Access Bank Zambia Limited

Financial statements

for the year ended 31 December 2024

Contents

Directors' report

The Directors submit their report together with the audited financial statements for the year ended 31 December 2024, which disclose the state of affairs and performance of Access Bank Zambia Limited ("the Bank").

1 General information and principal activities

Access Bank Zambia Limited is incorporated under the Companies Act, 2017 of Zambia as a limited company and is domiciled in the Republic of Zambia. The Bank is also licensed under the Banking and Financial Services Act, 2017 of Zambia to conduct commercial banking services. The address of its registered office is as follows:

Access House
Plot 746B, Corner of Nasser and Church Roads
P.O. Box 35273
Ridgeway
Lusaka, Zambia

The Bank's activity is the provision of retail and corporate banking services.

2 Significant transactions during the year

The amalgamation of Access Bank Zambia Limited and African Banking Corporation Zambia Limited was successfully completed on 4 January 2024 and effectively January 2024 was the first consolidated reporting date. Following the merger, the Bank's total assets increased to **ZMW22.94 billion (2024) from ZMW8.02 billion (2023)**.

3 Results and dividends

	2024	2023
	ZMW'000	ZMW'000
Net interest income	**1,623,203**	449,108
Profit before income tax	**1,152,223**	137,185
Income tax expense	**(222,234)**	(49,238)
Profit for the year	**929,989**	87,947

Dividends

During the year ended 31 December 2024, a dividend per share of ZMW 0.1706 for 2023 performance amounting to **ZMW 31.3 million** (2023: ZMW 10 million) was paid following the approval obtained from the Bank of Zambia.

4 Directors and remuneration

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

Name	**Position**	**Appointments/ resignation**	**Date**
Anne Sampa	Chairperson and Independent Non- Executive Director	Appointed	18 July 2019
Mildred T Kaunda	Independent Non- Executive Director	Appointed	25 February 2022
Njavwa Mulwanda	Independent Non- Executive Director	Appointed	4 June 2021
Pius Kasolo	Independent Non- Executive Director	Appointed	4 June 2021
Nchima Nchito, SC	Independent Non- Executive Director	Appointed	25 March 2024
Chrispin Chikwashi	Independent Non- Executive Director	Appointed	25 March 2024
Chukwuma Ajene	Non-Executive Director	Appointed	4 June 2021
Seyi Kumapayi	Non-Executive Director	Appointed	24 May 2024
Lishala C. Situmbeko	Executive Managing Director	Appointed	1 November 2021
Iheanyi Nwogu	Deputy Executive Managing Director Corporate Bankir	Appointed	24 May 2024
Bobbline Cheembela	Deputy Executive Managing Director Retail and Opera	Appointed	30 October 2024
Helen Lunda	Executive Director Public Sector and Commercial Banking	Appointed	24 May 2024

Directors' emoluments paid during the year ended 31 December 2024 were **ZMW13.2 million** (2023: ZMW7.9 million) and details of their interests are disclosed in note 31 to the financial statements

Directors report *(continued)*

5 Share capital and beneficial owners

The authorised share capital of the Company remained unchanged at 200,000,000 ordinary "A" shares of ZMW1 each. In addition, the issued and fully paid-up share capital also remained unchanged at **183,189,446** (2023: 183,189,446) ordinary "A" shares of ZMW1 each. The Company shareholding and beneficial ownership is represented as follows and details of share capital are included in note 29 to the financial statements.:

Name of shareholder	Number of Shares	Shareholding %	Beneficial Owner(s)
Access Bank Plc	148,353,308	80.98%	Access Bank Plc
Delmar Petroleum Company Limite(	27,810,219	15.18%	Mr. Augustine A. Odili
Pertex Investments Limited	3,840,676	2.10%	Mr. Caleb Amos Mulenga
Walinguso Asset and Investment Li	2,585,242	1.41%	Capt. Austin Chilangwa Chewe (Rtd)
LRM Investments Limited	600,000	0.33%	Ms. Lynda Mataka
Herbert Wigwe	1	0.00%	Herbert Wigwe

There were no changes in the beneficial owners during the year.

6 Number of employees and remuneration

The total employee benefit cost during the year amounted to **ZMW542.9 million** (2023: ZMW113.1 million) as indicated on note 10 to the financial statements and the average number of employees was as follows:

	Number			Number	
Month	**2024**	2023	**Month**	**2024**	2023
January	**1,294**	314	July	**1,067**	327
February	**1,300**	325	August	**1,212**	334
March	**1,287**	331	September	**1,242**	334
April	**1,284**	331	October	**1,242**	337
May	**1,284**	333	November	**1,236**	338
June	**1,028**	335	December	**1,237**	338

7 Gifts and donations

The Bank made donations amounting to **ZMW2.07million** to charitable organisations (2023: ZMW0.30 million).

8 Property and equipment

The Bank acquired assets amounting to **ZMW131.75 million** (2023: ZMW23.66 million) during the year, as disclosed in note 18 to the financial statements. In the opinion of the Directors, the recoverable value of the property and equipment is higher than their carrying value.

9 Related party transactions

As required by the Banking and Financial Services Act, related party transactions are disclosed in Note 31 of the financial statements.

10 Research and developments

During the year, the Bank did not conduct any research and development activities (2023: Nil).

Directors report *(continued)*

11 Exports

The Company did not export any goods or services during the year (2023: Nil).

12 Prohibited borrowings or lending

There were no prohibited borrowings or lending as defined under Sections 72 and 73 of the Banking and Financial Services Act, 2017 of Zambia.

13 Risk management and control

In its normal operations, the Bank is exposed to a number of risks, the most significant of which are credit, market, operational and liquidity risks. These are described and explained in greater detail under financial risk management in note 37 to the annual financial statements.

The Directors have approved policies to mitigate the above risks by introducing controls that are designed to safeguard the Bank's assets while allowing sufficient freedom for the normal conduct of business. The Audit, Loan Review, Credit, Information Technology and Digital Operations, Nomination, Remunerations, and Risk Management Committees carry out independent reviews to ensure compliance with financial and operational controls.

14 Compliance function

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

15 Know Your Customer (KYC) and Anti-Money Laundering (AML) Policies

The Bank has well established Know Your Customer (KYC) and Anti-Money Laundering (AML) policies and adheres to current legislation in these areas.

16 Health and safety of employees

The Directors are aware of their responsibilities regarding the safety and health of employees and have put appropriate measures in place to safeguard the safety and health of the Bank's employees.

17 Corporate governance

The Board of Directors hereby confirms that the Bank has complied with all the internal control aspects of the principles of good corporate governance. The Audit, Risk Management, Information Technology and Digital Operations, Loans Review, Credit, Nomination and Remunerations Committees have been put in place.

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and in compliance with the requirements of the Companies Act of Zambia, and the Banking and Financial Services Act of Zambia.

Directors report *(continued)*

18 Auditor and remuneration

In accordance with the provisions of the Articles of Association of the Bank, the members will consider and adopt a resolution for the Directors to enter into negotiations for the appointment of either, Messrs KPMG Chartered Accountants("KPMG"),or such Auditor as the Directors determine as auditors for the Bank and set their remuneration.

The auditor's remuneration for the audit of the year ended 31 December 2024 was **ZMW6.2million** (2023:ZMW2.6 million) for services rendered to the Bank. The auditors did not provide any non-audit services to the Bank.

19 Going concern

For the year ended 31 December 2024, the Bank made a net profit of **ZMW929.99 million** (2023: ZMW87.95 million). The Bank's net assets as at 31 December 2024 were **ZMW2.25 billion** 2023: ZMW1.02 billion). The total regulatory capital was **ZMW3.089 billion (2023: ZMW948.91 million)** compared to the minimum required capital of **ZMW1.062 billion** (2023: ZMW520 million).

The liquidity gap shown on note 37 (b) is mitigated by the ability of the Bank to borrow and finance the gap by pledging the investment securities as collateral . As at 31 December 2024 unencumbered securities amounted to ZMW3.7 billion. Further, as at and for the 3 month period ended 31 March 2025, the Bank recorded profit of ZMW399.12 million and net assets position of ZMW2.4 billion. The Bank is adequately capitailsed and has maintained the statutory reserve above the minimum threshold of 26% of the total deposits balance.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of busines.

The Directors have assessed the ability of the Bank to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The Board of Directors are not aware of any material facts,cirumstances or events which have occurred between the reporting date and the date of this report.

Signed on behalf of the Board of Directors

Anne Sampa
Chairperson

Lishala C. Situmbeko
Managing Director

Date: 30th April 2025

Statement of corporate governance

Corporate governance

The Bank has put in place measures and processes to ensure that the bank is in compliance with the Corporate Governance Directives as issued by the Bank of Zambia on 29 April 2016, which were effective 1 November 2016. The Directives were amended further in 2017.

Board of Directors

The Board of Directors of the Bank have been appointed and are accountable to the shareholders for the performance and affairs of Access Bank Zambia Limited through the establishment of strategic goals and objectives and ensuring effective key policies are in place, as well as approving major business decisions in accordance with its mandate.

Duties and functions specified in the Companies Act No.10 of 2017, and the Banking and Financial Services Act No.7 of 2017 include :

- Formulation of policies for the bank;
- Ensuring corporate governance and business performance of the Bank;
- Directing the affairs and business operations of the Bank;
- Ensuring that the business of the bank is carried on in compliance with all applicable laws and regulations and is conducive to safe and sound practices;
- Establishing special committees of the Board as may be necessary to properly govern ethical, legal and other matters which may arise;
- Reporting to the shareholders, at an annual general meeting, on the internal controls and systems and information management systems of the bank;
- Setting limits of authority, specifying the threshold for large transactions requiring the Board prior approval;
- Reporting to the Bank of Zambia on any material changes in the activities, structure and condition of the bank; and
- Reporting to the Bank of Zambia on matters that may affect the suitability of Shareholders, Directors and Senior Managers.

Other responsibilities and duties:

The Board has overall responsibility over the Bank, including approving and overseeing the implementation of its strategic objectives, risk strategy, governance framework and corporate values and culture. The Board is also responsible for providing oversight to Senior Management. In executing its mandate, the Board:

- Approves the overall business strategy of the bank, taking into account the Bank's long-term financial interests and its ability to manage risk effectively.
- Establishes and oversees the implementation and embedment of the Bank's:
  - Overall business objectives and strategy;
  - Corporate culture and values;
  - Risk culture;
  - Risk management function and an appropriate risk governance framework. The Board has developed, along with Senior Management and the Chief Risk Officer, the Bank's risk appetite, landscape taking into consideration the competitive and regulatory, long-term interests, exposure to risk and the ability to manage risk effectively; and
  - Corporate governance framework, principles and corporate values, including a code of conduct or comparable document and compensation system.

Statement of corporate governance *(continued)*

Other responsibilities and duties *(continued):*

- Approves and oversees the implementation of the Bank's capital adequacy assessment process, capital and liquidity plans, compliance policies and obligations and the internal control system.
- Ensures that shareholders have the opportunity to participate effectively and vote at general meetings. Additionally, the Board ensures that Shareholders are informed of the rules, including voting procedures that govern general meetings.
- Ensure accountability to shareholders and responsibility for the efficient and effective governance of the Bank.
- Facilitates questioning of external auditors on their opinion at annual general meetings or extraordinary Shareholders meetings when deemed necessary by the shareholders.
- Establishes an effective process for the selection and appointment of key Senior Management officers that are qualified, professional and competent to administer the affairs of the bank approves the succession planning policy and monitor senior management performance on an on-going basis.
- Ensures that the Bank operates prudently and complies with relevant laws, supervisory directives. directives, codes of business practice and its own policies and directives.
- Ensures that Management has established an effective compliance function that monitors adherence to laws, regulations and policies to which the institution is subject and ensures that any deviations are reported and corrected.
- Ensures that Senior Management implements policy to identify, prevent or manage and disclose, as appropriate, any conflicts of interest that may arise.
- Establishes a disclosure policy that enhances transparency.
- Oversees the design and operation of the Bank's compensation system and monitor and review the system to ensure that it is aligned with the bank's desired risk appetite and risk culture.
- Ensures that transactions with related parties (including internal bank transactions) are reviewed to assess risk and are subject to appropriate restrictions (e.g. by requiring that such transactions are conducted at arm's length terms).

Board Committees

The Board has established the following Committees:

i. Audit Committee;
ii. Risk Management Committee;
iii. Loans Review Committee;
iv. Nominations & Remunerations Committee;
v. Credit Committee; and
vi. IT, Digital & Operations Committee

The Committees' Responsibilities

Board Audit Committee

- Provide oversight over the Bank's financial reporting process;
- Provide oversight of the institutions internal and external auditors, approving their appointment, compensation and dismissal;
- Review and approve audit scope and frequency;
- Approve the internal audit annual work plan, which shall include for each assignment, the scope, objectives, timing and resources needed to carry out the assignment.
- Receive audit reports and ensuring that Senior Management is taking appropriate corrective actions in a timely manner to address control weaknesses, non-compliance with laws and regulations and other problems identified by auditors;
- Satisfy itself that accounting principles, policies and practices are adequate to ensure resources are safeguarded; laws are followed; reliable data is disclosed; and internal control systems are adequate;
- The appointment or dismissal of external auditors can only be made by a decision of the independent, non-executive Audit Committee members;

Statement of corporate governance *(continued)*

Board Risk Management Committee

- Ensure that the internal audit adopts a risk-based approach in the development of its audit programmes and the annual work plan.
- Provide oversight on Senior Management in the management of credit risk, market risk, liquidity risk, operational risk, legal risk, compliance risk, reputational risk, strategic risk and other risks that the institution is exposed to.
- Advise the Board on the Bank's overall current and future risk tolerance/appetite and strategy and for overseeing Senior Management's implementation of that strategy. This includes strategies for capital and liquidity management as well as credit, market, operational, compliance, reputational and other risks of the bank.
- To enhance effectiveness of the Committee, it receives formal and informal communication from the risk management function and the Chief Risk Officer and where appropriate receives external expert advice, particularly in relation to proposed strategic transactions such as mergers and acquisitions.
- Ensuring the Bank's risk governance framework includes policies, supported by appropriate control procedures and processes, designed to ensure that its risk identification, aggregation, mitigation and monitoring capabilities are commensurate with its size, complexity and risk profile.
- Ensuring the risk identification processes encompass all material risks that the Bank is exposed to, both on- and off-balance sheet.
- Ensuring the risk identification and measurement include both quantitative and qualitative elements including bank-wide views of risk relative to the Bank external operating environment.
- Ensuring the Bank's internal controls are designed to assure that each key risk has a policy, process or other measure and that these are being applied and working as intended.
- Ensuring the Bank has accurate internal and external data to identify and assess risk, make adequate strategic business decisions and determine capital and liquidity needs.
- Ensuring the internal controls place reasonable checks on managerial and employee discretion in order to avoid actions beyond the authority of the individual.

Board Loans Review Committee

- Review the Bank's credit quality including but not limited to trends in loan quality, classification of the loans, charge-offs and delinquencies;
- Review the quality of the Bank's credit portfolio and the trends affecting the portfolio;
- Review the process for determining provision for credit losses and the adequacy of the provision made;
- The Committee shall review and assess the adequacy of the provision for credit losses. In making its assessment, the Committee may review such measures of the adequacy of the provision as it deems appropriate and shall periodically review the credit rating methodology used in computing the adequacy of the provisions;
- Review and if appropriate, approve all loans recommended by the management credit committee and where appropriate approve exceptions to defined policies;
- Review the roles of the Criticized Assets Committee and other Credit Risk Committees at least on an annual basis based on revision in policies and present suitable recommendations to the Board for approval;

Statement of corporate governance *(continued)*

Board Nominations & Remuneration Committee

- Identify and assist with the recruitment of competent and qualified candidates for Board membership, Chairperson of the Board, Board Committees and Committee members and members of Senior Management;
- Establish a formal selection criterion for prospective Directors and participate in the evaluation of Board and Senior Management effectiveness;
- Assess the effectiveness of the Board and direct the process of renewing and replacing Board members;
- Recommend to the Board to accept or decline any tendered resignation of a Director;
- Ensure a review at least annually of incumbent Directors' performance and attendance at Board and Committee meetings;
- Ensure that the Board members receive thorough orientation on Board governance and key strategic issues facing the institution;
- Review and reassess the adequacy of the institution's corporate governance principles and practices for the Board of Directors at least annually and recommend proposed changes to the Board;
- Provide oversight of remuneration and compensation of Directors, Senior Management and other key personnel;
- Provide oversight of the remuneration system's design and operation and ensure that it is consistent with the institution's culture, long-term objectives, business and risk strategy, performance and control environment; and
- Make recommendations to the Board regarding the use of incentive compensation plans and equity bases remuneration plans.

Board Credit Committee

- Approve definitions of risk and return preferences, target risk portfolio, credit portfolio quality plan for the years and level of exposure to domestic and foreign banks;
- Approve credit risk appetite and credit portfolio strategy and ensure it is in line with the corporate strategy of the bank;
- Review and approve, as and when required, the establishment of or any material changes to;
  (i) credit policies
  (ii) underwriting guidelines
  (iii) credit concentration guidelines and limits
  (iv) compliance programs for credit related matters
  (v) delegation of credit authority
  (vi) the provision for loan losses methodology, and
  (vii) other matters as required by regulation on the recommendation of the Management Credit Committee (MCC)
- Exercise general oversight of the Bank's credit portfolio and related risk management process through a periodic review of report on the following:
  i) Credit and assets quality trends and statistics;
  ii) Report on the lending activities of the major business units and lines of business which comprise the lending operations;
  iii) Report on any category of credit or specialized credit activity that reflects areas of material or rapidly increasing risk (e.g. concentration of credit, classified credit and non- performing assets, etc); and
- Oversee the administration and effectiveness of, and compliance with the Bank's credit policies through the review of processes and report on the recommendation of the MCC and any other means as it deems appropriate;
- Approve credit facility requests and proposals within limits defined by the bank's credit policy and within the statutory requirements set by the regulatory/ supervisory authorities;
- Committee shall review and assess the adequacy of the provision for credit losses. In making its assessment, the committee may review such measure of the adequacy of the provision as it deems appropriate and shall periodically review the credit rating methodology used in computing the adequacy of the provision;
- Approve new credit products and processes;
- Approve limit setting and assignment of credit approval authority on the recommendation of the Management Credit Committee (MCC);

Statement of corporate governance *(continued)*

Board Credit Committee *(continued)*

- Approve credit facility request as stipulated on the credit approval limits;
- Review credit risk reports on periodic basis;
- Approve credit exceptions in line with Board approval; and
- Make recommendation to the Board on suggested changes to credit policy and strategy where appropriate.

Board Information Technology, Digital and Operations Committee

The Committee oversees the end-to-end digital delivery of the Bank's products and services through:

- Receiving regular reporting on the digital ecosystem, customer experience and operations;
- Providing oversight to the Bank's IT function including IT strategy, enterprise architecture, the alignment of IT function with the Bank's business, system stability, information security and related operations;
- Providing oversight to the Bank's Operations functions.
- Monitoring the development and implementation of the Bank's annual Programme of Work, being the suite of initiatives and investments to implement the Bank's change programme and to underpin the delivery of the strategic initiatives;
- Monitoring the investment in the Bank's Operations and IT architecture, infrastructure and support systems to underpin the safe and effective delivery of the products and services; and
- Ensuring alignment between overall business strategy and the IT Operations strategies.

Board of Directors Evaluation

The Board undertakes a formal and rigorous annual evaluation of its performance in accordance with the Bank of Zambia Banking and Financial Services Corporate Governance Directives of April, 2016. This process helps to identify areas of governance that need to be improved. The Board is determined to gravitate towards external evaluation to enhance feedback from this process.

Risk Management and Control

In its normal operations, the Bank is exposed to a number of risks, the most significant of which are credit, market, operational and liquidity risks. These are described and explained in greater detail in note 38.

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

The Board is satisfied with adequacy of accounting records and effectiveness of the system of governance and risk management.

Code of Ethics

The Bank has developed a Code of Ethics that stipulates the specific guidelines, ethical values or standards guiding the Bank in the interaction with its internal and external stakeholders. The Bank is in compliance with the Code of Ethics and there are no instances of unethical behaviour during the period under review.

Stakeholder's Interest

The Bank has served the interests of the shareholders by ensuring the following:

- Compliance with all the regulatory requirements of Bank of Zambia, Zambia Revenue Authority, Companies Act and other requirements.
- Performance beyond budget projections.
- Good corporate governance.
- Timely reporting to the shareholders on quarterly financials and other returns.
- Reporting to the Board on instances of fraud and action taken.

The financial statements have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act and the Banking and Financial Services Act of Zambia.

Statement of Directors' responsibilities in respect of the preparation of the Financial Statements

The Directors are responsible for the preparation of financial statements of Access Bank Zambia Limited ("the Bank") that give a true and fair view, comprising the statement of financial position as at 31 December 2024, the statement of profit or loss and other comprehensive income, changes in equity, and cash flows for the year then ended, and the notes to the financial statements which include a summary of material accounting policies in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of Zambia and the Banking and Financial Services Act of Zambia. In addition, the Directors are responsible for preparing the Directors' report.

The Directors are also responsible for such internal controls as they determine necessary to enable the preparation of the financial statements that give a true and fair view, and for maintaining adequate accounting records and an effective system of risk management.

For the year ended 31 December 2024, the Bank made a net profit of **ZMW929.99 million** (2023: ZMW87.95 million). The Bank's net assets as at 31 December 2024 were **ZMW2.25 billion** 2023: ZMW1.02 billion). The total regulatory capital was **ZMW3.089 billion (2023: ZMW948.91 million)** compared to the minimum required capital of **ZMW1.062 billion** (2023: ZMW520 million)

The liquidity gap shown on note 37 (b) is mitigated by the ability of the Bank to borrow and finance the gap by pledging the investment securities as collateral . As at 31 December unencumbered securities amounted to ZMW3.7 billion. Further, as at 31 March 2025, the Bank recorded profit of ZMW399.12 million and net assets position of ZMW2.4 billion. The Bank is adequately capitailsed and has maintained the statutory reserve above the minimum threshold of 26% of the total deposits balance.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

The Directors have assessed the ability of the Bank to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The Auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework, described above.

Approval of the financial statements

The financial statements of Access Bank Zambia Limited, as identified in the first paragraph, were approved by the Board of Directors on 30th April 2025 and signed by:

Anne Sampa
Chairperson

Lishala C. Situmbeko
Managing Director

KPMG Chartered Accountants
6th floor Sunshare Towers,
Cnr Lubansenshi / Katima Mulilo Roads,
Olympia Park,
P O Box 31282
Lusaka, Zambia

Telephone +260 211 372 900
Website www.kpmg.com

Independent auditor's report

To the shareholders of Access Bank Zambia Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Access Bank Zambia Limited ("the Bank") set out on pages 15 to 93, which comprise the statement of financial position as at 31 December 2024, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, including material accounting policy information.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Bank in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) 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 and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matters that, in our professional 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.

Impairment of loans and advances to customers (Expected Credit Losses)

Refer to the following notes to the financial statements:
- *note 4, use of estimates and judgements*
- *note 17, loans and advances to customers*
- *note 37(a) credit risk and;*
- *the material accounting policy note 39(d) (viii) impairment of financial assets.*

<table>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>
As at reporting date, the Bank had net loans and advances to customers of ZMW5.1 billion which represents 22% of the total assets of the Bank.
The determination of the impairment of loans and advances to customers requires significant management judgement and is subject to estimation uncertainty. Judgments and assumptions made include:

The interpretation of the requirements to determine impairment in terms of IFRS 9, Financial Instruments (IFRS 9), which is reflected in the Bank's expected credit loss (ECL).
The determination of the Bank's definition of default and cure rate.
The identification of exposures with significant deterioration in credit quality for significant increase in credit risk ("SICR").
Key assumptions used in the ECL model such as the expected future cash flows and forward-looking information which includes the Gross Domestic Product (GDP) and current conditions and forecasts of future economic conditions.
The measurement of modelled provisions, which is dependent upon key assumptions relating to probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD").
Changes in collateral values including property prices for mortgages, commodity prices, payments status or other factors that are indicative of losses in the Bank.

Due to the significance of loans and advances to customers the significant judgements applied and estimation uncertainty, this matter was considered to be a key audit matter in our audit of the financial statements.
</td><td>
Our audit procedures included the following:

We evaluated the design, implementation and tested the operating effectiveness of relevant manual controls over:

the approval of new loans and advances (loan origination);
the approval and subsequent monitoring of credit ratings in determination of the PD;
the monitoring of existing loans and advances for early identification of impairments (SICR); and
the approval of manual impairments (management overlays) and /or write-offs.

With the assistance of our own internal modelling specialists, we:

evaluated whether the modelling techniques used were appropriate in terms of the requirements of IFRS 9;
assessed whether the assumptions in respect of PD, LGD (including the testing of a sample of collateral) and EAD met the requirements of IFRS 9; and
independently recomputed the ECL.

We assessed and tested the data inputs used in the ECL models by:

comparing the forward-looking information to independent external information for reasonableness;
agreeing, on a sample basis, the loan specific information to the signed customer facility letters or loan agreements; and
inspecting the staging of a sample of loans and advances to assess whether the staging of loans and advances into stage 1, 2 or 3 was appropriate by validating the application of 30 days past due indicator of SICR.
On a sample basis, we evaluated the reasonableness of management overlays by:
agreeing the inputs used by management to externally available information; and

recomputing the management overlays and compared with the balance computed by management.

We assessed the adequacy of the disclosures in the financial statements of the Bank in accordance with the requirements of IFRS 9, Financial Instruments.

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</table>

Emphasis of matter

We draw attention to note 37(e) to the financial statements, which indicates that the total Regulatory Capital reported under IFRS Accounting Standards, and that reported under Prudential Guidelines and Directives as issued by the Bank of Zambia are different. Our opinion is not modified in respect of this matter.

Other matter

The financial statements of the Bank as at and for the year ended 31 December 2023, were audited by another auditor who expressed an unmodified opinion on those financial statements on 30 April 2024.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of Zambia, the Statement of Corporate Governance, and the Statement of Directors' responsibilities in respect of the preparation of the financial statements. The other information does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

KPMG

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Bank's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on other legal and regulatory requirements

Companies Act of Zambia

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

- there is no relationship, interest or debt we have with the Bank; and
- there were no serious breaches of corporate governance principles or practices by the directors as defined by the guidelines on serious breaches of corporate governance issued by the Zambia Institute of Chartered Accountants.

Banking and Financial Services Act of Zambia

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

- The Bank made available all necessary information to enable us to comply with the requirements of this Act;
- The Bank has complied with the provisions, regulations, rules and regulatory statements specified in or under this Act; and
- There were no transactions or events that came to our attention that affect the well-being of the Bank that are not satisfactory and require rectification including:

(a) transactions that are not within the powers of the Bank or which is contrary to this Act; or

(b) a non-performing loan that is outstanding, has been restructured or the terms of the repayment have been extended, whose principal amount exceeds five percent or more of the regulatory capital of the Bank.

KPMG

KPMG Chartered Accountants 8 May **2025**

Jason Kazilimani **AUD/F000336**

Partner signing on behalf of the firm

Access Bank Zambia Limited
Financial Statements
Statement of financial position
as at 31 December 2024

	Notes	2024 ZMW'000	2023 ZMW'000
Assets			
Cash and cash equivalents	13	**3,600,671**	2,191,216
Cash balances at Bank of Zambia	14	**4,185,656**	1,211,761
Investment in securities at FVOCI	15	**781,370**	886,909
Investment in securities at amortised cost	15	**6,726,752**	1,862,074
Investment in unit trust	16	**48,278**	-
Loans and advances to customers	17	**5,071,211**	1,500,000
Property and equipment	18	**507,000**	83,097
Intangible assets	19	**405,051**	35,218
Right of use asset	20	**71,112**	24,739
Investment property	21	**43,316**	-
Deferred tax asset	22	**143,039**	6,575
Current tax asset	12	**209,541**	109,809
Other assets	23	**1,081,547**	112,880
Asset held-for-sale	24	**60,915**	-
Total assets		22,935,459	8,024,278
Liabilities			
Deposits from customers	25	**17,524,403**	5,720,597
Amounts due to other Banks	26	**-**	56,594
Lease liability	20	**79,853**	27,237
Other liabilities	27	**1,026,002**	1,058,194
Borrowings	28	**2,056,756**	145,311
Total liabilities		20,687,014	7,007,933
Equity			
Ordinary share capital	29	**183,189**	183,189
Share premium	29	**344,239**	344,239
Retained earnings		**915,877**	89,313
Statutory reserve	29	**183,189**	111,023
Fair value reserve	29	**44,793**	32,223
Preference share capital	29	**577,158**	256,358
Total equity		2,248,445	1,016,345
Total liabilities and equity		22,935,459	8,024,278

The notes on pages 20 to 93 are an integral part of these financial statements.

These financial statements were approved for issue by the Board of Directors on 30th April, 2025 and were signed on its behalf by:

Anne Sampa
Chairperson

Lishala C. Situmbeko
Managing Director

Sandra Malupande
Company Secretary

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2024

	Notes	2024 ZMW'000	2023 ZMW'000
Interest income	6	2,747,269	794,326
Interest expense	6	(1,124,066)	(345,218)
Net interest income		1,623,203	449,108
Net impairment loss on financial assets	17b)	(112,129)	(21,877)
Net interest income after impairment charges		1,511,074	427,231
Fee and commission income	7	314,768	28,500
Fee and commission expense	7	(56,095)	(23,728)
Net fee and commission income		258,673	4,772
Other income	8	227,968	20,213
Net trading income	9	519,083	37,309
Personnel expenses	10	(542,854)	(113,056)
Depreciation and amortisation	18,19,20	(140,698)	(46,641)
Other expenses	11	(681,023)	(192,643)
		(617,524)	(294,818)
Profit before income tax		1,152,223	137,185
Income tax expense	12	(222,234)	(49,238)
Profit for the year		929,989	87,947
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Changes in the fair value of debt instruments at fair value through other comprehensive income (net of tax)	15	12,570	9,344
Net other comprehensive income for the year		12,570	9,344
Total comprehensive income for the year		942,559	97,291

The notes on pages 20 to 93 are an integral part of these financial statements.

Access Bank Zambia Limited
Financial Statements
Statement of changes in equity
for the year ended 31 December 2024

	Ordinary share capital ZMW'000	Share premium ZMW'000	Preference shares capital ZMW'000	Fair value reserves ZMW'000	Statutory reserves ZMW'000	Retained earnings ZMW'000	Total Equity ZMW'000
Balance at 1 January 2023	183,189	344,239	256,358	22,879	67,050	55,339	929,054
Other comprehensive income for the year:							
Profit for the year	-	-	-	-	-	87,947	87,947
Other comprehensive income							
Net changes in fair value of financial instruments	-	-	-	9,344	-	-	9,344
Total comprehensive income for the year	-	-	-	9,344	-	87,947	97,291
Transactions with owners in their capacity as owners :							
Dividend paid to equity holders	-	-	-	-	-	(10,000)	(10,000)
Transfer to statutory reserve	-	-	-	-	43,973	(43,973)	-
Balance at 31 December 2023	183,189	344,239	256,358	32,223	111,023	89,313	1,016,345
Balance at 1 January 2024	**183,189**	**344,239**	**256,358**	**32,223**	**111,023**	**89,313**	**1,016,345**
Profit for the year	-	-	-	-	-	**929,989**	**929,989**
Other comprehensive income							
Net changes in fair value of financial instruments	-	-	-	**12,570**	-	-	**12,570**
Total comprehensive income for the year	-	-		**12,570**	-	**929,989**	**942,559**
Transactions with owners in their capacity as owners :							
Issue of preference shares (Note 29)	-	-	**320,800**	-	-	-	**320,800**
Dividend paid to equity holders	-	-	-	-	-	**(31,259)**	**(31,259)**
Transfer to statutory reserve	-	-	-	-	**72,166**	**(72,166)**	-
Balance at 31 December 2024	**183,189**	**344,239**	**577,158**	**44,793**	**183,189**	**915,877**	**2,248,445**

The notes on pages 20 to 93 are an integral part of these financial statements.

Below are the detailed explanations for each reserve within the Statement of Changes in Equity.

Preference shares

Preference shares do not carry the right to vote. Preference shareholders have priority over ordinary shareholders with regard to the residual assets of the Bank and participate only to the extent of the face value of the shares plus any accrued dividends. During the year a total of **ZMW320.8 million** were in preference shares were issued (2023: nil).

Fair value reserves

A reserve that captures the cumulative net change in the fair value of an asset as long as it is still recognized in the financial statements of an entity. This represents the volatility and changes in the market value of certain assets and liabilities. In the current year, this represents the movement in the fair value of the investment securities held at Fair Value through Other Comprehensive Income.

Statutory reserve

The statutory reserve is established in accordance with Chapter VI Section 69 of the Banking and Financial Services Act, 2017 of Zambia which requires a bank to maintain a reserve account and, before declaring any dividend, to transfer 50% of the net profit for the year to the account, up to a maximum of the issued share capital of the Bank. The statutory reserve is not distributable.

Credit risk reserve

The credit risk reserve represents an appropriation from retained earnings to comply with the Bank of Zambia's Prudential Regulations. The balance in the reserve represents the excess of impairment provisions determined in accordance with SI 142 *Classification and Provisioning of Loans* over the impairment provisions recognised in accordance with IFRS Accounting Standards. The credit risk reserve is not distributable. In the current year IFRS9 impairments were higher than the regulatory provisions, hence no credit risk reserve was recognised.

Retained earnings

Retained earnings are the brought forward recognised income net of expenses, plus current year profit or loss attributable to shareholders, less dividends paid and transfers to other reserves.

Access Bank Zambia Limited
Financial Statements
Statement of cash flows
for the year ended 31 December 2024

	Notes	2024 ZMW'000	2023 ZMW'000
Cash flows from operating activities			
Profit after for the year		**929,989**	87,947
Adjustments for:			
Depreciation of property and equipment	18	**68,160**	15,726
Amortization of intangible assets	19	**60,078**	20,759
Depreciation of right of use assets	20	**12,460**	10,156
Disposal loss /(gain) on property and equipment	11,8	**1,381**	(393)
Net foreign currency loss	20(ii)	**6,831**	6,910
Effects of exchange rate movements		**3,243**	12,219
Exchange loss on borrowings	28	**119,600**	-
Purchase bargain	19(i)	**(131,857)**	-
Interest expense on leases	20(ii)	**6,988**	2,259
Interest on borrowings	28	**173,405**	13,847
Interest accrued on securities	15(i) (ii)	**(1,458,321)**	(573,000)
Foreign exchange gain on securities	15(i)	**(7,763)**	(103,317)
Foreign exchange gain on investment in unit trust	16	**(4,620)**	-
Fair value gain on investment in unit trust	16	**(1,292)**	-
Change in fair value of investment property	21	**(4,316)**	-
Net remeasurements on leases	20(i) (ii)	**-**	9,327
Income tax expense	12	**222,234**	49,238
		(3,800)	(448,322)
Changes in operating assets			
Change in mandatory reserves with Bank of Zambia		**(302,390)**	(536,221)
Change in loans to customers		**1,306,257**	(500,614)
Change in other assets		**(603,525)**	(22,553)
Changes in operating liabilities			
Change in amount due to other banks		**(56,594)**	(33,802)
Change in deposits from customers		**825,993**	1,316,575
Change in other liabilities		**(857,367)**	880,749
Cash generated from operations		**308,574**	655,812
Interest paid	28	**(56,004)**	(13,846)
Interest received	15	**1,683,425**	259,131
Tax paid	12	**(252,051)**	(65,857)
Net cash generated from operating activities		**1,683,944**	835,240
Cash flows from investing activities			
Purchase of property and equipment	18	**(131,750)**	(23,655)
Proceeds from disposal of property and equipment		**167**	473
Interest paid on leases		**(43,909)**	(841)
Principal elements of lease payments		**17,695**	4,780
Purchase of intangible assets	19	**(20,639)**	(2,820)
Purchase of investment securities	15(i) (ii)	**(5,271,952)**	(1,880,379)
Proceeds from matured investment securities	15(i) (ii)	**4,709,011**	2,062,721
Net cash (used in)/generated from investing activities		**(741,377)**	160,279
Cash flows from financing activities			
Repayment of principal on borrowings	28	**(1,821,885)**	(54,143)
Proceeds from borrowings	28	**835,500**	-
Preference shares contribution	29	**320,800**	-
Dividend paid		**(31,259)**	(10,000)
Net cash acquired on business combination	19(ii)	**2,049,405**	-
Net cash generated from/(used in) financing activities		**1,352,561**	(64,143)
Net increase in cash and cash equivalents		**2,295,128**	931,376
Cash and cash equivalents at beginning of period		**2,473,412**	1,554,255
Effects of exchange rate fluctuations on cash held		**(3,243)**	(12,219)
Cash and cash equivalents at end of period	35	**4,765,297**	2,473,412

The notes on pages 20 to 93 are an integral part of these financial statements.

1 Reporting entity

Access Bank Zambia Limited ("the Bank") is incorporated in Zambia under the Companies Act of Zambia as a limited liability company and is domiciled in Zambia. The address of the Bank's registered office is:

Access House, Ground floor,
Corner of Church & Nasser Road, Lusaka,
Zambia

The Bank is primarily involved in corporate and retail banking as well as provision of related financial services.

2 Basis of accounting

The financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting standards) and the requirements of the Companies Act of Zambia and the Banking and Financial Services Act of Zambia. They were authorised for issue by the Bank's Board of Directors on ....**April 2025**. Details of the Bank's material accounting policies, including changes thereto, are included in notes 5 to 39.

3 Functional and presentation currency

These financial statements are presented in Zambian Kwacha ("Kwacha"), which is the Bank's functional currency, except where otherwise indicated.

4 Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Bank's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes;

– Note 37: determining whether credit risk on the financial asset has increased significantly since initial recognition, determining the methodology for incorporating forward-looking information into the measurement of ECL and selection and approval of models used to measure ECL.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2024 is included in the following notes;

– Notes 37 Loans and advances to customers: determination of inputs into the ECL measurement model, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information.

– Note 22: recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.

– Note 19: Intangible assets and goodwill: Impairment testing for CGUs contain goodwill; key assumptions underlying recoverable amount.

– Note 30: Off balance sheet financial instruments, contingent liabilities and commitments. Recognition and measurement of contingencies: key assumptions about the likelihood and magnitude of outflow of resources.

– Note 21: Investment property: Revaluation of investment property was conducted by and expert to determine the fair value of the building. Key estimates were used to assess the value of this balance.

5 Changes in material accounting policies

There were no changes in the accounting policies for the Bank.

6 Net Interest income

See accounting policy in note 39 (n)

	2024 ZMW'000	2023 ZMW'000
Interest income		
Loans and advances to customers	**1,099,515**	263,497
Credit related fees and commissions	**120,647**	23,038
Placements with other banks	**68,786**	68,749
Government securities	**1,458,321**	439,042
	2,747,269	794,326
Interest expense		
Deposits from banks	**150,739**	66,985
Deposits from customers	**792,934**	275,974
Borrowed funds	**173,405**	-
Interest expense on lease liabilities (Note 20(v))	**6,988**	2,259
	1,124,066	345,218
Net Interest income	**1,623,203**	449,108

7 Net fee and commissions income

See accounting policy in note 41 (o)

	2024 ZMW'000	2023 ZMW'000
Fee and commissions income:		
Account maintenance charge and handling commission	**115,844**	13,291
Commission on bills and letters of credit	**8,802**	457
Commission on other financial services	**21,949**	2,956
Channels and other e-business income	**150,353**	11,796
Management fees	**17,820**	-
	314,768	28,500
Fee and commission expense:		
Correspondent bank charges	**8,904**	3,256
Mobile banking expense	**8,700**	-
Bank of Zambia charges and other fees	**10,349**	-
E - Business expense	**28,142**	20,472
	56,095	23,728

8 Other income

	2024 ZMW'000	2023 ZMW'000
Gain on disposal of property and equipment	-	393
Internet banking charges	**8,993**	7,719
Purchase bargain *(Note 19 (i))*	**131,857**	-
Cash overages	**2**	29
Swift charges	**7,230**	7,473
Cross border payment fees	**439**	403
Other income	**67,328**	4,194
Fair value gains on investment in unit trust	**4,620**	-
Change in fair value of investment property	**4,316**	-
Rental income *(Note 21)*	**3,181**	-
Uncollected customer items	**2**	2
	227,968	20,213

9 Net trading income

See accounting policy in note 39 (p)

	2024 ZMW'000	2023 ZMW'000
Foreign exchange trading income	**17,820**	14,661
Foreign exchange revaluation gain	**308,171**	22,648
Bond trading income	**193,092**	-
	519,083	37,309

10 Personnel expenses

See accounting policy in note 39 (i)

	2024 ZMW	2023 ZMW
Salaries and wages	**368,430**	100,179
Other employment expenses	**135,469**	-
Retirement benefit costs:		
- Defined contribution scheme	**23,844**	-
- National Pension Scheme Authority	**15,111**	12,877
	542,854	113,056

11 Other expenses

	2024 ZMW'000	2023 ZMW'000
The following items are included in operating expenses:		
Premises and equipment costs	**45,107**	10,395
Office rent expenses (Note 20 (v))	**40,583**	21,530
Acquisition related expenses	**46,350**	23
Professional fees	**7,512**	129
Insurance	**30,009**	3,285
Business travel expenses	**41,118**	14,978
Auditor's remuneration	**6,200**	2,600
Legal fees and charges	**4,519**	306
Merger related expenses	**996**	14,455
Operating losses	**14,327**	28,965
Cash-in-transit related expenses	**95,882**	15,808
Other administrative expenses	**94,991**	12,646
Board expenses	**13,168**	7,931
Communication expenses	**31,898**	8,742
Consultancy and IT expenses	**136,561**	27,740
Outsourcing expenses	**3,422**	2,400
Advertisements and marketing expenses	**19,203**	4,696
Recruitment and training	**8,019**	3,705
Events and sponsorships	**3,320**	1,508
Periodicals and subscriptions	**7,166**	1,151
Security expenses	**14,136**	3,694
Stationery, postage and printing	**12,733**	4,745
Loss on disposal of assets	**1,381**	-
Office provisions and entertainment	**2,422**	1,211
	681,023	192,643

Auditor remuneration relates to the fees to our external auditors, KPMG, in the year 2024 for external audit services.

12 Income tax expense

See accounting policy in note 39 (j)

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

	2024 ZMW'000	2023 ZMW'000
Current income tax expense	**364,085**	67,343
Deferred income tax	**(141,851)**	(18,105)
Total income tax expense	**222,234**	49,238

12 Income tax expense *(continued)*

See accounting policy in note 39 (j)

The tax rate in 2024 was maintained at **30%**. (2023:30%)

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

	2024 ZMW'000	2023 ZMW'000
Profit before tax	**1,152,223**	137,185
Tax calculated at the statutory income tax rate of 30%	**345,666**	41,156
Non-deductible expenses	**30,396**	9,185
Adjustment on acquired balances	**(151,594)**	-
Under/(over) provision on PPE	**322**	(1,096)
Effect of income taxed at a lower rate	**(2,556)**	(7)
Income tax expense	**222,234**	49,238
Amount recognised in equity		
Fair value reserves	**(5,387)**	(4,773)
	(5,387)	(4,773)

Current tax receivable

	2024 ZMW'000	2023 ZMW'000
Balance at 1 January	**(109,809)**	(111,295)
Charge for the year	**364,085**	67,343
Acquired from business combination	**(211,766)**	-
Tax payment during the year	**(133,269)**	(24,608)
Withholding tax credit	**(118,782)**	(41,249)
Balance at 31 December	**(209,541)**	(109,809)

The tax charge for the year is subjct to agreement with the Zambia Revenue Authority

13 Cash and cash equivalents

See accounting policy in note 39 (e)

	2024	2023
	ZMW'000	ZMW'000
Cash on hand	**1,999,376**	286,775
Balances with other Banks	**1,294,931**	1,904,441
Money market placement	**306,364**	-
	3,600,671	2,191,216

14 Cash balances at Bank of Zambia

See accounting policy in note 39 (e)

	2024	2023
	ZMW'000	ZMW'000
Mandatory statutory reserve deposit with Bank of Zambia	**3,021,030**	929,565
Balances with Bank of Zambia other than mandatory reserves deposits	**1,164,626**	282,196
	4,185,656	1,211,761
Impact on cashflow relating to movement in mandatory statutory reserves		
Movement in balances between 2023 and 2024	**2,091,465**	536,221
less: Acquired from business combination *(refer to note 19)*	**(1,789,075)**	-
Actual cash flow movement	**302,390**	536,221

Included in the statutory reserve deposit with Bank of Zambia is the acquired balance on combination amounting to ZMW1,789.07 million (see note 19)

All cash balances held with Bank of Zambia for statutory requirements are classified as non-current. The cash and cash equivalents at end of period reflected in the statement of cash flows does not include mandatory statutory reserve deposit with Bank of Zambia.

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, 2017 of Zambia and is a percentage of the Bank's local currency and foreign currency liabilities to the public. At 31 December 2024, the required percentage was 26% (2023: 17%).

15 Investment securities

See accounting policy in note 39 (d)

	2024	2023
	ZMW'000	ZMW'000
Financial assets at amortised cost	**6,762,599**	1,890,069
Expected credit loss on investments at amortised cost	**(35,847)**	(27,995)
	6,726,752	1,862,074
Financial assets at FVOCI	**721,472**	844,968
Change in fair value (gross)	**59,898**	41,941
	781,370	886,909
	7,508,122	2,748,983
Current	**6,726,752**	1,862,074
Non - current	**781,370**	886,909
	7,508,122	2,748,983

15 Investment securities *(continued)*

See accounting policy in note 39 (d)

Movement in investment securities

	2024 ZMW	2023 ZMW
(i) Financial assets at amortised cost		
Balance at 1 January	**1,890,069**	1,600,007
Acquired in business combination (Note 19)	**4,403,434**	-
Purchases	**5,271,952**	1,676,467
Proceeds from matured investments	**(4,605,611)**	(1,723,246)
Interest accrued	**1,388,351**	373,147
Interest received	**(1,593,359)**	(139,623)
Exchange gain	**7,763**	103,317
Gross financial assets at amortised cost	**6,762,599**	1,890,069
Expected credit loss on investments at amortised cost	**(35,847)**	(27,995)
Balance at 31 December	**6,726,752**	1,862,074
(ii) Financial assets at FVOCI		
Balance at 1 January	**886,909**	928,010
Purchases	**-**	202,119
Proceeds from matured investments	**(103,400)**	(339,475)
Interest accrued	**69,970**	199,853
Interest received	**(90,066)**	(119,508)
Change in fair value (gross)	**17,957**	15,910
Balance at 31 December	**781,370**	886,909
Movement in impairment and fair value of investment securities		
(iii) Allowances for impairment		
Balance at 1 January	**27,995**	23,412
Acquired through business combination	**14,371**	-
Eurobonds impairment credit	**2,796**	11,122
Impairment credit on treasury bills	**819**	111
Impairment writeback during the year	**(10,134)**	(6,650)
Total impairments taken in the year	**(6,519)**	4,583
Balance at 31 December	**35,847**	27,995
(iv) Change in fair value		
Fair value gain at 1 January	**41,941**	27,824
Movements during the year		
Change in fair value (gross)	**17,957**	15,910
Adjustment in prior year	**-**	(1,793)
Gross fair value	**59,898**	41,941
Opening deferred tax on fair value reserve	**(9,719)**	(4,946)
Deferred tax on fair value movement	**(5,387)**	(4,773)
Net change in fair value	**44,792**	32,222
Changes in the fair value of debt instruments at fair value through other comprehensive income (net of tax)	**12,570**	9,344

ZMW4,540 million (2023 : ZMW1,768 million) of Investment Securities have been pledged as security by the Bank for transactions with various counter parties and the Zambia Electronic Clearing House.

16 Investment in unit trust

See accounting policy in note 39 (d)

	2024 ZMW'000	2023 ZMW'000
At 1 January	**-**	-
Acquired in business combination (note 19)	**42,366**	-
Fair value gains on money market funds (note 8)	**4,620**	-
Effect of exchange rate movements	**1,292**	-
At 31 December	**48,278**	-

17 Loans and advances to customers

See accounting policy in note 39 (d)

	2024 ZMW'000	2023 ZMW'000
Loans and advances to customers at amortised cost	**5,538,296**	1,534,671
Less: impairment loss allowance		
- Individually and collectively	**(410,553)**	(34,671)
- Interest suspended	**(56,532)**	-
	5,071,211	1,500,000

For cashflow purposes, a net amount of ZMW4,877,468 has been excluded as it was acquired from business combination

	2024			2023		
	Gross carrying amount ZMW'000	ECL allowance ZMW'000	Carrying amount ZMW'000	Gross carrying amount ZMW'000	ECL allowance ZMW'000	Carrying amount ZMW'000
Overdrafts	**632,333**	**(97,437)**	**534,896**	-	-	-
Personal loans	**1,312,581**	**(140,894)**	**1,171,687**	203,245	(17,730)	185,515
Mortgages	**162,623**	**(96,639)**	**65,984**	-	-	-
Corporate and SME loans and leases	**3,430,759**	**(132,115)**	**3,298,644**	1,331,426	(16,941)	1,314,485
	5,538,296	**(467,085)**	**5,071,211**	1,534,671	(34,671)	1,500,000

Expected Credit Loss (ECL) reconciliation:

	Personal loans ZMW	Corporate & SME loans ZMW	Total ZMW
At 1 January 2024	**-**	**34,671**	**34,671**
Acquired from business combination	**133,239**	**299,138**	**432,377**
Write offs during the year	**-**	**(73,369)**	**(73,369)**
Changes in suspended interest	**(9,668)**	**(37,595)**	**(47,263)**
Effect of exchange rate movements	**5**	**2,016**	**2,021**
Expected credit losses for the year	**55,147**	**63,501**	**118,648**
At 31 December 2024	**178,723**	**288,362**	**467,085**
At 1 January 2023	-	18,318	18,318
Write offs during the year	-	(4,526)	(4,526)
Expected credit losses for the year	-	20,879	20,879
At 31 December 2023	-	34,671	34,671

Sensitivity of Exposure at Default, Probability of Default and Loss Given Default

In establishing sensitivity to ECL estimates for the Banks' loans, three variables (GDP Growth rate, Unemployment, Commodity Index and US exchange rates were considered). Of these variables, the Banks' loans reflects responsiveness to all variables.

The table below outlines the total ECL for the loan portfolio as at 31 December 2024. If each of the key assumptions used change by plus or minus 10%. The responsiveness of the ECL estimates to variation in macroeconomic variables have been presented below while putting in perspective, interdependencies between the various economic inputs. An increase and decrease in Macroeconomic Scalars by 10% results in an increase/decrease in Impairment of ZMW41m. Further increase/ decrease in the Probability of default by 10% results in an impairment increase/decrease of ZMW41m.

	-10%	10%
PL impact of change in Macroeconomic variables	(41,055)	41,055
Asset Quality impact of change in Macroeconomic Variables	(41,055)	41,055

All impaired loans have been written down to their estimated recoverable amount. The aggregate amount of impairment of loans at 31 December 2024 was **ZMW467.1 million** (2023: ZMW34.7 million).

17 Loans and advances to customers *(continued)*

a) Analysis of gross carrying amount

2024 On Balance Sheet	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
	ZMW'000	**ZMW'000**	**ZMW'000**	**ZMW'000**
Gross carrying amount as at 1 January 2024	**1,499,541**	**30,193**	**4,937**	**1,534,671**
Changes in gross carrying amount				
- Transfer to stage 1	**1,896,679**	**429**	**(38)**	**1,897,070**
- Transfer to stage 2	**5,912**	**108,304**	**(142)**	**114,074**
- Transfer to stage 3	**55,565**	**2,287**	**370,292**	**428,144**
New financial assets originated	**984,820**	**436,146**	**178,041**	**1,599,007**
Financial assets that have been derecognised	**-**	**-**	**(34,670)**	**(34,670)**
Gross carrying amount as at 31 December 2024	**4,442,517**	**577,359**	**518,420**	**5,538,296**

2023 On Balance Sheet	Stage 1	Stage 2	Stage 3	Total
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Gross carrying amount as at 1 January 2023	955,946	21,703	40,055	1,017,704
Changes in gross carrying amount				
- Transfer to stage 1	337	-	(337)	-
- Transfer to stage 2	-	1,008	(1,008)	-
- Transfer to stage 3	29,247	-	(29,247)	-
New financial assets originated	514,011	7,482	-	521,493
Financial assets that have been derecognised	-	-	(4,526)	(4,526)
Gross carrying amount as at 31 December 2023	1,499,541	30,193	4,937	1,534,671

b) Analysis of ECL

	2024	2023
	ZMW'000	ZMW'000
Loans and advances	**120,669**	20,879
Loan recoveries	**(2,021)**	(3,592)
ECL on Loans	**118,648**	17,287
Eurobond (note 15)	**2,796**	11,122
Treasury bills *(note 15)*	**819**	111
Off balance sheet assets	**-**	7
Impairment writeback during the year	**(10,134)**	(6,650)
ECL on Impairments	**(6,519)**	4,590
Total ECL	**112,129**	21,877

c) Analysis of off balance sheet facilities

Contingent liabilities and commitments

To meet the financial needs of customers, the Bank enters into various irrevocable commitments and contingent liabilities. These consist of financial guarantees, letters of credit and other commitments to lend. Even though these obligations may not be recognised on the statement of financial position, they contain credit risk and therefore, form part of the overall risk of the Bank. Impairment on off balance sheet exposures is performed by adjusting the gross exposure by the Credit Conversion Factor (CCFs) and in turn adjusting the converted exposure by multiplying by the Loss Given Default (LGD). CCFs are derived using guidance set forth in Basel II. Letters of credit and guarantees commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Guarantees and standby letters of credit carry a similar credit risk to loans.

18 Property and equipment

See accounting policy in note 39 (f)

Cost	Buildings	Leasehold improvements	Computer hardware	Furniture and fixtures	Plant & equipment	Motor vehicles	Capital work in	Total
	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Balance at 1 January 2024	**-**	**49,807**	**25,199**	**7,616**	**46,205**	**21,849**	**8,884**	**159,560**
Acquisitions	**-**	**354**	**17,014**	**2,266**	**72,601**	**6,840**	**32,675**	**131,750**
Transfers	**-**	**15,560**	**-**	**2,795**	**-**	**-**	**(18,355)**	**-**
Disposals	**-**	**-**	**(768)**	**-**	**-**	**-**	**-**	**(768)**
Write-Offs	**-**	**-**	**(2,009)**	**-**	**(220)**	**-**	**(175)**	**(2,404)**
Acquired from business combination (note 19)	**322,877**	**33,870**	**59,825**	**43,803**	**159,462**	**10,130**	**-**	**629,967**
Balance at 31 December 2024	**322,877**	**99,591**	**99,261**	**56,479**	**278,048**	**38,819**	**23,029**	**918,105**
Balance at 1 January 2023	-	49,491	16,729	7,103	42,011	15,822	5,024	136,180
Acquisitions	-	316	8,247	513	3,878	1,350	9,351	23,655
Disposals	-	-	(20)	-	(1)	(254)	-	(275)
Transfers	-	-	243	-	317	4,931	(5,491)	-
Balance at 31 December 2023	-	49,807	25,199	7,616	46,205	21,849	8,884	159,560
Depreciation								
Balance at 1 January 2024	-	**14,900**	**16,818**	**5,577**	**27,536**	**11,633**	**-**	**76,464**
Charge for the year	**7,306**	**4,688**	**16,868**	**4,042**	**30,005**	**5,251**	**-**	**68,160**
Disposal	**-**	**-**	**(743)**	**-**	**-**	**-**	**-**	**(743)**
Acquired from business combination (note 19)	**58,512**	**20,614**	**30,182**	**36,100**	**116,463**	**6,234**	**-**	**268,105**
Write-Offs	**-**	**-**	**(801)**	**-**	**(80)**	**-**	**-**	**(881)**
Balance at 31 December 2024	**65,818**	**40,202**	**62,324**	**45,719**	**173,924**	**23,118**	**-**	**411,105**
Balance at 1 January 2023	-	13,174	14,581	4,825	19,510	8,907	-	60,997
Charge for the year	-	1,726	2,242	752	8,027	2,980	-	15,726
Disposal	-	-	(5)	-	(1)	(254)	-	(260)
Balance at 31 December 2023	-	14,900	16,818	5,577	27,536	11,633	-	76,463
Carrying amounts:								
Balance at 31 December 2024	**257,059**	**59,389**	**36,937**	**10,760**	**104,124**	**15,701**	**23,029**	**507,000**
Balance at 31 December 2023	-	34,907	8,381	2,039	18,669	10,216	8,884	83,097

The register showing the details of property, as required by section 248 of the Companies Act of Zambia, is available during business hours at the registered office of the Bank.

Included in equipment are fully depreciated assets with a cost of **ZMW155.5 million** (2023: ZMW22.7 million). In accordance with section 248 of the Companies Act, a list of the Bank's properties is available for inspection at the registered office

19 Intangible assets

See accounting policy in note 39 (g)

	Other intangible *	Computer software	Work - in - progress	Total
Cost	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Balance at 1 January 2024	**102,400**	**46,462**	**5,089**	**153,951**
Additions	**-**	**3,316**	**17,323**	**20,639**
Transfers from Capital Work in Progress	**-**	**53**	**(53)**	**-**
Acquired from business combination (Note 19)	**308,364**	**250,506**	**32,949**	**591,819**
Balance at 31 December 2024	**410,764**	**300,337**	**55,308**	**766,409**
Balance at 1 January 2023	102,400	44,877	3,854	151,131
Additions	-	1,265	1,555	2,820
Transfers	-	320	(320)	-
Balance at 31 December 2023	102,400	46,462	5,089	153,951
Accumulated amortisation				
Balance at 1 January 2024	**81,125**	**37,608**	**-**	**118,733**
Charge for the year	**21,175**	**38,903**	**-**	**60,078**
Acquired from business combination (Note 19)	**-**	**182,547**	**-**	**182,547**
Balance at 31 December 2024	**102,300**	**259,058**	**-**	**361,358**
Balance at 1 January 2023	71,125	26,849	-	97,974
Charge for the year	10,000	10,759	-	20,759
Balance at 31 December 2023	81,125	37,608	-	118,733
Carrying amount				
Balance at 31 December 2024	**308,464**	**41,279**	**55,308**	**405,051**
Balance at 31 December 2023	21,275	8,854	5,089	35,218

Other intangible relates to the acquired intangible on Core Deposit and loans and advances to customers.

19 Intangible assets *(continued)*

Acquired intangible asset	**2024**	2023
	ZMW'000	ZMW'000
Other intangible		
Opening Balance	**21,275**	31,275
Movements during the year:		
Acquired intangibles	**308,364**	-
Amortisation of Core Deposit Intangible asset	**(21,175)**	(10,000)
Other Intangible asset at year end	**308,464**	21,275

Acquisition of African Banking Corporation Zambia Limited

On 4 January 2024, Access Bank Limited acquired 100% shareholding in African Banking Corporation Zambia Limited for a total purchase consideration of **ZMW752.46 million**. This comprised a cash consideration of ZMW425.47 million and contingent cosideration relating to severance payment of ZMW326.98 million.

The combined entity is now the fourth largest bank in Zambia by asset value and the merged bank is one of the largest banks in Zambia in terms of branch network with the combined physical presence increasing from 23 to 63 branches.

The Bank of Zambia gave approval for the banks to be merged and reported as one entity with effect from 4 January 2024. This meant that the assets and liabilities of African Banking Corporation Zambia Limited were transferred into Access Bank Zambia Limited in 2024. Therefore the acquisition entries for the Bank were effected in the current year. The value of net assets transferred is shown below.

In 2024, in accordance with IFRS 3 — *Business Combinations*, the Bank recognised separately identifiable assets amounting to ZMW308.37 million representing the Core Deposits relating to current and savings deposits valued at ZMW189.47 million and customer relationship valued at ZMW118.89 million. This Core Deposit and Loans and Advances to Customers intangible asset was initially estimated to have a useful life of 2 years which was later revised to 10 years.

In accordance with the subsequent measurement under IAS 38 — Intangible Assets, the Bank carried out a review of the useful life of the Core Deposit intangible asset as at the 2024 reporting date. This review has resulted in a change in the useful life from 10 years to 20 years. This change has been accounted for prospectively as a change in accounting estimate in line with IAS 8 — *Accounting Policies, Changes in Accounting Estimates and Errors*.

(i) Purchase Bargain	**ZMW'000**
Consideration transferred	**(752,455)**
Net acquired assets	**884,312**
Purchase bargain	**131,857**

(ii) Consideration transferred

The following table summarises the acquisition date fair value of each major class of consideration transferred:

	ZMW'000
Cash	**(425,471)**
Severance pay	**(326,984)**
Total Purchase consideration	**(752,455)**
Cash acquired on business combination	**2,801,860**
Net cash acquired on business combination	**2,049,405**

(iii) Acquisition - related costs

The Bank incurred acquisition -related costs of ZMW46.3 million. These costs have been included in administrative expenses

19 Acquired Intangible Asset *(Continued)*

(iv) Identifiable assets acquired and liabilities assumed

The following table summaries the recognised amounts acquired and liabilities assumed at the date of acquisition.

Caption	Carrying amount January 2024	Fair value adjustment January 2024	Total fair value January 2024
ASSETS	ZMW'000	ZMW'000	ZMW'000
Cash and cash equivalents	2,801,860	-	2,801,860
Cash balances at Bank of Zambia	1,789,075	-	1,789,075
Investment in securities at amortised cost	4,135,664	267,770	4,403,434
Investment in unit trust	42,366	-	42,366
Loans and advances to customers	4,877,468	-	4,877,468
Property and equipment	333,207	28,655	361,862
Intangible assets	100,908	308,364	409,272
Right of use Asset	14,924	-	14,924
Investment property	39,000	-	39,000
Current tax asset	211,767	-	211,767
Other Assets	365,142	-	365,142
Asset held-for-sale	60,915	-	60,915
Total assets	**14,772,296**	**604,789**	**15,377,085**
LIABILITIES			
Deposits from customers	10,977,813	-	10,977,813
Lease liability	21,102	-	21,102
Other liabilities	833,029	-	833,029
Borrowings	2,660,829	-	2,660,829
Total liabilities	**14,492,773**	**-**	**14,492,773**
Net assets at acquisition	**279,523**	**604,789**	**884,312**

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

Assets acquired	**Valuation technique**
Property, plant and equipment	Market comparison technique and cost technique: The valuation model considers quoted market prices for similar items when they are available, and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. However, there was no material fair value uplift on this class of assets recognised.
Intangible assets	The method employed for the measurement of fair values for identifiable intangible assets was: *The Funding Benefit (Cost-Saving) Method*: The Funding Benefit Method is calculated based on the after-tax present values of the net cost of funding, defined as the difference between the interest expense on acquired deposit and the cost of alternative funding over the useful life of the deposit; and net service fees earned on the deposits (net income earned as a percentage of deposit).
Investment securities	Reference to quoted observable market prices of the instruments or similar instruments

20 Leases as lessee

See accounting policy in note 39 (m)

The Bank leases a number of branches for its operations. The leases typically run for a period of one year to 40 years, with an option to renew the lease after that date. For some leases, payments are renegotiated every five years to reflect market rentals.

Information about leases for which the Bank is a lessee is presented below:

(i) Right-of-use assets

	2024	2023
	ZMW'000	ZMW'000
Balance at 1 January	**24,739**	23,317
Additions	**43,909**	11,980
Acquired through business combination	**14,924**	-
Lease modifications	-	(402)
Depreciation charge for the year	**(12,460)**	(10,156)
Balance at 31 December	**71,112**	24,739

(ii) Lease liabilities

	2024	2023
	ZMW'000	ZMW'000
Balance at 1 January 2024	**27,237**	5,734
Additions	**51,805**	12,064
Acquired from business combination	**21,102**	-
Lease remeasurement	-	9,729
Interest expense	**6,988**	2,259
Lease payments	**(34,110)**	(9,459)
Foreign currency losses	**6,831**	6,910
Balance at 31 December 2024	**79,853**	27,237

(iii) Maturity analysis - contractual undiscounted cash flows

	2024	2023
Rent quoted in Kwacha	ZMW'000	ZMW'000
Less than 1 year	**12,877**	8,109
Between one year and five years	**43,935**	10,526
Above five years	**553**	1,122
Rent quoted in Dollars (amounts in Kwacha)		
Less than one year	**7,790**	2,204
Between one year and five years	**31,133**	16,924
Total undiscounted lease liabilities as at 31 December 2024	**96,288**	38,885

20 Leases as lessee *(continued)*

See accounting policy in note 39 (m)

iv) Breakdown of amounts recognised in the balance sheet

	2024	2023
Right of use assets	**ZMW'000**	ZMW'000
Office space	**71,112**	24,739
	71,112	24,739
Lease liabilities		
Office space	**79,853**	27,237
Total lease liability	**79,853**	27,237

v) Amounts recognised in the statement of profit and loss

The statement of profit and loss shows the following amounts relating to leases:

	2024	2023
Depreciation charge of Right of use assets		
Office space	**12,460**	10,156
	12,460	10,156
Interest expense		
Office space	**6,988**	2,259
	6,988	2,259
Office space		
Amounts recognised as short term leases	**40,583**	21,530
	40,583	21,530
Amounts recognised in statement of cash flows		
Office space		
Principal payments	**27,122**	7,199
	27,122	7,199

Short term leases are leases with lease agreement less than 12 months and the Bank is intended not to continue after the expiry of the lease. Short term leases pertain to the leases closed during the year 2024 and leases expiring during the year 2025.

21 Investment property

See accounting policy in note 39 (v)	**2024 ZMW'000**	2023 ZMW'000
At 1 January	**-**	-
Acquired at business combination (note 19)	**39,000**	-
Change in fair value (note 8)	**4,316**	-
At 31 December	**43,316**	-

Investment property comprises commercial property that is leased to third parties. Each of the leases contains an initial non-cancellable period of four years. Subsequent renewals are negotiated with the lessees and on average renewal periods are for four years. No contingent rentals are charged.

A valuation of the property relating to 31 December 2024 balances was carried out on 1 February 2025 by R.M Fumbeshi & Co Limited, registered valuation surveyors and real estate agents, independent valuers not related to the Bank. The basis of valuation was open market value for existing use.

Part of the investment property has been recognised under Property and Equipment based on the occupancy ratio. **ZMW23.42million** (2023 ZMW nil) has been reported under property and equipment. Changes in fair value are recognised as gains in profit or loss and included in 'other income'. A gain of **ZMW4.32 million** (2023 ZMW nil) was realised in the current year.

The rental income earned by the Bank from its investment property amounting to **ZMW3.2 million** (2023 ZMW Nil) has been recognised in other income, see note 8.

The Bank has no restrictions in the realisability of its investment property and no contractual obligations to either purchase, or develop investment property or repair, maintain and enhance investment property.

The commercial property held is leased out to mainly financial institutions.

As at 31 December 2024, the valuer has factored and modified the previous year's assumptions for the period 2024-25 based on the prevailing economic environment as follows:

— higher expected market rental growth increased 10%.

— levels of occupancy rates remained the same

Furthermore, the discount rate has remained the same despite lower inflation prospects, to reflect greater uncertainty over long-term cash flows and long-term growth prospects and increased risk of defaults and non-payment of rent. The estimated market rents in 2024-25 has been adjusted upwards in view of the property's high quality and prime location.

Valuation technique and significant unobservable inputs.

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

Valuation technique	**Significant unobservable input**	**Inter-relationship between key unobservable input and fair value**
Investment Method: The valuation model is based on rental income and on the assumption that the property will be fully occupied. It considers the present value of net cash flows to be generated from the property, void periods, and occupancy rate. The expected net cash flows are discounted using risk-adjusted discount rates.	Expected market rental growth (10%, weighted average 2.6%).	The estimated fair value would increase (decrease) if:
	Occupancy rate (90%).	Expected market rental growth were higher (lower);
	Risk-adjusted discount rates (8-12.5%)	Void periods were shorter (longer);
		The occupancy rate was higher (lower);
		Rent-free periods were shorter (longer); or
		The risk – adjusted discount rate was lower (higher).

R.M. Fumbeshi is a reputable valuation firm, with experience in the valuation of commercial and residential property that has been operating in Zambia for over 20 years.

The lead valuer, Mr. R.M. Fumbeshi, is a chartered and registered valuation surveyor. Mr Fumbeshi is a qualified and independent valuer; neither he nor the firm have any conflict of interest in undertaking the valuation.

22 Deferred tax asset

See accounting policy in note 39 (j)

The deferred income tax is expected to reverse in 2024 and beyond, the balances have been measured using substantially enacted rate of **30%** for 2024 (2023: 30%). The movement on the deferred income tax account is as follows

	2024	2023
	ZMW'000	ZMW'000
At start of year	**6,575**	(6,757)
Charge to profit or loss	**141,851**	18,105
Recognised in equity	**(5,387)**	(4,773)
At end of the year	**143,039**	6,575

Deferred tax assets and liabilities are attributable to the following:

A deferred income tax asset has been recognised in respect of these items because it is probable that future taxable profits will be available against which the Bank can utilise the benefits there from:

31 December 2024	**Balance at 1 January 2024**	**Recognised in profit or loss**	**Recognised in equity**	**Balance at 31 December 2024**	**Deferred tax asset**	**Deferred tax liability**
	ZMW'000	**ZMW'000**	**ZMW'000**	**ZMW'000**	**ZMW'000**	**ZMW'000**
Property and equipment	**(3,532)**	**13,798**	**-**	**10,266**	**-**	**10,266**
Right of use asset	**724**	**1,849**	**-**	**2,573**	**-**	**2,573**
Provision for Bonus	**402**	**-**	**-**	**402**	**-**	**402**
Provision for Gratuity	**85**	**-**	**-**	**85**	**-**	**85**
Provision Other	**12,753**	**126,204**	**-**	**138,957**	**-**	**138,957**
Impairment provision - IFRS	**7,640**	**-**	**-**	**7,640**	**-**	**7,640**
Impairment provision - BOZ	**(1,778)**	**-**	**-**	**(1,778)**	**(1,778)**	**-**
Fair value reserves	**(9,719)**	**-**	**(5,387)**	**(15,106)**	**(15,106)**	**-**
	6,575	**141,851**	**(5,387)**	**143,039**	**(16,884)**	**159,923**

31 December 2023	Balance at 1 January 2023	Recognised in profit or loss	Recognised in equity	Balance at 31 December	Deferred tax asset	Deferred tax liability
	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Property and equipment	(5,104)	1,572	-	(3,532)	(3,532)	-
Right of use asset	(5,275)	5,999	-	724	-	724
Provision for Bonus	900	(498)	-	402	-	402
Provision for Gratuity	16	69	-	85	-	85
Provision for Audit	836	(836)	-	-	-	-
Provision Other	6,816	5,937	-	12,753	-	12,753
Impairment provision - IFRS	-	7,640	-	7,640	-	7,640
Impairment provision - BOZ	-	(1,778)	-	(1,778)	(1,778)	-
Fair value reserves	(4,946)	-	(4,773)	(9,719)	(9,719)	-
	(6,757)	18,105	(4,773)	6,575	(15,029)	21,604

23 Other assets

See accounting policy in note 39 (d)

		2024	2023
		ZMW'000	ZMW'000
Prepayments		**121,173**	31,883
Prepaid operating lease rentals		**17,408**	-
Withholding tax on investment securities		**56,411**	7,801
Visa asset collateral		**6,101**	14,153
Mobile money e-cash receivables		**13,400**	-
Card settlement receivables		**11,210**	2,856
Card Inventory		**418**	962
Due from related parties		**140,148**	-
CDF assets		**159,734**	-
Other financial assets		**227,633**	-
Other receivables		**345,875**	97,733
		1,099,511	155,388
Provisions on other assets		**(17,964)**	(42,508)
		1,081,547	112,880
	Current	**366,269**	92,526
	Non current	**715,278**	20,354
		1,081,547	112,880

(i) Provisions on other assets

	2024	2023
Provisions :	**ZMW'000**	ZMW'000
Balance at 1 January	**42,508**	22,721
- (Write off) / Provision for the year	**(24,544)**	19,787
Balance at 31 December	**17,964**	42,508

(ii) Movement in other assets

	2024	2023
	ZMW'000	ZMW'000
Balance at 1 January	**112,880**	90,327
Aquired through business combination	**365,142**	-
Additions	**621,489**	65,061
Provisions for other assets	**(17,964)**	(42,508)
Balance at 31 December	**1,081,547**	112,880

24 Asset held-for-sale

See accounting policy in note 39 (z)

	2024	2023
	ZMW'000	ZMW'000
At 1 January	-	-
Acquired at business combination	**60,915**	-
At 31 December	**60,915**	-

Mulungushi building was acquired as part of the business combination transaction. Management has classified the building as an asset held-for-sale as all conditons as per *IFRS 5: Non-current Assets held for sale and discontinued operations* have been met. The asset is stated at a carrying amount which is lower than the fair value of the property amount of ZMW**86.9million** (2023: Nil) . The Bank measures the asset held for sale at the lower of its carrying amount and fair value less cost to sale as stipulated in IFRS 5: *Non-current Assets held for sale and discontinued operations*. Below were the conditions supporting the classification of the property as *held-for-sale*:

- The Board approval to sell the asset has been obtained;
- Management is committed to a plan to sell as they are actively marketing the asset;
- The asset is readily available for sale;
- An agent has since been appointed to help with the sale; and
- Management continues to review the status.

25 Deposits from customers

See accounting policy in note 39 (u)

	2024	2023
	ZMW'000	ZMW'000
Saving deposits	**1,466,537**	272,486
Term deposits	**6,267,950**	2,579,730
Demand deposits	**7,150,216**	1,524,696
Call accounts	**1,596,092**	246,595
Domiciliary	**1,043,608**	1,097,090
	17,524,403	5,720,597
Current	**10,009,761**	4,496,109
Non-current	**7,514,642**	1,224,488
	17,524,403	5,720,597

For cashflow purposes, an amount of ZMW10,977,813 has been excluded as it was acquired from business combination

Customer deposits amounting to **ZMW6.27 billion** (2023: ZMW2.58 billion) are at fixed interest rates for fixed tenors and all other deposits amounting to **ZMW11.26 billion** (2023: ZMW3.12billion) are at variable rates ,which include range between 0 - 15% annum. Bank deposits amounting to **ZMW86.8 million** (2023: ZMW2.86 million) were held as cash collateral on irrevocable credit.

26 Amounts due to other banks

See accounting policy in note 39 (u)

	2024	2023
	ZMW	ZMW
Money market deposits	-	56,594

All balances are current.

27 Other liabilities

See accounting policy in note 39 (u)

	2024	2023
	ZMW'000	ZMW'000
Visa client collateral	**55,700**	70
Payroll related liabilities	**-**	8,727
Account payables	**146,038**	-
Accruals	**108,746**	-
Off balance sheet ECL provision	**-**	44,172
Certified and Bank cheques	**-**	23,898
E-Banking payables	**71,653**	13,671
Collections account balances	**19,380**	59
Deferred income	**8,898**	8,519
Money market deposits	**-**	16,649
Other provisions and payables	**354,123**	-
NFSs payable	**88,896**	-
Community Development Fund	**172,568**	-
Deposit for Shares	**-**	942,429
	1,026,002	1,058,194

For cashflow purposes, an amount of ZMW833,029 million has been excluded as it was acquired from business combination

28 Borrowings

See accounting policy in note 39 (s)

	2024	2023
	ZMW'000	ZMW'000
At start of the year	**145,311**	197,022
Borrowings during the year	**835,500**	-
Acquired at business combination	**2,660,829**	-
Interest accrued	**173,405**	13,846
Adjustment on over accrual	**-**	2,433
Interest paid	**(56,004)**	(13,847)
Repayments during the year	**(1,821,885)**	(54,143)
Exchange loss	**119,600**	-
Balance at end of year	**2,056,756**	145,311
Current	**432,401**	8,314
Non-current	**1,624,355**	136,997
	2,056,756	145,311

Details

U.S International Development Finance Corporation (DFC) *(i)*	**734,576**	-
Bank of Zambia *(ii)*	**402,666**	145,311
Access Bank Nigeria *(iii)*	**919,514**	-
Total Borrowings	**2,056,756**	145,311

(i) U.S International Development Finance Corporation (DFC)

Following the amalgamation of the Bank and Atlasmara Zambia on 5 January 2024, the loan with DFC was restructured into a $10 million (ZMW 278.5million) senior debt facility with a 5-year term, including a 2-year grace period on principal repayments, and a $16.2 million (ZMW456.1million) subordinated debt facility with a 10-year term, including a 5-year grace period on principal repayments. The loans attract interest at 3-month LIBOR plus 3.5% for the senior debt and 4.75 % for the subordinated debt, respectively.

28 Borrowings *(continued)*

See accounting policy in note 39 (s)

(ii) **Bank of Zambia**

The amount of ZMW 145 million inclusive interest accrued ,represents the funding accessed under the Bank of Zambia Targeted Medium Term Refinancing Facility. A repayment of ZMW 64.2million was made in 2024 with a remaining balance of ZMW 81.1 million inclusive interest accrued.

A facility of ZMW321.5 million inclusive interest accrued was acquired during the year 2024 as result of the merger between the Bank and Atlasmara which will mature on 24 June 2025 . A one off payment will be made on the maturity date and interest will be paid once quarterly .

(iii) **Access Bank Nigeria**

The group provided $30 million (ZMW 919.5 million) in capital to support the merger between Access Bank Zambia Limited and Atlasmara Zambia. However, due to regulatory concerns and delays in finalizing the merger, the capital could not be immediately applied. To manage the funds effectively, they were initially deposited as a short-term placement and later restructured as Tier II capital, attracting an annual interest rate of 10%.

(iv) **Eastern and Sounthern Africa Trade and Development (TDB)**

The borrowing was governed by an agency agreement where Atlasmara Zambia had been appointed as an Agent by the lender, Trade Development Bank (TDB). The purpose of the agency agreement was for Atlasmara to issue letters of credit (the FISP letters of Credit) in favour of the suppliers of fertilizer for the farming period.The duration of the agency agreement was 36 months. The outstanding balance of ZMW1.14 billion was fully paid off in 2024.

29 Share capital and reserves

See accounting policy in note 39 (l)

i) Share capital

	Number of ordinary shares	Ordinary share capital ZMW'000	Share premium ZMW'000	Total ZMW'000
Authorised				
Ordinary shares of K1 each	200,000,000	200,000	-	200,000
Issued and fully paid				
Balance at 31 December 2023		183,189	344,239	527,428
Issued during the year		-	-	-
Balance at 31 December 2024		**183,189**	**344,239**	**527,428**

The total authorised number of ordinary shares is 200,000,000 with a par value of ZMW1 per share. All issued shares are fully paid. 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. During the year the Bank did not issue any ordinary shares.

Dividends paid during the year

During the year ending 31 December 2024 ,a dividend per share of **ZMW0.1706** (2023:0.0545) amounting to **ZMW31.2 million** (2023: 10 million) was paid by the bank following Bank of Zambia approval.

29 Share capital and reserves *(continued)*

See accounting policy in note 39 (l)

Issued preference shares		2024 ZMW'000	2023 ZMW'000
Balance at 1 January 2024		**256,358**	256,358
Additions during the year		**320,800**	-
Balance at 31 December 2024		**577,158**	256,358
Breakdown of the prefences shares	Number of shares		
Capricorn Group Limited (ZMW)	10,000	**44,698**	44,698
Capricorn Group Limited (USD)	10,000	**211,660**	211,660
Access Bank Plc	12,865	**128,800**	-
Atlas Mara Limited	19,215	**192,000**	-
		577,158	256,358

These shares are irredeemable and non-voting preference shares perpetually capable of being classified as Tier 1 capital of Access Bank Zambia Limited in accordance with prevailing Bank of Zambia regulations.

Credit risk reserves

	2024 ZMW'000	2023 ZMW'000
Bank of Zambia SI 141 provision	**(375,780)**	(7,571)
IFRS 9 ECL (Note 17)	**467,085**	34,671
Transfer	**91,305**	**27,100**

Regulatory reserves warehouses the difference between the allowances for impairment losses under the Bank of Zambia prudential guidelines and the Bank's impairment assessment model under IFRS 9 requirement. As at 31 December 2024 the IFRS 9 provisions for impairment were higher than the Bank of Zambia provisions by a margin higher than the current regulatory risk reserve hence the derecognition of the reserve.

Due to IFRS9 impairment been higher than the Bank of Zambia, no transfer was made to credit risk reserves during the year ended 31 December 2024 (2023: ZMW nil).

Statutory reserve

	2024 ZMW	2023 ZMW
At start of year	**111,023**	67,050
Transfers	**72,166**	43,973
At end of year	**183,189**	111,023

Fairvalue reserve	2024 ZMW	2023 ZMW
Fair value gain at 1 January	**41,942**	27,825
Movements during the year		
Change in fair value (gross) note 15(ii)	**17,957**	14,117
Gross fair value	**59,899**	41,942
Opening deferred tax on fair value reserve	**(9,719)**	(4,946)
Deferred tax on fair value movement	**(5,387)**	(4,773)
Closing deferred tax on fairvalue reserve	**(15,106)**	(9,719)
Net change in fair value	**44,793**	32,223

Fairvalue reserves relates to the change in the fairvalue for the investment in securities held at fairvalue through other comprehensive income.

30 Off balance sheet financial instruments, contingent liabilities 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 transaction related 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.

	2024	2023
	ZMW'000	ZMW'000
Contingent liabilities:		
Transaction related bonds and guarantees	**65,233**	195,455
Letters of credit and other commitments	**259,832**	22,256
	325,065	217,711

There were no other commitments to extend credit or any other off balance sheet guarantees and letters of credit, other than as disclosed above.

Claims and litigation

The Bank had some legal cases against it as at 31 December 2024. However, based on the Bank's due diligence there is no significant risk of loss to the Bank arising from these over and above what has already been provided for.

1. Monokandilos

The High Court delivered an adverse judgment against the Bank in favour of a customer Dimitrios Monokandilos (against whom the Bank has a favourable judgment on a related case for a higher amount) and his wife, Filandra Kouri. The judgment against the Bank was confirmed (with some variation as to the rate of interest) by the Court of Appeal, and the Bank's application for permission to appeal in the Supreme Court was unsuccessful, currently parties are determining settlement amount.

(a) Among measures taken to recover debt owed by the Customer (Monokandilos) were bankruptcy proceedings, the matter is currently pending judgement in the Supreme Court.

(b) In another matter with the same customer, the Bank took out trespass proceedings, and judgment was awarded in favour of the Bank. The Customer has appealed against judgment in the Court of Appeal, currently pending of hearing.

Both parties holding judgment against the other still have prospects of set-offs. A provision amounting to ZMW71.87 million (US$2.5 million) has been taken.

30 Off balance sheet financial instruments, contingent liabilities and commitments *(continued)*

Claims and litigation *(continued)*

2. Mapula

The Bank through business combinations acquired a case in which Atlasmara, was jointly sued with African Banking Corporation Botswana, Standard Chartered Bank South Africa and Standard Chartered Bank Botswana for alleged breach of the Debt Reconstruction Agreement (DRA) by Mapula Solutions Pty Limited (hereinafter referred to as "Mapula")

The High Court of South Africa delivered judgment dated 21 August 2023 in favour of Mapula for alleged breaches of the DRA jointly and severally as follows:

(a) ZAR704,968,234.00 million
(b) Interest on the judgment sum from date of Summons (2016) until date of full payment; and
(c) Wasted costs.

Each Bank's estimated exposure is ZAR176,242,058.50 (One Hundred and Seventy-Six Million Two Hundred and Forty-Two Thousand Fifty-Eight Rand Fifty Cents) exclusive of interest, wasted costs order and legal costs.

The Bank applied for leave to appeal against the judgment on 11 September 2023, and on 11 March 2024, the High Court delivered its Ruling declining leave to appeal against its judgment.

The Bank applied for leave to appeal to the Supreme Court of South Africa. Based on legal opinions received by the Bank, the probability of success at appeal is very high and it is unlikely that the judgement of the High Court of South Africa is enforceable in Zambia. Therefore, no provision has been taken.

31 Related parties

The ultimate controlling party of the Bank is Access Bank Plc incorporated in Nigeria. There are other companies that are related to Access Bank Zambia Limited through common shareholdings and common directorships.

	Nature of relationship	**Type of Transaction**
Access Bank Plc	Ultimate parent	InterBank Placements/Takings/Borrowings
Access Bank Ghana	Fellow subsidiary	InterBank Placements/Takings
Access Bank Kenya	Fellow subsidiary	InterBank Placements/Takings
Access Bank Gambia	Fellow subsidiary	InterBank Placements/Takings
Access Bank SA	Fellow subsidiary	InterBank Placements/Takings

A number of Banking transactions are entered into with related parties in the normal course of business. These include loans, deposits and foreign currency transactions. These transactions were carried out on commercial terms and at market rates.

Amounts due from related parties

		2024	2023
		ZMW'000	ZMW'000
Pertex Investments Limited	Overdraft	**-**	120
Access Bank Kenya	Placements	**-**	386,100
Access Bank Plc	Placements	**308,289**	411,840
Access Bank SA	Placements	**139,482**	437,580
Access Bank Gambia	Placements	**-**	128,700
Access Bank Kenya	Recharges	**898**	-
Access Bank UK	Deposit	**18,238**	-
Access Bank SA	Deposit	**837**	-
		467,744	**1,364,340**

31 Related parties *(continued)*

Amounts due to related parties

		2024	2023
		ZMW'000	ZMW'000
Access Bank Plc	Long term borrowing	**919,514**	772,200
Directors	Deposits	**2,084**	2,528

The sum of $US30,000,000 obtained from parent company (Access Bank Plc) to facilitate the merger between Access Bank Zambia and AtlasMara Zambia. This is an eight year long term unsecured subordinated debt with a five year moratorium. Interest is accrued at the rate of 10% per annum payable semi-annually.

Transactions with related parties:

		2024	2023
		ZMW'000	ZMW'000
Access Bank Kenya	Recharges on staff costs	**898**	1,786
Access Bank Plc	Interest income on placements	**1,939**	2,708
Access Bank SA	Interest income on placements	**232**	3,066
Access Bank Gambia	Interest income on placements	**-**	787
Access Bank Plc	Interest expense on borrowing	**(83,500)**	(5,261)
Access Bank UK	Interest income on placements	**18,238**	-

		2024	2023
(iii)	Director's emoluments		
	Sitting and other allowances	**13,168**	7,931
		13,168	7,931
(vi)	Key management compensation		
	Salaries and other short-term employment	**40,163**	15,208
	Pension contribution	**2,219**	416
		42,382	15,624
(vii)	Loans and advances to Directors and key management personnel		
	At 1 January	**2,152**	2,327
	Advanced during the year	**28,112**	300
	Repaid during the year	**(4,318)**	(475)
	At 31 December	**25,946**	2,152

At 31 December 2024 advances to employees amounted to **ZMW25.95million** (2023: ZMW0.12 million). There have been no impairment provisions on loans given to directors and employees.

Detailed listing of loans and advances to Directors and key management personnel:

		1-Jan-24			31-Dec-24	
	Nature of loan	Opening Amounts	Additions / Disbursements	Repayments / transfers out	Closing amounts	Weighted interest range
		ZMW'000	ZMW'000	ZMW'000	ZMW'000	
Officer 1	Staff mortgage and staff loan	-	3,234	(251)	2,983	12.00%
Officer 2	Staff mortgage and staff loan	-	3,131	(183)	2,948	12.00%
Officer 3	Staff mortgage and staff loan	-	3,971	(425)	3,546	12.00%
Officer 4	Staff mortgage and staff loan	-	5,727	(431)	5,296	12.00%
Officer 5	Staff mortgage and staff loan	-	4,496	(342)	4,154	12.00%
Officer 6	Staff mortgage and staff loan	-	427	67	494	12.00%
Officer 7	Staff mortgage and staff loan	-	1,787	(81)	1,706	12.00%
Officer 8	Staff mortgage and staff loan	-	103	(103)	-	12.00%
Officer 9	Staff mortgage and staff loan	-	935	(130)	805	12.00%
Officer 10	Staff mortgage and staff loan	-	3,402	(258)	3,144	12.00%
Officer 11	Staff mortgage and staff loan	-	899	(29)	870	12.00%
Officer 12	Staff mortgage and staff loan	284	-	(284)	-	12.00%
Officer 13	Staff mortgage and staff loan	1,868	-	(1,868)	-	12.00%
		2,152	28,112	(4,318)	25,946	

32 Subsequent events

There were no significant events after the reporting date which require adjustments of or disclosure in, these financial statements.

33 Impairment charges/(writeback) on financial assets

	2024	2023
	ZMW'000	ZMW'000
Impairments on investment securities (note 15)	**(6,519)**	4,590
Impairments on loans and advances (note 17 (b))	**118,648**	17,287
	112,129	21,877

34 Financial assets and liabilities

Classification of financial assets and financial liabilities

The following table provides a reconciliation between line items in the statement of financial position and categories of financial instruments.

31 December 2024	*Note*	Designated as at FVTPL	Designated as at FVOCI	Amortised cost	Total carrying amount
		ZMW'000	ZMW'000	ZMW'000	ZMW'000
Cash and cash equivalents	*13*	-	-	**3,600,671**	**3,600,671**
Cash balances at Bank of Zambia	*14*	-	-	**4,185,656**	**4,185,656**
Investment in securities at amortised cost	*15*	-	-	**6,726,752**	**6,726,752**
Investment in securities at FVOCI	*15*	-	**781,370**	-	**781,370**
Loans and advances to customers	*17*	-	-	**5,071,211**	**5,071,211**
Investment in unit trust	*16*	**48,278**	-	-	**48,278**
Other assets (excluding prepayments)		-	-	**942,548**	**942,548**
Total financial assets		**48,278**	**781,370**	**20,526,838**	**21,356,486**
Deposits from customers	*25*	-	-	**17,524,403**	**17,524,403**
Lease liability	*20*	-	-	**79,853**	**79,853**
Other liabilities	*27*	-	-	**1,026,002**	**1,026,002**
Borrowings	*28*	-	-	**2,056,756**	**2,056,756**
Total financial liabilities		-	-	**20,687,014**	**20,687,014**

31 December 2023	*Note*	Designated as at FVTPL	Designated as at FVOCI	Amortised cost	Total carrying amount
		ZMW'000	ZMW'000	ZMW'000	ZMW'000
Cash and cash equivalents	*13*	-	-	2,191,216	2,191,216
Cash balances at Bank of Zambia	*14*	-	-	1,211,761	1,211,761
Investment in securities at amortised cost	*15*	-	-	1,862,074	1,862,074
Investment in securities at FVOCI	*15*	-	886,909	-	886,909
Loans and advances to customers	*17*	-	-	1,500,000	1,500,000
Other assets (excluding prepayments)		-	-	80,997	80,997
Total financial assets		-	886,909	6,846,048	7,732,957
Deposits from customers	*25*	-	-	5,720,597	5,720,597
Amounts due to other Banks	*26*	-	-	56,594	56,594
Lease liability	*20*	-	-	27,237	27,237
Other liabilities	*27*	-	-	1,058,194	1,058,194
Borrowings	*28*	-	-	145,311	145,311
Total financial liabilities		-	-	7,007,933	7,007,933

35 Analysis of cash and cash equivalents as shown in the statement of cash flows

For the purposes of the statement of cash flows, cash and cash equivalents comprise balances with less than 90 days maturity from the date of acquisition including: current account balances with Bank of Zambia, amounts due from other banks, cash on hand and money market placements.

Banks are required to maintain a prescribed minimum cash balance with the Bank of Zambia that is not available to finance the Bank's day-to-day activities. The amount is determined as 26% of the average outstanding customer deposits over a cash reserve cycle period of one week. At year end, cash and cash equivalent comprised the following:

	2024	2023
	ZMW'000	ZMW'000
Cash with other banks *(Note 13)*	**3,600,671**	2,191,216
Balances with Bank of Zambia other than mandatory reserves deposits (Note 14)	**1,164,626**	282,196
	4,765,297	2,473,412

36 Fair values 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 determine 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.

(a) Valuation framework

The Bank measure fair value using the fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Inputs that are quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Inputs other than quoted prices included within level 1 that are observable inputs either directly (i.e. as prices) or indirectly (i.e. derived from prices).

This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, discount rates, bond prices and foreign currency exchange rates.

The objective of any valuation technique is to arrive at a fair value measurement that reflects the monies that would be received in selling the asset or paid to transfer the liability in an orderly transaction between market participants at the measurement date.

36 Fair values of Financial instruments *(Continued)*

(a) Valuation framework *(Continued)*

The Bank uses widely recognised valuation models for determining the fair value of common and simple financial instruments, such as bonds, treasury bills, interest rate and currency swaps that use only observable market data and require little management judgement and estimation, Observable prices or model inputs are usually available in the market for listed debt and equity securities and, -over-the-counter derivatives such as interest rate swaps and forward exchange contracts. Availability of observable market prices and model inputs reduces the need for management judgement and estimation and also reduces the uncertainty associated with determining fair values. The availability of observable market prices and inputs varies depending on the products and markets and is prone to changes based on specific events and general conditions in the financial markets.

The Bank has an established control framework with respect to the measure of fair values. The framework includes front, middle and back offices which perform independent functions. The Chief Financial Officer has overall responsibility for verifying the results of the trading and investment and all significant fair value measurements. Some specific controls include:

(i) verification of observable pricing;
(ii) performance of model valuations
(iii) analysis and investigation of significant daily valuation movements; and
(iv) review of significant unobservable inputs, valuation adjustments and significant changes to the fair value measurement of Level 3 instruments compared with the previous month, by a committee of senior management. Significant valuation issues are reported to the Audit Committee.

(b) Financial instruments measured at fair value – fair value hierarchy

The table below analyses financial instruments measured at fair value and analyses them by the level in the fair value hierarchy into which the fair value measurement is categorised

As at 31 December 2024

	Note	Level 1	Level 2	Level 3	Fair Value	Carrying amount
Assets		**ZMW'000**	**ZMW'000**	**ZMW'000**	**ZMW'000**	**ZMW'000**
Investment in unit trust	*16*	-	**48,278**	-	**48,278**	**48,278**
Investment in securities at FVOCI	*15*	-	**781,370**	-	**781,370**	**781,370**

As at 31 December 2023

	Note	Level 1	Level 2	Level 3	Fair Value	Carrying amount
Assets		**ZMW'000**	**ZMW'000**	**ZMW'000**	**ZMW'000**	**ZMW'000**
Investment in securities at FVOCI	*15*	-	886,909	-	886,909	886,909

36 Fair values of financial instruments *(continued)*

(c) Financial instruments not measured at fair value – fair value hierarchy.

The table below analyses financial instruments not measured at fair value and analyses them by the level in the fair value hierarchy into which the fair value measurement is categorised.

At 31 December 2024

	Note	**Level 1**	**Level 2**	**Level 3**	**Fair Value**	**Carrying amount**
Assets		**ZMW'000**	**ZMW'000**	**ZMW'000**	**ZMW'000**	**ZMW'000**
Cash and cash equivalents	*13*	-	-	**3,600,671**	**3,600,671**	**3,600,671**
Cash balances at Bank of Zambia	*14*	-	-	**4,185,656**	**4,185,656**	**4,185,656**
Investment securities	*15*	-	-	**6,726,752**	**6,726,752**	**6,726,752**
Loans and advances to customers	*17*	-	-	**5,071,211**	**5,071,211**	**5,071,211**
Other Assets		-	-	**942,548**	**942,548**	**942,548**
Liabilities						
Customer deposits	*25*	-	-	**17,524,403**	**17,524,403**	**17,524,403**
Borrowings	*28*	-	-	**2,056,756**	**2,056,756**	**2,056,756**
Lease liabilities	*20*	-	-	**79,853**	**79,853**	**79,853**
Other Liabilities	*27*	-	-	**1,026,002**	**1,026,002**	**1,026,002**

At 31 December 2023

	Note	Level 1	Level 2	Level 3	Fair Value	Carrying amount
Assets		ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Cash and cash equivalents	*13*	-	-	2,191,216	2,191,216	2,191,216
Cash balances at Bank of Zambia	*14*	-	-	1,211,761	1,211,761	1,211,761
Investment securities	*15*	-	-	1,862,074	1,862,074	1,862,074
Loans and advances to customers	*17*	-	-	1,500,000	1,500,000	1,500,000
Other Assets		-	-	80,997	80,997	80,997
Liabilities						
Customer deposits	*25*	-	-	5,720,597	5,720,597	5,720,597
Amounts due to other Banks	*26*		-	56,594	56,594	56,594
Borrowings	*25*	-	-	145,311	145,311	145,311
Lease liabilities	*20*	-	-	27,237	27,237	27,237
Other Liabilities	*28*	-	-	1,058,194	1,058,194	1,058,194

37 Financial risk management

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

Introduction and overview

The Bank has exposure to the following risks from financial instruments:
- credit risk,
- liquidity risk,
- market risks, and
- operational risks.

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

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Bank's risk management framework. The board of directors has established the Bank Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring the Bank's risk management policies.

The Bank's risk management policies are established to identify and analyse the risks faced by the Bank, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Bank's activities. The Bank, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Bank Audit Committee oversees how management monitors compliance with the Bank's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Bank. The Bank Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Bank Audit Committee.

Access Bank's risk culture statement

At Access Bank, a moderate risk appetite is embraced, whilst delivering strategic objectives. The bank anticipates the risks in the activities. The bank rewards behaviour that aligns with the core values, controls and regulations. Challenges are discussed in an open environment of partnership and shared responsibility.

Access Bank's Risk management philosophy and culture remain fundamental to the delivery of the strategic objectives. Risk management is at the core of the operating structure of the Bank . The bank seeks to limit adverse variations in earnings and capital by managing risk exposures within moderate risk appetite. The banks' risk management approach includes minimizing undue concentrations of exposure, limiting potential losses from stress events and the prudent management of liquidity.

In line with the Bank's core value of excellence, the Bank 's risk management is continuously evolving and improving, given that there can be no assurance that all market developments, in particular those of extreme nature, can be fully anticipated at all times. Hence, executive management has remained closely involved with important risk management initiatives, which have focused particularly on preserving appropriate levels of liquidity and capital, as well as managing the risk portfolios.

37 Financial risk management *(continued)*

Access Bank's risk culture statement *(continued)*

Risk management is fundamental to the Bank's decision-making and management process. It is embedded in the role of all employees via the organizational culture, thus enhancing the quality of strategic, capital allocation and day-to-day business decisions.

Access Bank considers risk management philosophy and culture as the set of shared beliefs, values, attitudes and practices that characterize how the Bank considers risk in everything it does, from strategy development and implementation to its day-to-day activities. In this regard, the Bank's risk management philosophy is that a moderate and guarded risk attitude ensures sustainable growth in shareholder value and reputation.

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
- Stewardship is enhanced

a) 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 Risk Management department. It is their responsibility to review and manage credit risk, including environmental and social risk for all types of counterparties. Credit Risk consists of line credit risk managers who are responsible for their businesslines and manage specific portfolios and experts who support the Head of Credit Risk Management and the Chief Risk Officer, 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.

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. Letters of credit and guarantees (including standby letters of credit) commit the Bank to make payments on behalf of customers in the event of a specific act, generally related to the import or export of goods. Such commitments expose the Bank to similar risks to loans and are mitigated by the same control processes and policies.

37 Financial Risk Management *(continued)*

a) Credit risk *(continued)*

Impairment assessment

(i) Definition of default and cure

Retail customers

3 months out of default status reclassified from Stage 3 to Stage 2
6 months out of default status reclassified from Stage 2 to Stage 1

Agriculture, Corporate and SME customers

6 months out of default status reclassified from Stage 3 to Stage 2
12 months out of default status reclassified from Stage 2 to Stage 1

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

Internal rating

The Bank's Credit Risk Department operates its internal rating scale. The scale incorporates both qualitative and quantitative information and, in addition to information specific to the borrower, utilise supplemental 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 below:

Rating	Internal risk category	Internal rating description	Stage 1	Stage 2	Stage 3
1	Performing	No arrears	√		
2	Standard	No arrears	√		
3	Satisfactory risk	Arrears over 1 day but less than 29 days	√		
4	Watch risk	Arrears over 30 days but less than 59 days		√	
5	Unacceptable risk	Arrears over 60 days but less than 89 days		√	
	Non-performing				
50	Sub-standard	Arrears over 90 days but less than 119 days			√
51	Doubtful	Arrears over 120 days but less than 179 days			√
52	Loss	Arrears over 180 days			√

PD estimation process

The Bank generates probabilities of default using the migration matrix. 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 scenarios as appropriate.

37 Financial risk management *(continued)*

a) *Credit risk* *(continued)*

Impairment assessment *(continued)*

(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 to 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).

Further recent data and forward-looking economic scenarios are used in order to determine the IFRS 9 LGD rate for each band 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.

Due to the uncertainty posed by the Covid 19 Pandemic, management continues to assess the full impact of the pandemic on LGDs based on the available information.

For sovereign debt relating to the Government of the Republic of Zambia, Nigeria and Ghana Eurobonds the Bank has relied on estimates of LGDs on sovereign debt from reputable independent third parties such as Basel Committee, Moody's and Standard & Poors.

(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 12mECL 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 recognition of the potential impact of the pandemic on credit impairments, the ECL models were recalibrated. The following specific measures were taken and are noteworthy:

37 Financial risk management *(continued)*

a) Credit risk *(continued)*

Impairment assessment *(continued)*

(v) Significant Increase in Credit Risk (SICR) *(continued)*

- Application of stressors to PDs - this was done for clients on the restructured list as well as those who, despite not being restructured, were deemed by Management to be at risk.
- All the PDs were modified for restructured borrowers, while the obligors were maintained in stage 1 as there was no actual default on credit obligations, except the temporary liquidity challenges occasioned by COVID-19 which both the Bank and the client projected.
- Adjustments to the ECL model were also made to capture moratorium periods and different restructure types which affected the EAD amortization.

The Bank remains cognisant of the potential SICR on some borrowers on the portfolio and will continue to closely monitor the situation at a counterparty level to proactively identify and respond to any signs of financial distress. It is also important to note that the sectoral and client- by-client approach taken by the Bank (as opposed to wholesale modification of PDs) was in recognition of the fact that vulnerability levels for each sector are different, and the same is true for clients within the same sector.

Significant increase in credit risk for Sovereign debt is assessed when the contractual payments are 30 days or more past due. Additional consideration for assessment of SICR for Sovereign debt considers the country risk rating and debt default.

The SICR indicator is determined by comparing the movement in credit rating at origination date and credit rating at the reporting date. Notch movements give an indicator of the number of downgrades required in order for the asset to be considered to have a significant change in the credit rating. Therefore, highly rated assets for example those in the AAA category would need to move down three notches to AA- (or below) for it to be considered a significant increase in credit risk whereas an asset rated B- would only need to move down one notch. SICR is determined based on the credit rating at origination date and at reporting date as well as the notch movements.

(vi) Assessment of impairment

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

- Retail
- Corporate

Since the beginning of the year, as the Bank has reassessed the key economic indicators used in its ECL models, the expected GDP growth rate over the next few years has been used.

37 Financial risk management *(continued)*

a) Credit risk *(continued)*

(i) Credit risk measurement

Loans and advances

In measuring the credit risk of loans and advances to customers and to banks at a counterparty level, the Bank's reflects three Components (i) the 'probability of default' by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Bank derive the 'exposure at default; and (iii) the likely recovery ratio on the defaulted obligations (the 'loss given default').

These credit risk measurements, which reflect expected loss (the 'expected loss model') required by the Basel Committee on Banking Regulations and the Supervisory Practices (the Basel Committee), are embedded in the Bank's daily operational management. The operational measurements can be contrasted with impairment allowances required under IAS 39, which are based on losses that have been incurred at the reporting date (the 'incurred loss model') rather than expected losses used in IFRS9.

- The Bank assesses the probability of default of individual counterparties using an internal grading system tailored to the various categories of counterparty. The grading system has been developed internally and relies on credit officers' judgment. Clients of the Bank are segmented into various grading classes.
- Exposure at default is based on the amounts the Bank expects to be owed at the time of default. For example, for a loan this is the face value. For commitments, the Bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.
- Loss given default or loss severity represents the Bank's expectation of the extent of loss on a claim should default occur. It is expressed as a percentage loss per unit of exposure and typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit mitigation.

(ii) Risk limit control and mitigation policies

The Bank manages, limits and controls concentrations of credit risk wherever they are identified - in particular, to individual counterparties and Banks, and to industries.

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or s of borrowers, and to geographical and industry segments. Such risks are monitored on a revolving basis and subject to an annual or more frequent review, when considered necessary. Limits on the level of credit risk by product and by industry sector are approved quarterly by the Board of Directors.

The exposure to any one borrower including banks and brokers is further restricted by sub- limits covering on- and off-balance sheet exposures, and daily delivery risk limits in relation to trading items. Actual exposures against limits are monitored daily. Exposure to credit risk is also managed through regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations and by changing these lending limits where appropriate.

37 Financial risk management *(continued)*

a) Credit risk *(continued)*

(ii) **Risk limit control and mitigation policies** *(continued)*

Some specific control and mitigation measures are outlined below:

a) Collateral

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgages over residential properties; charges over business assets such as premises, and other assets such as inventory and accounts receivable; and
- Charges over financial instruments such as debt securities.

In addition, in order to minimize the credit loss, the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances.

Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument. Debt securities, treasury and other eligible bills are generally unsecured, with the exception of asset-backed securities and similar instruments, which are secured by portfolios of financial instruments.

The Bank obtained assets by taking possession of collateral held as security during the year amounting to **K74.67 million** (2023:K23.7million). Repossessed properties are sold as soon as practicable, with the proceeds used to reduce the outstanding indebtedness.

Collateral held and other credit enhancements

Type of credit exposure

The Bank holds collateral and other credit enhancements against certain of its credit exposures. The table below sets out the principal types of collateral held against different types of financial assets.

Type of credit exposure as at 31 December 2024	**ZMW'000**	**% of exposure subject to collateral**	**Principal type of collateral held**
Loans and advances to retail customers			
Mortgage lending	**162,623**	100	Residential property
Personal loans	**1,312,581**	-	Salary backed loans
Loans and advances to corporate customers			
Others	**4,063,092**	84	Landed property, guarantees, cash security, motor vehicles and
Type of credit exposure as at 31 December 2023	ZMW'000		
Loans and advances to retail customers			
Mortgage lending	-	100	Residential property
Personal loans	185,515	-	Salary backed loans
Loans and advances to corporate customers			
Others	1,314,485	52	Landed property, guarantees, cash security, motor vehicles and government securities

37 Financial risk management *(continued)*

a) Credit risk *(continued)*

(ii) **Risk limit control and mitigation policies** *(continued)*

b) *Credit-related commitments*

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit which are written undertakings by the Bank on behalf of a customer authorising a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions are collateralised by the underlying shipment of goods to which they relate and therefore carry less risk than a direct loan.

Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to loss of an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The Bank monitors the term to maturity of credit commitments because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

(iii) Impairment and provisioning policies

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for homogeneous assets in respect of losses that have been incurred but have not been identified on loans subject to individual assessment for impairment.

The Bank writes off a loan balance (and any related allowances for impairment losses) when the Bank Credit Committee determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balances and standardised loans, charge off decisions generally are based on a product specific past due status.

The Bank holds collateral against loans and advances to customers in the form of mortgage interest over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing, and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to Banks, except where securities are held as part of reverse repurchase and securities borrowing activity. Collateral usually is not held against investment securities, and no such collateral was held at 31 December 2023.

The Bank's policy requires the review of individual financial assets at least annually or more regularly when individual circumstances require. Impairment allowances on individually assessed accounts are determined by an evaluation of the incurred loss at reporting date on a case-by-case basis and are applied to all individually significant accounts. The assessment normally encompasses collateral held (including re- confirmation of its enforceability) and the anticipated receipts for that individual account.

37 Financial risk management *(continued)*

a) Credit risk *(continued)*

(iii) Impairment and provisioning policies (continued)

Collectively assessed impairment allowances are provided for (i) portfolio of homogenous assets that are individually below materiality thresholds; and (ii) losses that have been incurred but have not yet been identified, by using the available historical experience, judgment, and statistical techniques.

(iv) Maximum exposure to credit risk before collateral or other credit enhancements

Credit risk exposures relating to on-balance sheet assets are as follows:

At 31 December 2024	**Maximum exposure Consumer ZMW'000**	**Wholesale ZMW'000**	**Others ZMW'000**
Retail	**1,152,124**	**-**	**-**
Corporate	**-**	**3,919,087**	**-**
Total loans and advances to customers (note 17)	**1,152,124**	**3,919,087**	**-**
Cash and cash equivalents	**-**	**-**	**1,636,777**
Cash balance at Bank of Zambia (note 14)	**-**	**-**	**4,185,656**
Investment securities (note 15)	**-**	**-**	**7,508,122**
Other assets (note 23)	**-**	**-**	**942,548**

At 31 December 2023	**Maximum exposure Consumer ZMW'000**	**Wholesale ZMW'000**	**Others ZMW'000**
Retail	950,000	-	-
Corporate	-	550,000	-
Total loans and advances to customers (note 17)	950,000	550,000	-
Cash and cash equivalents	-	-	1,904,441
Cash balance at Bank of Zambia (note 14)	-	-	1,211,761
Investment securities (note 15)	-	-	2,748,983
Other assets (note 23)	-	-	112,880

Credit risk exposures relating to off-balance sheet assets are as follows:

	Maximum exposure 2024 ZMW'000
Performance bonds and financial guarantees (note 30)	**259,832**
Contingent letters of credit and acceptances (note 30)	**65,233**
	325,065

The above table represents a worst-case scenario of credit risk exposure to the at 31 December 2024, without taking account of any collateral held or credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on gross carrying amounts.

Management is confident of its ability to continue to control and sustain minimal exposure of credit risk to the resulting from both its loans and advances portfolio and investment securities based on strict adherence to the existing risk management policies and procedures.

37 Financial risk management *(continued)*

a) Credit risk *(continued)*

(v) Concentration of credit risk

The Bank monitors concentrations of credit risk by sector and an analysis of concentration of credit risk from loans and advances and investment securities at the reporting date is shown below:

	Note	Loans and advances to customers	Cash and cash equivalents	Investment securities	Other assets	Total
		2024	**2024**	**2024**	**2024**	**2024**
		ZMW'000	**ZMW'000**	**ZMW'000**	**ZMW'000**	**ZMW'000**
Financial institutions		**467,085**	**1,636,777**	**7,508,122**	**-**	**9,611,984**
Wholesale/retail		**5,071,211**	**-**	**-**	**942,548**	**6,013,759**
Carrying amount		**5,538,296**	**1,636,777**	**7,508,122**	**942,548**	**15,625,743**
		2023	2023	2023	2023	2023
	Note	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Financial institutions		117,733	1,904,441	2,748,983	-	4,771,157
Wholesale/retail		1,416,938	-	-	112,880	1,529,818
Carrying amount		1,534,671	1,904,441	2,748,983	112,880	6,300,975

Concentration by location

At 31 December 2024	**Loans and advances to customers**	**Cash and cash equivalents**	**Investment securities**	**Other assets**	**Total**
	ZMW'000	**ZMW'000**	**ZMW'000**	**ZMW'000**	**ZMW'000**
Zambia	**5,538,296**	**1,636,777**	**7,508,122**	**942,548**	**15,625,743**
Carrying amount	**5,538,296**	**1,636,777**	**7,508,122**	**942,548**	**15,625,743**

At 31 December 2023	Loans and advances to customers	Cash and cash equivalents	Investment securities	Other assets	Total
	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Zambia	1,534,671	1,904,441	2,748,983	112,880	6,300,975
Carrying amount	1,534,671	1,904,441	2,748,983	112,880	6,300,975

37 Financial risk management *(continued)*

a) Credit risk *(continued)*

(v) Concentration of credit risk

Concentration by sector

The Bank monitors concentrations of credit risk by sector and an analysis of concentration of credit risk from loans and advances and investment securities at the reporting date is shown below:

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

	Financials ZMW'000	Manufac-turing ZMW'000	Transport & communication ZMW'000	Wholesale and retail trade ZMW'000	Agricul-ture ZMW'000	Other industries ZMW'000	Individuals ZMW'000	Total ZMW'000
2024								
Cash and cash equivalents	1,636,777	-	-	-	-	-	-	1,636,777
Cash balances at Bank of Zambia	4,185,656	-	-	-	-	-	-	4,185,656
Loans and advances	263,922	290,804	479,826	145,402	399,855	2,253,731	1,237,671	5,071,211
Investment securities:								
-Amortised cost	6,726,752	-	-	-	-	-	-	6,726,752
-Fair value	781,370	-	-	-	-	-	-	781,370
31 Dec 2024	13,594,477	290,804	479,826	145,402	399,855	2,253,731	1,237,671	18,401,766
% of Total	74%	2%	3%	1%	2%	12%	7%	100%

	Financials ZMW'000	Manufac-turing ZMW'000	Transport & communication ZMW'000	Wholesale and retail trade ZMW'000	Agricul-ture ZMW'000	Other industries ZMW'000	Individuals ZMW'000	Total ZMW'000
2023								
Cash and cash equivalents	1,904,441	-	-	-	-	-	-	1,904,441
Cash balances at Bank of Zambia	1,211,761	-	-	-	-	-	-	1,211,761
Loans and advances to customers	63,839	167,650	390,294	99,395	70,692	505,520	202,610	1,500,000
Investment securities:								
-Amortised cost	1,862,074	-	-	-	-	-	-	1,862,074
-Fair value	886,909	-	-	-	-	-	-	886,909
31 Dec 2023	5,929,024	167,650	390,294	99,395	70,692	505,520	202,610	7,365,185
% of Total	81%	2%	5%	1%	1%	7%	3%	100%

37 Financial risk management *(continued)*

a) Credit risk *(continued)*

(vii) Credit quality analysis *(continued)*

Bank	**Loans and advances to customers**		**Total**	
	2024	2023	**2024**	2023
	ZMW'000	ZMW'000	**ZMW'000**	**ZMW'000**
Gross amount	**5,538,296**	1,534,671	**5,538,296**	1,534,671
Risk rating – A	-		-	-
Risk rating – B	**1,581**	180,190	**1,581**	180,190
Risk rating – B +	**98,595**	270,930	**98,595**	270,930
Risk rating – B -	**273,115**	959,753	**273,115**	959,753
Risk rating – C +	**138,443**	-	**138,443**	-
Risk rating – C	**29,931**	107	**29,931**	107
Risk rating – C -	**197,952**	89,932	**197,952**	89,932
Risk rating – D +	**338,583**	-	**338,583**	-
Risk rating – D	**291,227**	33,759	**291,227**	33,759
Risk rating – D -	**134,492**	-	**134,492**	-
Risk rating – E +	**8,123**	-	**8,123**	-
Risk rating – E	**5,298**	-	**5,298**	-
Risk rating – E -	**1,227**	-	**1,227**	-
Risk rating – F +	**1,579,840**	-	**1,579,840**	-
Risk rating – F	**73,568**	-	**73,568**	-
Risk rating – F -	**467,085**	-	**467,085**	-
Risk rating – G	**398,324**	-	**398,324**	-
Risk rating – Unrated	**1,500,912**	-	**1,500,912**	-
Individually impaired:				
Wholesale loans	**467,085**	34,671	**467,085**	34,671
Risk rating – A	-	1	-	1
Risk rating – B	**1,581**	-	**1,581**	-
Risk rating – C +	**10,971**	15	**10,971**	15
Risk rating – C	-	2	-	2
Risk rating – C -	**24,481**	16	**24,481**	16
Risk rating – D+	**1,205**	2,234	**1,205**	2,234
Risk rating – D	**3,264**	546	**3,264**	546
Risk rating – D -	**233**	201	**233**	201
Risk rating – E+	**49**	241	**49**	241
Risk rating – E	**936**	805	**936**	805
Risk rating – E -	**1,027**	1,235	**1,027**	1,235
Risk rating – B -	-	-	-	-
Risk rating – D -	-	-	-	-
Risk rating – F	**11,920**	5,776	**11,920**	5,776
Risk rating – F+		-	-	-
Risk rating – G	**69,899**	7,198	**69,899**	7,198
Risk rating – UG	-	-	-	-
Risk rating – Unrated	**4,530**	5,162	**4,530**	5,162
Allowance for impairments	**336,989**	11,239	**336,989**	11,239

37 Financial risk management *(continued)*

(a) Credit risk *(continued)*

(vii) Credit quality analysis *(continued)*

Credit ratings

Internal credit ratings, which are reviewed periodically, are used to assess the credit quality and credit risks of the facilities. Those facilities with a credit rating of between A to C are regarded as good quality facilities and therefore, have lower PDs. Those rated between D to E are considered as satisfactory quality facilities and have PDs higher than those rated between A to C. Those rated as F to G are considered as high risk facilities and have higher PDs than those rated between A to E.

Write off policy

The Bank has a policy to write off impaired loans and advances in the event that either one or all of the following conditions apply:

- Continued contact with the customer is impossible;
- Recovery cost is expected to be higher than the outstanding debt;
- Amount realized from realization of credit collateral security leaves a balance of the debt; and
- It is reasonably determined that no further recovery on the facility is possible.

All credit write offs require written endorsement at appropriate levels as set by the Bank.

Loans and advances re-negotiated

Restructuring activities include extended payment arrangements, approved external management plans, modification and deferral of payment. Following restructuring, a previously overdue customer account is reset to a normal status and managed together with other similar accounts. Restructuring policies and practices are based on indicators or criteria, which, in the judgment of management, indicates that payment will most likely continue. These policies are kept under continuous review. Restructuring is most commonly applied to term loans, in particular customer finance loans. At the reporting date, some loans and advances had been restructured.

(b) Liquidity risk

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

Liquidity is monitored on a daily basis by the Bank's Treasury Department in consultation with the Chief Financial Officer and the Managing Director and controlled as far as possible by ensuring that mismatches between maturing deposit liabilities and investments of these funds are kept to a minimum.

Any unforeseen mismatches that arise may result in the Bank borrowing on the interbank market either on a clean basis or with collateral for a short period.

37 Financial risk management *(continued)*

b) Liquidity risk *(continued)*

The table below presents the undiscounted cash flows payable by the Bank under financial liabilities by the remaining contractual maturities at the reporting date and from financial assets by expected maturity dates.

At 31 December 2024	*Note*	Up to 1 month ZMW'000	1- 3 months ZMW'000	3-12 months ZMW'000	1 - 5 years ZMW'000	Over 5 Years ZMW'000	Total Amount ZMW'000	Carrying Amount ZMW'000
Liabilities								
Deposits from customers	*25*	4,581,072	1,002,911	4,425,778	7,722,894	-	17,732,655	17,524,403
Borrowings	*28*	-	50,728	520,286	1,425,934	981,340	2,978,288	2,056,756
Lease liability		-	-	20,667	75,068	553	96,288	79,853
Other liabilities	*27*	107,202	107,229	811,571	-	-	1,026,002	1,026,002
Total financial liabilities		4,688,274	1,160,868	5,778,302	9,223,896	981,893	21,833,233	20,687,014
Off balance sheet items								
Loan commitments and other credit related obligations	*30*	3,643	-	321,422	-	-	325,065	325,065
Assets								
Cash and cash equivalents	*13*	3,433,671	167,000	-	-	-	3,600,671	3,600,671
Cash balances at Bank of Zambia	*14*	1,066,099	239,543	1,057,085	1,822,929	-	4,185,656	4,185,656
Investment in securities	*15*	279,327	296,188	2,030,066	3,996,874	2,775,166	9,377,621	7,508,122
Investment in unit trust	*16*	48,278	-	-	-	-	48,278	48,278
Loans and advances to customers	*17*	695,604	184,238	1,285,904	3,457,170	727,085	6,350,001	5,071,211
Other assets	*23*	4,132	151,605	543,791	243,020	-	942,548	942,548
Total financial assets		5,527,111	1,038,574	4,916,846	9,519,993	3,502,251	24,504,775	21,356,486
Liquidity gap		835,194	(122,294)	(1,182,878)	296,097	2,520,358	2,346,477	344,407

37 Financial risk management *(continued)*

b) Liquidity risk *(continued)*

The table below presents the undiscounted cash flows payable by the Bank under financial liabilities by the remaining contractual maturities at the reporting date and from financial assets by expected maturity dates.

At 31 December 2023	*Note*	**Up to 1 month ZMW'000**	**1- 3 months ZMW'000**	**3-12 months ZMW'000**	**1 - 5 years ZMW'000**	**Over 5 Years ZMW'000**	**Total Amount ZMW'000**	**Carrying Amount ZMW'000**
Liabilities								
Deposits from customers	*25*	2,140,525	825,198	1,530,385	1,268,133	-	5,764,241	5,720,597
Borrowings	*28*	-	-	-	145,311	-	145,311	145,311
Amounts due to other Banks	*26*	55,066	-	-	-	-	55,066	56,594
Lease liability	*20*	-	-	175	27,062		27,237	27,237
Other liabilities	*27*	39,117	68,071	8,519	942,487	-	1,058,194	1,058,194
Total financial liabilities		2,234,708	893,269	1,539,079	2,382,993	-	7,050,049	7,007,933
Off balance sheet items								
Loan commitments and other credit related obligations	*30*	5,539	-	217,711	-	-	223,250	223,250
Assets								
Cash and cash equivalents	*13*	2,191,216	-	-	-	-	2,191,216	2,191,216
Cash balances at Bank of Zambia	*14*	282,196	-	-	929,565	-	1,211,761	1,211,761
Investment in securities at amortised cost	*15*	150,000	262,888	1,386,000	327,413	-	2,126,301	1,862,074
Investment in securities at FVOCI	*15*	-	60,819	98,302	980,937	-	1,140,058	886,909
Other assets	*23*	138	-	46,349	34,510	-	80,997	80,997
Loans and advances to customers	*17*	301,437	7,354	393,964	797,245	-	1,500,000	1,500,000
Total financial assets		2,924,987	331,061	1,924,615	3,069,670	-	8,250,333	7,732,957
Liquidity gap		684,740	(562,208)	167,825	686,677	-	977,034	501,774

37 Financial risk management *(continued)*

c) Currency 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.

Maximum exposure to currency risk is as follows:

At 31 December 2024	Note	USD ZMW'000	GBP ZMW'000	EUR ZMW'000	Other ZMW'000	ZMW ZMW'000	Total ZMW'000
Assets							
Cash and cash equivalents	13	3,049,623	8,554	35,274	133,794	373,426	3,600,671
Cash balances at Bank of Zambia	14	1,158,759	-	-	-	3,026,897	4,185,656
Investment in securities at FVOCI	15	-	-	-	-	781,370	781,370
Investment in securities at amortised cost	15	419,935	-	-	-	6,306,817	6,726,752
Investment in unit trust	16	17,434	-	-	-	30,844	48,278
Loans and advances to customers	17	968,409	-	39	-	4,102,763	5,071,211
Other assets	23	23,233	-	-	-	919,315	942,548
Total assets		5,637,393	8,554	35,313	133,794	15,541,432	21,356,486
Liabilities							
Customer deposits	25	4,125,066	29,299	93,028	3,579	13,273,431	17,524,403
Borrowings	28	1,654,090	-	-	-	402,666	2,056,756
Lease liability		19,927	-	-	-	59,926	79,853
Other liabilities	27	20,264	-	-	-	1,005,738	1,026,002
Total liabilities		5,819,347	29,299	93,028	3,579	14,741,761	20,687,014
Net on-balance sheet position		(181,954)	(20,745)	(57,715)	130,215	799,671	669,472
Net off-balance sheet position		-	-	-	-	325,065	325,065
Overall open position		(181,954)	(20,745)	(57,715)	130,215	1,124,736	994,537

The Bank had a USD net open position of (ZMW181.95 million) as at 31 December 2024. This position exposes the bank to gains or losses due to possible variations in exchange rate. The table below shows the impact on profitability and capital if the exchange rate was to move +/-5%, +/- 10%.

	-10%	-5%	10%	5%
(Loss)/ gain	(99,454)	(49,727)	99,454	49,727

37 Financial risk management *(continued)*

c) Currency risk *(continued)*

At 31 December 2023	Note	USD ZMW'000	GBP ZMW'000	EUR ZMW'000	Other ZMW'000	ZMW ZMW'000	Total ZMW'000
Assets							
Cash and cash equivalents	13	2,013,352	41,194	10,696	5,678	120,296	2,191,216
Cash balances at Bank of Zambia		306,715	-	-	551,046	354,000	1,211,761
Investment in securities at FVOCI		-	-	-	-	886,909	886,909
Investment in securities at amortised cost		253,366	-	-	-	1,608,708	1,862,074
Loans and advances to customers	17	158,273	-	-	-	1,341,727	1,500,000
Other assets	23	23,125	3	-	1	57,868	80,997
Total assets		2,754,831	41,197	10,696	556,725	4,369,508	7,732,957
Liabilities							
Customer deposits	25	1,688,521	41,010	5,676	4,212	3,981,178	5,720,597
Borrowings	28	-	-	-	-	145,311	145,311
Amounts due to other Banks	26	-	-	-	-	56,594	56,594
Lease liability		-	-	-	-	27,237	27,237
Other liabilities	27	1,055,584	137	2,403	70	-	1,058,194
Total liabilities		2,744,105	41,147	8,079	4,282	4,210,320	7,007,933
Net on-balance sheet position		10,726	50	2,617	552,443	159,188	725,024
Overall open position		10,726	50	2,617	552,443	159,188	725,024

The Bank had a USD net open position of ZMW 10.73 million as at 31 December 2023. This position exposes the bank to gains or losses due to possible variations in exchange rate. The table below shows the impact on profitability and capital if the exchange rate was to move +/-5%, +/- 10%.

	-10%	**-5%**	**10%**	**5%**
(Loss)/ gain	(72,502)	(36,251)	72,502	36,251

37 Financial risk management *(continued)*

d) Market risk

Market risk is the risk that changes in market prices – e.g. 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 and the Bank's income or the value of its holdings of financial instruments. The objective of the and the Bank's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the and the Bank's solvency while optimising the return on risk.

The Bank take 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 review the foreign exchange buying and selling rates on an ongoing basis and a decision is made as to whether to hold long or short positions, within the limits stipulated by Bank of Zambia.

The Bank's Assets and Liabilities Committee (ALCO) monitors the interest rates on a monthly 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.

Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Bank takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest ratemargins may increase as a result of such changes but may reduce losses in the event that unexpected movements arise. The Board sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily by the Treasury Department.

The table below summarises the Bank's exposure to interest rate risks. Included in the table are the Bank's assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Interest rates benchmark reforms

A fundamental reform of major interest rate benchmarks is being undertaken globally, replacing some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform'). The Bank and Group has no significant exposure to any IBORs on its financial instruments that are being reformed as part of these market-wide initiatives.

37 Financial risk management *(continued)*

d) Market risk *(continued)*

Interest rate risk *(continued)*

	31 December 2024				31 December 2023			
	Total	**Zero rate instruments**	**Floating rate instruments**	**Fixed rate instruments**	Total	Zero rate instruments	Floating rate instruments	Fixed rate instruments
Assets	**ZMW'000**	**ZMW'000**	**ZMW'000**	**ZMW'000**	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Cash on hand and at bank	**3,600,671**	**3,600,671**	**-**	**-**	2,191,216	2,191,216	-	-
Cash balances at Bank of Zambia	**4,185,656**	**4,185,656**	**-**	**-**	1,211,761	1,211,761	-	-
Investment in securities at FVOCI	**781,370**	**-**	**-**	**781,370**	886,909	-	-	886,909
Investment in securities at amortised cost	**6,726,752**	**-**	**-**	**6,726,752**	1,862,074	-	-	1,862,074
Investment in unit trust	**48,278**	**-**	**48,278**	**-**	-	-	-	-
Other assets	**942,548**	**942,548**	**-**	**-**	80,997	80,997	-	-
Loans and advances to customers	**5,071,211**	**-**	**5,071,211**	**-**	1,500,000	-	1,500,000	-
Total assets	**21,356,486**	**8,728,875**	**5,119,489**	**7,508,122**	7,732,957	3,483,974	1,500,000	2,748,983
Liabilities								
Other liabilities	**1,026,002**	**1,026,002**	**-**	**-**	1,058,194	1,058,194	-	-
Borrowings	**2,056,756**	**-**	**734,576**	**1,322,180**	145,311	-	145,311	-
Lease liability	**79,853**	**-**	**-**	**79,853**		27,237	-	-
Customer deposits	**17,524,403**	**9,660,361**	**-**	**7,864,042**	5,720,597	5,720,597	-	-
Total liabilities	**20,687,014**	**10,686,363**	**734,576**	**9,266,075**	6,924,102	6,806,028	145,311	-
Interest rate gap position	**669,472**	**(1,957,488)**	**4,384,913**	**(1,757,953)**	808,855	(3,322,054)	1,354,689	2,748,983

The following is an analysis of the Bank's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial position.

	31 December 2024				31 December 2023			
Assets	**Impact of increase in interest rates by 1%**	**Impact of decrease in interest rates by 1%**	**Impact of increase in interest rates by 0.5%**	**Impact of decrease in interest rates by 0.5%**	Impact of increase in interest rates by 1%	Impact of decrease in interest rates by 1%	Impact of increase in interest rates by 0.5%	Impact of decrease in interest rates by 0.5%
Floating Rate Instruments	**43,849**	**(43,849)**	**21,925**	**(21,925)**	13,547	(13,547)	6,773	(6,773)
Fixed rate Instruments	**(17,580)**	**17,580**	**(8,790)**	**8,790**	27,490	(27,490)	13,745	(13,745)

37 Financial risk management *(continued)*

e) Capital risk 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:

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

b. 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

c. To maintain a strong capital base to support the development of its business.

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, Bank of Zambia requires banks to:

- Maintain a minimum 10% ratio of total capital to total risk-weighted assets or hold a minimum K520
- Maintain primary or Tier 1 capital of not less than 5% of total risk weighted assets; and
- Maintain total capital of not less than 10% of risk-weighted assets plus risk-weighted off-balance sheet items.
- There has been no material changes in the Bank's management of capital during the year. The minimum capital for the Bank is the higher of 10% of the Risk Weighted Assets as computed or K520 million.
- The Bank endeavored to comply with all externally imposed capital requirements during the year 2022 as demonstrated through submission to the Bank of Zambia the Internal Capital Adequacy Assessment process (ICAAP), which shows the preliminary assessment of the level of capital required to absorb the shocks inherent in the business.

The Bank's regulatory capital is analysed into two tiers:

a. Primary (Tier I) capital, which includes paid-up common shares, retained earnings, statutory reserves

b. Secondary (Tier II) 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.

37 Financial risk management *(continued)*

e) Capital risk management (continued)

The Bank's regulatory capital is analysed into two tiers:

Computation of capital position			2024 ZMW'000	2023 ZMW'000
I		**Primary (Tier 1) Capital**		
	(a)	Paid-up common shares	183,189	183,189
	(b)	Eligible preferred shares	577,158	256,358
	(c)	Contributed surplus	344,239	344,239
	(d)	Retained earnings	915,877	89,313
	(e)	Credit risk reserve	-	-
	(f)	Statutory reserves	183,189	111,023
	(g)	**Sub-total A (items a to e)**	2,203,652	984,122
	(h)	**Subtractions**		
	(i)	Goodwill and other intangible assets	(308,464)	(35,217)
	(j)	Investment in other subsidiaries	-	-
	(k)	Assets of little or no realizable value	(97,678)	-
	(l)	**Total primary capital**	(406,142)	(35,217)
II		**Secondary (tier 2) capital**		
	(a)	Eligible subordinated term debt	1,288,968	-
	(b)	**Total secondary capital**	1,288,968	-
III		**Eligible secondary capital**	1,288,968	-
		(The maximum amount of secondary capital is limited to 100% of primary capital)		
IV		**Eligible total capital (I(o) + III) (Regulatory capital)**	3,086,478	948,905
V		***Minimum total capital requirement**	1,061,725	520,000
VI		**Excess (IV minus V)**	2,024,753	428,905
		Total Regulatory Capital as per financial statements	2,024,753	428,905
		Total Regulatory Capital reported as per prudential return	2,172,648	428,905
		Difference	(147,895)	-
VII		**Risk weighted assets**	10,617,250	3,091,690
		Reconciling items		
		Acquired intangibles	308,364	-
		Puchase bargin	(131,857)	-
		Dividend paid	(31,259)	-
		Fair valuation gain on securities net of tax & Other adjustment	9,169	-
			154,417	-

The higher of 10% of total on and off balance sheet risk-weighted assets as established in Schedule 14 of the Prudential return or the prescribed nominal amount ZMW520 million

The difference in the Total Regulatory Capital reported under IFRS Accounting Standards and Prudential guidelines is attributed to entries processed post Prudential reporting date. These include business combination entries following the successful amlagation of Access Bank Zambia Limited and African Banking Corporation Zambia limited, payment of dividends and fair valuation of government securities and other entries. The Prudential Return is not subject to any external audit.

f) Climate change risks

The Bank did not carry out substantive assessments on climate change.

38 Capital commitment

	2024 ZMW'000	2023 ZMW'000
Contracted capital expenditure	63,318	93,915
Capital expenditure authorised but not yet contracted	60,870	10,384
Total	124,188	104,299

39 Material accounting policies

Except for the changes explained in note 5, the Bank has consistently applied the following accounting policies to all periods presented in these financial statements, unless otherwise stated.

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow:

Note

(a) Basis of preparation

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

The financial statements have been prepared in accordance with the IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in compliance with the Banking and Financial Services Act of Zambia and the Companies Act of Zambia.

The financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below:

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.

39 Material accounting policies *(continued)*

(a) Basis of preparation *(continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Bank takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, value in use in IAS 36.

(ii) Business combination

The Bank applies IFRS 3 Business Combinations (revised) in accounting for business combinations. Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Bank. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Bank takes into consideration potential voting rights. The Bank measures goodwill at the acquisition date as the total of:

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

When this total is negative, a gain from a bargain purchase is recognised immediately in statement of comprehensive income. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the income statement. Transactions costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Bank incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the income statement. When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service. The Bank elects on a transaction-by-transaction basis whether to measure non-controlling interest at its fair value, or at its proportionate share of the recognised amount of the identifiable net assets, at the acquisition date.

39 Material accounting policies *(continued)*

(b) Foreign currency transactions

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

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

(c) Sale and repurchase agreements

Securities sold subject to repurchase agreements ('repos') are reclassified in the financial statements as pledged assets when the transferee has the right by contract or custom to sell or re-pledge the collateral; the counterparty liability is included in deposits from s or deposits from customers, as appropriate. Securities purchased under agreements to resell ('reverse repos') are recorded as loans and advances to other s 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

Financial assets and financial liabilities are generally reported gross in the statement of financial position. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of default
- The event of insolvency or Bankruptcy of the Bank and/or its counter-parties

Positions recognised on a net basis primarily include balances with exchanges, clearing houses and brokers. Derivative assets and liabilities with master netting arrangements are only presented net when they satisfy the eligibility of netting for all of the above criteria and not just in the event of default.

(d) Financial assets and financial liabilities

(i) Recognition

The Bank initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date at which they are originated. Regular way purchases and sales of financial assets are recognised on the trade date at 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

39 Material accounting policies *(continued)*

(d) Financial assets and financial liabilities *(continued)*

(ii) Classification

Financial assets – Policy applicable from 1 January 2020

On initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI (Fair Value through Other Comprehensive Income) or FVTPL (Fair Value through Profit or loss).

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

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

– the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

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

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the bank may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost, or at FVOCI as at FVTPL if doing so eliminates, or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

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:

– 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 realising cash flows through the sale of the assets or realising 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;

– how managers of the business are compensated (e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected); and

39 Material accounting policies *(continued)*

(d) Financial assets and financial liabilities *(continued)*

Business model assessment *(continued)*

- the frequency, volume and timing of sale 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 realised.

The Bank's retail and corporate Banking business comprises primarily loans to customers that are held for collecting contractual cash flows. In the retail business the loans comprise mortgages, overdrafts, unsecured personal lending and credit card facilities. Sales of loans from these portfolios are very rare.

Certain debt securities are held by the Bank's Central Treasury in a separate portfolio for long-term yield. These securities may be sold, but such sales are not expected to be more than infrequent. The Bank considers that these securities are held within a business model whose objective is to hold assets to collect the contractual cash flows.

Assessment of whether Contractual Cash Flows are Solely Payments of Principal and Interest (SPPI Test)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Bank considers.

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms;
- terms that limit the bank's claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

The Bank classifies financial assets or financial liabilities as held for trading when they have been purchased or issued primarily for short-term profit-making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the statement of financial position at fair value. Changes in fair value are recognised in net trading income.

39 Material accounting policies *(continued)*

(d) Financial assets and financial liabilities *(continued)*

Loans and Advances

In some cases, loans made by the bank that are secured by collateral of the borrower limit the bank 's claim to cash flows of the underlying collateral (non-recourse loans). The bank applies judgment in assessing whether the non-recourse loans meet the SPPI criterion. The bank typically considers the following information when making this judgement:

- whether the contractual arrangement specifically defines the amounts and dates of the cash payments of the loan;
- the fair value of the collateral relative to the amount of the secured financial asset;
- the ability and willingness of the borrower to make contractual payments, notwithstanding a decline in the value of collateral;
- whether the borrower is an individual or a substantive operating entity or is a special-purpose entity;
- the 's risk of loss on the asset relative to a full-recourse loan;
- the extent to which the collateral represents all or a substantial portion of the borrower's assets; and
- whether the will benefit from any upside from the underlying assets.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the bank changes its business model for managing financial assets.

Financial assets- Financial assets – Policy applicable from 1 January 2020

The Bank classifies its financial assets into one of the following categories:
- Loans and receivables
- At fair value through profit or loss, and within this category as:
- Held-for-trading; or
- Designated at fair value through profit or loss.

Financial liabilities
The bank classifies its financial liabilities, other than financial guarantees and loan commitments, as

(iii) **De-recognition**

Financial assets

The Bank derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the financial asset.

On de-recognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss. Any interest in transferred financial assets that quality for derecognition that is credited or retained by the is recognised as a separate asset or liability.

39 Material accounting policies *(continued)*

(d) Financial assets and financial liabilities *(continued)*

(iii) De-recognition *(continued)*

Financial assets *(continued)*

From 1 January 2020 any cumulative gain/loss recognised in OCI in respect of equity investment securities designated as at FVOCI is not recognised in profit or loss on derecognition of such securities, as explained in (O). Any interest in transferred financial assets that qualify for derecognition that is created or retained by the is recognised as a separate asset or liability.

The bank enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all risks or rewards of the transferred assets or a portion of them. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised from the statement of financial position. Transfers of assets with retention of all or substantially all risks and rewards include, for example, repurchase transactions.

Financial liabilities

The bank derecognises financial liability when its contractual obligations are discharged, cancelled or expire.

(iv) Modifications of financial assets and financial liabilities (continued)

Financial assets

If the terms of a financial asset are modified, then the evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and

- other fees are included in profit or loss as part of the gain or loss on derecognition.

If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the plans to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification.

If such a modification is carried out because of financial difficulties of the borrower (see (vii)), then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income calculated using the effective interest rate method.

39 Material accounting policies *(continued)*

(d) Financial assets and financial liabilities *(continued)*

(iii) **De-recognition** *(continued)*

Financial liabilities

The Bank derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss. Consideration paid includes non-financial assets transferred, if any, and the assumption of liabilities, including the new modified financial liability.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

Interest rate benchmark reform.

If the basis for determining the contractual cash flows of a financial asset or financial liability measured at amortised cost changes as a result of interest rate benchmark reform, then the bank updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by the reform. A change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if the following conditions are met: the change is necessary as a direct consequence of the reform; and the new basis for determining the contractual cash flows is economically equivalent to the previous basis – i.e. the basis immediately before the change.

If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, then the first updates the effective interest rate of the financial asset or financial liability to reflect the change that is required by interest rate benchmark reform. After that, the applies the policies on accounting for modifications set out above to the additional changes.

(v) **Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when and only when, the bank has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

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

(vi) **Amortised cost measurement**

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised

39 Material accounting policies *(continued)*

(d) Financial assets and financial liabilities *(continued)*

(vii) Fair value measurement

Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the bank has access at that date. The fair value of a liability reflects its non-performance risk.

When available, the bank measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if ransactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the bank uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price -i.e. the fair value of the consideration given or received. If the bank determines that the fair value at initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique that uses only data from observable markets, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value at initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the bank measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the bank on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell the net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable on demand, discounted from the first date on which the amount could be required to be paid.

The bank recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

39 Material accounting policies *(continued)*

d) Financial assets and financial liabilities *(continued)*

(viii) 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
- 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 Expected Credit Loss (ECL) principles

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).

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 intrument. Based on the above process, the Bank classifies its loans into Stage 1, Stage 2, Stage 3 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 3: Loans considered credit-impaired. The Bank records an allowance for the LTECLs.

The calculation of Expected Credit Losses (ECLs)

The Bank calculates ECLs based on a three probability-weighted scenarios to measure the expected cash shortfalls, discounted at an approximation to the Effective Interest Rate (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.

39 Material accounting policies *(continued)*

d) Financial assets and financial liabilities *(continued)*

(viii) **Impairment of Financial Assets**

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. The concept of PDs is further explained in Note 4.

– 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. The EAD is further explained in Note 4.

– 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. The LGD is further explained in Note 4.

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

The mechanics of the ECL calculations 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 12ECL 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.

- 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 of Stage 2 assets, with the PD set at 100%.*

The bank applies credit conversion factors (CCFs) in estimating the portion of the commitment that will be drawn down over its useful life. The converted balance is then multiplied by the sector PD and LGD to obtain the expected credit loss on the commitment. The Bank does not ordinarily provide long term unutilised commitments and as such, off balance sheet facilities are impaired to determine 12mECL and not LTECL.

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.

39 Material accounting policies *(continued)*

d) Financial assets and financial liabilities *(continued)*

(ix) Designation at fair value through profit or loss

Financial assets

At initial recognition, the Bank has designated certain financial assets as at FVTPL because this designation eliminates or significantly reduces an accounting mismatch, which would otherwise arise.

Financial liabilities

The Bank have designated certain financial liabilities as at FVTPL in either of the following circumstances:

The liabilities are managed, evaluated and reported internally on a fair value basis; or
The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

(x) Trading assets and liabilities

Trading assets are those assets that the bank acquires principally for the purpose of selling or repurchasing in the near team, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition, except that non-derivative trading assets, other than those designated at fair value through profit or loss on initial recognition, may be reclassified out of the fair value through profit or loss – i.e. trading – category if they are no longer held for the purpose of being sold or repurchased in the near term and the following conditions are met.

- If the financial asset would have met the definition of loans and receivables (if the financial asset had not been required to be classified as held-for-trading on initial recognition), then it may be reclassified if the has the intention and ability to hold the financial asset for the foreseeable future or until maturity.
- If the financial asset would not have met the definition of loans and receivables, then it may be reclassified out of the trading category only in rare circumstances.

39 Material accounting policies *(continued)*

d) Financial assets and financial liabilities *(continued)*

(xi) Derivative financial instruments and hedge accounting

Accounting for derivatives: Derivatives are financial instruments that derive their value in response to changes in interest rates, financial instrument prices, commodity prices, foreign exchange rates, credit risk and indices. Derivatives are categorised as trading unless they are designated as hedging instruments. Derivatives are initially recognised and subsequently measured at fair value, with revaluation gains recognised in profit and loss (except where cash flow or net investment hedging has been achieved, in which case the effective portion of changes in fair value is recognised within other comprehensive income). Fair values may be obtained from quoted market prices in active markets, recent market transactions, and valuation techniques, including discounted cash flow models and option pricing models, as appropriate. Where the initially recognised fair value of a derivative contract is based on a valuation model that uses inputs, which are not observable in the market, it follows the same initial recognition accounting policy as for other financial assets and liabilities. All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative.

Hedge accounting: The method of recognizing the resulting fair value gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The designates certain derivatives as either:

a) Hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedge)

b) Hedges of highly probable future cash flows attributable to a recognised asset or liability, or a forecasted transaction (cash flow hedge)

c) Hedges of the net investment of a foreign operation (net investment hedges)

Hedge accounting is used for derivatives designated in this way, provided certain criteria are met. The bank documents at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The bank may enter into economic hedges that do not qualify for IAS 39 hedge accounting treatment. Where these economic hedges use derivatives to offset risk, the derivatives are fair valued, with fair value changes recognised through profit or loss.

Cash flow hedge: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedging instruments is recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in equity are reclassified to profit or loss in the periods in which the hedged item affects profit or loss. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to profit or loss.

39 Material accounting policies *(continued)*

e) Cash and cash equivalents

Cash and cash equivalents include notes and coins on hand, unrestricted balances held with the central bank and highly liquid financial assets with original maturities of less than three months, from the date of acquisition that are subject to insignificant risk of changes in fair value, and are used by the in the management of its short term commitments, cash and bank balances with non – banks, and overdrafts with these banks.

Cash and cash equivalents are measured at amortised cost in the statement of financial position.

f) Property and equipment

a) *Recognition and measurement*

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

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of equipment.

Any gain or loss on disposal of an item of property and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised within other income in profit or loss.

b) Subsequent costs

Subsequent expenditure is capitalised only when it is probably that the future economic benefits of the expenditure will flow to the . Ongoing repairs and maintenance are expensed as incurred.

c) Depreciation

Depreciation is calculated to write off the cost of items of property and equipment less their estimated

The estimated useful lives of significant items of property and equipment are as follows:

- *Leasehold improvements*	*25 years, or over lease period if less than 30 years Maximum*
- *Fixtures and equipment*	3-8 years
- *Motor vehicles*	4-5 years
- *Buildings*	40 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.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.

39 Material accounting policies *(continued)*

g) Intangible assets and goodwill

(i) Goodwill

Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets. For the measurement of goodwill at initial recognition, see note 20. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

(ii) Software,

Software acquired by the is measured at cost less accumulated amortisation and any accumulated impairment losses.

Expenditure on internally developed software is recognised as an asset when the is able to demonstrate its intention and ability to complete the development and use the software in a manner that will generate future economic benefits, and can reliably measure the costs to complete the development. The capitalised costs of internally developed software include all costs directly attributable to developing the software and capitalised borrowing costs, and are amortised over its useful life. Internally developed software is stated at capitalised cost less accumulated amortisation and impairment loss.

Subsequent expenditure on software assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expenses as incurred.

Software is amortised on a straight-line basis in profit or loss over its estimated useful life, from the date on which it is available for use. The estimated useful life of software for the current and comparative periods is three to five years.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iii) Work in Progress (WIP) and other Intangibles

WIP and other Intangibles by the bank and are measured at cost and capitalised when deployed.

(iv) Core Deposits and customer advances

These are intangible assets related to acquisitions. At acquisition date, they are initially recorded at their fair value and subsequently at cost less accumulated amortization. Amortization expense is recorded in amortization of intangible assets in the Statement of Comprehensive Income. Intangible assets are amortized over the period during which the Bank derives economic benefits from the assets, on a straight-line, over an average period of 20 years.

39 Material accounting policies *(continued)*

h) Impairment of non-financial assets

At each reporting date, the 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. Goodwill is tested annually for impairment.

For impairment testing, assets are ed together into the smallest of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or s of CGUs that are expected to benefit from the synergies of the combination.

The 'recoverable amount' of an asset or CGU 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 first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. 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.

i) Employee benefits and other expenses

(a) Pension obligations

The bank operates various pension schemes. The schemes are generally funded through payments to trustee-administered funds. The bank has a defined contribution plan for its employees.

A defined contribution plan is a pension plan under which the 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.

Obligations for contributions to defined contribution plans are expensed as the related service is provided and recognised as personnel expensed in profit or loss. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

39 Material accounting policies *(continued)*

i) Employee benefits and other expenses *(continued)*

(b) Short term employee benefits

Short term employee benefits are expenses as the related service is provided. Liability is recognised for the amount expected to be paid if the Bank have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(c) Other expenses

Other expenses are recognised in the statement of profit and loss as the related service is provided. A liability is recognised if the Bank have a present legal and constructive obligation to pay this amount as a result of past service and obligation can be estimated reliably.

j) Taxation

Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax

Current tax represents the expected tax payable or receivable on the taxable income or loss for the year using tax rates enacted or substantively enacted at the reporting date, and any adjustments to the tax payable in respect of previous years. The tax rates are based on the applicable Zambian tax law.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purpose and amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss;
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit nor loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Bank is able to control the timing of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- temporary taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

Additional taxes that arise from the distribution of dividends by the Bank are recognised at the same time as the liability to pay the related dividend is recognised. These amounts are generally recognised in profit or loss because they generally relate to income arising from transactions that were originally recognised in profit or loss.

39 Material accounting policies *(continued)*

k) Dividend payable

Dividends on ordinary shares are recognised 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.

l) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of shares are recognised as a deduction from equity, net of tax effects. Any premium received over and above the par value of the shares is classified as 'share premium' in equity. Share capital injected into the business by the shareholders for which shares have not yet been allotted, and which will not be returned, is disclosed as prepaid capital contribution.

Preference Shares

Preference shares are recognised as a component of equity and measured at the fairvalue of the consideration received at the time of issue. Dividends on preference shares are recognised as a distribution of profit and are accounted for in accordance with the terms and conditions of the shares.

m) Leases

The Bank assesses whether a contract is or contains a lease, at inception of the contract. The Bank recognises a right of- use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). For these leases, the Bank recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the lessee uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

This policy is applied to contracts entered into (or changed) on or after 1 January 2020.

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or;
- Rate at the commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the financial statement of financial position. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Bank remeasures the lease liability (and makes a corresponding adjustment to the related right-of- use asset) whenever:

39 Material accounting policies *(continued)*

m) Leases (Continued)

• The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

• The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);

• A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Bank expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease. These assets are depreciated on a straight line basis over the life of the asset.

The estimated useful lives are as follows:

• Branch and head office premises 5 years

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

The right-of-use assets are presented as a separate line in the financial statement of financial position. The Bank applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property and Equipment' policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the rightof-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in 'Other expenses' in profit or loss.

39 Material accounting policies *(continued)*

n) Interest income and expense

Policy applicable from 1 January 2019

Effective interest rate

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 estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the estimates future cash flows considering all contractual terms of the financial instrument, but not ECL. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including ECL.

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.

Amortised cost and gross carrying amount

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance (or impairment allowance before 1 January 2019).

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial
However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income
For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the

Presentation

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes

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

Interest income calculated using the effective interest method presented in the statement of profit or loss and OCI includes

Policy applicable before 1 January 2019
Effective interest rate

39 Material accounting policies *(continued)*

n) Interest income and expense *(continued)*

Interest income and expense are recognised in profit or loss using the effective interest rate 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.

Presentation

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 on other financial assets and financial liabilities carried at FVTPL were presented in net income from other financial instruments at FVTPL.

Interest income and expense presented in the statement of profit or loss and OCI include:

Interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis.

Interest income and expense on all trading assets and liabilities are considered 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.

o) Fee and commission income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

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

A contract with a customer that results in a recognised financial instrument in the financial statements may be partially in the scope of IFRS 9 and partially in the scope of IFRS 15. If this is the case, then the first applies IFRS 9 to separate and measure the part of the contract that is in the scope of IFRS 9 and then applies IFRS 15 to the residual.

Other fee and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

p) Net income from financial instruments at fair value through profit or loss

Net income from other financial instruments at fair value through profit or loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and financial liabilities designated at fair value through profit or loss. It includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

39 Material accounting policies *(continued)*

q) Acceptances and letters of credit

Acceptances and letters of credit are accounted for as off-balance sheet transactions and disclosed as contingent liabilities.

r) Financial guarantee contracts

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 other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantee liabilities are initially recognised at fair value on the date the guarantee is given; and the initial fair value is amortised over the life of the guarantee. Subsequent to initial recognition, the Bank's liabilities under such guarantees are measured at the higher of this amortised amount and the present value of any expected payment when a payment under the guarantee has become probable. Any increase in the liability relating to guarantees is taken to the statement of comprehensive income under other operating expenses.

s) Borrowings

Borrowings are recognised initially at fair value, being their issue proceeds (fair value of consideration received) net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds net of transaction costs and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.

t) Fiduciary activities

The bank commonly acts as trustees and in other fiduciary capacities that result in the holding or placing of assets on behalf of individuals, trusts, retirement benefit plans and other institutions. These assets and income arising thereon are excluded from these financial statements, as they are not assets of the Bank.

u) Deposits issued and subordinated liabilities

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

The bank classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments.

Deposits and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method, except where the designates liabilities at fair value through profit or loss.

39 Material accounting policies *(continued)*

v) Investment property

Investment property is initially measured at cost and subsequently at fair value, with any change therein recognised in profit or loss.

Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

The valuation of investment property was carried out by Mr R.M.Fumbeshi, who is a reputable valuation firm, that has been operating in Zambia for over 20 year with experience in the valuation of commercial and residential property.

The lead valuer, Mr. R.M.Fumbeshi, is a chartered and registered valuation surveyor. Mr Fumbeshi is a qualified and independent valuer; neither he nor the firm have any conflict of interest in undertaking the valuation.

w) Investment property rental income

Rental income from investment property is recognised as revenue on a straight – line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

x) Provisions

A provision is recognised if, as a result of a past event, the has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

y) Collateral

The Bank obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of a lien over the customer's assets and gives the Bank a claim on these assets for both existing and future liabilities.

The Bank receives collateral in the form of cash or debt securities in respect of other financial instruments in order to reduce credit risk. Collateral received in the form of debt securities is not recognised on the statement of financial position. Collateral received in the form of cash is recognised on the statement of financial position with a corresponding liability. These items are assigned to deposits received from banks or other counterparties. Any interest payable or receivable arising is recognised as interest expense or interest income respectively.

39 Material accounting policies *(continued)*

z) Held for sale

Non-current assets comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposals, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the 's other accounting policies. Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

40 Standards issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2024 and earlier application is permitted; however, except as stated in note 5, the bank has not early adopted the new and amended standards in preparing these financial statements. The following new and amended standards are not expected to have a significant impact on the bank 's financial statements.

— Classification and measurement of Financial instruments (Amendments to IFRS 9 and IFRS 7)

— IFRS 18 Presentation and Disclores in Financial Statements

— Other Accounting standards (Amendments to IAS 21)

41 New accounting standards effective 1st January 2024

Below are the accounting standards that are required to be applied by an entity with an annual reporting period beginning 1st January 2024

The table below lists the recent changes to the accounting standards that are required to be applied for annual periods beginning on or after 1 January 2024 and that are available for early adoption in the annual periods beginning on 1 January 2024.

Effective Date	New accounting standards or ammendments
1 January 2024	Non-Current Liabilities with convenants amendment to IAS 1 and
	Classification of Liabilities as Current or Non Current - Amendments to IAS 1
	Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7
	Lease liability in a Sale and Leaseback- Amendments to IFRS 16

42 Going concern

For the year ended 31 December 2024, the Bank made a net profit of **ZMW929.99 million** (2023: ZMW87.95 million). The Bank's net assets as at 31 December 2024 were **ZMW2.25 billion** 2023: ZMW1.02 billion). The total regulatory capital was **ZMW3.089 billion (2023: ZMW948.91 million)** compared to the minimum required capital of **ZMW1.062 billion** (2023: ZMW520 million).

The liquidity gap shown on note 37 (b) is mitigated by the ability of the Bank to borrow and finance the gap by pledging the investment securities as collateral . As at 31 December 2024, unencumbered securities amounted to ZMW3.7 billion. Further, as at and for the 3 month period ended 31 March 2025, the Bank recorded profit of ZMW399.12 million and net assets position of ZMW2.4 billion. The Bank is adequately capitailsed and has maintained the statutory reserve above the minimum threshold of 26% of the total deposits balance.

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

The Directors have assessed the ability of the Bank to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.