorter of the assets' useful lives and the lease terms on a straight-line basis.

2.21 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a company comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the bank
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred

2. Significant accounting policies (continued)
2.21 Business combinations (continued)

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity
- over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Business combination transactions under common control are outside the scope of IFRS 3 Business Combinations and no specific guidance has been provided in any other standard therefore, management has to make an accounting policy choice that provides relevant and reliable information. The choice that is available is to account for the transaction under the acquisition method in accordance with IFRS 3 or using a predecessor value method. The predecessor value method involves accounting for the assets and liabilities of the acquired business using existing carrying values and management has chosen this policy to account for the business combination transaction in the period under review.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

2.22 Comparatives
Where necessary, comparative figures have been adjusted to conform with changes in presentations in the current year.

3. Significant Accounting Judgements, Estimates And Assumptions
The preparation of the bank's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the bank's accounting policies, Management has made the following judgements and assumptions concerning the future and other key sources of estimation regarding uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the bank's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/ estimates involved.

3. Significant Accounting Judgements, Estimates And Assumptions (continued)

(a) Measurement of the expected credit loss allowance

The measurement of the expected credit loss allowance for financial assets measured at amortised cost and FVOCI is an area that requires the use of significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation techniques used in measuring ECL, which also sets out key sensitivities of the ECL to changes in these elements.

The bank assess 12 month ECL for performing loans and a Lifetime ECL for non-performing loans. Loans are staged into 4 categories Stage 1a, Stage 1b, Stage 2 and Stage 3) consisting of performing (Stage 1 a & b), substandard performing (stage 2) and Non-performing (stage 3) in an ECL model utilising the internally developed risk grading system on note 4(b). Stage 1a and Stage 1b consists of loans where there has been no Significant Increase in Credit Risk (SICR) and 12-month ECLs are assessed. Stage 2 are sub optimally performing loans and Stage 3 non-performing loans, where there is SICR and here a Lifetime ECL is assessed. The ECL is calculated as a product of Exposure at Default (EAD), Probability of Default (PD) and the Loss Given Default (LGD).

In assessing the 12month ECL portfolio data statistical methods are used to predict a PD and forward looking information to estimate the LGD, which are applied to the EAD. In the first full year of application of IFRS9 no future EADs were computed but instead the outstanding exposures at the reporting date due to limitations of non existence of a complex estimation methodology and this resulted in a more conservative 12month ECL for Stage 1a and 1b loans. Lifetime ECL computed for stage 2 and 3 loans assume a 100% PD as default is taken to have occurred with 100% certainty, and this is applied to the LGD and EAD to determine the Life time ECL charge. The bank regularly reviews the quality and rigour of assumptions and validity of inputs to enable it make appropriate changes to the measurements of the expected credit loss allowance.

(b) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired include observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

It may not be possible to identify a single discrete event—instead, the combined effect of several events may have caused financial assets to become credit-impaired.

3. Significant Accounting Judgements, Estimates And Assumptions (continued)

(b) Credit-impaired financial assets (continued)

The directors estimate that the fair value of the loans is K1.6 billion (2024: K1.3billion) which is the carrying amount of the assets having already taken into account Expected Credit Losses.

(c) Current income and deferred tax

The bank is subject to income taxes under the Zambian tax legislation only. This does not require much judgement in terms of provision for income taxes but a certain level of judgement is required for recognition of the deferred tax assets. Management is required to assess the ability of the bank to generate future taxable economic earnings that will utilise the deferred tax assets. Assumptions over the generation of future taxable profits depends on management's estimates of future cash flows. This estimate of future taxable income are based on forecast cash flows from operations.

The income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in Zambia, where the bank operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(d) Lease term in determining the right of use asset

Management made assumptions and judgements around the lease term of leases included in the IFRS 16 model. 'Under IFRS 16 'Leases', determining the correct 'lease term' is significant because the longer the lease term, the larger the righ-tof-use asset and lease liability will be. Secondly, the length of the lease term determines whether a lease qualifies for the short-term lease exemption. It is for this reason that we have determined that this is one of the critical accounting estimates.

4. Financial risk management

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

(a) Introduction and overview

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

- credit risk;
- liquidity risk;
- market risks
- strategic risk; and
- operational risks.

This note presents information about the bank's objectives, policies and processes for measuring and managing risk.

Risk management framework

The Board of Directors of the bank have overall responsibility for the establishment and oversight of the bank's risk management framework. The Board's risk management oversight roles and responsibilities are delegated to the following Committees; Board Audit Committee, Board Risk Committee; Board Credit Committee, Board Loans Review Committee and Board Remunerations and Nominations Committee. The primary role of the Risk Committee is to report to the Board and provide appropriate advice and recommendations on matters relevant to Risk Management.

4. Financial risk management (continued)

(a) Introduction and overview (continued)

Risk management framework (continued)

The Board of Directors has established the Enterprise Risk Committee, Management Credit Committee and the Asset and Liability Management Committee (ALCO), which are responsible for developing and monitoring the bank's risk management policies. The Management Credit Committee has management oversight over credit risk, the Asset and Liabilities Committee (ALCO) has oversight over interest rate, liquidity and foreign exchange risk and the Enterprise Risk Management has oversight over strategic risk, operational risk, compliance risk, legal and reputational risk and IT risk.

The bank's Risk Management function provides central oversight of risk management across the bank to ensure that the full spectrum of risks facing the bank are properly identified, measured, monitored and controlled in order to minimize adverse outcomes. The bank has put in place policies and procedures to identify, measure, monitor, report and control the risks the bank faces.

The bank's Internal Audit department has the responsibility of auditing the risk management and compliance functions to ensure that all units charged with risk management perform their roles effectively on a continuous basis. Internal Audit shall also test the adequacy of internal control and make appropriate recommendations where there are weaknesses.

The bank's Risk Culture Statement

The bank considers risk management philosophy and culture as the shared beliefs and practices characterising how the bank considers risk in everything it does, from strategy development and implementation to its day-to-day activities. The bank's Risk Management philosophy is that above average and managed risk attitude will ensure sustainable growth in shareholder value and reputation.

The strategy for the management of risk in the bank is to empower all staff to proactively identify, control, monitor, and regularly report risk issues to management. The bank's Risk Management function provides central oversight of risk management across the bank to ensure that the full spectrum of risks facing the bank are properly identified, measured, monitored and controlled in order to minimize adverse outcomes.

Risk management is at the core of the operating structure of the bank. The bank aims to limit adverse variations in earnings and capital by identifying and managing existing and new risks in a planned and coordinated manner with minimum disruption and cost and protecting the bank against unforeseen losses and ensure stability of earnings.

The bank believes that enterprise risk management provides the superior capabilities to identify and assess the full spectrum of risks and to enable staff at all levels to better understand and manage risks. This will ensure that:

- Risk acceptance is done in a responsible manner;
- The executive and the Board of the bank have adequate risk management support;
- Uncertain outcomes are better anticipated;
- Accountability is strengthened; and
- Stewardship is enhanced.

4. Financial risk management (continued)

(a) Introduction and overview (continued)

The bank's Risk Culture Statement (continued)

The bank identifies the following attributes as guiding principles for its risk culture.

i. Management and staff:

- Consider all forms of risk in decision-making;
- Create and evaluate business-unit and bank-wide risk profile to consider what is best for their individual business units/ department and what is best for the bank as a whole;
- Adopt a portfolio view of risk in addition to understanding individual risk elements;
- Retain ownership and accountability for risk and risk management at the business unit or other point of influence level;
- Empower risk officers to perform their duties professionally and independently without undue interference;
- Strive to maintain a conservative balance between risk and profit considerations; and
- Continue to demonstrate appropriate standards of behaviour in development of strategy and pursuit of objectives.

ii. Risk officers partner with other stakeholders within and outside the bank and are guided in the exercise of their powers by a deep sense of responsibility, professionalism and respect for other parties.

iii. Equal attention is paid to both quantifiable and non-quantifiable risks.

iv. The bank avoids products and businesses it does not understand.

(b) Credit risk

Credit risk is the risk that the bank will incur a loss because its customers or counterparties fail to discharge their contractual obligations. The bank manages and controls credit risk by setting internal and regulatory limits on the amount of risk it is willing to accept for individual counterparties and for segmental and industry concentrations, and by monitoring exposures in relation to such limits.

Credit risk is monitored by the Credit Department. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties. Credit Risk Management consists of credit risk officers who are responsible for their business lines and manage specific portfolios and experts who support the Head of Credit, as well as the business with tools such as credit risk systems, policies, models and reporting.

The bank has established a credit quality review process to provide early identification of possible changes in the creditworthiness of counterparties, including regular collateral revisions. Counterparty limits are established using internal and regulatory targets enforced using a risk appetite statement, which monitors whether exposures to industries or counterparties is in line with targets. The credit quality review process aims to allow the bank to assess the potential loss as a result of the risks to which it is exposed and take corrective actions.

4. Financial risk management (continued)

(b)Credit risk (continued)

Credit-related commitment risk

The bank makes available to its customers guarantees that may require that the bank makes payments on their behalf and enters into commitments to extend credit lines to secure their liquidity needs. The bank also makes commitment on loans offered to customers but not disbursed in part or in full. Guarantees commit the bank to make payments on behalf of customers in the event of a specific act, generally related to the securing contracts and payments to third parties. Such commitments expose the bank to similar risks to loans and are mitigated by the same control processes and policies.

Impairment assessment

(i) Definition of default and cure

The bank considers a financial instrument defaulted and therefore Stage 3 (credit-impaired) for ECL calculations in all cases when the borrower becomes 90 days past due on its contractual payments. As a part of a qualitative assessment of whether a customer is in default, the bank also considers a variety of instances that may indicate unlikeliness to pay. When such events occur, the bank carefully considers whether the event should result in treating the customer as defaulted and therefore assessed as Stage 3 for ECL calculations or whether Stage 2 is appropriate. Such events include but are not limited to:

- internal rating of the borrower indicating default or near – default
- the borrower is deceased
- the borrower is in the process of, or files for bankruptcy
- the borrower is undergoing significant restructuring as a result of financial stress
- the borrower goes into receivership

It is the bank's policy to consider a financial instrument as 'cured' and therefore re-classified out of Stage 3 when none of the default criteria have been present for at least three consecutive months for Retail customers and six consecutive months for Corporate and SME customers. The bank will reclassify an asset first to Stage 2 and then to Stage 1. The cure observation periods are set out as below:

Retail customers

For retail customers, the cure is classified as follows;

- Bucket 3 to bucket 2– 3 months consecutive repayments
- Bucket 2 to Bucket 1 – 6 months consecutive repayments

Corporate and SME customers

For Corporate and SME customers, the cure is classified as follows;

- Bucket 3 to bucket 2– 3 months consecutive repayments
- Bucket 2 to Bucket 1 – 6 months consecutive repayments:

The movement of loans is staged from one bucket to the other where applicable.

(ii) The bank's internal rating and PD estimation process

Internal rating

The bank's Credit Department operates a credit risk assessment tool. The scale incorporates both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplement external information that could affect the borrower's behaviour. These ratings are consistent with guidance in the Basel framework. The internal credit grades are then assigned into IFRS 9 stages as appropriate as is shown in the table overleaf:

4. Financial risk management (continued)

Grade	Internal risk category	Internal rating description	Stage 1	Stage 2	Stage 3
	Performing				
1	Acceptable risk	No arrears	√		
2	Watch risk	Arrears over 30 days but less than 59 days		√	
3	Unacceptable risk	Arrears over 60 days but less than 89 days		√	
	Non Performing				
4	Sub-standard	Arrears over 90 days but less than 119 days			√
5	Doubtful	Arrears over 120 days but less than 179 days			√
6	Loss	Arrears over 180 days			√

(b) Credit risk (continued)

(ii)The bank's internal rating and PD estimation process (continued)

PD estimation process

The bank generates probabilities of default using a risk assessment tool. PDs are then adjusted for IFRS 9 ECL calculations to incorporate forward looking information and the IFRS 9 Stage classification of the exposure. This is repeated for each economic scenario and industry movements as appropriate.

(iii) Exposure at Default (EAD)

The exposure at default (EAD) represents the gross carrying amount of the financial instruments subject to the impairment calculation, addressing both the client's ability to increase its exposure while approaching default and potential early repayments too.

To calculate the EAD for a Stage 1 loan, the bank assesses the possible default events within 12 months for the calculation of the 12mECL. For Stage 2 and Stage 3 financial assets, the exposure at default is considered for events over the lifetime of the instruments.

The bank determines EADs by modelling the range of possible exposure outcomes at various points in time, corresponding the multiple scenarios. The IFRS 9 PDs are then assigned to each economic scenario based on the outcome of bank's models.

(iv) Loss Given Default (LGD)

LGD values are assessed every three months by account managers and reviewed and approved by the bank's specialised Credit Risk department. The credit risk assessment is based on a standardised LGD assessment framework that results in a certain LGD rate. These LGD rates take into account the expected EAD in comparison to the amount expected to be recovered or realised from any collateral held or derived historical Recovery Rate (RR).

4. Financial risk management (continued)

Further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each group of financial instruments. When assessing forward-looking information, the expectation is based on multiple scenarios. Examples of key inputs involve changes in collateral values including property prices for mortgages, commodity prices, payment status or other factors that are indicative of losses in the group. Under IFRS 9, LGD rates are estimated for the Stage 1, Stage 2 and Stage 3 segment of each asset class. The inputs for these LGD rates are estimated and, where possible, calibrated through back testing against recent recoveries. These are repeated for each economic scenario as appropriate.

(b) Credit risk (continued)

(v) Significant Increase in Credit Risk (SICR)

The bank continuously monitors all assets subject to ECLs. In order to determine whether an instrument or a portfolio of instruments is subject to 12m ECL or LTECL, the bank assesses whether there has been a significant increase in credit risk since initial recognition. The bank considers an exposure to have significantly increased in credit risk when a contractual payment is 30 days or more past due.

The bank also applies a secondary qualitative method for triggering a significant increase in credit risk for an asset, such as moving a customer/facility to the watch list, or the account becoming forborne. In certain cases, the bank may also consider events that lead to a significant increase in credit risk as opposed to a default.

(vi) Assessment of impairment

The bank categories its loans based on the common characteristics and behaviour. For purposes of impairment the loan book is segmented into the following groups:

- Retail;
- SME; and
- Corporate.

Analysis of inputs to the ECL model under multiple economic scenarios

An overview of the approach to estimating ECLs is set out in Note 2.1(h) Summary of significant accounting policies and in Note 3(c) Significant accounting judgements, estimates and assumptions. To ensure completeness and accuracy, the bank obtains the data used from third party sources (such as the Bank of Zambia and Credit Reference Bureau); and the Risk Management of the bank verifies the accuracy of inputs to the bank' ECL models including determining the weights attributable to the multiple scenarios.

(c) Liquidity risk

Liquidity risk' is the risk that the bank will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

Management of liquidity risk

The bank's Board of Directors sets the bank's strategy for managing liquidity risk and delegates responsibility for oversight of the implementation of this policy to ALCO. ALCO approves the bank's liquidity policies and procedures. The Treasury Department manages the bank's liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of the bank. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

4.Financial risk management (continued)
(c) Liquidity risk (continued)

Management of liquidity risk (continued)

The bank's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the bank's reputation. The key elements of the bank's liquidity strategy are as follows: •

- Maintaining a diversified funding base consisting of customer deposits (both retail and corporate) and wholesale market deposits and maintaining contingency facilities.
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity.
- Monitoring liquidity ratios, maturity mismatches, behavioral characteristics of the bank's financial assets and financial liabilities, and the extent to which the bank's assets are encumbered and so not available as potential collateral for obtaining funding.
- Carrying out stress testing of the bank's liquidity position.

The bank's Treasury receives information from other business units regarding the liquidity profile of their financial assets and financial liabilities and details of other projected cash flows arising from projected future business. The Treasury department then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the bank as a whole. The liquidity requirements of business units and subsidiaries are met through loans from The Treasury department to cover any short-term fluctuations and longer-term funding to address any structural liquidity requirements.

(d) Market risks

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

Management of market risks

The bank separates its exposure to market risks between trading and non-trading portfolios. Trading portfolios are mainly held in the trading book, and include positions arising from market making and proprietary position taking, together with financial assets and financial liabilities that are managed on a fair value basis.

Overall authority for market risk is vested in ALCO. ALCO sets up limits for each type of risk in aggregate and for portfolios, with market liquidity being a primary factor in determining the level of limits set for trading portfolios. The bank is responsible for the development of detailed risk management policies (subject to review and approval by the Board of Directors) and for the day-to-day review of their implementation.

The bank employs a range of interventions to monitor and limit market risk exposures. These are mainly provided through the bank's audit and Risk management functions.

4 Financial risk management (continued)`

(c) Liquidity risk (continued)

Management of liquidity risk (continued)

The bank's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when they fall due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the bank's reputation. The key elements of the bank's liquidity strategy are as follows: •

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The bank employs a range of interventions to monitor and limit market risk exposures. These are mainly provided through the bank's audit and Risk management functions.

4 Financial risk management (continued)`

(a) Credit risk

(i) Credit quality analysis

	Loans and advances to customers	Financial assets at amortised cost	Balances with other banks	Cash and balances at Bank of Zambia	Total
	2025 K'000	2025 K'000	2025 K'000	2025 K'000	2025 K'000
Grade 1: Low - fair risk	1,401,822	1,533,274	1,359,768	1,249,879	**5,544,743**
Grade 2-3: Watchlist					
Grade 4: Sub standard	32,932	–	–		**32,932**
Grade 5: Doubtful	52,143				**52,143**
Grade 6: Loss*	150,032				**150,032**
Carrying Amount	**1,636,929**	**1,533,274**	**1,359,768**	**1,249,879**	**5,779,850**

4 Financial risk management (continued)

(a) Credit risk

(i) Credit quality analysis (continued)Loans and advances to customers

		Financial assets at amortised cost	Balances with other banks	Cash and balances at Bank of Zambia	Total
	2024 K'000	2024 K'000	2024 K'000	2024 K'000	2024 K'000
Grade 1: Low - fair risk	1,128,946	1,552,696	361,335	901,848	3,944,825
Grade 2-3: Watchlist					
Grade 4: Sub standard	28,921				28,921
Grade 5: Doubtful	41,015				**41,015**
Grade 6: Loss*	104,406				**104,406**
Carrying Amount	**1,303,288**	**1,552,696**	**361,335**	**901,848**	**4,119,167**

* Loans and advances to customers amounting to K150 million (2024: K104.4 million) are with respect to discounted loans taken over from the failed Intermarket Banking Corporation. These advances were all at stage 3 and the carrying value is discounted to the expected recovery on disposal of collateral held.

4 Financial risk management (continued)

(a) Credit risk (continued)
(ii) Concentrations of credit

Industry sector risk concentrations were as follows for on-and off-statement of financial position.

Concentration risk relating to on-statement of financial statement position items:

	Financial	Manufacturing	Wholesale and retail trade	Individuals	Total
	K'000	K'000	K'000	K'000	K'000
2025					
Loans and advances to customers	86,830	915,179	209,122	425,798	**1,636,929**
Investment securities: - Armotised cost	1,533,274				**1,533,274**
Other assets					
At 31 December 2025	**1,620,104**	**915,179**	**209,122**	**425,798**	**3,170,203**
% of Total	51%	29%	7%	13%	100%

Concentration risk relating to on-statement of financial statement position items:

	Financial	Manufacturing	Wholesale and retail trade	Individuals	Total
	K'000	K'000	K'000	K'000	K'000
2024					
Loans and advances to customers	97,888	755,015	158,815	291,570	**1,303,288**
Investment securities: - Armotised cost	1,552,696				**1,552,696**
Other assets					
At 31 December 2024	**1,650,584**	**755,015**	**158,815**	**291,570**	**2,855,984**
% of Total	58%	27%	5%	10%	100%

4 **Financial risk management (continued)**

(iii) **Stage 3 (impaired) loans and investment debt securities**
The Bank regards a loan and advance or a debt security as impaired in the following circumstances.

Debt securities

-There is objective evidence that a loss event has occurred since initial recognition and the loss event has an impact on future estimated cash flows from the asset.

As at 31 December 2025 (2024: nil), no debt securities are considered to be impaired.

Loans and advances

-A loan is overdue for 90 days or more.

-A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

-Impaired loans and advances are graded 6 to 8 in the Bank's internal credit risk grading system.

As at 31 December 2024, loans and advances considered to be impaired amount to K153.9 million (2024 K104.4 million).

4 Financial risk management (continued)

(b) Liquidity risk

Maturity analysis of financial assets and liabilities

The following table represents discounted cashflows of financial assets and liabilities, receivable and payable in their remaining contractual maturities at the reporting.

Year ended 31 December 2025

Assets	Upto 1 Month K	Upto 3 Months K	3-12 Months K	1-5 Years K	Total K
Cash and Balances with Bank of Zambia	1,249,879				1,249,879
Balances with Banks	1,359,768				1,359,768
Financial invetsments at amortised cost		138,485	953,200	441,589	1,533,274
Other assets (excluding prepayments)	487,497				487,497
Loans and advances to customers	_	76,474	42,065	1,518,390	1,636,929
	3,097,144	**214,959**	**995,265**	**1,959,979**	**6,267,347**
Liabilities					
Other liabilities	37,415				37,415
Lease liability	3,509	676	3,041	11,157	18,382
Amounts due to other banks	38,811			12,618	51,429
Deposits from customers	4,484,233	338,972	1,019,935	-	5,843,140
	4,563,968	**339,648**	**1,022,976**	**23,775**	**5,950,366**
Off balance sheet					
commitment					
Net liquidity gap	**(1,466,824)**	**(124,689)**	**(27,711)**	**1,936,204**	**316,981**

4 Financial risk management (continued)

(b) Liquidity risk (continued)

Maturity analysis of financial assets and liabilities (continued)

Year ended 31 December 2024

	Upto 1 Month K	Upto 3 Months K	3-12 Months K	1-5 Years K	Total K
Assets					
Cash and Balances with Bank of Zambia	901,848	-	-	-	901,848
Balances with Banks	361,335	-	-	-	361,335
Financial invetsments at amortised cost	-	255,015	816,700	480,981	1,552,696
Other assets (excluding prepayments)	285,459	-	-	-	285,459
Loans and advances to customers	476,620	16,835	14,607	795,226	1,303,288
	2,025,262	**271,850**	**831,307**	**1,276,207**	**4,404,626**
Liabilities					
Other liabilities	52,296	-	-	-	52,296
Lease Liability	(348)	676	3,040	11,157	14,525
Amounts due to other banks	158,362	-	-	12,618	170,980
Deposits from customers	2,844,404	170,639	841,680	2,027	-
					3,858,750
	3,054,714	**171,315**	**844,720**	**25,802**	**4,096,551**
Off Balance Sheet					
commitment	-	-	-	-	-
Net liquidity gap	**(1,029,452)**	**100,535**	**(13,413)**	**1,250,405**	**308,075**

4 Financial risk management (continued)

(c) Market risk

The Bank takes on exposure to market risk, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads and foreign exchange rates. The Bank separates exposures to market risk into either trading or non-trading portfolios. The market risks arising from trading and non-trading activities are concentrated in the Treasury department and monitored by two teams separately. Regular reports are submitted to the Board of Directors and heads of each business unit.

The Treasury Department in consultation with the Managing Director, Chief Financial Officer and Head of Operations review the foreign exchange buying and selling rates on a daily basis and a decision is made as to whether to hold long or short positions, within the limits stipulated by Bank of Zambia.

Similarly the same composition of individuals also monitors the interest rates on a weekly basis and adjustments are made on interest chargeable on loans and advances. The monitoring process pays attention to Treasury bill rates and base rates changes announced by other Banks.

(i) Foreign Exchange risk

The Bank takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Bank of Zambia sets limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

Foreign Exchange risk is the exposure of the Bank's financial condition to adverse movements in exchange rates. The Bank is exposed to foreign exchange risk primarily through its assets, managing customers' deposits and through acting as an intermediary in foreign exchange transactions between central and commercial banks.

The Board of Directors defines its risk tolerance levels and expectations for foreign exchange risk management and ensures that the risk is maintained at prudent levels. Foreign exchange risk is quantified using the net balance of assets and liabilities in each currency, and their total sum. The assets and liabilities include current positions, forward positions, commitments, and the market value of derivatives in foreign currency.

4 Financial risk management (continued)

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

(i) **Foreign Exchange risk (continued)**

Exposure to currency risk is as follows

	31st December 2025				
	USD K'000	**GBP K'000**	**EUR K'000**	**ZAR K'000**	**Total K'000**
Assets					
Cash and Balances with Bank of Zambia	51,405	23	130	24	51,582
Balances with other Banks	1,302,574	1,213	1,249	575	1,305,611
Loans and advances to customers	342,583	-	-	-	342,583
Other assets (excluding prepayments)	272,600	-	-	-	272,600
	1,969,162	**1,236**	**1,379**	**599**	**1,972,376**
Liabilities					
Deposits from customers	2,368,902	117	1,165	190	2,370,374
Other liabilities	77,426	-	-	-	77,426
	2,446,328	117	1,165	190	**2,447,800**
Off-balance sheet commitments					
Net On and Off Balance Sheet Position	6,654	-	-	-	6,654
Net On and Off Balance Sheet Position	**(483,820)**	**1,119**	**214**	**409**	**(482,078)**

	31st December 2024				
	USD K'000	GBP K'000	EUR K'000	ZAR K'000	Total K'000
Assets					
Cash and Balances with Bank of Zambia	213,443	108	335	140	214,026
Balances with Banks	416,483	1,548	1,098	1,271	420,400
Loans and advances to customers	179,577	-	-	-	179,577
Other assets (excluding prepayments)	25,215	-	-	-	25,215
	834,718	**1,656**	**1,433**	**1,411**	**839,218**
Liabilities					
Deposits from customers	743,243	198	476	98	744,016
Other liabilities	92,073	-	-	-	92,073
	835,316	198	476	98	**836,089**
Off-balance sheet commitments	-	-	-	-	-
Net On and Off Balance Sheet Position	**(598)**	**1,458**	**957**	**1,313**	**3,129**

A +/-10% change in the United States Dollar against the Kwacha will impact profit or loss and equity by a gain or loss of K9,771 (2024 : K3,129). The Bank is exposed to currency risk through transactions in foreign currencies. The Bank's transactional exposures give rise to foreign currency gains and losses recognised in profit or loss. These exposures comprise the monetary assets and monetary liabilities of the Bank. In respect of monetary assets and liabilities in foreign currencies that are not economically hedged, the Bank ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate.

ZAMBIA INDUSTRIAL COMMERCIAL BANK LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2025

4 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

The Bank's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or reprise at different times and/or in differing amounts. In the case of floating rate assets and liabilities the Bank is also exposed to basis risk, which is the difference in reprising characteristics of the various floating rate indices. Asset-liability risk management activities are conducted in the context of the Bank's sensitivity to interest rate changes.

Year ended 31 December 2025

Assets	Carrying Amounts K'000	Less than 3 months K'000	4 to 6 months K'000	7 to 12 months K'000	1 to 5year K'000	Non-Interest bearing K'000
Cash and Balances at Bank of Zambia	1,249,879	-	-	-	-	1,249,879
Balances with other banks	1,359,768	1,359,768	-	-	-	-
Financial assets at amortised cost	1,533,274	138,485	381,280	571,920	441,589	-
Loans and advances to customers	1,636,929	734,553	42,065	21,033	839,279	-
Other assets	515,289	-	-	-	-	515,289
Total assets	**6,295,139**	**2,232,806**	**423,345**	**592,953**	**1,280,868**	**1,765,168**
Liabilities						
Other liabilities	37,415	-	-	-	-	37,415
Lease liability	18,382	3,509	676	3,041	11,157	
Balances due to other banks	51,429	38,811	-	-	12,618	
Deposits from customers	5,843,140	4,484,233	338,972	1,019,935	-	-
Total liabilities	**5,950,366**	**4,526,553**	**339,648**	**1,022,976**	**23,775**	**37,415**
Gap	**344,773**	**(2,293,747)**	**83,697**	**(430,023)**	**1,257,093**	**1,727,753**

A +/- 100 basis change in interest rate will impact net interest income by +/- K92,232.

ZAMBIA INDUSTRIAL COMMERCIAL BANK LIMITED
NOTES TO THE ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2025

4 Financial risk management (continued)

(c) Market risk (continued)

(ii) Interest rate risk (continued)

Year ended 31 December 2024

Assets	Carrying Amounts K'000	Less than 3 months K'000	4 to 6 months K'000	7 to 12 months K'000	1 to 5year K'000	Non-Interest bearing K'000
Cash and Balances at Bank of Zambia	901,848	-	-	-	-	901,848
Balances with Banks	361,335	361,335	-	-	-	-
Financial assets at amortised cost	1,552,696	255,015	326,680	490,020	480,981	-
Loans and advances to customers	1,303,288	486,151	14,607	7,304	795,226	-
Other assets	359,780	-	-	-	-	359,780
Total assets	**4,478,947**	**1,102,501**	**341,287**	**497,324**	**1,276,207**	**1,261,628**
Liabilities						
Other liabilities	52,296	-	-	-	-	52,296
Lease liability	14,525	(348)	676	3,041	11,157	-
Balances due to other banks	170,980	158,362	-	-	12,618	-
Deposits from customers	3,858,750	2,844,404	170,639	841,680	2,027	-
Total liabilities	4,096,551	3,002,418	171,315	844,721	25,802	52,296
Gap	**382,396**	**(1,899,917)**	**169,972**	**(347,397)**	**1,250,405**	**1,209,332**

A +/- 100 basis change in interest rate will impact net interest income by +/- K60,754.

4. Financial risk management (continued)

(d) Capital management

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

- To comply with the capital requirements set by the Bank of Zambia;

- To safeguard the Bank's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and

- To maintain a strong capital base to support the development of its business. The Bank did comply with minimal capital adequacy requirements in the period.

Regulatory capital

Capital adequacy and use of regulatory capital are monitored regularly by management, employing techniques based on the guidelines developed and maintained by the Bank of Zambia for supervisory purposes. The required information is filed with the Bank of Zambia on a monthly basis.

In implementing current capital requirements, the Bank of Zambia requires banks to:

- maintain a minimum 10% ratio of total capital to total risk-weighted assets or hold a minimum K104 million whichever is higher;
- maintain total capital of not less than 10% of risk-weighted assets plus risk-weighted off-balance sheet items.
- The Bank's regulatory capital is analysed into two tiers:
- Primary (Tier 1) capital, which includes paid-up common shares, retained earnings, statutory reserves less adjustment for assets of little or no realisable value.
- Secondary (Tier 2) capital, which includes qualifying subordinated term debt and revaluation reserves limited to a maximum of 40%. The maximum amount of total secondary capital is limited to 100% of primary capital.
- The Bank in response to the new Capital Adequacy framework instituted by the Bank of Zambia opted for a local bank status which required the Bank to hold a minimum regulatory capital of K104 million. The Bank met all the minimum capital requirement and is expected to bring its shareholding structure in line with the Bank of Zambia local bank requirement as at 31 December 2026.

4 Financial risk management (continued)

(c) **Capital management (continued)**

(i) **Computation of capital position**

	2025 K	2023 K
I Primary (Tier 1) Capital		
(a) Paid-up common shares	695,029	695,029
(b) Eligible preferred shares	-	-
(c) Amounts received pending allotment of shares	-	-
(d) Retained earnings	32,955	24,934
(e) General reserves	(193,258)	(193,258)
(f) Statutory reserves	45,482	45,482
(g) Minority interests (common shareholders' equity)	-	-
(h) Sub-total A (items a to g) subtractions:	**580,208**	**572,187**
(i) Goodwill and other intangible assets	-	-
(j) Investments in unconsolidated subsidiaries and associates	-	-
(k) Lending of a capital nature to subsidiaries and associates	-	-
(l) Holding of other banks' or financial institutions' capital instruments	-	-
(m) Assets pledged to secure liabilities	-	-
(n) Sub-total B (items i to m)	-	-
Provisions Assets of little or no realised value Other adjustments (prepayment)	-	-
(o) Sub-total C (other adjustments)	-	-
(p) Total primary capital [h – (n to o)	**580,208**	**572,187**
II Secondary (tier 2) capital		
(a) Eligible preferred shares	-	-
(b) Eligible subordinated term debt	-	-
(c) Eligible loan stock / capital	-	-
(d) Eligible general provisions	-	-
(e) Revaluation reserves. (Maximum is 40% of revaluation reserves)	-	-
(f) Other	-	-
(g) Total secondary capital	-	-
III Eligible secondary capital (The maximum amount of secondary capital is limited to 100% of primary capital)	-	-
IV Eligible total capital (I(p) + III) (Regulatory capital)	**580,208**	**572,187**
V Minimum total capital requirement (10% of total capital to total risk-weighted assets or hold a minimum of K104 million whichever is higher	(152,056)	(122,810)
VI Excess (IV minus V)	**428,152**	**449,377**

5 Fair value of financial instruments

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques

The fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments, the Bank determines fair values using other valuation techniques. For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

Valuation models

The Bank measures fair values using the following fair value hierarchy, which reflects the significance of the inputs used in making the measurements.:

- Level 1: inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- Level 3: inputs that are unobservable. This category includes all instruments for which 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 for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Bank determines fair values using valuation techniques. Valuation techniques include net present value and discounted cash flow models, comparison to similar instruments for which market observable prices exist and other valuation models. Assumptions and inputs used in valuation techniques include risk-free interest rates, credit spreads and other premia (proxy data) used in estimating discount rates, bonds and equity prices. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at an arm's length.

6 Financial assets and liabilities

The table below sets out the carrying amounts and fair values of the Bank's financial assets and liabilities:

The directors are of the opinion that the carrying amounts are not materially different from the fair values of the financial instruments.

Year ended 31 December 2025	Note	Amortized cost K'000
Cash and balances with Bank of Zambia	15	1,249,879
Balances with other banks	16	1,359,768
Financial investments at amortized cost	18	1,533,274
Loans and advances to customers	17	1,636,929
Other assets (excluding prepayments)	22	487,497
		6,267,347
Deposits from customers	23	5,843,140
Balances due to other banks	24	51,429
Lease liabilities	25	18,382
Other liabilities	26	37,415
		5,950,366

Year ended 31 December 2024	Note	Amortized cost K'000
Cash and balances with Bank of Zambia	15	901,848
Balances with banks	16	361,335
Financial investments at amortized cost	18	1,552,696
Loans and advances to customers	17	1,303,288
Other assets (excluding prepayments)	22	285,459
		4,404,626
Deposits from customers	23	3,858,750
Balances due to other banks	24	170,980
Lease liabilities	25	14,525
Other liabilities	26	52,296
		4,096,551

7 Interest income

		20245 K'000	2024 K'000
	Loans and advances to customers	288,251	235,117
	Government securities	249,653	227,969
	Placements with other banks	7,223	11,961
	Total Interest Income	545,127	475,047

8 Interest expense

	Deposits from customers	339,443	308,770
	Deposits from other banks	17,195	2,050
	Total Interest expense	356,638	310,820

9 Fee and commission income

	Account maintenance charge and handling commission	59,539	68,530
	Commission expense	(16,113)	(2,114)
		43,426	66,416

10 Other income

	Discount earnings on asset acquisition (Day 1 gains)	106,308	-

In July 2024, the bank entered into an agreement with the Bank of Zambia for the acquisition of selected assets and assumption of certain liabilities of Investrust Bank PLC at a nominal consideration of K1.
As part of the transaction, performing loans were acquired at book value less a 5% discount, while secured non-performing loans were acquired at a 35% discount. The total discount realised on acquisition amounted to K199. 8 million.

The bank recognised provisions of K56 million and established an additional buffer of K37.37 million against the acquired loan portfolio. After accounting for these adjustments, a net Day 1 gain of K106.3 million was recognised in profit or loss and is included under "Other income" for the year ended 31 December 2025.

11 Foreign exchange income

	Foreign currency transaction gains	46,655	68,345

12 Personnel expenses

	Salaries and other staff benefit costs	159,542	109,976
	Social security costs	32,912	19,387
		192,454	129,363

ZAMBIA INDUSTRIAL COMMERCIAL BANK LIMITED NOTES TO THE ANNUAL FINANCIAL STATEMENTS - 31 DECEMBER 2025

13 Administrative expenses

	2025 K'000	2024 K'000
Professional fees	1,929	1,386
Insurance	4,842	7,085
Business travel expenses	10,943	5,710
Auditor's renumeration	3,500	1,469
Board expenses	4,546	5,722
Communication expenses	1,942	1,536
Data Network and IT expenses	27,931	15,372
Advertisements and marketing expenses	10,368	7,885
Events, charities and sponsorship	3,064	3,790
Security expenses	5,727	6,144
Stationary, postage and printing	4,111	4,919
Training	5,091	2,942
Subscriptions	1,959	1,493
Bank charges	4,149	2,819
BOZ supervisory fees	6,047	3,476
Other expenses	34,003	24,365
	130,152	96,113

14 Income tax expense

The Bank had no corporate tax paid in the year under review as a result of the incurred losses.

The tax charge is determined in accordance with the provisions of the Income Tax Act, 1996 (as amended) and is based on the taxable profit for the year. Tax on the profit or loss for the year comprises the change in deferred tax asset or liability

	2025 K'000	2024 K'000
Income tax expense		
Current year tax	(5,483)	-
Current year deferred tax	(5,968)	(20,214)
Income tax expense	**(11,451)**	(20,214)

The tax on the Bank's loss before income tax differences from the theoretical amount that would arise using the effective tax rate is as follows:

(a) Reconciliation of the tax charge

	2025 K'000	2024 K'000
Profit before taxation	43,060	51,278
Taxation at current rate on accounting profit	12,918	15,384
Permanent differences:		
Disallowable expenses	1,332	(45,390)
Loss Adjustment	485	-
Timing differences:		
Capital allowances and depreciation	-	159
Other deductible expenses	(3,285)	43,091
Loss brought forward	(41,883)	(55,127)
Deferred tax	(5,968)	(20,214)
Loss forfeited	(14,589)	-
Loss carried forward	21,326	41,883
Tax charge	(5,968)	(20,214)
Current tax payable		
At 1 January		
Charge for the year	5,483	-
Tax paid	(2,578)	-
	(2,578)	-

14 Income tax expense (continued)

Tax losses are available for carry forward only for a maximum period of 5 years. The carried forward losses, which are subject to agreement with the Zambia Revenue Authority, are as follows.

Accounting period	Tax loss K'000	Expiry Date
31 December 2021	63,918	31 December 2026
31 December 2022	8,477	31 December 2027
Loss carried forward	72,395	

The estimate tax loss available for offset against the future taxable income is K 72 million (2024 : K183.8 million).

Deferred income tax

Deferred income taxes are calculated on all temporary differences using the liability method and an effective tax rate of 30%. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	Balance b/f K'000	P&L 2025 K'000	Equity 2025 K'000	Balance c/f 2025 K'000
Deferred tax asset				
Accelerated depreciation	(8,545)	(1,050)	-	(9,595)
Other temporary differences	4,972	1,009	-	5,981
Other tax losses	41,800	(5,492)	(14,589)	21,719
Other adjustments	352	(405)	-	(53)
Deferred tax asset (recognised)	38,579	(5,938)	(14,589)	18,052

	Balance b/f K'000	P&L 2024 K'000	Equity 2024 K'000	Balance c/f 2024 K'000
Deferred tax asset				
Accelerated depreciation	(8,497)	(48)	-	(8,545)
Other temporary differences	11,782	(6,810)	-	4,972
Other tax losses	55,127	(13,327)	-	41,800
Right of Use Assets	381	(29)	-	352
Deferred tax asset (recognised)	58,793	(20,214)	-	38,579

15 Cash and balances at Bank of Zambia

Tax losses are available for carry forward only for a maximum period of 5 years. The carried forward losses, which are subject to agreement with the Zambia Revenue Authority, are as follows.

	2025 K'000	2024 K'000
Cash on hand	19,712	109,416
Balance with Bank of Zambia	157,738	78,123
	177,450	187,539
Mandatory statutory reserve deposit with Bank of Zambia	1,072,429	714,309
	1,249,879	901,848

The statutory deposit held with bank of Zambia, as a minimum reserve requirement, is not available for the bank's daily business. The reserve represents a requirement by the Banking and Financial Services Act and is a percentage of the bank's local currency and foreign currency liabilities to the public. At 31 December 2025, the required percentage was 26% (2024 : 26%).

16 Balances with other banks

	2025 K'000	2024 K'000
Balances with local banks	111,299	2,605
Balances with foreign banks	1,248,469	358,730
The statutory deposit held with the bank	1,359,768	361,335

17 Loans and advances to customers

Maturity analysis of loans and advances

The maturity analysis is based on the remaining periods to contractual maturity.

	2025 K'000	2024 K'000
Loans and advances to customers	1,593,356	1,287,019
Loans and advances to staff	67,530	36,151
Allowance for impairment (ECL) (i)	(23,957)	(19,882)
	1,636,929	1,303,288
Maturity within one year	626,368	498,701
Maturity after 12 months	1,010,561	804,587
	1,636,929	1,303,288
(i) Allowance for impairment		
Opening balance	19,882	12,718
Charge for the year	4,075	7,164
Closing balance	23,957	19,882

(ii) The Bank took over impaired loans from the defunct Intermarket Banking Corporation (IBC) with a net book value of K135million as at 28th November 2016. These loans were recognised at a discounted value of (K44million) the net realisable value of collateral held in properties. The loans were all past due their repayment debts and non-performing, so no interest revenue was recognised with respect to these loans during the year. The Bank has put in place a strategy to recover the loans taken over from the failed bank

(iii) Included in the loans and advances are performing loans to staff amounting to K67.5 million (2023: K36.2) million).

(iv) During the year the Bank made net recoveries amounting to K4.7 million (2024: K3.2 million).

18 Financial investments at amortised cost

	2025 K'000	2024 K'000
Investment securities	1,533,274	1,552,696

There were no treasury bills sold to customers under repurchase agreements as at 31 December 2025. Included in investment securities are treasury bills with a total face value of K15 million (2024: K11 million) pledged as collateral to the Zambia Electronic Clearing House Limited as at 31 December 2025.

19 Leasehold improvements and equipment

31 December 2025	Lease hold improvements	Computer hardware	Furniture & fittings	Motor vehicles	Work in progress	Total
Cost	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
At 1 January 2025	24,919	46,950	18,987	7,801	7,076	105,733
Additions	19,537	34,774	11,513	4,214	-	70,038
At 31 December 2025	**44,456**	**81,724**	**30,500**	**12,015**	**7,076**	**175,771**
Depreciation						
Balance at 1 January 2025	14,098	24,028	8,623	3,594	-	50,343
Charge for the year	4,608	4,923	3,715	2,000	-	15,245
At 31 December 2025	**18,706**	**28,951**	**12,338**	**5,594**	-	**65,588**
Carrying amounts:						
At 31 December 2025	**25,750**	**52,773**	**18,163**	**6,421**	**7,076**	**110,183**

19 Leasehold improvements and equipment (continued)

31 December 2024	Lease hold improvements	Computer hardware	Furniture & fittings	Motor vehicles	Work in progress	Total
Cost	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
At 1 January 2024	21,969	39,348	13,313	3,046	7,076	84,752
Additions	2,950	7,602	5,674	4,755	-	20,981
At 31 December 2024	**24,919**	**46,950**	**18,987**	**7,801**	**7,076**	**105,733**
Depreciation						
Balance at 1 January 2024	10,392	17,209	5,677	2,608	-	35,886
Charge for the year	3,706	6,819	2,946	986	-	14,457
At 31 December 2024	**14,098**	**24,028**	**8,623**	**3,594**	-	**50,343**
Carrying amounts:						
At 31 December 2024	**10,821**	**22,922**	**10,364**	**4,207**	**7,076**	**55,390**

The register showing the details of property, as required by the Zambia Companies Act, is available during business hours at the registered office of the Bank.

20 Right of use asset

The Bank recognises a carrying value for the 'right of use assets' equivalent to the lease liabilities of rented property. The right of use assets have been depreciated on a straight line method over the tenor of the leases.

20 Right of use asset (continued)

31 December 2025	Buildings K'000	Total K'000
Gross carrying amount		
1 January 2025	42,445	42,445
Right of Use Reassessment	7,524	7,524
Additions	10,501	10,501
Balance at 31 December 2025	60,470	60,470
Depreciation and impairment		
1 January 2025	30,027	30,027
Depreciation charge for the year	11,917	11,917
Balance at 31 December 2025	41,944	41,944
Carrying amount 31 December 2025	18,526	18,526

31 December 2024	Buildings K'000	Total K'000
Gross carrying amount		
1 January 2024	37,631	37,631
Right of Use Reassessment	2,090	2,090
Additions	2,724	2,724
At Balance at 31 December 2024	42,445	42,445
Depreciation and impairment		
At 1 January 2024	24,240	24,240
Depreciation charge for the year	5,787	5,787
At Balance at 31 December 2024	30,027	30,027
Carrying amount 31 December 2024	12,418	12,418

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21 Intangible assets

	2025 K'000	2024 K'000
Cost		
At 1 January	84,860	66,138
Additions	8,417	18,722
At 31 December	93,277	84,860
Accumulated amortisation		
At 1 January	1,456	1,214
Charge for the year	242	242
At 31 December	1,698	1,456
Carrying amount 31 December	91,579	83,404

22 Other assets

	2025 K'000	2024 K'000
Other receivables	487,497	285,459
Prepayments	27,792	74,321
	515,289	359,780

23 Deposits from customers

Current accounts	3,143,735	1,649,374
Term deposits	2,699,405	2,209,376
	5,843,140	**3,858,750**

24 Balances due to other banks

Bank of Zambia COVID 19 Relief Funds		21,750
Balances due to local banks	51,429	149,230
	51,429	170,980

25 Lease liabilities

	2025 K'000	2024 K'000
At 1st January	14,525	14,667
add: Interest charge	2,365	1,147
Less: Payments	(13,324)	(6,564)
New leases	10,502	2,723
Reassessment Lease Liability	4,314	2,552
At 31st December	18,382	14,525
Current	12,202	6,924
Non current	6,180	7,601
	18,382	14,525

The Bank has leases for its buildings. The leases are reflected on the balance sheet as right-of-use assets and a lease liabilities. Variable lease payments which do not depend on an index or a rate (such as lease payments based on a percentage of bank interest) are excluded from the initial measurement of the lease liability and asset. The Bank classifies its right-of-use assets in a consistent manner to its buildings.

The table below describes the nature of the Bank's leasing activities by type of right-of-use asset recognised on the statement of financial position

Right-of-use asset	No. of right-of-use assets leased	Range of remaining term	Average remaining lease term	No. of leases with extension options	No. of leases with options to purchase	No. of leases with variable payments linked to an index	No. of leases with termination options
Buildings	5	0.8 – 3 years	2 years	3	-	-	2

The lease liabilities are secured by the related underlying assets. Future minimum lease payments at 31 December 2025 were as follows:

	Minimum lease payments due						
	Within 1 year	**1-2 years**	**2-3 years**	**3-4 years**	**4-5 years**	**After 5 years**	**Total**
	K'000	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
Lease payments	12,948	4,357	2,440	-	-	-	19,745
Finance charges	(746)	(429)	(188)	-	-	-	(1,363)
Net present values	12,202	3,928	2,252	-	-	-	18,382

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26 Other liabilities

	2025 K'000	2024 K'000
Other payables	23,915	37,370
Payroll related liabilities	13,500	14,926
	37,415	52,296

27 Share capital

	Number of ordinary shares	Ordinary share capital K'000	Common Control Reserve K'000	Total K'000
Authorised				
Ordinary shares of K1 each	832,028,645	695,029	(193,258)	501,771
Issued and fully paid				
Balance on 31 December 2025	695,029,645	695,029	(193,258)	501,771

	Number of ordinary shares	Ordinary share capital K'000	Common Control Reserve K'000	Total K'000
Authorised				
Ordinary shares of K1 each	832,028,645	695,029	(193,258)	501,771
Issued and fully paid				
Balance on 1 January 2025	695,029,645	695,029	(193,258)	501,771
Balance as at 31 December 2025	695,029,645	695,029	(193,258)	501,771

The total authorised number of ordinary shares remained at 832,028,645 (2024 : 832,028,645) with a par value of K1 per share. There was no change in beneficial ownership during the year.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Bank.

Prior to the incorporation of Zambia Industrial Commercial Bank Limited ("ZICB") the failure of the Intermarket Banking Corporation resulted into a loss in value where deposit liabilities assumed were in excess of recoverable assets. The Government of the Republic of Zambia stepped in to safeguard depositor interest through the Industrial Development Corporation (IDC) where a restructuring plan was agreed with other shareholders of ZICB. This resulted in ZICB taking on the loss after assuming net liabilities of the failed bank (K155.4 million) and this amount was charged as a loss to the common control reserve to provide a correct account of the capital position of the Bank at the start of the company.

28 Contingent liabilities and Commitments

Claims and litigation

Contingent liability and commitments

In common with other banks, the Bank conducts business involving acceptances, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties. Contingent liabilities and commitments comprise acceptances, endorsements, guarantees and letters of credit.

Nature of instruments

An acceptance is undertaken by a bank to pay a bill of exchange drawn on a customer. The Bank expects most acceptances to be presented, but reimbursement by the customer is normally immediate. Endorsements are residual liabilities of the Bank in respect of bills of exchange, which have been paid and subsequently rediscounted.

Guarantees and letters of credit are given as security to support the performance of a customer to third parties. As the Bank will only be required to meet these obligations in the event of the customer's default, the cash requirements of these instruments are expected to be considerably below their nominal amounts.

Other contingent liabilities include transactions related to custom and performance bonds and are generally short term commitments to third parties which are not directly dependent on the customer's credit worthiness. Commitments to lend are agreements to lend to a customer in the future, subject to certain conditions. Such commitments are either made for a fixed period or have no specific maturity dates but are cancellable by the lender subject to notice requirements. Documentary credits commit the Bank to make payments to third parties, on production of documents, which are usually reimbursed immediately by customers.

The table below summarises the fair value amount of contingent liabilities and commitments and off-financial position risk: Acceptances, bonds, guarantees and other obligations on account of dealings with suppliers and customers:

	2025 K'000	2024 K'000
Contingent liabilities:	72,903	90,746
Credit Commitments	72,903	90,746

There were commitments for extension of credit to clients disclosed above.

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Related parties

The ultimate controlling party of the Bank is the National Pension Scheme Authority Investments Holdings a subsidiary of NAPSA incorporated in Zambia and owned by the Government of Republic of Zambia. There are other companies that are related to the Zambia Industrial Commercial Bank Limited through common shareholding and common directorships.

	Nature of Relationship
Indeni Petroleum Refinery Company Ltd	Common Shareholder
Industrial Development Corporation Ltd	Shareholder
Infratel Corporation Ltd	Common Shareholder
Mpulungu Habour	Common Shareholder
Mulungushi Village	Common Shareholder
Nitrogen Chemicals of Zambia	Common Shareholder
ZSIC Life	Common Shareholder
Zambia Telecommunication Company	Common Shareholder
Zambia Reinsurance	Common Shareholder
Zamcapital Limited	Common Shareholder
ZCCM Investment Holdings	Common Shareholder
ZAFFICO Plc	Common Shareholder
National Pension Scheme Authority	Shareholder
Marcopolo Tiles Company Ltd	Common Shareholder
Mulungushi International Conference Centre	Common Shareholder
ZISC General Limited	Common Shareholder
ZESCO	Common Shareholder
Zambia International Trade Fair Ltd	Common Shareholder
Lusaka South Muilti Facility Economic Zone	Common Shareholder
Mununshi Fruit Company Limited	Common Shareholder
Lusaka Trust Hospital	Common Shareholder
Zambia Daily Mail Limited	Common Shareholder

During the year, the Bank received a deposit placement from fellow subsidiaries and extended loans to fellow subsidiaries. The deposit and loans were contracted at arm's length.

	2025 K'000	2024 K'000
Fellow Subsidiaries	2,022,947	1,006,841
	2,022,947	1,006,841

Amounts due from related parties

	2025 K'000	2024 K'000
Fellow subsidiaries	161,273	262,384
	161,273	262,384

29 Related parties (continued)

Transactions with directors and key management personnel

A number of banking and other transactions are entered into with related parties in the normal course of business. These include loans, deposits, foreign currency and other transactions for services. The volumes of related party transactions, outstanding balances at the year end, and the related interest expense and income for the year are as follows:

(i) Loans and advances

31 December 2025	**Key management staff K'000**	**Total K'000**
Loans outstanding at 1 January 2025	9,713	9,713
Loans issued during the year:	1,807	1,807
Loan repayments during the year	(2,969)	(2,969)
Loans and advances outstanding at 31 December 2025	8,551	8,551
Of which: Executive directors	-	-
Non-executive directors	-	-
Interest and fee income earned	-	-

31st December 2025	**Key management staff K'000**	**Total K'000**
Loans outstanding at 1 January 2025	18,773	18,773
Loans issued during the year:	5,713	5,713
Loan repayments during the year	(14,773)	(14,773)
Loans and advances outstanding at 31 December 2025	9,713	9,713
Of which: Executive directors	8,551	8,551
Non-executive directors	-	-
Interest and fee income earned	770	770

29. Related parties (continued)

31 December 2024	Key Management Staff K'000	Total K'000
Loans outstanding at 1 January 2024	18,773	18,773
Loans issued during the year:	5,713	5,713
Loans repayments during the year:	(14,773)	(14,773)
Loans and advances outstanding at 31 December 2024	9,713	9,713
Of which		
Executive directors	9,713	9,713
Non - executive directors	-	-
Interest and fee income earned	-	-

Loans to non-executive directors are made under commercial terms in the ordinary course of the Bank's business. Loans to executive directors are made on the same terms as those of other employees of the Bank. No specific impairment provisions have been recognised in respect of loans given to related parties

(i) Deposits

Year ended 31 December 2025

	Directors	Connected entities to directors	Key management staff	Total
	K'000	K'000	K'000	K'000
Deposits at 1 January 2025	832	-	977	1,809
Deposits received/ (Withdraws)	2,665	-	379	3,044
Deposits at 31 December 2025	3,497	-	1,356	4,853

	Directors	Connected entities to directors	Key management staff	Total
	K'000	K'000	K'000	K'000
Deposits at 1 January 2024	1,980	-	769	2,749
Deposits received	(1,148)	-	208	(940)
Deposits at 31 December 2024	832	-	977	1,809

(iii) **Directors emoluments**	**2025 K'000**	**2024 K'000**
Sitting and other allowances	4,500	5,282

29 Related parties (continued)

(ii) Deposits

(iii) Key management compesation	**2025 K'000**	**2024 K'000**
Salaries and other short-term employment	43,106	38,369
Pension contribution	12,932	11,511
	56,038	**49,880**

30. Climate change

Risks induced by climate changes may have future adverse effects on the Bank's business activities. These risks include transition risks (eg regulatory changes and reputational risks) and physical risks (even if the risk of physical damage is low due to the bank activities and geographical locations). How the Bank operates its businesses may be affected by new regulatory constraints on the CO2 emissions it generates via the data centres that the Bank operates. Energy consumption of data centers is high, and the Bank is currently implementing new technology solutions to reduce the level of energy needed, particularly in the area of maintaining the maximum protection possible for its critical IT infrastructure (through using highly efficient evaporative cooling solutions). The Bank has indicated it is committed to sourcing 100% of its energy needs from renewable resources, no later than 2035.

31. Events after reporting dates

The Directors are not aware of any material event which occurred after the reporting date and up to the date of this report which would require adjustment or disclosure in these annual financial statements.

There are no other post balance sheet events that require disclosure in the Bank financial statements

ZICB

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