



First National Bank Zambia Limited

ANNUAL REPORT 2025





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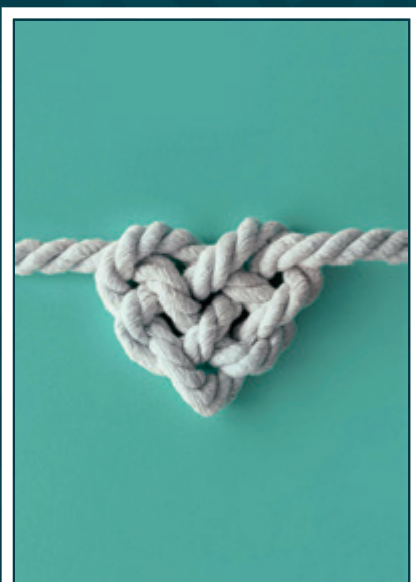
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Strategic overview and outlook



FNB Promises



be **deeply invested.**



value our **differences.**



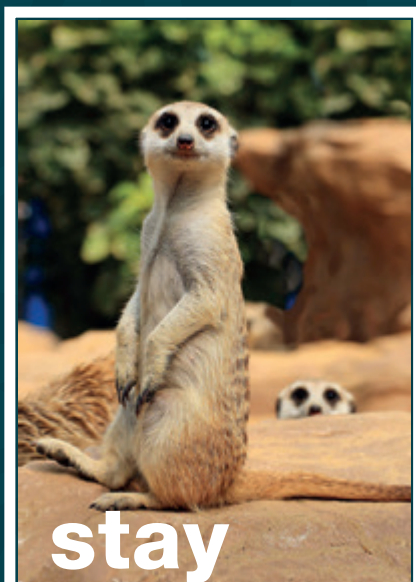
build **trust,**
not territory.



have
COURAGE.



always
do the
right
thing.



stay
curious.

Chairperson's statement



Reflections on the 2025 financial year

The 2025 financial year was one of contrasts—economic uncertainty and challenges on one hand, matched by enduring resilience on the other. I am immensely proud of the way First National Bank Zambia (“the Bank” or “FNB Zambia”) navigated the various challenges and continued to live out our vision of creating a better world.

Global economic outlook

Global economic growth moderated to 3.2% at the end of 2024 down from 3.3% the previous year, primarily due to a slowdown in advanced economies. While emerging markets and developing economies showed relative strength, the medium-term outlook remains subdued due to geopolitical instability, climate-related disruptions, and restrictive global financial conditions.

Zambia's economic environment and prospects

Zambia recorded a 4% economic growth in 2024, supported by strong performances in information communication and transport, tourism, mining, construction, and manufacturing. This growth was achieved despite the impact of the 2023 to 2024 El Niño weather event, which resulted in the worst drought experienced since the turn of the century. The drought led to a reduction in energy and agricultural production. Inflationary pressures marked the first half of the financial year. The central bank responded with tighter monetary policy, with the policy rate closing the year at 14.5% whilst the statutory reserve ratio was maintained at a relatively high 26%.

On a positive note, notable progress has been made in restructuring Zambia's external debt, with over 90% of key parameters completed. We remain optimistic for full resolution of the sovereign debt restructuring in the upcoming financial year.

Rainfall patterns returned to normal in the 2024 to 2025 rain season. This has led to an improvement in food supply and a better outlook in electricity generation. The Board has reviewed the economic forecasts provided by our economic experts and is confident that prospects for the country will be favorable. This will translate into various opportunities as the Bank supports the economic recovery.

Performance highlights & impact

Despite the challenging economic backdrop, FNBZ delivered a strong financial performance in the financial year. The Chief Financial Officer's report details how the Bank's strategy has translated into various financial outcomes.

This financial year has seen the Bank attain various key financial milestones including :

- Our active customer base grew to over 319,000 an increase from 290,000 at the start of the year.
- profit after tax for the year of K1.07 billion—exceeding K1 billion for the first time.
- Gross customer loans reached K8.3 billion whilst customer deposits rose to K18.7 billion—both record highs for the Bank.

Our role in society and the economy

FNB Zambia is committed to building a future of shared prosperity by enriching the lives of our customers, employees, and the communities we serve. We aim to conduct business in ways that generate value for both the Bank and society. By leveraging our core business activities,

Chairperson's statement

we aim to create scalable impact in society while driving shareholder return.

The details of the various societal projects are outlined in the Social report. Some key highlights of our societal and economic contribution include:

- The growth in our customer loan book this year represented lending activities into the key economic sectors including mining, financial services, energy, manufacturing, agriculture, and individuals. This helped support our customer base in these sectors as they drive economic growth in the country.
- We enhanced financial inclusion in the economy through our agency banking solution "Cash Plus," increasing our active agents, who are mostly Small Medium Enterprises (SMEs), to 1,770 (2024: 1,701).
- We continued on our financial literacy program with multiple interventions nationwide. This program has been recognised through various awards won at the Central Bank Governor's awards for financial literacy.
- During the drought and energy load management, we responded to the energy crisis by equipping our own premises with alternative energy solutions and also offering discounted alternative energy loans to support the transition.
- During the year we advanced our SME client offerings, including partnerships with legal and accounting service providers offering discounted services.

The Bank also continues to provide support to the FNB Zambia Foundation, an independent special purpose vehicle dedicated to social upliftment through community-led projects. The Foundation has continued to carry out various activities throughout Zambia in its second full year of operation.

Governance and board leadership

The Board remains committed to robust governance, ensuring oversight and approval of key regulatory and strategic matters that shape the Bank's direction. We aim to achieve diversity in gender, age, tenure, and skill.

During the year, we bid farewell to Mark Luring and Linire Mulima, who retired from the Board. I thank them for their invaluable contributions during their period of service. We also warmly welcome Daudi Mtonga, Lydia Chilumba and Richard Hudson as independent non-executive directors. I am confident that their insights will enrich our governance and strategic vision.

Strategic Direction

The successful conclusion of our Twende Tukule 2020–2025 strategic cycle delivered meaningful progress across its three key pillars: People, Platform, and Customer.

Building on this momentum, the Board has approved a refreshed 2025–2028 strategy named 'Konse4Bonse'. This is anchored in five strategic priority areas of Growth Acceleration, Customer Centricity, People, Platform, and Shared Prosperity. The Board is confident that this new strategic thrust will see the Bank rise to even greater heights.

Appreciation and Closing Thoughts

The Bank's customers are at the centre of all that we do. On behalf of the Board, I thank them for their unwavering loyalty. As always, the support from the shareholders has been invaluable. Lastly, I extend heartfelt appreciation to my fellow directors, the Chief Executive Officer, executive leadership team, and every staff member. Your dedication and belief in our purpose have driven the results we have achieved this year.

Together, we remain committed to building a better Zambia.

Chief Executive Officer's Statement

Introduction

I am delighted to present my second annual report as Chief Executive Officer (CEO) of FNB Zambia. I am pleased to report that the Bank sustained its growth trajectory throughout the past financial year despite the macro-economic headwinds. This period marks the culmination of our five-year (2020 -2025) strategic journey under the "Twende Tukule" plan—a transformative chapter defined by disciplined execution and operational resilience.

Economic Overview

Zambia's economy weathered considerable disruption during the year, largely due to a severe El Niño-induced drought which impacted agricultural output and energy generation. In response, the Republican President declared a national disaster in 2024, highlighting the gravity of the situation. This climate shock triggered significant inflationary pressures, driven by soaring food prices and acute energy shortages.

Nevertheless, GDP growth reached 4% in 2024—exceeding expectations despite a slowdown from the 5.4% posted in the previous year. Load-shedding measures affected both our clients and the Bank's internal operations. To mitigate impacts, the Bank of Zambia introduced a K5 billion Stability and Resilience Facility (SRF), enabling financial institutions to support customers facing economic hardship. FNB Zambia proactively identified eligible clients and continues to disburse its allocation into the upcoming financial year. To support continuity for individuals and businesses, we rolled out alternative energy financing solutions, and through our "Real Help" initiative, we offered targeted relief on loan facilities for customers affected by economic strain.

Leading by example, we equipped 80% of our branch network with solar energy—a move that eases pressure on the national grid and reinforces our environmental commitment. This renewable energy project is expected to reach full implementation in the coming year. Inflation closed at 14.1%, having peaked at 16.8% in February 2025. Contributing factors included food shortages, currency depreciation, and increased energy costs. The Bank of Zambia responded with a record-high Monetary Policy Rate (MPR) of 14.5% and sustained the Statutory Reserve Ratio at 26%, resulting in higher sector-wide funding costs.

Business segment performance

Despite these economic challenges, our core operating segments, Retail, Business & Commercial, and Corporate & Investment Banking, delivered impressive financial results. These were underpinned by strong topline growth from new loan originations and customer deposit momentum, reflecting the confidence our clients continue to place in us.

Our Treasury function ensured prudent financial resource management as we continued to deliver satisfactory returns to shareholders.

There is further detail of our business segment achievements and a detailed financial performance review in the Chief Financial Officer's report.

Executing on strategy

Our purpose as FNB Zambia is to create a better world. We bring this Purpose to life through crafting and executing on our strategic plans. Our Twende Tukule strategy (2020-2025) was anchored on three strategic priorities: People, Platform, and Customer.



Kapumpe Chola
CEO – FNB Zambia

Highlights from each pillar are outlined below.

People

This year, we made meaningful strides in enhancing our Employee Value Proposition, reaffirming our commitment to creating a supportive and empowering workplace.

We invested heavily in learning and development programs, sponsoring staff to attain specialized skills and qualifications. Through our Talent Mobility Program, employees gained valuable international exposure in markets including South Africa, Botswana, Namibia and Eswatini.

We remained dedicated to nurturing early-career professionals through our Young Talent Development Program — creating a strong pipeline of future leaders in banking. We elevated employee wellness via financial health training, confidential third-party counselling services, and continued support for flexible work arrangements under our Work-from-Home policy.

Chief Executive Officer's Statement

Platform

Our digital transformation gained momentum, resulting in enhanced engagement across mobile (USSD and mobile application) and online channels. Over 60% of digital solutions were developed locally, offering tailored customer experiences. As part of the FirstRand Group, we leveraged world-class technology and fortified cybersecurity measures. We also upgraded our physical network, expanded agency banking, and began construction of a state-of-the-art Head Office—partnering with local developers to anchor our future in the heart of Zambia.

Customers

Our commitment to customer-centricity is unwavering. Across Retail, Commercial, and Corporate segments, we delivered innovative lifestyle and financial solutions.

Our infrastructure now spans 24 branches, one mobile branch (Bank on Wheels), a 24/7 contact centre, over 4,707 Point-of-Sale devices, 147 ATMs and deposit machines, and 1,770+ Cash Plus Agents across all 10 provinces.

Sustainability

Sustainability is integral to our operations. We launched an environmental review to embed greener practices, expanded solar power across branches, minimized paper usage, and eliminated single-use plastic bottles in our offices.

Our business units continue to support clients on their sustainability journeys through tailored financing solutions and community initiatives led by the FNB Zambia Foundation.

FNB Zambia Foundation

Operating as our engine for Corporate Social Investment (CSI), FNB Zambia allocates 1% of annual profits to uplift underserved communities.

Rooted in the UN's Sustainable Development Goals, it focuses on Early Childhood Education, Water & Sanitation, Health, and Climate Action. Additional details are featured in the Social Report.

Looking ahead

With the Twende Tukule strategy successfully concluded, we turn with optimism to our new Konse4Bonse plan (2025–2028), focused on five pillars: Growth Acceleration, Platform, People, Customer, and Shared Prosperity.

I am particularly inspired by the inclusion of Shared Prosperity—a bold affirmation of our intent to generate societal value sustainably and profitably at scale. Our innovation agenda continues to tackle real-world challenges while enhancing shareholder returns. These ambitions are not contradictory—they are complementary and distinguish our forward vision.

In the coming year, we anticipate breaking ground on our new Head Office—a landmark that symbolizes our long-term commitment to Zambia.

We remain optimistic about the nation's economic outlook, with growth forecasted across agriculture, mining, manufacturing, and construction. FNB Zambia stands ready to support our clients through this next phase of national progress.

Acknowledgements

To our valued clients, thank you for your continued trust and partnership. Your confidence in FNB Zambia is the cornerstone of our growth and inspires us to consistently deliver innovative solutions and exceptional service.

To our dedicated employees, your unwavering commitment forms the bedrock of our performance. Each contribution has played a vital role in advancing our strategic objectives, and I remain deeply appreciative of your passion and resilience.

To our Board of Directors, I extend my sincere gratitude for your strategic oversight and steadfast support. Your guidance throughout the Twende Tukule journey has laid a robust foundation for our next chapter under the Konse4Bonse strategy.

To the Executive Management Team, Thank you for your exemplary leadership. Your focus on sustainable value creation has propelled our progress and positioned us strongly for the next phase of our growth journey.

Business Highlights

Introduction

FNB Zambia's business segmentation is founded on putting the client first and at the centre of everything we do. Our three business segments cater to the unique requirements of individuals, small and large businesses, and corporates. We offer solutions specifically tailored to the needs of each client.

Business and Commercial Banking

Leadership

Kabanda Lilanda – Head Business and Commercial Banking

Clients

Business and Commercial segment serves large to small and medium business enterprises in various sectors of the economy. This includes public sector entities such as local government, embassies, non-governmental organizations and public universities.

Products

The product offering for the segment includes numerous credit facilities including structured trade solutions, Vehicle and Asset Finance, scored credit and Commercial Property Finance. The segment also offers various transactional banking and investment solutions suited to business and commercial clients.



Highlights

- Successfully onboarded several key strategic clients during the year across all sectors of the economy.
- Sustained customer base growth demonstrating our good customer retention strategies, top in class transactional banking solutions such as smart Cash in Transit, Merchant Services and a robust online banking platform.
- Focus on asset based finance demonstrating our continued support to clients participating in strategic economic sectors such as mining, agriculture and transport and logistics.
- Asset based finance growth driven by partnerships with various strategic suppliers and increased product awareness campaigns.
- Introduction of scored asset based finance (with increased focus on alternative energy) as part of our shared prosperity agenda and to respond to the unique needs of our clients thereby providing better service.
- Awarded 1st prize for the green zone standard at the Lusaka Motor show in September 2024 further demonstrating our commitment to provision of sustainable alternative energy solutions.
- Revision of selective invoice discounting requirements for small ticket facilities to improve turnaround times thereby providing real help to our customers.
- Named best bank for Trade Finance Zambia at the Digital Banker Middle East and Africa Innovation Awards 2025 as we continuously strive to provide support through various structured Trade Finance solutions to clients in key economic sectors such as wholesale and retail trade, agro-processing and manufacturing.
- Partnership for the provision of subsidized audit and tax services for SMEs as part of our enhanced SME customer value proposition.
- Successfully hosted SME forums in Lusaka, Livingstone, Kitwe and Solwezi as part of our continued support to SMEs through capacity building.
- Financing of a state-of-the-art 3D X-ray device to one of our clients which will enable them to service the whole of the Copperbelt, North & Northwestern provinces, as well as support patients from neighboring countries like the Democratic Republic of Congo.

Business Highlights

Retail Banking

Leadership

Mwamba Musambo - Head Retail Banking

Clients

Individual clients at each stage of their financial journey. These includes focussing on fostering long term relationships with individuals from various income groups ranging from students, young adults, working professionals and small business owners.



Products

Various lending products including home loans, personal loans, vehicle finance, alternative energy loans and smart device facilities. We also offer transactional accounts including current, savings and investment products and provide Bancassurance solutions for individual insurance needs.

Highlights

- Launch of automated pre-approved and pay day loans to ease credit scoring ensuring consistent assessment of affordability for clients supported by an accommodative credit risk appetite statement.
- Increased footprint in the country with the relaunch of Cairo branch in the capital and refurbishment to various branches in the country.
- Additional brokers under insurance expanding the number of underwriters and launching of collective investment schemes for professional management, cost efficiencies and access to investment opportunities.
- Digital banking enhancements including permissions for delegation of authority on App and online banking. Enablement of eMoney on savings account and automation of confirmation letters and verified statements.
- Smart emaintenance designed to enhance account maintenance control while delivering effective digital consent management on account detail updates.
- Piloting of group savings account and phased launch of the wealth, investment and advisory model.

Corporate and Investment Banking

Leadership

Luyanga Mufungulwa - Head, Corporate and Investment Banking

Clients

Corporate and Investment Banking Zambia provides tailored financial solutions to large corporates, multinationals, Non Governmental Organisations and financial institutions. Our clients span key sectors such as consumer, food and agribusiness, retail, telecommunications and media, mining, hospitality, insurance, auto logistics, and diversified industrials.



Products:

We offer a comprehensive suite of products including working capital and trade finance, term lending, treasury and risk management solutions, capital raising, and advisory service solutions.

Highlights

- Key innovations and product offerings for the year include Smart Cash In Transit, introduction of United States Dollars settlement and mobile money functionality on our Point of Sales devices.
- Through the FNB Foundation and Right to Care, we handed over three macro burn incinerators in Mpika, Mbala, and Samfya .
- Grew the corporate customer base to over 200 clients cutting across local, regional, and multinational entities.
- Successfully integrated into various Mobile Network Operators (MNO) platforms to facilitate the seamless liquidation of mobile money e-value through the Bank's channels.
- Facilitated the first ever FNB Partnership Day themed 'Remodeling for Greater Impact Through Local Partnership & Collaboration'. The event was organized in partnership with the FNB Foundation and was set up as a platform to engage non-governmental organizations (NGOs), Corporates and donor funders on a mission of sustainability as they navigate the shifting dynamics of the donor aid landscape.
- Championed support for growth focused engagements by sponsoring and participating in key industry events such as Zambia International Mining and Energy Conference & Exhibition (ZIMEC), Energy Forum for Africa, Public Private Dialogue Forum and the Copperbelt Agriculture Mining Industrial Networking Enterprise (CAMINEX).
- Hosted stakeholder breakfast in partnership with the American Chamber of Commerce to highlight major macroeconomic themes impacting the business environment.
- Attained regional visibility by registering attendance at some of the continent's flagship events such as the African Mining Indaba and the Africa CEO Forum.

Chief Financial Officer's Statement

Introduction

It is my privilege to present the financial highlights for the year ended 2025. The Bank's performance reflects the deliberate strategic choices made in alignment with our core pillars: People, Platform, and Customer. In the face of a difficult macroeconomic environment, we have demonstrated resilience and agility, reinforcing our commitment to long-term value creation.

Overall performance

Profit After Tax grew across all business segments, underpinned by a vibrant transactional franchise and disciplined lending strategy. Despite economic headwinds, the Bank's operating model remained robust, enabling consistent growth and stability.

The highlights of the 2025 results include the following milestones :

- Profit After Tax : K1.07 billion exceeding K1 billion for the first time ;
- Profit Before Tax : K1.57 billion exceeding K1.5 billion for the first time ;
- Customer loans : Gross loans of K 8.3 billion and Customer deposits of K18.7 billion both all-time highs ;
- Total shareholders' equity exceeding K4 billion.

Lending activities

The year saw a 23% growth in loans and advances, spurred by focused credit origination and increased lending to key sectors including mining, manufacturing and commerce whilst maintaining support levels in other sectors including agriculture, transport and communications. Our scored lending solution gained significant traction among Small Medium Enterprises (SMEs), simplifying access to financing through automated credit evaluation. Additionally, we responded proactively to the ongoing drought and energy challenges, offering financing solutions to support our customers during these trying conditions. Interest income rose by 27%, driven by continued credit extension, whilst liquidity was managed effectively to meet the elevated Statutory Reserve Ratio (SRR) requirements.

Credit performance

The Bank maintained a prudent approach to credit origination, balancing customer support with a measured credit evaluation. This approach proved essential amidst the economic challenges of high inflation and interest rates. Impairment charges for the year stood at K 76 million, down from K 86 million in the prior year. Our non-performing loan ratio closed at 1.9% (2024 : 1.5%) , outperforming the industry average. This reflected the results of credit risk management whilst still ensuring the bank can support the economy through customer loan asset growth. To assist some of our customers who were experiencing credit stress, we launched the "Real Help" initiative, providing customers with lending relief options tailored to their specific needs.

Transactional and platform excellence

FNB Zambia has continued to evolve its integrated financial services platform, supporting both assisted and digital channels. Our customer deposit franchise expanded by 21%, benefiting from growth across all segments. Non-interest revenue increased by 16%, a reflection of higher customer utilisation across our banking channels. This is despite margin pressures which continued in our fee and foreign exchange trading.



Kampamba Mulenga
CFO - FNB Zambia

Operational efficiency

Our cost-to-income ratio improved to slightly below 50% (2024 : 51%), highlighting our commitment to operational efficiency and disciplined expenditure. The last financial year saw the Bank invest in energy resilience across its operations to mitigate the impact of the national energy load management. Despite inflationary pressures, the Bank still achieved operational efficiencies during the year. More importantly, we still focused on investing in our platforms for future efficiencies as part of our digital platform investment cycle.

Financial resource management

Effective stewardship of capital, funding, and liquidity remains central to our strategy. Our Treasury and Finance teams executed initiatives to mitigate interest rate and foreign exchange risks within prudential boundaries. Kwacha liquidity remained constrained throughout the year as monetary policy tightened in response to inflation, with the policy rate increasing to a historical high of 14.5% and SRR sustained at 26%. Despite this, we expanded our customer deposit base while maintaining risk metrics and liquidity buffers in line with internal and regulatory standards.

Capital strength

The Bank preserved a strong capital position, supported by forward-looking capital planning and rigorous stress-testing. Strategic plans were formulated in response to regulatory developments and broader economic scenarios, ensuring the continued resilience of our balance sheet.

Chief Financial Officer's Statement

Conclusion

The 2025 financial outcomes underscore the effectiveness of our five-year strategic plan and reflect the soundness of our business fundamentals. Through a diversified and resilient approach, the Bank has continued to deliver value for all stakeholders. We look ahead with confidence, determined to support Zambia's progress and to drive sustainable growth in the country.

Summarised financial statements trend

		30-Jun-25	30-Jun-24	30-Jun-23	30-Jun-22
	Change %	K'million	K'million	K'million	K'million
Income statement amounts					
Net Interest Income	24%	2,102	1,697	1,252	986
Non Interest Revenue	16%	1,188	1,028	853	805
Total Income	21%	3,290	2,725	2,105	1,791
Operating expenses	18%	(1,643)	(1,390)	(1,134)	(1,001)
Impairment Charge	-12%	(76)	(86)	91	67
Profit After Tax	26%	1,065	844	759	553
Balance sheet highlights					
Customer loans and advances	23%	8,279	6,714	3,643	2,540
Customer deposits	21%	18,716	15,486	11,386	8,843
Total Assets	23%	23,824	19,337	14,005	10,778
Total Shareholder Equity	37%	4,018	2,939	2,109	1,350
Key ratios					
Loan to deposit ratio		44%	43%	32%	29%
Cost to income ratio		50%	51%	54%	56%
Return on equity		31%	33%	44%	52%

Statement on Corporate Governance

FNB Zambia continues to uphold corporate governance practices. In the financial year from July 2024 to June 2025, the Bank consistently reviewed its governance practices to ensure alignment with international best practice while consistently serving stakeholder and regulatory expectations and requirements. The Bank of Zambia Corporate Governance Directives 2016 and the King IV Code on Corporate Governance remained central to informing the Bank's corporate governance practices, complemented by the FNB Board-approved governance framework to ensure adherence to sound and ethical corporate governance standards.

Board of Directors

The Board of Directors ("the Board"), leveraging their diverse skills and experience, effectively discharged their oversight responsibilities over the Bank's operations in the last financial year. The Board's composition is predominantly independent non-executive directors, ensuring sound and impartial decision-making. These directors provide vital independent perspectives on strategy implementation, balancing various stakeholder needs and optimal business outcomes.

As of June 2025, the Board comprised ten members, equally divided between men and women, each with at least 15 years of experience in their respective fields. The Board's expertise covers accounting, legal, business, climate risk management, risk management, information technology and cyber risk management, banking, finance, credit, venture capital, compliance, audit, mining and governance among other key skills.

Board Changes:

Exits:

- Linire Mulima (Retired July 2024)
- Mark Luring (Retired July 2024)

Appointments

- Lydia Chilumba (Appointed July 2024)
- Daudi Mtonga (Appointed December 2024)
- Richard Hudson (Appointed May 2025)

The Board met seven times during the financial year 2024-2025, with three of the seven meetings being adhoc meetings. Directors' attendance of all meetings was 93% on average.

Governance structures

Recognizing the importance of a fit-for-purpose governance database, the Bank reviewed and approved all policies, frameworks, charters and other governance documents for the upcoming financial year. Directors updated their declarations of interest and provided attestations to the Bank's Code of Ethics, which outlines expected behaviors for Directors, staff and suppliers.

In line with the Bank of Zambia Corporate Governance Directives 2016, the Bank maintained its Board and subcommittees, subjecting their functions to annual evaluations. The Insider and Large Exposures Committee was dissolved as of June 2025, with its responsibilities fully assumed by the Board. The Board now approves all large loans and insider loans recommended by the Management Credit Committee, ensuring compliance with defined policies and regulatory capital limits.



Erica Chakota Nchito
Company Secretary & Head-Legal
- FNB Zambia

Committees

Remuneration and nominations committee: this committee oversees senior management and employee remuneration, reviews the Bank's strategy to attract and retain top talent across all levels in the Bank, the committee further oversees the enablement of performance in an effort to maximise shareholder value. It reviews the Board's structure, size and composition, ensuring appropriate demographics and a balance between non-executive and executive directors among other factors considered.

Audit committee: the audit committee assists the Board in the discharge of its duties relating to its financial reporting and performance, reviewing external audit reports, internal control systems and compliance. The committee reviews and evaluates the nature, extent and categories of financial risks facing the Bank, and ensures relevant risk management strategies, processes and policies are in place, in relation to financial reporting. The committee further assesses the going concern status of the Bank.

Risk, capital management, and compliance committee: this committee assists the board of directors with managing risk, compliance, and capital. The committee ensures adherence to governance laws, regulations, and best practices. Its primary functions include overseeing risk management processes, ensuring compliance with regulatory requirements, approving enterprise risk and capital management frameworks, and monitoring the effectiveness of these processes. It also addresses environmental and social risks, cyber and information risks, and ensures the bank's operations align with ethical standards and corporate values.

Statement on Corporate Governance

Loans review committee: The loans review committee ensures effective credit governance by managing, measuring, monitoring, and controlling credit risk. It reviews and approves lending strategies, policies, and loan limits, monitors asset quality, ensures compliance with internal policies and laws, and oversees the quality and collectability of loans. The committee ensures that credit activities are conducted within approved guidelines and that the Bank maintains adequate capital for credit exposures.

Annual general meeting

The Bank held its Annual General Meeting on 25th September 2024, in compliance with the Companies Act No 10 of 2017. All required actions and matters were appropriately concluded.



Board of Directors



Board of Directors



Richard Mazombwe
Board Chairperson

Board committee membership:

- Board Chairperson (Independent Non-Executive)
- Chairperson of the Remuneration and Nominations Committee (REMNCO)

Qualifications

- Bachelor's Degree in Accountancy.
- Fellow of Zambia Institute of Chartered Accountants (FZICA)
- Fellow of the Associated of Certified and Chartered Accountants (FACCA)

Experience

He brings significant financial, strategy and corporate governance experience to the Board gained in Zambia, Botswana and Malawi. He has over 25 years of experience in private practice, 14 of which were at partner level. At the time of his retirement in 2010, he had served 6 years as the Country Senior Partner of PricewaterhouseCoopers Zambia. Since retiring he has concentrated on leadership training and corporate governance.

Richard has previously served as the Board Chairman of Citi Bank Zambia and of Prudential Life Assurance Zambia. He currently serves as the Board Chairperson of National Breweries Plc and is a board member of the Zambia Information and Communications Technology Authority.

Tenure

Appointed as board member on 29th October 2020.



Kapumpe Chola
Chief Executive Officer

Board committee membership:

- Board Member (Executive Director)

Qualifications

- Bachelor of Arts Degree, Psychology and Public Administration (University of Zambia)
- Master of Business Administration
- Financial Studies (Nottingham University Business School, United Kingdom)
- Treasury Dealing Certificate (ACI: The Financial Markets Association (UK).
- Certificate of Leadership in Digital Age: AI & Financial Inclusion Executive program from Insead Business School, Singapore.

Experience

Kapumpe brings a wealth of over 28 years of experience in banking and finance across local and international markets. She is an avid business and strategy leader with a proven track of leading large groups with diverse cultures gained from her work in Botswana, South Africa, Zambia and other countries in the region.

Kapumpe is current Chairperson of the Finance, Human Resources Administration committee of the Zambia Electronic Clearing House Board and also served as an Independent Non-Executive Director of Kenya Re Zambia between 2019 and 2022.

Tenure

Appointed as Chief Executive Officer at FNB Zambia on 1st February 2024. She has been with FirstRand group for 10 years having served as Head - Corporate & Investment Banking at FNB Zambia and Country Director at RMB Botswana.

Board of Directors



Yande Mwenye
Non-Executive Director
Independent

Board committee membership:

- Audit committee chairperson
- Remuneration and nominations Committee member
- Board member

Qualifications

- A qualified chartered accountant
- Fellow of the Zambia Institute of Chartered Accountants (FZICA)
- Fellow of Association of Certified and Chartered Accountants (FACCA)

Experience

She has over 21 years professional experience that spans over three continents having worked in Norway, the British Channel Islands, Australia and in Zambia. Most of her work experience has been spent in one of the top tier audit firms. She is currently the Managing partner for YSM Chartered Accountants, serves on a number of boards and committees, and is also an Insolvency Practitioner.

She is currently serving as president of Zambia Institute of Chartered Accountants (ZICA).

Tenure

Appointed as board member on 24th November 2020.



Lydia Chilumba
Non-Executive Director
Independent

Board committee membership:

- Remuneration and nominations Committee member
- Loans review committee member
- Board member

Qualifications

- Qualified legal practitioner currently practicing law as a consultant at Sameta Mapushi Legal Practitioners.
- Bachelor of Laws Degree obtained from the University of Zambia
- Master of Laws Degrees in International Economic Law (Warwick University)
- Masters of Laws in Corporate/Commercial Law (London University - Kings College)

Experience

She is a seasoned legal practitioner with over 32 years of experience, and has served as a member of executive suites, advising local and multinational clients, in both the private and public sectors. She specializes in pensions, investments and banking law. She has served on several risk, audit and credit subcommittees and boards of notable institutions in Zambia. She is a member of the Zambian Institute of Directors.

Tenure

Appointed as board member on 19th July 2024.

Board of Directors



Richard Hudson
Non-Executive Director
Independent

Board committee membership:

- Loans review committee member
- Risk capital management and compliance committee member
- Board member

Qualifications

- Bachelor of Commerce Degree as well as an Honours Degree in Economics (University of Natal)

Experience

He is a seasoned banker with over 34 years of experience in various entities within the FirstRand Group. He has previously held the positions of Chief Executive Officer, Chief Risk Officer, Chief Operations Officer, branch and business executive in FNB International, FNB Africa, South Africa, Botswana, Zambia, Eswatini, Lesotho, Mozambique, Tanzania and Ghana.

Tenure

Appointed as board member on 7th May 2025.



Musonda Mwambazi Kapaya
Non-Executive Director
Independent

Board committee membership:

- Loans review committee
- Risk capital management and compliance committee member
- Board member

Qualifications

- Post Graduate Information Systems Management (Greenwich University)
- BSc Computing (Greenwich University)
- Graduate of the United States Telecoms Training Institute (USTTI) in cybersecurity and Disaster Management.

Experience

He is an Information and Communication Technology professional with over 28 years of experience in banking & Technology. He has experience and trained in various certifications, frameworks and standards including ISO42001, ISO27001, ISO27002, ISO27005, ISO27032, ISO38500, ISO31000, NIST CSF 2.0, SWIFT, PCI DSS, CEH, CISSP, COBIT, ITIL and Digital Transformation. He has served in various positions in banking and Information Technology industry.

He is the Founder and CEO at Digital Safe Limited, worked at SILENSEC as Chief Information Security Architect, worked in various positions at ZANACO including, Senior Manager Card systems and Operations and Chief Information Security Officer (CISO). He has also served as Member for VISA Sub Sahara Risk Committee and Chairperson of the National Cybersecurity and new generation network National technical committee. (ZICTA & ZABS).

Tenure

Appointed as board member on 11th September 2020.

Board of Directors



Faith Mukutu

Non-Executive Director
Independent

Board committee membership:

- Audit committee member
- Board member

Qualifications

- Chartered Accountant
- Fellow of Association of Certified Chartered Accountants (FACCA)

Experience

She has 20 years post qualification experience in finance and a diversified work experience, comprehensive educational and training foundation and an exemplary career at leading national and international organisations.

She is the current Chief Executive Officer of Zambeef Products Plc.

Tenure

Appointed as board member on 4th June 2024.



Kakenenwa Muyangwa

Non-Executive Director
Independent

Board committee membership:

- Audit committee member
- Risk capital management and compliance committee chairperson
- Board member

Qualifications

- Bachelor (Honours) Degree in Mining Engineering (Imperial College of Science and Technology, London)
- Chartered Certified Accountant.

Key strengths

He has over 35 years' experience in corporate leadership and senior management in various industries including Mining, Concentrates and Metals Trading, Audit and Business Advisory Services, Treasury Management, Financial Management and Financial Reporting in the banking and financial services sector. He has worked in diverse markets across the globe, including Zambia, Cote d' Ivoire, Botswana, United Kingdom and Germany.

His current and past director level and senior management experience includes: ZCCM IH - Current Board Chairperson; Long-Term Corporate Recovery and Turnaround - Consultant at the African Development Bank's Special Operations Unit; Non-Executive Director at Mopani Copper Mines, Kariba Minerals, CNMC Luanshya Copper Mines and JUMO Zambia; Finance and Treasury Director at Barclays Bank of Zambia; Interim Finance Director at Scaw Limited, Chibuluma South Mine and Mpelembe Drilling Company; Executive Director at Messina Copper and Matsitama Minerals in Botswana; Chief Internal Auditor and later Marketing Manager at Konkola Copper Mines, and Audit Manager at Price Waterhouse (predecessor firm of PwC), in their Lusaka and London offices.

Tenure

Appointed as board member on 29th November 2021.

Board of Directors



Rosemary Liywalii
Non-Executive Director
Independent

Board committee membership:

- Loans review committee chairperson
- Risk capital management and compliance committee member
- Board member

Qualifications

- Master of Business Administration (Heriot-Watt University, Edinburgh Business School)
- Bachelor of Science degree in Financial Services (University of Manchester Institute of Science and Technology (UMIST))
- Associate of Chartered Institute of Bankers (ACIB) UK

Experience

She is a seasoned banker with over 30 years of experience in the industry and other jurisdictions such as Botswana and Ivory Coast. Her key competencies include credit appraisal, project monitoring, portfolio management, loan restructuring and debt recovery. She has experience in enterprise risk management, leadership, mentoring and assessment and management of Environmental and Social (E&S) issues. She is a member of the Institute of Directors (IoDZ)

Tenure

Appointed as board member on 15th August 2023.



Daudi Mtonga
Non-Executive Director
Independent

Board committee membership:

- Audit committee member
- Board member

Qualifications

- Bachelor of Science degree in Computer Mathematics (University of Zambia)
- Fellow of the Association of Chartered Certified Accountants (FCCA)
- Fellow of the Zambia Institute of Chartered Accountants (FZICA)

Experience

He is a seasoned business and finance professional with over 30 years of experience in advisory services and risk management, including 15 years in private equity and venture capital fund management. His expertise spans fundraising, deal structuring, and investment execution across Zambia, Namibia, and Botswana.

He brings strong corporate governance credentials through board-level roles in portfolio companies, where he has actively served on various boards and sub-committees, including audit and risk committees.

Tenure

Appointed as board member on 23rd December 2024.

Executive Team



Executive Team



Kampamba K. Mulenga
Chief Financial Officer

Qualifications

- Masters in Finance and Accountancy (University of London).
- Masters in Banking and Regulation (University of Warwick).
- Bachelor’s Degree in Accountancy and Finance (Copperbelt University).
- Fellow of Zambia Institute of Chartered Accountants (ZICA).
- Fellow of Associated of Certified Chartered Accountants (ACCA UK).

Tenure

Five years of service as Chief Financial Officer at FNB Zambia.



Vivian Kondolo
Head of Human Resources

Qualifications

- Bachelor of Arts in Public Administration with Psychology (University of Zambia).
- Certification in Change Management (Kotter).
- Mini-Masters of Business Administration in telecom strategies and business management (Marcus Evans).
- Fellow – Zambia Institute of Human Resource Managers.

Tenure

Nine years of service as Head of Human Capital at FNB Zambia.



Luyanga Mufungulwa
Head Corporate & Investment Banking

Qualifications

- Bachelor of Business Administration (Copperbelt University).
- Master of Science in Financial Management (Edinburgh Business School).
- Postgraduate Diploma in International Q\ Financial Reporting Standards (ACCA).
- Chartered Financial Analyst (CFA Institute).
- Association Cambiste International (ACI) Dealing Certificate (Financial Markets Association).

Tenure

Eleven years of service for FNB Zambia and Two year of service as Head of CIB.

Executive Team



Erica Chakota Nchito
Company Secretary & Head Legal

Qualifications

- Bachelor of Laws degree (University of Zambia).
- Post Graduate Diploma in Law (University of Zambia.)
- Certified Investments Advisor.
- Zambia Institute of Advanced Legal education (ZIALE).

Tenure

Five years of service as Head of Legal and Company Secretary at FNB Zambia.



Ignatius Kashoka
Treasurer

Qualifications

- Bachelor's Degree in Chemical Engineering (University of Birmingham UK).
- Bank Treasury Risk Management (BTRM Certificate).
- Association Cambiste International (ACI) dealing Certificate.

Tenure

Seven years of service as Treasurer at FNB Zambia.



Hinguuma Handia
Head of Credit

Qualifications

- Bachelor's Degree in Economics (University of Zambia).
- Post Graduate Diploma in Banking & Finance (Zambia Insitute of Banking and Finance).

Tenure

Three years of service as Head of Credit at FNB Zambia.

Executive Team



Kabanda Lilanda
Head of Business and Commercial Banking

Qualifications

- Master’s in Business Administration in International Business (Edith Cowan University, Perth Australia).

Tenure

Eight years of service at FNB Zambia with three years as Head of Retail Banking and five years as Head of Business and Commercial Banking.



Lukonde Kasonde
Chief Operating Officer

Qualifications

- Master’s in engineering management (Aston University).
- Bachelor’s Degree in Electronic Engineering (Aston University).
- Postgraduate Diploma in Digital Business. (Emeritus, in Collaboration with MIT and Columbia Business School).

Tenure

Ten years of service including two years as Chief Operating Officer of FNB Eswatini and three years of service as Chief Transformation and Operating Officer at FNB Zambia.



Mwamba Musambo
Head of Retail Banking

Qualifications

- Master’s in business administration with Edinburgh Business School (Herriot Watt University).
- Advanced Diploma in Business Administration from the Association of Business Executives.
- Certificate in Service and Culture (Disney Institute Florida).
- Senior Executive Leadership Program (Havard Business school).

Tenure

Four years of service as Head of Retail Banking at FNB Zambia.

Executive Team



Billy Samuel Mwape
Chief Information Officer

Qualifications

- Master of Business Administration (MBA) – Specialization in Strategic Planning (Heriot Watt University).
- Bachelor of Science (BSc) – Computer Science with a major in AI (Copperbelt University).
- Diploma – Telecommunication Systems (City & Guilds of London Institute).
- Certificate – Project management profession (Project Management Institute)
- Member of Information and Communication Technology Association of Zambia (ICTAZ).
- Member of Project Management Institute (PMI).

Tenure

Two years, eight months of service as senior manager – IT. 9 months of service as Chief Information Officer at FNB Zambia.



Kasali Mwaba Kaingu
Head Strategic Marketing & Communication

Qualifications

- Master of Business Administration (MBA) in International Business (Edith Cowan University).
- Bachelor of Economics Degree (University of Namibia).

Tenure

Four years of service as Head Strategic Marketing and Communications at FNB Zambia.



Clotilda Mulenga
Head- Customer Experience

Qualifications

- Master's Degree (Bond University in Australia).
- Member of the Zambia Institute of Marketing.

Tenure

Eleven years of service as Head of Strategic Marketing and Communication, Two years of service as Director, Marketing & Communications FNB Botswana and Three years of service as Head Customer Experience at FNB Zambia.



Environmental Report

2



Environmental Report

Statement on environmental practices 2025

Following its inaugural statement on environmental sustainability, FNB Zambia has taken considerable strides in the last financial year to enhance its environmental practices. These mark the beginning of many more enhancements to be made as the Bank positions itself to not only contribute to sustainable environmental practices but also encourage its clients and the public to follow suit.

Internal environmental transition activities

As a demonstration of its firm commitment to fostering safe and desirable environmental practices, the Bank ensured that in the financial year that ended 30 June 2025, all environmental related governance documents were reviewed and approved by the Board to ensure that they were fit for purpose.

Governance update

As a member of the FirstRand Group, sustainability and shared prosperity are at the centre of the Bank's operations. To this end, the Bank localized the Group wide framework that sets out the manner in which these key aspects of its operations will be implemented while fostering environmental stewardship. While it is noted that the framework and its operationalization is in its infancy, it has been instrumental in informing and shaping how the Bank relates with internal and external stakeholders around sustainability and shared prosperity.

Environmental and Social Management System (ESMS)

- The Bank successfully and effectively implemented its ESMS policy across all applicable credit facilities.
- In the year ended 30 June 2025, as part of its ongoing exercise to carry its clients along on the journey of embedding safe environmental practices, the Bank shared some key industry related ESMS nuggets with its clients.
- The Bank continues to encourage stakeholders to address all ESMS related queries to it via environment@fnbzambia.co.zm.

Emissions management

The Bank is cognisant of the adverse effects that plastic among other non-biodegradable waste has on the environment. This is the reason that the Bank prudently led itself and its clients to discontinue the use of disposable plastic water bottles at its premises. The Bank ceased to procure disposable plastic water bottles and opted to transition to the use of reusable flasks and glass bottles across all its points of presence in the country.

Capacity building

- Climate and environmental risk awareness programs were availed to all members of staff by 30 June 2025. The Bank continues to strive to ensure that all members of staff are aware of relevant climate and environmental risks and will endeavour to provide awareness to its staff as well as its clients.
- Two more resources were certified as Environmental and Social Risk Analysts during the period under review bringing the total analysts to 5- great strides from the 1 resource 3 years ago. The Bank therefore now has enhanced capacity in the review of all core banking transactions from an environmental and social risk perspective.

Enhancement to premises

- Following from branch enhancements/transitions reported in the previous financial year, in addition to the Kalumbila Branch, 17 branches have been successfully transitioned to solar energy. This transition required a significant capital expenditure which the Bank deemed as not only a demonstration of its commitment to assume the use of clean energy but its resilience in the face of climate change and the drought that plagued the country. This transition has ensured that there is successful management of indirect emissions resulting from diesel purchases and other forms of alternative energy.
- The Board approved the Bank's climate risk appetite statement and the statement of intent for sustainable agriculture which explain FNBZ's commitment to reducing greenhouse gases and sets the tone for the Bank's climate change approach to activities in the agricultural sector.

Environmental Report

These image below (Kalumbila branch) highlights our commitment to going green through the installation of solar systems across our branches.



Environmental Report

External environmental transition activities

The Bank is cognisant of the widespread impact of concerted efforts and thus collaborates with stakeholders in fostering desirable sustainable environmental practices. By 30 June 2025 the Bank had strategically positioned itself and participated in the below pertinent engagements:

- A workshop on Article 6 of the Paris Agreement which provides a framework for Carbon Trading;
- A capacity building workshop on green finance and green loan products organised by the Bank of Zambia;
- The 3rd Private Sector Day under the theme Embracing Sustainability: Unlocking Economic Opportunities in the face of Climate Change and Drought.

Key sponsor of the Zambia desk at COP 29 in November 2024

The Bank was a key sponsor of the Zambia desk at COP 29 in Baku, Azerbaijan in November 2024 as a demonstration of its commitment to participating in the national and global conversations on Environmental, Social, and Governance (ESG) and overall environmental sustainability. This sponsorship was strategic as it created several future opportunities for collaboration with national and international organisations.

Social Report



Social Report



The FNB Zambia Foundation (“the Foundation”) was registered on the 25th January 2023 and officially launched by the Republican President Mr. Hakainde Hichilema, on the 8th of November 2023. The Foundation was established as the legal vehicle through which FNB Zambia directs its corporate social investment.

The Foundation receives a minimum of 1% of the Bank’s net profit after tax (NPAT) as an annual contribution. The Foundation is governed by a Board of Trustees. The Foundation validates the vision of creating a better world and building a future of shared prosperity in Zambia.

Focus areas

The Foundation has a core focus on early childhood Development. Other key focus areas are chosen periodically by the Trustees out of the United Nations Sustainable Development Goals (SDGs) . Out of the seventeen SDGs, the Foundation has adopted the following as its focus areas ;

1. Quality education
2. Good health and wellbeing
3. Clean water and Sanitation and
4. Climate action

The Foundation has a core focus on reaching beneficiaries related to Early Childhood Development. Investing in Early Childhood Development (ECD) yields long-term benefits, making it a pivotal focus for our initiatives. By prioritizing ECD, we can help communities break cycles of poverty, enhance education outcomes, and promote overall sustainable development. The Foundation is also focused on ensuring a geographical outreach reached a milestone of implementing projects in each of the 10 provinces of Zambia.

The tables below highlight key projects implemented during the Foundation’s fiscal year, highlighting initiatives aligned to our focus areas and demonstrating our commitment to creating sustainable impact in the communities we serve.

Social Report

Early Childhood Education (ECE)

Investing in Early Childhood Education (ECE) is essential to building strong educational foundations that shape a child’s future success. Strategic support has been directed toward creating safe, engaging, and inclusive learning environments that promote cognitive and social development during the most formative years.

A variety of initiatives were undertaken to strengthen ECE access and infrastructure in different provinces. These initiatives include the following:

Recipient/ Beneficiaries	Town/Province	Project	Impact	Partnerships/ Foundation led
Mpande Primary School	Kafue, Lusaka	Donation of desks	Enhanced learning conditions for young learners	World vision
Kamirenda Basic School	Luanshya, Copperbelt	Construction of ECE classroom block and age-appropriate toilets	Addressed the pressing need for dedicated learning spaces for Early childhood learners, enabling more children to enroll	Foundation led
Cheshire Home	Mongu, Western province	Donation of wheel chairs and food supplies	Improved quality of life for children with disabilities	Foundation led
Yeta & Zwelopili Schools	Mongu, Western province	Donation of shoes , “Walk a Mile in My Shoes” initiative	Enhancing access to education	Zambeef
Yeta & Zwelopili Schools	Mongu, Western province	Donation of ECE desks, boards and learning materials	Promoting inclusive, child-friendly learning environments	Foundation led
Development Workshop Zambia (DWZ)	Mansa, Luapula province	“Play for All” project: integrated play-based learning to parents and teachers	Improved teaching practices for early childhood learners and increased parental engagement	Development Workshop Zambia (DWZ)



Social Report

Climate Action

Climate action is crucial because it addresses the escalating impacts of climate change, which are already affecting nations worldwide and causing significant harm to people, communities, and economies. Taking action now is essential to mitigate these effects, protect vulnerable populations, and ensure a sustainable future. The climate related activities carried out by the Foundation include :

Recipient/ Beneficiaries	Town/Province	Project	Impact	Partnerships/ Foundation led
St. Columbus Primary School	Mazabuka, Southern province	Construction of one (1) Decentralized Wastewater Treatment System (DEWATS)	Renewable energy, reduced deforestation	Water for Water
Ncwala ceremony	Chipata, Eastern province	Tree planting initiatives	Ecosystem restoration, climate resilience	Foundation led
Kafulamase Primary School	Kabwe, Central province	Tree planting initiatives	Ecosystem restoration, climate resilience	Habitat for Humanity
Mbala General Hospital	Mbala, Northern province	Installation of Macrobrun incinerators	Safe on-site destruction of infectious hospital waste	Right to care (RTC)
Mpika General Hospital	Mpika, Muchinga province	Installation of Macrobrun incinerators	Safe on-site destruction of infectious hospital waste	Right to care (RTC)
Samfya Hospital	Samfya, Luapula province	Installation of Macrobrun incinerators	Safe on-site destruction of infectious hospital waste	Right to care (RTC)
Bweengwa Day School	Monze, Southern province	Tree planting initiatives	Ecosystem restoration, climate resilience	Foundation led



Social Report

Water and sanitation

Water and sanitation remained a key focus area in the year under review, with the Foundation investing in projects aimed at improving access to clean and sustainable water sources for schools and surrounding communities. Access to clean water is fundamental to public health, educational outcomes, and overall community wellbeing. For surrounding communities, clean water contributes to the prevention of waterborne diseases, reduces the burden of water collection (often carried by women and children), and supports broader development goals, including health and poverty reduction.

By prioritizing water and sanitation interventions, the Foundation is addressing a critical need that not only improves daily living conditions but also enables long-term resilience and dignity for underserved populations.



Recipient/ Beneficiaries	Town/Province	Project	Impact	Partnerships/ Foundation led
Divine Mercy Mission School	Chongwe, Lusaka province	Solar pump installation and borehole flushing	Reliable water access for underserved children	Foundation led
Kafulamase Primary School	Kabwe, Central province	Solar-powered water reticulation system (with Habitat for Humanity)	Water access for 1,200 pupils and community	Habitat for Humanity
Munali Boys School	Lusaka, Lusaka province	Borehole, tanks, solar pump installation	Water access for 2,000+ students and 90 households	Foundation led
Nkolonga Primary School	Mkushi, Central Province	Construction of gender and age inclusive ablution blocks	Improved sanitation for 1608 pupils	Foundation led
St. Columbus Primary School	Mazabuka, Southern province	Construction of gender, age, and disability inclusive ablution blocks	Improved sanitation for 1249 pupils	Water for Water

Social Report



Health with a focus on Early Childhood

Recognizing that the foundation for lifelong wellbeing begins before birth, key investments have been directed toward strengthening maternal and child health infrastructure as a critical component of Early Childhood Development (ECD). These efforts aim to ensure safe deliveries, improved neonatal care, and enhanced access to quality healthcare services for mothers and infants.

The flag ship project for the Foundation in 2025 was the completion of a fully solar-powered maternity annex at Kalikiliki in Lusaka. This facility provides a reliable and sustainable environment for maternal health services, reducing the risk of power outages during critical procedures and improving the overall quality of care for mothers and newborns.

Social Report



Social Report

Staff Volunteer Program

The Staff Volunteer Program (SVP), supported by the Foundation, reflects our commitment to social responsibility by enabling staff to contribute towards all SDGs with wide impact and geographic reach, through kwacha-for-kwacha matching of approved requests. This initiative fosters a collective spirit of giving back, creating lasting change in communities while delivering a rewarding experience for participating staff.

The SDGS supported by our staff volunteer program are highlighted below:



Donation to Cancer Diseases Hospital, University Teaching Hospital



Donation to Magwero school for the blind



Social Report

Donation To ZNS pre-school Mumbenzi



Donation to Village of Hope in Chisamba



Donation to Kakolo Health Centre



Donation to Hands of Mercy – Home for the Aged



Social Report

Donation to Kamfisa womens prison



Donation to Footprints of Hope school



Customer experience team donation to Mthunzi Boys Centre



Donation to Solwezi Urban Clinic



Donation to the Chainama female mental ward



Social Report

Donation to UTH Ward 4 – Children’s Sickie Cell Ward



Donation to Munu-Ka Yumbwa Cerebral Palsy Association in Chisamba



Donation to Mother Theresa Home



Awards

FNB Zambia has a strong commitment to delivering best-in-class Banking solutions that enhance the financial and lifestyle experience of our valuable customers and stakeholders.

This commitment has culminated in local, regional and international recognition through prestigious accolades.

Awards



2024
Africa Marketing
Brilliance Awards
**Best Retail
Campaign**



2024
Africa Marketing
Brilliance Awards
**Best Pan African
Campaign**



2024
Zambia Institute of
Banking & Finance
**Exceptional
Customer Service
Awards**



2024
Banking and
Finance
Conference
**Best Customer
Service Award**



2024
Banking and
Finance
Conference
**Most Supportive
Bank Award**



2024
Banking and
Finance
Conference
**E-Payment
Solution Award**



Awards

2024
Banking and Finance Conference
Digital Banking Brand of The Year Award

2024
Chartered Institute of Customer Management
Best Digital Bank Zambia

2024
Governors Financial Literacy Awards
Most Innovative Financial Education Programme: Second Place

2024
Governors Financial Literacy Awards
Outstanding Financial Literacy Footprint: Third Prize

2024
Governors Financial Literacy Awards
Exceptional Leadership in Financial Literacy: First Prize.

Sponsorships



Sponsorships

Business Sponsorships

Zambia International Mining and Energy Conference (ZIMEC) 2025

FNB Zambia was proud to sponsor the Zambia International Mining and Energy Conference and Exhibition (ZIMEC) 2025 as part of its continued commitment to supporting the growth and transformation of Zambia's mining and energy sectors.



FNBZ CEO and attendees at ZIMEC conference



Official opening of the ZIMEC conference

CNC360 Consulting

CNC360 Consulting Limited is a local private company incorporated in Zambia with a focus on building capacity of entrepreneurs and Small Medium Enterprises (SME) to enable them start and sustainably grow their businesses.



CNC360 consulting – capacity training

Sponsorships

French Beaujolais

Objectives of our participation:

- Offer our CIB clients invitations to an exclusive high-end networking event;
- Drive brand visibility among the C-suite customer audience;
- Strengthen relationship with French Embassy following their onboarding as our customers.

Public Private Dialogue



FNB representatives at Public Private Dialogue conference

FNB Zambia in partnership with Public Private Dialogue joined His Excellency, the President of the Republic of Zambia, Mr Hakainde Hichilema and other key stakeholders at the 3rd Private Sector Day to tackle one of today's biggest challenges, Climate change.

Climate smart conference for entrepreneurs

FNB Zambia partnered with Wiggle Ventures Zambia to support the promotion of climate smart (green) entrepreneurship in Zambia, through the Smart conference for small and medium-sized enterprises (SMEs) to drive association of FNB climate smart initiatives for business resilience, and to drive positioning as a trusted partner for financing solutions for climate smart entrepreneurship for the SMEs.

FNB golf day

The FNB Golf day, held on 15th November 2024 at Bonanza Golf Course served as a dynamic platform for networking, significantly boosting our brand visibility and stakeholder engagement. The event brought together our retail, business, and corporate clients, along with other key partners.



Events

Customer Events

We successfully hosted the FNB Kopala Run, now the Copperbelt’s largest health and wellness event, with an impressive turnout of over 4,000 runners for the second run.

In celebration of 16 years of operations in Zambia, we also hosted the third edition of the FNB Wine Festival – a two-day showcase of exceptional local and international wines. The festival featured an exclusive, invite-only event on the first day, followed by a public day where guests enjoyed a diverse selection of fine wines and curated pairings.



Kopala Run starting line



Kopala Run in effect



Prize Giving during the Kopala Run



Wine Fest attendees interact with an exhibitor



Art enthusiast explains the concept of a painting at the inaugural FNB Visual Arts Competition



Directors' Report

3

Directors’ Report

The Directors have pleasure in submitting their report together with the annual financial statements of First National Bank Zambia Limited (the Bank) for the year ended 30 June 2025.

The Bank is a registered commercial bank in Zambia. It offers a wide range of banking and related services through its branch, agency, in-store banking sites and advanced deposit taking machines (ADTs) and automated teller machines (ATMs) network.

As at 30 June 2025, the Bank’s footprint consisted of the following: -

	June 2025	June 2024
Branches	24	24
Mobile Branch	1	1
CashPlus Agent Outlets	1,770	1,701
Total ATMS	144	148
Ordinary	80	82
Mobile ATMs	1	1
ADTs	63	65

Through this footprint, the Bank is represented in all ten provinces in Zambia.

Share capital

Authorised capital

The Bank’s authorised share capital consists of 4 1.6 billion shares of K0.01 (One Ngwee) each and amounts to a total of K4 16 million.

Issued share capital

The Bank’s issued share capital consists of 4 1.6 billion ordinary shares of K0.01 (One Ngwee) each and amounts to K4 16 million.

Shareholding	2025	2024
FirstRand Investments Holding Proprietary Limited (FRIHL)	1	1
FirstRand EMA Holding Limited (FREMA)	41,599,999,999	41,599,999,999

First National Bank Zambia Limited

Annual Report for the year ended 30 June 2025

Directors’ Report (continued)

Primary capital

Bank of Zambia (BoZ) capital adequacy framework requires all foreign owned commercial Banks to hold a minimum primary capital of K520 million made up of 80% in nominal paid up common shares (nominal paid up equity capital) and the balance of 20% which could be held only in any one or more of the following (i) Share premium, (ii) Retained income, (iii) General reserves, and (iv) Statutory reserves.

The Bank has complied with the Bank of Zambia (BoZ) minimum capital requirements as at 30 June 2025 as detailed below: –

K'million	2025	2024
Issued Share Capital	416	416
Share Premium	170	170
Retained Earnings	3,420	2,354
Fair Value Reserves	12	(1)
Closing balance	4,018	2,939
BoZ Minimum Tier 1 Capital Requirement	520	520
Surplus over the minimum	3,498	2,419

Trading results and dividends

The Bank recorded a profit after tax for the year ended 30 June 2025 of K1,065 million (2024: K844 million). The Board of Directors proposed a dividend declaration based on the dividend policy and financial results. The proposed dividend is subject to the necessary regulatory approvals and shareholder confirmation at the forthcoming Annual General Meeting.

Gifts and donations

The Bank continues to contribute towards uplifting communities where the Bank operates. During the year, the Bank pledged donations to the FNB Zambia Foundation amounting to K10.6 million (2024: K8.4 million).

Exports

The Bank did not make any exports from Zambia during the year (2024: Nil).

Average number of employees and remuneration

The total remuneration of employees during the year was K659 million (2024: K547 million), and the average number of full-time employees were as follows:

July	712	November	713	March	720
August	719	December	712	April	715
September	719	January	715	May	715
October	715	February	715	June	712

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



First National Bank Zambia Limited

Annual Report for the year ended 30 June 2025

Directors' report (continued)

Research and development

During the year the bank did not conduct any research and development activities (2024: Nil).

Property and equipment

During the year, the bank purchased property and equipment amounting to K114.8 million (2024: K72.8 million). In the opinion of the Directors, there was no significant difference between the carrying value and market value of the Bank's property and equipment.

Related party transactions

In accordance with the requirements of the Banking and Financial Services Act, 2017 of Zambia, related party transactions are disclosed in note 19 of the annual financial statements.

Directors' emoluments

In accordance with the Companies Act, 2017 of Zambia and Banking and Financial Services Act, 2017 of Zambia Directors' emoluments and interests are disclosed under note 5.5 of the annual financial statements.

Prohibited borrowing and lending

There were no prohibited borrowings or lending as defined under Section 89 of the Zambian Banking and Financial Services Act, 2017 of Zambia.

Risk management and control

The Bank, through its normal operations, is exposed to several risks, the most significant of which are credit, market, operational and liquidity risk.

The Bank's risk management objectives and policies are disclosed in note 26 of the annual financial statements. These policies mitigate risks by introducing controls that are designed to safeguard the Bank's assets while allowing sufficient freedom for the normal conduct of business. Internal Audit carries out independent reviews to ensure compliance with financial and operational controls.

Compliance function

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

Know your customer and anti-money laundering policies

The Bank has adopted the Know Your Customer (KYC) and anti-money laundering policies and adheres to current legislation in these areas.

First National Bank Zambia Limited

Annual Report for the year ended 30 June 2025

Directors' report (continued)

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

Directors	Designation	Residence
R. Mazombwe	Independent Non – Executive Chairman	Zambia
K. Chola	Chief Executive Officer	Zambia
M. Kapaya	Independent Non – Executive	Zambia
M. Lüring	Independent Non – Executive	Zambia – Retired July 2024
K. Muyangwa	Independent Non – Executive	Zambia
L. Mulima	Independent Non – Executive	Zambia – Retired July 2024
Y. Mwenye	Independent Non – Executive	Zambia
R. Liywalii	Independent Non – Executive	Zambia
F. Mukutu	Independent Non – Executive	Zambia
L. Chilumba	Independent Non – Executive	Zambia – Appointed July 2024
D. Mtonga	Independent Non – Executive	Zambia – Appointed December 2024
R. Hudson	Independent Non – Executive	South Africa – Appointed May 2025

During the year, the total Director remuneration was K11.4 million (2024: K14.3 million), comprised of K3.3 million (2024: K8.5 million) for services rendered by Executive Directors and K8.1 million (2024: K5.8 million) for services rendered by Non-Executive directors.

Interests Register Information

During the year, the Directors made no declarations of interest in Bank's transactions and business. The Directors declared the following number of ownership interests and board memberships in other businesses.

Directors	Outside interest declared
R. Mazombwe	3
K. Chola	0
M. Kapaya	1
K. Muyangwa	3
Y. Mwenye	3
R. Liywalii	1
F. Mukutu	3
L. Chilumba	4
D. Mtonga	1
R. Hudson	0

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

First National Bank Zambia Limited

Annual Report for the year ended 30 June 2025

Directors’ Report (continued)

Auditor

Due to regulatory requirements, PricewaterhouseCoopers Zambia, will rotate off as auditors of FNB Zambia. A resolution to appoint a successor will be proposed at the annual general meeeting.

The auditor remuneration for the year was K5.04 million (2024: K4.48 million) comprised of K4.87 million (2024: K4.44 million) audit services and K0.2 million (2024: K0.04 million) for other non-audit services rendered to the Bank.

By order of the Board



21 August 2025

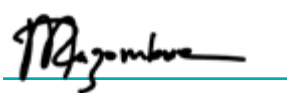
Statement of Directors' Responsibilities

The Companies Act No.10 of 2017 of Zambia, requires the Directors to prepare annual financial statements for each financial year that give a true and fair view of the state of affairs of the Bank as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Bank keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Bank. They are also responsible for safeguarding the assets of the Bank. The Directors are further required to ensure the Bank adheres to the corporate governance principles or practices contained in Sections 82 to 112 of Part VII of the Companies Act, 2017 of Zambia. The Bank is pleased to report that it is fully compliant with the directives.

The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards (IFRS® Accounting Standards) as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2017 of Zambia, and the Banking and Financial Services Act, 2017 of Zambia. The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of annual financial statements, and for such internal controls, as they have determined as necessary to enable the preparation of annual financial statements that are free from material misstatements, whether due to fraud or error.

The Directors are of the opinion that the annual financial statements set out on pages 65 to 164 give a true and fair view of the state of the financial affairs of the Bank and of its financial performance in accordance with IFRS Accounting Standards as issued by the IASB and the requirements of the Companies Act No.10 of 2017 of Zambia and the Banking and Financial Services Act, 2017 of Zambia. The Directors further report that they have implemented and further adhered to the corporate governance principles or practices contained in Sections 82 to 112 of Part VII's of the Companies Act No.10 of 2017 of Zambia.

Nothing has come to the attention of the Directors that the Bank will not remain a going concern for at least 12 months from the date of these annual financial statements.



R. Mazombwe
Chairman



K. Chola
Chief Executive Officer

21 August 2025

Report of the Audit Committee

To the Shareholders and Other Users of the Annual Financial Statements

The Bank's audit committee consists of three members of the board. The external and internal auditors attend audit committee meetings by invitation. The committee meets at least four times a year and assists the Board in discharging its responsibility for ensuring that the Bank's financial and accounting systems provide accurate and up-to-date information on its current financial position, and that the Bank's published annual financial statements present a fair reflection of this position.

It also ensures that appropriate accounting policies, control and compliance procedures are in place.

The objectives of the committee are:

- To assist the Board of Directors in its evaluation of the adequacy, effectiveness and efficiency of the internal control systems, accounting practices, information systems and auditing processes applied in the day-to-day management of the business.
- To facilitate communication between the Board of Directors, management and internal and external auditors.
- Approve external auditor's appointment, compensation and dismissal and provide oversight over the Bank's financial reporting process.
- To strengthen internal controls by i) reviewing and approving audit scope and frequency; ii) reviewing internal audit reports and ensuring senior management is taking appropriate corrective action in a timely manner to address control weaknesses, non-compliance with laws and regulations and other internal problems identified.

The committee has met its objectives and has found no material weakness in controls. The committee is satisfied that the annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and in compliance with the Companies Act No.10 of 2017 of Zambia and Banking and Financial Services Act No.10 of 2017 of Zambia.



Y. Mwenye
Chairperson

20 August 2025
Lusaka

Independent Auditor's report

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Independent auditor's report

To the Shareholders of First National Bank Zambia Limited

Report on the audit of the annual financial statements

Our opinion

In our opinion, the annual financial statements give a true and fair view of the financial position of First National Bank Zambia Limited (the "Bank") as at 30 June 2025, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2017 of Zambia, the Banking and Financial services Act, 2017 (As amended) of Zambia and the Securities Act, 2016 of Zambia.

What we have audited

First National Bank Zambia Limited's annual financial statements are set out on pages 65 to 164 and comprise:

- the statement of financial position as at 30 June 2025;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the annual financial statements, comprising material accounting policies and other explanatory information.

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 annual financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Bank in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



Report on the audit of the annual financial statements (continued)

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
1. Impairment of financial assets at amortised cost As at 30 June 2025, the Bank's portfolio of financial assets measured at amortised cost included loans and advances and investment securities. The Bank assesses at each reporting date whether the financial assets carried at amortised cost are credit impaired. The Bank's management has applied an expected credit loss ("ECL") model to determine the allowance for impairment of financial assets. The ECL model involves the use of various assumptions, macro-economic factors and study of historical trends relating to the Bank's history of collection of financial assets, which include the Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). Significant judgments were made in determining the PDs, LGDs and forward-looking information, which makes this an area of focus. Further information on impairment of financial assets at amortised cost is presented in Notes 3, 10 and 11 of the financial statements	• Tested the controls around loan origination, credit appraisal, disbursement process, and delinquent loans including collections and recoveries and selected a sample of financial assets and performed a detailed credit review to confirm appropriate classification and measurement. • We reviewed the methodology used to develop the loss given default under the various assumptions. Where applicable we agreed cash flow and collateral values to underlying documentation. • Tested forward looking information and evaluated it against external sources of information. • Tested the impairment of financial assets carried at amortised including the basis for their judgments and reasonableness of key inputs and assumptions. • For loans and advances, tested a sample of accounts to understand their performance and appropriateness of staging in line with IFRS 9 by recalculating the number of days past due. • Tested loan write-offs for appropriate approval and consistency in application of write-off policy. • Performed an independent recalculation of the Expected Credit Losses and compared this to management's results. • Reviewed disclosures in the financial statements for appropriateness and compliance with the requirements of IFRS 9 and IFRS 7.



Report on the audit of the annual financial statements (continued)

Other Information

The Directors are responsible for the other information. The other information comprises the Bank's Annual Report but does not include the annual financial statements and our auditor's report thereon.

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

In connection with our audit of the annual financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the annual financial statements

The Directors are responsible for the preparation of annual financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the requirements of the Companies Act, 2017 of Zambia and the Banking and Financial services Act, 2017 (As amended) of Zambia, and for such internal control as the Directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual 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.

The Directors are responsible for overseeing the Bank's financial reporting process.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual 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 annual financial statements.



Report on the audit of the annual financial statements (continued)

Auditor's responsibilities for the audit of the annual financial statements (continued)

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



Report on other legal and regulatory requirements

The Companies Act, 2017 of Zambia

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

- i. as required by section 259 (3)(a), there is a relationship, interest or debt which, ourselves, as the Bank Auditor, have in the Bank;
- ii. as required by section 259 (3)(b), there are serious breaches by the Bank's Directors, of corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia; and
- iii. in accordance with section 250 (2), as regards loans made to a Bank Officer (a director, company secretary or executive officer of the company), the Bank does not state the:
 - particulars of any relevant loan made during the financial year to which the accounts apply, including any loan which was repaid during that year; or
 - amount of any relevant loan, whenever made, which remained outstanding at the end of the financial year.

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

The Banking and Financial services Act, 2017 (As amended) of Zambia

The Banking and Financial services Act, 2017 (As amended) of Zambia also requires that our audit report should state whether, among other matters, First National Bank Zambia Limited has complied with the provisions of the Act. In accordance with the requirements of the Banking and Financial services Act, 2017 (As amended) of Zambia, we are required to report to you whether:

- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- there are transactions or conditions affecting the ability of the Bank to continue as a going concern which have come to our attention and that in our opinion are not satisfactory and require rectification; and
- any transaction undertaken by the Bank which was not within the powers of the Bank or which was contrary to this Act or other relevant law came to our attention;
- the Bank had non-performing or restructured loans outstanding, whose individual values exceeded 5% of the Bank's regulatory capital.

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



The Securities Act, 2016 of Zambia

Part III, Rule 18 of the Securities (accounting and financial reporting requirements) Rules of the Securities Act, 2016 of Zambia, require that in carrying out our audit of First National Bank Zambia Limited we report on whether:

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

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

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants
Lusaka

19 September 2025

Andrew Chibuye
Practicing Certificate Number: AUD/F002378
Partner signing on behalf of the firm

Financial Statements

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First National Bank Zambia Limited

Annual financial statements for the year ended 30 June 2025

Statement of profit or loss and other comprehensive income

Figures in thousands of Kwacha	Notes	Year ended 30 June 2025	Year ended 30 June 2024
Interest income calculated using effective interest rate		2,625,051	2,068,386
Interest and similar income	2.1	2,625,051	2,068,386
Interest expense and similar charges	2.2	(523,321)	(371,804)
Net interest income before credit related impairment		2,101,730	1,696,582
Net impairment charge	3	(76,222)	(86,471)
Net interest income after credit related impairment		2,025,508	1,610,111
Non-Interest revenue:		1,187,780	1,027,516
Fee and commission income	4	1,108,888	902,391
Fee and commission expense	4	(418,699)	(315,339)
Trading income	4	511,152	493,271
Other expenses (net)	4	(13,561)	(52,807)
Income from operations		3,213,288	2,637,627
Operating expenses	5	(1,642,538)	(1,390,366)
Profit before income tax		1,570,750	1,247,261
Income tax expense	6.1	(505,512)	(402,940)
Profit for the year		1,065,238	844,321
Other comprehensive income (OCI)			
Items that will be reclassified to profit or loss			
Fair value movement on investments measured at fair value through OCI	21(ii)	18,834	(19,232)
Deferred tax on investments measured at fair value through OCI	21(ii)	(5,289)	5,769
Total comprehensive income for the year		1,078,783	830,858

The summary of material accounting policies and the notes on pages 69 to 164 are an integral part of these annual financial statements.

First National Bank Zambia Limited

Annual financial statements for the year ended 30 June 2025

Statement of financial position

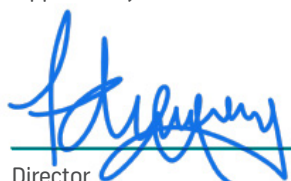
Figures in thousands of Kwacha	Notes	Year ended 30 June 2025	Year ended 30 June 2024
Assets			
Cash, Bank balances and Balances with Central Bank	8	6,563,470	6,012,214
Derivative financial instruments	9	200,767	75,487
Investment securities and other investments	10	8,201,756	5,917,309
Fair value through profit or loss (FVPL)		174,479	131,033
Fair value through other comprehensive income		1,023,295	668,601
Amortised cost		7,002,772	5,116,465
Other investments		1,210	1,210
Loans and advances	11	7,795,332	6,309,602
Other assets	13	461,998	475,255
Current income tax asset	6.2	19,076	50,040
Property and equipment	14	250,363	192,612
Right of use asset	15	156,356	148,251
Deferred income tax asset	6.3	174,663	156,203
Total assets		23,823,781	19,336,973
Equity & liabilities			
Liabilities			
Derivative financial instruments	9	165,471	68,732
Deposits and funding	16	18,716,053	15,485,697
Employee liabilities	17	114,011	95,175
Other liabilities	18	673,905	619,573
Lease liability	20	136,154	128,392
Total liabilities		19,805,594	16,397,569
EQUITY			
Ordinary shares	21(i)	416,000	416,000
Share premium	21(i)	170,374	170,374
Fair value reserves	21(ii)	12,237	(1,308)
Retained earnings		3,419,576	2,354,338
Total equity		4,018,187	2,939,404
Total equity & liabilities		23,823,781	19,336,973

The summary of material accounting policies and the notes on pages 69 to 164 are an integral part of these annual financial statements.

The annual financial statements on pages 65 to 164 were approved by the Board of Directors on 21 August 2025, and signed on its behalf by.


Director


Director


Director


Secretary

First National Bank Zambia Limited

Annual financial statements for the year ended 30 June 2025

Statement of changes in equity

Year ended 30 June 2024

Figures in thousands of Kwacha	Notes	Share Capital	Share Premium	Retained Earnings	Fair Value Reserves	Total
Balance as at 1 July 2023		416,000	170,374	1,510,017	12,155	2,108,546
Profit for the year		-	-	844,321	-	844,321
Other comprehensive income						
Fair value gain on investments	21(ii)	-	-	-	(19,232)	(19,232)
Deferred tax arising on fair value gain on investments	21(ii)	-	-	-	5,769	5,769
Total comprehensive income		-	-	844,321	(13,463)	830,858
Balance as at 30 June 2024		416,000	170,374	2,354,338	(1,308)	2,939,404

Year ended 30 June 2025

Figures in thousands of Kwacha	Notes	Share Capital	Share Premium	Retained Earnings	Fair Value Reserves	Total
Balance as at 1 July 2024		416,000	170,374	2,354,338	(1,308)	2,939,404
Profit for the year		-	-	1,065,238	-	1,065,238
Other comprehensive income						
Net fair value movement in investment securities	21(ii)	-	-	-	18,834	18,834
Deferred tax arising on fair value movement	21(ii)	-	-	-	(5,289)	(5,289)
Total comprehensive income		-	-	1,065,238	13,545	1,078,783
Balance as at 30 June 2025		416,000	170,374	3,419,576	12,237	4,018,187

The summary of material accounting policies and the notes on pages 69 to 164 are an integral part of these annual financial statements.

First National Bank Zambia Limited

Annual financial statements for the year ended 30 June 2025

Statement of cash flows

Figures in thousands of Kwacha	Notes	Year ended 30 June 2025	Year ended 30 June 2024
Cash flows from operating activities			
Cash receipts from customers	22.2	1,042,338	1,238,947
Interest received	22.2	2,592,787	2,042,204
Cash paid to customers, suppliers and employees	22.3	(2,265,259)	(3,004,207)
Interest paid	22.3	(426,558)	(296,348)
Cash generated from/(used in) operating activities		943,308	(19,404)
Increase in income earning assets	22.4	(3,942,998)	(1,405,482)
Decrease/(Increase) in other assets	22.5	18,061	(228,324)
Increase in deposits and other liabilities	22.6	3,286,727	4,305,318
Decrease in operating assets and liabilities		(638,210)	2,671,512
Taxation paid	22.7	(487,763)	(337,176)
Net cash (used in)/generated from operating activities		(182,665)	2,314,932
Cash flows from investing activities			
Purchase of property and equipment	14	(114,768)	(72,818)
Proceeds on disposal of property and equipment		988	46
Net cash outflow from investing activities		(113,780)	(72,772)
Cash outflows from financing activities			
Increase in leased land	15	-	(40,581)
Lease liability - Payments	20	(62,007)	(48,903)
Cash outflow on financing activities		(62,007)	(89,484)
Net (decrease)/increase in cash and cash equivalents		(358,452)	2,152,676
Cash and cash equivalents at the beginning of year		3,032,693	1,090,490
Effect of exchange rate changes on cash and cash equivalents		145,579	(210,473)
Cash and cash equivalents at the end of the year	22.8	2,819,820	3,032,693

See note 8 for constitution of cash and cash equivalent at the end of the year.

The summary of material accounting policies and the notes on pages 69 to 164 are an integral part of these annual financial statements.

Summary of material accounting policies

First National Bank Zambia Limited

Annual financial statements for the year ended 30 June 2025

Summary of material accounting policies

Summary of material accounting policies

1.1 introduction and basis of preparation

The Bank's annual financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including interpretations issued by the IFRS Interpretations Committee and the Companies Act, 2017 of Zambia and the Banking and Financial Services Act, 2017 of Zambia.

The Bank adopts the following material accounting policies in preparing its annual financial statements:

Income, expenses and taxation	Income and expenses (section 1.7.1)	Income tax expenses (section 1.7.2)	
Financial instruments	Classification and Measurement (section 1.8.1)	Impairment (section 1.8.2)	Transfers, modifications and derecognition (section 1.8.3)
	Offset and collateral (section 1.8.4)	Derivatives (section 1.8.5)	
Other assets and liabilities	Property and equipment (section 1.9.1)	Provisions (Section 1.9.1)	
	Leases (section 1.9.2)		
Capital and reserves	Share capital (section 1.10)	Dividends (section 1.10)	Other reserves (section 1.10)
Transactions with employees	Transactions with employees (section 1.11)	Share option scheme (section 1.12)	
Critical accounting estimates, assumptions and judgements	Introduction (section 1.13)	Taxation (section 1.13.1)	
	Impairment of financial assets (IFRS 9) (section 1.13.2)	Valuation of financial instruments (Note 26.1)	
Standards and interpretations	Issued and effective (section 1.14.1)	Issued but not yet effective (section 1.14.2)	

First National Bank Zambia Limited

Annual Financial Statements for the year ended 30 June 2025

Summary of material accounting policies (continued)

1.2 General information

All references to Bank relate to First National Bank Zambia Limited, and all references to group relate to FirstRand Limited, of which First National Bank Zambia Limited is a subsidiary. The Bank is domiciled in Zambia and the address of its registered office is:

Plot 22768, Acacia Business Park
Corner Great East & Thabo Mbeki Road
P.O. Box 36187
Lusaka

The annual financial statements for the year ended 30 June 2025 have been approved for issue by the Board of Directors on 21 August 2025. Neither the entity's owners nor others have the power to amend the annual financial statements after issue.

1.3 Summary of material accounting policies

The Bank adopts the following accounting policies in preparing its annual financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1.4 Basis of presentation

These annual financial statements comprise the statements of financial position (also referred to as the balance sheet) as at 30 June 2025, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year ended, as well as the notes comprising a summary of material accounting policies and other explanatory notes.

The Bank prepares annual financial statements which includes the assets, liabilities and results of the operations of First National Bank Zambia Limited. The annual financial statements are compiled after the information about the financial position and results of operations of each year is audited. The information is prepared in terms of IFRS Accounting Standards as issued by the IASB.

1.5 Use of judgments and estimates

The preparation of the annual financial statements in conformity with IFRS accounting standards, as issued by the IASB, requires the use of certain critical accounting estimates. It also requires management to exercise its judgments in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual statements are outlined in section 1.13 of the accounting policies.

First National Bank Zambia Limited

Annual financial statements for the year ended 30 June 2025

Summary of material accounting policies (continued)

1.6 Presentation of annual financial statements, function and foreign currency

Presentation	The Bank presents its statement of financial position in order of liquidity. Where permitted or required under IFRS accounting standards, the Bank offsets assets and liabilities or income and expenses and presents the net amount in the statement of financial position, or on the statement of profit or loss and other comprehensive income.
Materiality	Applying the concept of materiality requires judgement, in particular, in relation to matters of presentation and disclosure. Management assesses the relevance of the information to users of the financial statement and considers both qualitative and quantitative factors in determining the materiality threshold for disclosure and presentation purposes
Functional and presentation currency of the Bank	All amounts are presented in thousands of kwacha (K'000), unless otherwise stated. The Bank has a policy of rounding up in increments of K1,000. Amounts less than K1,000 will therefore round down to nil and are presented as a dash (-).
Foreign currency transactions of the Bank	- Translated at the relevant exchange rates, depending on whether they are monetary items (in which case the year – end exchange rate is applied) or non-monetary items. For non-monetary items measured at cost the rate applied is the transaction date rate. For non-monetary items measured at fair value the rate at the date the fair value is determined (reporting date) is applied. - Foreign exchange gains and losses are recognised in profit or loss in fair value gains or losses. To the extent that foreign exchange gains or losses relate to financial assets held at fair value through other comprehensive income (FVOCI) the following applies: - Equity instruments are recognised in other comprehensive income as part of the fair value movement. - Debt instruments are allocated between profit or loss (those that relate to changes in amortised cost) and other comprehensive income (those that relate to changes in the fair value).

First National Bank Zambia Limited

Annual financial statements for the year ended 30 June 2025

Summary of material accounting policies (continued)

1.7. Income, expenses and taxation

1.7.1 Income and expenses

Net interest income recognised in profit or loss

Net interest income includes:

- » Interest on financial instruments measured at amortised cost and debt instruments measured at FVOCI.
- » Interest on financial asset debt instruments measured at fair value through profit or loss (FVTPL) that are held by and managed as part of the Bank's funding operations.
- » Interest income is calculated using the effective interest rate which includes origination fees. The original effective interest rate is applied to:
 - the gross carrying amount of financial assets which are not credit – impaired; and
 - the amortised cost of financial assets which represents the net carrying amount, from the month after the assets become credit-impaired (refer to section 1.8.2 of accounting policies).
- » Modified advances (derecognition not achieved) – the unamortised portion of origination fees and capitalised transaction costs on financial assets are included as part of interest income. The interest income on the modified financial asset (refer to accounting policy 1.8.3) is calculated by applying the original effective interest rate to the asset's modified gross carrying amount.
- » Modified advances (derecognition is achieved) – the unamortised portion of origination fees and capitalised transaction costs on financial assets are included as part of interest income. New fees or costs charged on the new advance which are integral to the new asset recognised are capitalised to the new loan.
- » Interest expense includes: –
 - » Interest on financial liabilities measured at amortised cost.
 - » Interest on capitalised leases where the Bank is a lessee.

Non-interest and financial instrument revenue recognised in profit or loss

Non-interest revenue from contracts with customers

Under IFRS 15 accounting standards, where a five-step analysis is required to determine the amount and timing of revenue recognition, the Bank assesses contracts and determines whether the fees identified in the contract relate to revenue as defined in IFRS 15 IFRS accounting standards. The revenue is recognised only if the Bank can identify the contract; and the performance obligation (i.e. the different services) and can determine the transaction price which is required to be allocated to the identifiable performance obligations.

Unless specifically stated otherwise, the Bank is the principal in its revenue arrangements as the Bank controls the goods and services before transferring them to the customer.

1.7. Income, expenses and taxation (continued)

1.7.1 Income and expenses (continued)

Non –interest revenue from contracts with customers – fee and commission income
Fees and commission that form an integral part of the effective interest rates are excluded from fees and commissions from customers. Fees and commissions income is earned by the Bank by providing customers with a range of services and products and consists of the following main categories: • Banking fees and commission income; • Other non-banking fees and commission income; • Fees and commission income from service providers; and • Insurance commission (excluding insurance risk related income). The bulk of fees and commission income is earned on the execution of a single performance obligation and as such, it is not necessary to make significant judgements when allocating the transaction price to the performance obligation. As such, fees and commission income which typically includes transactional banking fees, such as bank charges, interchange fees, point-of-sale fees, exchange commissions and cash deposit fees and commission income are recognised at a point in time. Where the distinct performance obligation is satisfied over a period of time, the fees are recognised as follows: • Fees for services rendered are recognised on an accrual basis as the service is rendered and the Bank’s performance obligation is satisfied, e.g. annual card fees and related fees. • Commission income on bills and promissory notes endorsed is credited to profit or loss over the life of the relevant instrument on a time apportionment basis. Commitment fees for unutilised funds made available to customers in the past, is recognised as revenue at the end of the contract period. Commitment fees paid upfront for a future facility, where it is not probable that a specific lending arrangement will be entered into by the Bank, is recognised as revenue on a straight-line basis over the period for which the funds are promised to be kept available. Other non-banking fees and commission income relate to fees and commission earned for rendering services to customers other than those related to Banking operations and insurance. This includes fees and commission income earned from providing services on behalf of third-party service providers in effect acting as an agent. The revenue is recognised at a point in time and includes commission earned from the sale of prepaid airtime, data vouchers, electricity and traffic fines paid through FNB channels as well as insurance commission. Commissions earned on the sale of insurance products to customers of the Bank on behalf of an insurer and the income arising from third-party insurance cell captives and profit share agreements, are recognised as fees and commission income at the point that the significant obligation has been fulfilled.

1.7. Income, expenses and taxation (continued)

1.7.1 Income and expenses (continued)

Non- interest revenue from contracts with customers – fees and commission expense
Fees and commission expense are expenses that are incremental and directly attributable to the generation of fees and commission income and are recognised as part of fees and commission income. These include transaction and service fees which are expensed as the services are received. Customer loyalty programmes The Bank operates a customer loyalty programme, in terms of which it undertakes to pay cash back for transacting on point of sale (POS) machines to certain customers, for use of any e-channel and swipe/card purchase activities. The cash back payable above relates to the reward program which is recognised as fees and commission expense as incurred. The amount paid out during the year was K43.3 million (2024: K52.7 million). In line with IFRS 15, the rewards are treated as reduction of the transaction price and therefore of revenue. They are included in these annual financial statements as a deduction to non interest revenue (non interest expense). Non-interest and financial instrument revenue recognised in profit or loss Fair value gains or losses Fair value gains or losses of the Bank recognised in non-interest revenue relates to fair value adjustments and interest on financial instruments measured at fair value through profit or loss including derivative instruments. Expenses Expenses of the Bank, apart from certain fees and commission expenses included in net fees and commission income, are recognised and measured in terms of accrual principle and presented as operating expenses in profit or loss. Indirect tax expense Indirect tax includes other taxes paid to central and local government including value added tax and property transfer tax. Indirect tax is disclosed as part of operating expenses in profit or loss.

1.7.2 Income tax expense

Income tax includes Zambian corporate income tax payable.

Current income tax
The current income tax expense is calculated by adjusting the net profit/(loss) for the year for items that are non-taxable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the reporting date. Deferred income tax Recognition On temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the annual financial statement. Typical temporary differences in the Bank that deferred tax is provided for Depreciation of property and equipment; » Revaluation (including ECL movements) of certain financial assets and liabilities, including derivative contracts; » Provisions for loan impairment; » Provisions on staff and other expenses; and » Tax losses carried forward.

1.7. Income, expenses and taxation (continued)

1.7.2 Income tax expense (continued)

Deferred income tax (continued)
Measurement Using the liability method under IAS 12 and applying tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or when the deferred income tax liability is settled.
Presentation Deferred income tax is presented in profit or loss unless it relates to items recognised directly in equity or other comprehensive income.
Deferred income tax assets The Bank recognises deferred income tax assets only if it is probable that future taxable income will be available against which the unused tax losses can be utilised, based on management’s review of the Bank’s budget and forecast information. The Bank reviews the carrying amount of deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.
Substantially enacted tax rates Current tax liabilities (assets) for the current and prior years shall be measured at the amount expected to be paid to (recovered from) the Zambia Revenue Authority (ZRA), using the tax rate that has been enacted or substantively enacted in the Income Tax Act by the end of the reporting year. Deferred tax assets and liabilities shall be measured at the tax rate that is expected to apply to the year when the asset is realised or the liability is settled, based on the rate that has been enacted or substantively enacted in the Income Tax Act by the end of the reporting year. Current and deferred tax assets and liabilities are usually measured using the tax rate that has been enacted in the Income Tax Act.

1.8. Financial instruments

The Bank recognises purchases and sale of financial instruments that require delivery within the time frame established by regulation or market convention (regular way purchases and sales) at settlement date, which is the date the asset is delivered or received.

1.8.1 Classification and measurement

1.8.1.1 Initial measurement

All financial instruments are initially measured at fair value including transaction costs, except for those classified as fair value through profit or loss in which case the transaction costs are expensed upfront in profit or loss, usually as part of operating expenses. Any upfront income earned on financial instruments is recognised as is detailed under policy 1.7.1, depending on the underlying nature of the income. Immediately after initial recognition, an expected credit loss allowance is recognised for newly originated financial assets measured at amortised cost.

First National Bank Zambia Limited

Annual financial statements for the year ended 30 June 2025

Summary of material accounting policies (continued)

1.8. Financial instruments (continued)

1.8.1 Classification and measurement (continued)

1.8.1.2 Classification and subsequent measurement of financial assets

Management determines the classification of its financial assets at initial recognition, based on:

- » the Bank's business model for managing the financial assets; and
- » the contractual cash flow characteristics of the financial asset.

Business model

The Bank distinguishes three main business models for managing financial assets

- » holding financial assets to collect contractual cash flows; and
- » managing financial assets and liabilities on a fair value basis or selling financial assets.
- » a mixed business model of collecting contractual cash flows and selling financial assets

The business model assessment is not performed on an instrument-by-instrument basis, but at a level that reflects how the Bank's group of financial assets are managed together to achieve a business objective.

The main consideration in determining the different business models across the Bank is whether the objectives of the business model are met primarily through holding the financial assets to collect contractual cash flows, through the sale of these financial assets or by managing assets and liabilities on a fair value basis.

In considering whether the business objective of holding a group of financial assets is achieved primarily through collecting contractual cash flows, amongst other considerations, management monitors the frequency and significance of sales of financial assets out of these portfolios for purposes other than managing credit risk. For the purposes of performing the business model assessment, the Bank only considers a transaction a sale if the asset is derecognised for accounting purposes. For example, a repurchase transaction where a financial asset is sold with the commitment to buy back the asset at a fixed price at a future date is not considered a sale transaction as substantially all the risks and rewards relating to the ownership of the asset have not been transferred and the asset is not derecognised from an accounting perspective.

If sales of financial assets are not infrequent, the significance of these sales are considered by comparing the carrying amount of assets sold during the period and cumulatively to the total carrying amount of assets held in the business model. If sales are either infrequent or insignificant, these sales will not impact the conclusion that the business model for holding financial assets is to collect contractual cash flows. In addition, where the issuer initiates a repurchase of the financial assets which was not anticipated in the terms of the financial asset, the repurchase is not seen as a sale for the purposes of assessing the business model of that group of financial assets.

Determining whether sales are significant or frequent requires management to use their judgement. The significance and frequency of sales is assessed on a case-by-case basis at the business model level. The frequency is assessed on an annual basis and sales of assets that take place once or less per annum is infrequent. If sales take place more than once per annum it does not mean that the business models are not to collect contractual cash flows but rather that the reasons for the sales need to be more carefully considered. Management will consider both the volume and amount of sales relative to the total assets in the business model to determine whether it is significant.

A change in business model only occurs on the rare occasion when the Bank changes the way in which it manages a financial asset. Any changes in business model would result in a reclassification of the relevant financial assets from the start of the next reporting year.

1.8. Financial instruments (continued)

1.8.1 Classification and measurement (continued)

1.8.1.2 Classification and subsequent measurement of financial assets (continued)

Cash flow characteristics
For a debt instrument to be measured at amortised cost, the cash flows on the asset must be solely payments of principal and interest (SPPI), i.e. consistent with those of a basic lending agreement. The SPPI test is applied on a portfolio basis for retail advances, as the cash flow characteristics of these assets are standardised. This includes the consideration of any prepayment penalties that are limited by Bank of Zambia (BoZ). They can therefore be considered reasonable compensation which would not cause these assets to fail the SPPI test. For wholesale advances, the SPPI test is applied to individual advances at initial recognition, based on the cash flow characteristics of the asset.
Amortised cost Financial assets are measured at amortised cost using the effective interest rate method when they are held to collect contractual cash flows which are solely payments of principal and interest, and sales of such assets are not significant or frequent. These include all of the retail, corporate and commercial advances of the Bank as well as certain investment securities utilised for liquidity risk management of the Bank. For purchased or originated credit-impaired financial assets, the Bank applies the credit-adjusted effective interest rate. This interest rate is determined based on the amortised cost and not the gross carrying amount of the financial asset and incorporates the impact of expected credit losses in the estimated future cash flows of the financial asset.
Cash and cash equivalents: Cash and cash equivalents comprise of coins and Bank notes, money at call and short notice and balances with BoZ. All balances included in cash and cash equivalents have a maturity date of less than three months from the date of inception. Money at call and short notice constitutes amounts withdrawable in 32 days or less. Cash and cash equivalents are measured at amortised cost.

Classes of financial assets	Business model	Cash flow Characteristics
Retail advances	Retail advances are held to collect contractual cash flows. The business models focus on growing these advances within acceptable credit appetite limits and maintaining strong collection practices. The products included under this business model include: » residential mortgages; » vehicle and asset finance; » credit cards; and » personal loans and other retail products such as overdrafts.	The cash flows on retail advances are SPPI. Interest charged to customers compensates the Bank for the time value of money, credit risk and administrative costs (including a profit margin).

First National Bank Zambia Limited

Annual financial statements for the year ended 30 June 2025

Summary of material accounting policies (continued)

1.8. Financial instruments (continued)

1.8.1 Classification and measurement (continued)

1.8.1.2 Classification and subsequent measurement of financial assets (continued)

Classes of financial assets	Business model	Cash flow characteristics
Corporate and commercial advances	The business models of Commercial, Vehicle and Asset Finance and Corporate are also focused on collecting contractual cash flows on advances and growing these advances within acceptable credit appetite limits. The products included under this business model include: » trade and working capital finance; » specialised finance; » commercial property finance; and » asset-backed finance. These advances are held primarily to realise the related contractual cash flows over the life of the instruments and earn a lending margin in return. Although the intention is to collect cash flows, not all the instruments are held to maturity as some financial assets are sold through syndication. These sales are however insignificant in value in relation to the value of advances held to collect cash flows or infrequent, and therefore the held to collect business model is still appropriate. Investment Banking Division (IBD) debt for large corporates and institutions are structured. These advances are held primarily to realise the related contractual cash flows over the life of the instruments and earn a lending margin in return.	The cash flows on these corporate and commercial advances are SPPI. Interest charged to customers compensates the Bank for the time value of money, credit risk and administrative costs (including a profit margin).
Investment securities	The Bank (treasury) holds investment securities with lower credit risk (typically government bonds and treasury bills). These investment securities are held in a business model with the objective of collecting contractual cash flows.	The cash flows on these investment securities are SPPI.
Cash and cash equivalents	Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. These assets are held to collect contractual cash flows.	The cash flows on these assets are SPPI.
Other assets	Other assets are short-term financial assets that are held to collect contractual cash flows.	
Mandatory at fair value through profit or loss	Financial assets of the Bank are mandatorily measured at fair value through profit or loss when they are held for trading, managed on a fair value basis, held to sell/distribute, or are held to collect contractual cash flows which are not SPPI.	
Investment securities	Global Markets holds portfolios of investment securities (government bonds) to hedge risks or for short term profit realisation. These securities are managed on a fair value basis.	
Derivative assets	Derivatives are either held for trading or to hedge risk. These instruments are managed on a fair value basis.	
Debt instruments at FVOCI		
Investment securities	The Treasury division of the Bank holds certain investment securities for liquidity management purposes. Local regulators require that the bank prove liquidity of its assets by way of periodic outright sales. Therefore, the business model for these investment securities is both collecting contractual cash flows and selling these financial assets.	The cash flows on these investment securities are SPPI.

1.8. Financial Instruments (continued)

1.8.1 Classification and measurement (continued)

1.8.1.3 Classification and subsequent measurement of financial liabilities and compound instruments

Cash flow characteristics
Financial liabilities and compound financial instruments The Bank classifies a financial instrument that it issues as a financial liability or an equity instrument in accordance with the substance of the contractual agreement. Tier 2 instruments which have write down or conversion features are classified based on the nature of the instrument and the definitions. Tier 2 and other funding liabilities are presented in separate lines on the statement of financial position of the Bank. The Bank classifies all funding received which does not form part of the Bank’s long-term funding structure as deposits. The Targeted Medium-Term Refinancing Facility (TMTRF) received from BoZ has been classified as a deposit in line with this policy.
Financial liabilities measured at amortised cost The following liabilities are measured at amortised cost using the effective interest rate method, unless they have been designated as measured at fair value through profit or loss: • deposits; • creditors; • tier 2 liabilities; and • other funding liabilities.
Financial liabilities measured mandatory at fair value through profit or loss Derivative liabilities are measured at fair value through profit or loss.

1.8.2 Impairment of financial assets and off-balance sheet exposures subject to impairment

This policy applies to:

- financial assets measured at amortised cost including other financial assets and cash;
- loan commitments;
- financial guarantees; and
- finance lease debtors where the Bank is the lessor.

Refer to accounting policy section 1.13 where all risk parameters, scenarios and sources of estimation are detailed more extensively.

First National Bank Zambia Limited

Annual financial statements for the year ended 30 June 2025

Summary of material accounting policies (continued)

1.8 Financial Instruments (continued)

1.8.2 Impairment of Financial Assets and Off-Balance Sheet Exposures Subject to Impairment

Expected credit losses (ECL)			
Loss allowance on financial assets			
Credit has not increased significantly since initial recognition (Stage 1)	Credit has increased significantly since initial recognition, but asset is not credit-impaired (Stage 2)	Asset has become credit-impaired since initial recognition (Stage 3)	Purchased or originated credit-impaired
12-month expected credit losses	Lifetime expected credit losses (LECL)	LECL	Movement in LECL since initial recognition
Advances			
Significant increase in credit risk since initial recognition (SICR)			
In order to determine whether an advance has experienced a SICR, the probability of default (PD) of the asset calculated at the origination date is compared to that calculated at the reporting date. The origination date is defined as the most recent date at which the Bank has re-priced an advance/facility. Where a change in terms is significant and is deemed to be a substantial modification, it results in derecognition of the original advance/facility and recognition of a new advance/facility. SICR test thresholds are re-assessed and, if necessary, updated, on at least an annual basis. Any facility that is more than 30 days past due, or in the case of instalment-based products one instalment past due, is automatically considered to have experienced a significant increase in credit risk. In addition to the quantitative assessment based on PDs, qualitative considerations are applied when determining whether individual exposures have experienced a significant increase in credit risk. One such qualitative consideration is the appearance of wholesale and commercial small and medium-sized enterprises (SME) facilities on a credit watch list. Any up-to-date facility that has undergone a distressed restructure (i.e. a modification of contractual cash flows to prevent a client from going into arrears) will be considered to have experienced a significant increase in credit risk and will be disclosed in stage 2 at a minimum. The credit risk on an exposure is no longer considered to be significantly higher than at origination if no qualitative indicators of a significant increase in credit risk is triggered, and if comparison of the reporting date PD to the origination date PD no longer indicates that a significant increase in credit risk has occurred. No standard minimum period for transition from Stage 2 back to Stage 1 is applied, except for distressed restructured exposures that are required to remain in Stage 2 for a minimum period of 6 months before re-entering Stage 1.			

First National Bank Zambia Limited

Annual financial statements for the year ended 30 June 2025

Summary of material accounting policies (continued)

1.8. Financial instruments (continued)

1.8.2 Impairment of financial assets and off-balance sheet exposures subject to impairment (continued)

Credit-impaired financial assets

Advances are considered credit impaired if they meet the definition of default.

The Bank's definition of default applied for calculating provisions under IFRS 9 accounting standards has been aligned to the definition applied for regulatory capital calculations across all portfolios, as well as those applied in operational management of credit and for internal risk management purposes.

Exposures are considered to be in default when they are more than 90 days past due or, in the case of amortising products, are more than 3 instalments in arrears.

In addition, an exposure is considered to have defaulted when there are qualitative indicators that the borrower is unlikely to pay their credit obligations in full without any recourse by the Bank to actions such as the realisation of security. Examples include application for Bankruptcy or obligor insolvency.

Any distressed restructures of accounts which have experienced a significant increase in credit risk since initial recognition are defined as default events.

Retail accounts are considered to no longer be in default if they meet the stringent cure definition, which has been determined at portfolio level based on analysis of re-defined rates.

Curing from default within wholesale is determined judgementally through a committee process.

Purchased or originated credit-impaired

Financial assets that meet the above mentioned definition of credit-impaired at initial recognition and remain classified as such for the duration of the agreement.

Write-offs and post-write-off recoveries

Write-off must occur when it is not economical to pursue further recoveries i.e. there is no reasonable expectation of recovering the carrying amount of the asset (gross amount less specific impairments raised).

- » by implication, in both retail and wholesale, for secured as well as unsecured exposures, write-offs cannot occur if there is evidence of recent payment behaviour. Each credit portfolio has articulated a write-off policy that aligns with the principles of IFRS 9 accounting standards while taking the business context of that portfolio into account; and
- » within retail portfolios, write-off definitions have been determined with reference to analysis of the materiality of post write-off recoveries. The result of this is that retail secured loans are written off on perfection of collateral and retail unsecured loans are written off when observation of post-default payment behaviour indicates that further material recoveries are unlikely. Write-off points within retail unsecured portfolios are defined on a per-portfolio basis with reference to cumulative delinquency and/or payment recency; and
- » within Corporate and Commercial portfolios, a judgemental approach to write-off is followed, based on case-by-case assessment by a credit committee. Partial write-offs are not performed within credit portfolios. Where required, additional provisions against irrecoverable assets will be raised until such a time as final write-off can occur.

Subsequent recoveries of amounts previously written off decrease the amount of the impairment of advances in profit or loss.

First National Bank Zambia Limited

Annual financial statements for the year ended 30 June 2025

Summary of material accounting policies (continued)

1.8. Financial instruments (continued)

1.8.3 Transfers, modifications and derecognition

Financial instruments are derecognised when:

- the contractual rights or obligations expire or are extinguished, discharged or cancelled, for example an outright sale or settlement;
- they are transferred and the derecognition criteria of IFRS 9 accounting standards are met or;
- the contractual terms of the instrument are substantially modified and the derecognition criteria of IFRS 9 accounting standards are met.

Financial assets are derecognised when the Bank has either transferred the contractual right to receive cash flows from the asset or it has assumed an obligation to pay over all the cash flows from the asset to another entity (i.e. pass through arrangement).

If the contractual cash flows of a financial asset measured at amortised cost are modified (changed or restructured, including distressed restructures), the Bank determines whether this is a substantial modification, which could result in the derecognition of the existing asset, and the recognition of a new asset. If the change is simply a non-substantial modification of the existing terms it would not result in derecognition. A modification of a financial asset is substantial and will thus result in derecognition of the original financial asset, where the modified contractual terms are priced to reflect current conditions on the date of modification and are not merely an attempt to recover outstanding amounts.

Where the modification does not result in an accounting derecognition, the original asset continues to be recognised.

Derecognition of financial liabilities includes a situation of substantial modification to the terms and conditions of an existing financial liability. A substantial modification to the terms occurs where the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability.

The following transactions are entered by the Bank in the normal course of business in terms of which it transfers financial assets directly to third parties or structured entities, or modifies the contractual terms of the asset and either achieves derecognition or continues to recognise the asset.

First National Bank Zambia Limited

Annual financial statements for the year ended 30 June 2025

Summary of material accounting policies (continued)

1.8. Financial instruments (continued)

1.8.3 Transfers, modifications and derecognition (continued)

Transaction type	Description	Accounting treatment
Transfers without derecognition		
Reverse repurchase agreements	Investment securities are sold to an external counterparty in exchange for cash and the Bank agrees to repurchase the assets at a specified price at a specified future date. The counterparty's only recourse is to the transferred investment securities that are subject to the repurchase agreement. The Bank remains exposed to all the underlying risks on the assets including counterparty, interest rate, currency, prepayment and other price risks.	The transferred assets continue to be recognised by the Bank in full. Such investment securities are disclosed separately in the relevant notes. The Bank recognises an associated liability for the obligation for the cash received as a separate category of deposits.
Securities lending	Investment securities are lent to external counterparties in exchange for cash collateral as security for the return of the securities. The Bank's only recourse in respect of the return of the securities it has lent is to the cash collateral held and as such, the Bank generally requires cash collateral in excess of the fair value of the securities lent.	
Modifications without derecognition		
Modification of contractual cash flows	Debt restructuring is a process that is applied to accounts where the new terms of the contract (such as a lower interest rate) is mandated by law and do not have the same commercial terms as a new product that the Bank would be willing to offer a customer with a similar risk profile.	Existing asset is not derecognised. The gross carrying amount of the financial asset is recalculated as the present value of the estimated future cash receipts through the expected life of the renegotiated or modified financial asset, discounted at the financial asset's original effective interest rate. Distressed modifications are included in ECL.
Modifications with derecognition (i.e. substantial modifications)		
Retail advances	The process for modifying an advance (which is not part of a debt restructuring) is substantially the same as the process for raising a new advance, including re-assessing the customer's credit risk, repricing the asset and entering into a new legal agreement.	Existing asset is derecognised, and a new asset is recognised at fair value based on the modified contractual terms.

1.8. Financial instruments (continued)

1.8.4 Offsetting of financial instruments and collateral

Where the requirements of IFRS accounting standards are met, the Bank offsets financial assets and financial liabilities and presents the net amount. Financial assets and financial liabilities subject to master netting arrangements (MNA) or similar agreements are not offset, if the right of set-off under these agreements is only enforceable in the event of default, insolvency and bankruptcy.

Details of the offsetting and collateral arrangements of the Bank are set out in the following table:

Derivative financial instruments	The Bank’s derivative transactions that are not transacted on an exchange are entered under International Swaps and Derivatives Association (ISDA) MNA. Generally, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount payable by one party to the other. In certain circumstances, e.g. when a credit event such as default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions (close-out netting). Financial collateral (mostly cash) is also obtained, often daily, for the net exposure between counterparties to mitigate credit risk.
Repurchase and reverse repurchase agreements, and securities lending and borrowing transactions	These transactions by the Bank are covered by master agreements with netting terms similar to those of the ISDA MNA. Where the Bank has entered into a repurchase and reverse repurchase or securities borrowing and lending transaction, with the same counterparty, the advance and liability balances are set-off in the statement of financial position only if they are due on a single day, denominated in the same currency and the Bank has the intention to settle these amounts on a net basis. The Bank receives and accepts collateral for these transactions in the form of cash and other investment securities.
Other loans and advances and deposits	The loans and advances and deposits that are offset relate to transactions where the Bank has a legally enforceable right to offset the amounts and the Bank has the intention to settle the net amount.

It is the Bank’s policy that all items of collateral are valued at the inception of a transaction and at various points throughout the life of a transaction, either through physical inspection or indexation methods, as appropriate. For wholesale and commercial portfolios, the value of collateral is reviewed as part of the annual facility review. For mortgage portfolios, collateral valuations are updated on an ongoing basis through statistical indexation models.

However, in the event of default, more detailed reviews and valuations of collateral are performed, which yields a more accurate financial effect. For asset finance, the total security reflected represents only the realisation value estimates of the vehicles repossessed at the date of repossession. Where the repossession has not yet occurred, the realisation value of the vehicle is estimated using internal models and is included as part of total recoveries.

1.8. Financial instruments (continued)

1.8.5 Derivative financial instruments

Derivatives are financial instruments that derive their value from the price of underlying items such as equities, interest rates or other indices. Derivatives are recognised initially and are subsequently measured at fair value through profit or loss with movements in fair value recognised in fair value gains or losses within non-interest revenue in the statement of profit or loss and other comprehensive income. Derivatives are classified as assets when their fair value is positive and as liabilities when the fair value is negative.

Derivative instruments are classified as held for trading. The Bank does not formally designate derivative instruments as hedging instruments.

1.9 Other assets and liabilities

1.9.1 Property, equipment and provisions

1.9.1.1 Classification and measurement

Classification	Measurement
Property and equipment (owned and right of use)	
Property and equipment of the Bank include: » assets utilised by the Bank in the normal course of operations to provide services including freehold property and leasehold premises and leasehold improvements (owner occupied properties) » other assets utilised by the Bank in the normal course of operations including computer and office equipment, motor vehicles and furniture and fittings.	Historical cost less accumulated depreciation and impairment losses, except for land which is not depreciated. » Depreciation is over the useful life of the asset. » Leasehold improvements and premises leasehold property are measured at shorter of estimated life or period of lease.

Other assets that are subject to depreciation are reviewed for impairment whenever objective evidence of impairment exists. Impairment losses are recognised in profit or loss as part of operating expenses.

The assets are impaired if the carrying amount is more than the recoverable amount, which is the higher of the assets value in use and fair value less cost to sell. The impairment loss is calculated as the difference between the assets' carrying amount and their recoverable amounts.

Other assets are derecognised when they are disposed off. Gains or losses arising on derecognition are determined as the difference between the carrying amount of the asset and the net proceeds received and are recorded in profit or loss as part of non-interest revenue.

Provisions
The Bank will only recognise a provision measured in terms of IAS 37 when there is uncertainty around the amount or timing of payment. Where there is no uncertainty the Bank will recognise the amount as an accrual. The Bank usually recognises provisions related to litigation and claims. The Bank recognises a provision when a reliable estimate of the outflow required can be made and the outflow is more probable than not.

1.9.2 Leases

The Bank leases a variety of properties, equipment and vehicles. Rental agreements typically include fixed periods over which the item is leased, which are individually negotiated and contain a wide range of different terms and conditions. The Bank assesses whether a contract is or contains a lease at inception of contract.

Qualifying leases are recognised as right of use assets (ROUA) and a corresponding liability at the date at which the leased asset is made available for use by the Bank.

1.9 Other assets and liabilities

1.9.2 Leases (continued)

Bank is lessee
At Inception The Bank recognises a Right of Use Assets and a corresponding lease liability with respect to all lease agreements 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. Examples of low value assets include photocopying equipment and note counting machines. Over the life of the lease Each lease payment is allocated between the lease liability and interest expense. The interest expense is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The ROUA is subsequently measured at cost less accumulated depreciation and impairment losses. The asset is depreciated over the lease term on a straight-line basis, where ownership is not transferred at the end of the lease term. If ownership is transferred at the end of the lease term, the asset is depreciated over the shorter of the lease term or useful life. The Bank applies IAS 36 to determine whether a ROUA is impaired and accounts for any identified impairment loss. Presentation Both the ROUA and Lease liability are presented as a separate line in the statement of financial position. Operating leases For short-term and low value leases, which the Bank has defined as all other leases except for property and vehicle leases, the lease payments are recognised as operating expense, spread on a straight-line basis over the term of the lease.
Bank is the lessor
At inception Where the Bank is the lessor under a finance lease, the Bank recognises assets sold under a finance lease as loans and advances and impair loans and advances, as required, in line with the impairment of financial assets accounting policy in section 1.8.2. No practical expedients are applied, and fully compliant IFRS 9 accounting standards models are used for impairment calculation on loans and advances. Over the life of the lease Unearned finance income is recognised as interest income over the term of the lease using the effective interest rate method.

1.9 Other assets and liabilities (continued)

1.9.2 Leases (continued)

Bank is the lessor (continued)
Over the life of the lease (continued) Finance lease receivables are assessed for impairment in terms of IFRS 9 accounting standards, as set out in the impairment assets policy 1.8.2. Interest on finance lease receivables that are credit-impaired (stage 3), is recognised and calculated by applying the original effective interest rate to the net carrying amount. Presentation Finance lease receivables are presented as part of loans and advances in the statement of financial position.

1.10 Capital and reserves

Transaction	
Shares issued and issue cost	The Bank’s equity includes ordinary shares. Any incremental costs directly related to the issue of new shares net of any related tax benefit, are deducted from the issue price.
Other reserves/ non distributable reserves	Other reserves recognised by the Bank include general Banking reserve which represents the excess of Bank of Zambia impairment provisions compared to IFRS accounting standards impairment provisions.
Dividends paid/ declared	A liability is recognised when dividends have been approved by the Bank’s shareholders and distribution is no longer at the discretion of the Bank.

1.11 Transactions with employees

The Bank contributes to two pension plans for its employees; (i)The National Pension Scheme Authority (NAPSA); and (ii) The First National Bank Zambia Limited Staff Pension Scheme. Both pension plans are defined contribution schemes.

1.11 Transactions with employees (continued)

Defined contribution schemes
Recognition: A defined contribution plan is a pension plan under which the Bank pays fixed contributions into a separate entity. The Bank has no legal or constructive obligation 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 years. The assets of NAPSA are independently administered by NAPSA itself, whilst the assets of First National Bank Zambia Limited Staff Pension Fund are independently administered by African Life Pension Fund Managers under the Saturnia Regna Umbrella Pension Fund. The Bank recognises the contributions as an expense, included in staff costs, when the employees have rendered the service entitling them to the contributions. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

First National Bank Zambia Limited

Annual financial statements for the year ended 30 June 2025

Summary of material accounting policies (continued)

1.11 Transactions with employees (continued)

Termination benefits	
The Bank recognises termination benefits as a liability in the statement of financial position and as an expense in the statement of profit or loss and other comprehensive income when it has a present obligation relating to termination. The Bank has a present obligation at the earlier of when the Bank can no longer withdraw the offer of the termination benefit and when the Bank recognises any related restructuring costs.	
Liability for short term employee benefits	
Leave pay	The Bank recognises a liability for the employees' rights to annual leave in respect of past service. The amount recognised by the Bank is based on current salary of employees and the contractual terms between the employee and the employer. The expense is included in staff costs.
Bonuses	The Bank recognises a liability and an expense for management and staff bonuses when it is probable that the economic benefits will be paid and the amount can be reliably measured. The expense is included in staff costs.

1.12 Share option scheme

The Bank currently participates in a share option scheme operated by FirstRand. Under the scheme, the assumption of liability fund is managed by Morgan Stanley where share options are allocated to individuals and are accumulated in advance through the fund. The shares vest in three years. When the share options vest and all conditions are met, payments to the beneficiaries are made from the fund.

1.13 Critical accounting estimates, assumptions and judgements

In preparing the annual financial statements, management of the Bank makes estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Unless stated otherwise, the judgements applied by management in applying the accounting policies are consistent with the prior year. Included below are all the critical accounting estimates, assumptions and judgements made by the Bank except those related to fair value measurement which are included in note 26.

1.13.1 Taxation

The Bank recognises liabilities for uncertain tax positions in accordance with the criteria defined within IAS 12 and IFRIC 23 based on objective estimates of the amount of tax that may be due which is calculated, where relevant, with reference to expert advice received. Where payment is determined to be possible but not probable, the tax exposure is disclosed as a contingent liability. The Bank recognises probable liabilities based on objective estimates of the amount of tax that may be due. Where the final tax determination is different from the amounts that were initially recorded, the difference will impact the income tax and deferred income tax provisions in the period in which such determination is made.

1.13 Critical accounting estimates, assumptions and judgements (continued)

1.13.2 Impairment of financial assets

Impairment of loans and advances
In determining whether an impairment loss should be recognised, the Bank makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a portfolio of loans. The objective of the measurement of an impairment loss, is to produce a quantitative measure of the Bank's credit risk exposure. The Bank adopted the PD/LGD approach for the calculation of ECL for loans and advances. The ECL is based on a weighted average of three macroeconomic scenarios incorporating a base scenario, upside scenario and downside scenario, weighted by the probability of occurrence. Regression modelling techniques are used to determine which borrower and transaction characteristics are predictive of certain behaviours, based on relationships observed in historical data related to the group of accounts to which the model will be applied. This results in the production of models that are used to predict impairment parameters (PD, LGD, and EAD) based on the predictive characteristic identified through the regression process.

1.13.2 Impairment of financial assets

Forward-looking information
Forward-looking macroeconomic information has been incorporated into expected loss estimates through the application of quantitative modelling and expert-judgement-based adjustments. Both quantitative models and expert judgment-based adjustments consider a range of forecasted macroeconomic scenarios as inputs. Macroeconomic scenarios are defined by taking global and domestic macroeconomic considerations into account, and forecasts are developed for various scenarios. Development of these scenarios is overseen by FirstRand macroeconomic forum, which is responsible for oversight and is independent from credit and modelling functions. To arrive at the range of macroeconomic forecasts, teams of economists, both locally and at group assess the micro and macroeconomic developments to formulate the macroeconomic forecasts. A number of internal and external economists are then requested to assign a probability to each scenario. The rationale for probabilities assigned by each respondent is noted and explained at the FirstRand macroeconomic forum. ECL results are calculated as probability-weighted average results across multiple macroeconomic scenarios. The creation of macroeconomic scenarios and the determination of associated probabilities are subjective, with final ECL results dependent on the assumptions applied during the process. Quantitative techniques applied estimate the impact of forecasted macroeconomic factors on expected credit losses using various techniques dependent on the portfolio within which models will be applied. Within the Corporate Banking and Investment Banking Division (IBD) portfolios, macroeconomic stress testing models are applied to estimate the impact of forward-looking information on expected credit losses. These stress testing models are industry-specific and make use of regression techniques, observed macro-economic correlations and expert judgement, depending on the extent of data available in each industry. The outputs from these models are used to determine the level of stress that a particular industry is expected to experience, and through-the-cycle (TTC) impairment parameters are scaled accordingly, with scalars based on historic S&P default data.

1.13 Critical accounting estimates, assumptions and judgements (continued)

1.13.2 Impairment of financial assets (continued)

Forward looking information			
Within retail and commercial portfolios, forward-looking ECL is modelled using regression-based techniques that determine the relationship between key macroeconomic factors and credit risk parameters (with industry considerations further applied in the case of commercial portfolios) based on historically observed correlations. Modelled correlations and macro-economic variable weightings are adjusted on the basis of expert judgment to ensure that the relationships between macroeconomic forecasts and risk parameters are intuitive and that ECL is reflective of forward-looking expectations of credit performance. Where the impact of forward-looking macroeconomic information on ECL is determined based on historical relationships between macroeconomic movements and default rates, and it is not expected for these relationships to hold under current macroeconomic conditions, judgemental post-model adjustments have been applied to ensure that relationships between macroeconomic forecasts and ECL estimates are intuitive, with ECL increasing where macroeconomic conditions are expected to worsen, and reflecting additional relevant information not catered for in models. This approach is followed across all portfolios. The three scenarios utilised are derived from a governance process which is approved by the Board of Directors at least twice a year based on expert economic forecasts. The table below sets out the scenarios and probabilities assigned to each scenario as at 30 June 2025:			
Scenario	Probability		
	2025	2024	
Baseline regime	60.6%	58%	Assumes that global growth and development market (DM) inflation is rising, and global interest rates are rising.
Upside regime	13.7%	15%	Assumes global growth remains above trend and DM inflation trends lower, as supply – side pressures dissipate.
Downside regime	25.7%	27%	Assumes that global growth falls below trend and DM inflation lifts further due to supply – side pressures.
The key factors considered in the three scenarios include the financial impact of the following factors; » copper prices and Zambian production output; » sovereign debt sustainability; » rainfall patterns and their impact on food inflation; » the impact of a potential IMF program on the Zambian economy. Overview of forward-looking information included in the 30 June 2025 provisions The forward-looking model used for the June 2025 reporting period is exclusively based on the interest rate, which remains the only macroeconomic variable with a strong and consistent correlation to default rates. As of June 2025, the Bank of Zambia’s policy rate stood at 14.5%, up from 9.5% in June 2024, reflecting the central bank’s response to elevated inflation and currency depreciation. This increase in the interest rate was a key input into the Expected Credit Loss (ECL) calculation for June 2025. The model also incorporated the forecasted interest rate trajectory, which projects a gradual decline to 13.0% by December 2025 under the baseline scenario, and further to 11.0% by mid-2026, in line with expectations of easing inflation and improving macroeconomic stability.			

First National Bank Zambia Limited

Annual Financial Statements for the year ended 30 June 2025

Summary of material accounting policies (continued)

1.13 Critical accounting estimates, assumptions and judgements (continued)

1.13.2 Impairment of financial assets (continued)

Forward-looking information (continued)

Overview of forward-looking information included in the 30 June 2025 provisions (continued)

This uncertainty has led some central Banks to begin signalling slightly tighter monetary policy, while being careful to reassure market participants that policy is likely to stay accommodative overall, notwithstanding small recalibrations of interest rates as economies reopen. Despite financial market volatility, this environment should continue to support financial conditions, commodity prices and certain risk assets, while demand for safe-haven assets, such as the US dollar, should gradually drift lower.

The outlook for Africa is largely driven by recovery in commodity prices and overall recovery in economic activity domestically, further supported by recovery in global demand. An important determinant of and risk to the outlook is the ability of commodity exporters to ramp up production to benefit from higher commodity prices to a greater extent. Additionally, the rise in administered prices and increase in the prices of basic foodstuffs and fuel should be noted, with the latter affecting all countries in the region and posing a risk to private consumption growth. Structural weaknesses in the bulk of the countries pre-date COVID-19 and will continue to constrain the recovery in the medium term.

The most significant period-end assumptions used for the ECL estimates as at 30 June 2025 are set out below. The scenarios "base", "upside" and "downside" were used for all portfolios.

Variable	Description
GDP	Gross Domestic Product (y/y growth)
CBR Lag 2Q	Central Bank Rate (Monetary policy rate (period-end)) lagged for 2 quarters
FX Rate	Forex Rate between the observed country's exchange rate and the U.S. Dollar (12-month average)

Country Reference Level		34	Dec-22	Jun-23	Dec-23	Jun-24	Dec-24	Jun-25	Dec-25	Jun-26	Dec-26	Jun-27	Probabilities
CBR_LAG2	Core		9.0	9.5	11.0	14.0	15.5	15.5	12.5	12.0	11.0	11.0	60.6%
	Downside		9.0	10.0	11	14.3	17.5	16.5	15.5	14.3	13.0	13.0	25.7%
	Upside		9.0	10.0	11	10.5	10	9.3	8.5	8	7.5	7.5	13.7%

Sensitivity analysis

The most significant assumptions affecting ECL allowance is copper prices and Zambian production output, sovereign debt sustainability, rainfall patterns and their impact on food inflation, the impact of a potential IMF program on the Zambian economy.

Set out below is the impact on stage 1 and 2 provisions if the above factors are stressed 10% up or down.

Scenario_202506	12m_Lt	Provisions_30 June 2025	Sensitivity as a percentage
Reported in June-24	Stage 1 & 2	338,806,813	19.0%
Factors Downside	Stage 1 & 2	189,984,554	-33.0%
Factors Upside	Stage 1 & 2	384,571,283	35.0%

First National Bank Zambia Limited

Annual Financial Statements for the year ended 30 June 2025

Summary of material accounting policies (continued)

1.13 Critical accounting estimates, assumptions and judgements (continued)

1.13.2 Impairment of financial assets (continued)

Judgement or estimate	Retail	Corporate and Commercial
Measurement of the 12-month and LECL	Parameters are determined on a basis whereby exposures are pooled on a portfolio level at a minimum. Where appropriate, more granular pooling is applied. The inputs used to determine parameter values include historically observed behaviour as well as behavioural and demographic information related to individual exposures currently on book. PD parameters are determined through assessment of the influence that various risk drivers have had on historical default rates. EAD parameters are estimated based on product characteristics and historical draw-down and payment behaviour. LGDs are determined by estimating expected future cash flows and are adjusted for forward- looking information such as the house price index, prime lending rate and GDP. These cash flows include direct costs and proceeds from the sale of collateral. Collateral recovery rates are based on historically observed outcomes. The statistical models applied implicitly assume that risk drivers that influence default risk, payment behaviour and recovery expectations within the historical data will continue to be relevant in the future.	Parameters are determined based on the application of statistical models that produce estimates based on counterparty- specific financial information and transaction characteristics. These characteristics include the nature of available collateral. Due to the specialised nature of these exposures, parameters produced by models are taken through a robust review and challenge process before being applied to calculate expected credit losses and are required to be signed off by a committee of wholesale credit experts who can motivate adjustments to modelled parameters.

First National Bank Zambia Limited

Annual Financial Statements for the year ended 30 June 2025

Summary of material accounting policies (continued)

1.13 Critical accounting estimates, assumptions and judgements (continued)

1.13.2 Impairment of financial assets (continued)

Measurement of the 12-month and LECL	Parameters are calibrated for the calculation of 12-month and LECL using term structures that consider borrower risk, account age, historical behaviour, transaction characteristics and correlations between parameters. Term structures have been developed over the entire remaining contractual lifetime of an instrument. The remaining lifetime is limited to the contractual term of instruments in the portfolio, except for instruments with an undrawn commitment such as credit cards where there is no contractual expiry date. In such instances the remaining term is determined with reference to the change to client requirements that would trigger a review of the contractual credit terms, for example, an increase in limit. Expected credit losses on open accounts are discounted from the expected date of default to the reporting date using the asset's original effective interest rate or a reasonable approximation thereof.
Determination of whether the credit risk of financial instruments have increased significantly since initial recognition	Retail SICR triggers continue to be based on client behaviour, client-based behaviour scores, judgemental factors, as well as other qualitative data. A client is triggered as SICR when there has been a significant increase in credit risk since initial recognition. These triggers are determined on a client level and are calibrated over time to determine what level of deterioration is reflective of a significant increase in credit risk Corporate and Commercial SICR triggers continue to be determined based on client behaviour, client internal FirstRand rating or risk score, as well as judgemental factors, which include triggers for industries in distress, which may result in the client being added to the watch list through the Bank's ongoing risk management process. These triggers are determined at a deal and client level and are calibrated over time to determine what level of deterioration is reflective of a significant increase in credit risk.
Prior and current year: Sensitivity staging	The move from 12-month expected credit loss (stage 1) to lifetime expected credit loss (stage 2) can result in a substantial increase in ECL. Please see note 26 (ii) for quantitative details of significant macroeconomic factors.

First National Bank Zambia Limited

Annual Financial Statements for the year ended 30 June 2025

Summary of material accounting policies (continued)

1.14 Standards and interpretations

1.14.1 Issued and effective

The following new and revised standards and interpretations are applicable to the business of the Bank. The Bank has complied with these from the stated effective date. None of the standards effective during the year had a material impact on the Bank results.

Standard	Impact assessment	Executive summary
IAS 1	Amendments to IAS 1 'Presentation of Financial Statements' – Non-current liabilities with covenants These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.	Annual periods beginning on or after 1 January 2024
IFRS 16	Amendment to IFRS 16, 'Leases' – sale and leaseback These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.	Annual periods beginning on or after 1 January 2024
IAS 7 and IFRS 7	Amendments to Supplier Finance Arrangements (IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosure') These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	Annual periods beginning on or after 1 January 2024

1.14.2 Issued but not yet effective

The following new and revised standards and interpretations are applicable to the business of the Bank. The Bank will comply with these from the stated effective date.

Standard	Impact assessment	Effective date
IAS 8	Deferred tax related to assets and liabilities arising from a single transaction The amendments to IAS 8 introduce a new definition for accounting estimates, clarifying that they are monetary amounts in the annual financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy.	Annual periods commencing on or after 1 January 2025

First National Bank Zambia Limited

Annual Financial Statements for the year ended 30 June 2025

Summary of material accounting policies (continued)

1.14 Standards and interpretations (continued)

1.14.2 Issued but not yet effective (continued)

The following new and revised standards and interpretations are applicable to the business of the Bank. The Bank will comply with these from the stated effective date.

Standard	Impact assessment	Effective date
IAS 1	Amendments to classification of liabilities as current or non-current The IAS 1 amendments clarify the requirements for classifying liabilities as current or non-current. More specifically: » The amendments specify that the conditions which exist at the end of the reporting period are those which will be used to determine if a right to defer settlement of a liability exists. » Management expectations about events after the balance sheet date, for example on whether a covenant will be breached, or whether early settlement will take place, are not relevant. The amendments clarify the situations that are considered settlement of a liability. The Bank presents its assets and liabilities in order of liquidity in the statement of financial position. The impact of this amendment would impact the disclosure of current versus non-current liabilities in the notes to the annual financial statements. The Bank does not expect this amendment to have a significant impact on the annual financial statements.	Annual periods commencing on or after 1 January 2025
IAS 1.2	Disclosure of accounting policies – amendments to IAS 1 and IFRS Practice Statement 2 The IASB issued amendments to IAS 1 and an update to IFRS Practice statement 2 making materiality judgements to help preparers provide useful accounting policy disclosures. The key amendments to IAS 1 include: » Requiring companies to disclose their material accounting policies rather than their material accounting policies; » Clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's annual financial statements.	Annual periods commencing on or after 1 January 2025
IAS 12	Deferred tax related to assets and liabilities arising from a single transaction The amendments narrow the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result a deferred tax asset and a deferred tax liability will need to be recognised for temporary differences arising on initial recognition of a lease and decommissioning provision.	Annual periods commencing on or after 1 January 2025
IAS 21	Lack of exchangeability – Amendments to IAS 21 The amendment to IAS 21 specifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The Bank does not expect this amendment to have a significant impact on the annual financial statements	Annual periods commencing on or after 1 January 2025

First National Bank Zambia Limited

Annual Financial Statements for the year ended 30 June 2025

Summary of material accounting policies (continued)

1.14 Standards and interpretations

1.14.2 Issued but not yet effective (continued)

The following new and revised standards and interpretations are applicable to the business of the Bank. The Bank will comply with these from the stated effective date.

Standard	Impact assessment	Effective date
Amendment to IFRS 9 and IFRS 7	Amendment to IFRS 9, “Financial Instruments” and IFRS 7, “Financial Instruments: Disclosures” – Classification and Measurement of Financial Instruments » Clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; » Clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; » Add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and » Make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	Annual periods beginning on or after 1 January 2026
IFRS 18	These amendments: The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 ‘Presentation of Financial Statements’ and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its ‘operating profit or loss’.	Annual periods beginning on or after 1 January 2027

1.15. Events after the reporting period

The Directors are not aware of any material events that have occurred between the date of the statement of financial position and the date of this report.

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to annual financial statements

1 Accounting policies

The accounting policies of the Bank are set out on page 69 to page 96.

Figures in thousands of Kwacha	Notes	30 June 2025	30 June 2024
2 Analysis of interest income and interest expense			
2.1 Interest and similar income			
Interest income at amortised cost			
- Loans and advances		1,361,242	861,122
- Investment securities - Government treasury bills		207,882	289,255
- Investment securities - Government bonds		939,347	876,361
Similar income			
- Interest from other banks		81,167	23,891
- Interest received from Nostro accounts		20,046	10,732
- Interest on placements with Group company	19.4	15,367	7,025
Interest and similar income		2,625,051	2,068,386
Loans and advances income			
Home loans		26,648	26,375
Commercial mortgages		17,121	15,565
Lease instalment debtors		44,603	24,560
Overdrafts		546,584	383,525
Term loans		332,173	135,550
Personal loans		394,113	275,547
Total advances income		1,361,242	861,122
*Reconciliation of deferred income			
At start of period		23,972	16,889
Facility fee received		20,711	11,767
Revenue recognised to interest income		(5,513)	(4,684)
At end of period		31,055	23,972
2.2 Interest expense and similar charges			
Financial liabilities at amortised cost			
- Current and call accounts		62,743	50,841
- Savings deposits		27,619	25,598
- Fixed and notice deposits		414,326	275,674
- Leases		18,633	19,691
Interest expense and similar charges		523,321	371,804

The reconciliation represents income earned on facilities, a portion of the income is deferred in the balance sheet and recognised as interest income over a the lifespan of the facility.

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

Figures in thousands of Kwacha	Notes	30 June 2025	30 June 2024
3 Net charge on impaired advances			
Loans and advances	12	64,328	94,945
Investment securities	10	11,894	(8,474)
Net charge on impaired advances		76,222	86,471
4 Non interest revenue			
Fee and commission income			
Banking fee and commission income			
- Cash deposit fees		12,382	6,637
- Cash handling fees		51,573	53,198
- Commitment fees		26,136	27,013
- Commissions: bills, drafts and cheques		4,211	1,164
- Card commission		318,322	240,973
- Exchange commissions		175,344	125,078
- Bank charges		503,147	438,078
- Service fees		450,761	396,474
- E-Banking		25,620	21,832
- Excess avallment fee		1,949	1,304
- Acceptance, guarantees and Indemnities		17,510	13,166
- Reporting fees		2,998	2,171
- Other		4,309	3,131
- Insurance		17,773	10,250
Fee and commission income		1,108,888	902,391
Banking fee and commission expense			
- Transaction processing fees		(292,438)	(219,449)
- Cash sorting, handling and transporting charges		(74,489)	(40,014)
- Customer loyalty programmes		(46,153)	(52,655)
- Unclaimed balances write back		(5,619)	(3,221)
Fee and commission expense		(418,699)	(315,339)
Trading income:			
- Fair value gains on securities trading		68,291	64,061
- Foreign exchange gains		442,861	389,642
Profit on disposal of fair value through OCI		-	39,568
Total fair value income		511,152	493,271
Other income and expenses			
- Foreign exchange losses		(14,549)	(52,317)
- Gain/(Loss) on disposal of assets		988	(490)
Total other expense		(13,561)	(52,807)
Total non-interest revenue		1,187,780	1,027,516

Fee and commission income are derived from Banking activities. Fair value gains relating to debt securities consist of gains arising from trading in government securities. Fair value gains from derivatives consist of trading gains from foreign exchange trading activities.

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

Figures in thousands of kwacha	Notes	30 June 2025	30 June 2024
5 Operating expenses			
Auditor's remuneration	5.1	5,037	4,486
Depreciation	5.2	99,376	82,848
Operating lease charges	5.3	9,567	8,382
Professional fees	5.4	461,957	402,121
Staff costs	5.5	659,215	546,969
Other operating costs	5.7	407,386	345,560
Operating expenses		1,642,538	1,390,366
5.1 Auditor's remuneration			
- Audit fees		4,865	4,443
- Non audit fees		172	43
Auditor's remuneration		5,037	4,486
5.2 Depreciation			
Leasehold and equipment	14	57,017	44,417
- Leasehold improvements	14	10,381	10,470
Equipment		36,949	24,283
- Computer equipment		31,159	21,241
- Office equipment		5,790	3,042
- Furniture and fittings		3,201	3,178
- Motor vehicles		6,486	6,486
Right-of-use-asset	15	41,638	38,431
Leasehold land	15	721	-
Depreciation		99,376	82,848
5.3 Operating lease charges			
- Short term lease charge		9,567	8,366
- Low value lease charge		-	16
Operating lease charges		9,567	8,382
5.4 Professional fees			
- Group service level agreements (SLAs)	19.4	437,766	367,575
- Litigation charges from prior year		(7,040)	2,975
- Boz handling fees		2	7,062
- Management fees with local suppliers		20,682	17,168
- Directors fees		8,138	5,887
- Other		2,409	1,454
Professional fees		461,957	402,121
5.5 Staff costs			
- Salaries, wages and allowances		522,396	428,195
- Employee benefit scheme		11,383	14,319
- Contributions to employee benefit funds:		41,629	33,630
- National pension scheme authority		11,949	10,070
- FNB zambia pension fund		29,680	23,560
- Medical aid fund		27,064	19,321
- Other staff related cost		56,743	51,504
Staff cost		659,215	546,969

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

Figures in thousands of Kwacha		Notes	30 June 2025	30 June 2024
5	Operating expenses (continued)			
	Non-executive Directors			
	Service as Directors of First National Bank Zambia Limited	5.4	8,138	5,887
	Directors' remuneration		8,138	5,887
5.6	Remunerations schemes			
	Employee benefit scheme	5.5	11,383	14,319
	Number of participants		30	32
The share schemes are operated by the Bank's holding company in South Africa, and the Bank's employees are eligible to participate in the schemes.				
5.7	Other operating costs			
	- Insurance		11,213	10,101
	- Training		13,774	14,017
	- Advertising and marketing		41,906	32,341
	- Entertainment		4,970	5,902
	- Operational losses		(2,343)	5,426
	- Legal costs		5,383	5,258
	- Maintenance		37,281	25,068
	- Property related costs		13,363	12,455
	- Computer expenses		9,855	19,677
	- Stationery		15,763	8,997
	- Telecommunications		23,926	24,073
	- Storage and delivery		7,316	4,437
	- Service fees and bank charges		37,917	23,708
	- Business travel		30,557	20,117
	- Supervisory fees		37,879	30,728
	- Indirect taxation		110,765	95,390
	- Other operating expenditure		7,861	7,865
	Other operating costs		407,386	345,560

Included in other operating expenditure is professional membership fees

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

Figures in thousands of Kwacha		30 June 2025		30 June 2024	
6	Income tax				
6.1	Income tax expense				
	Current tax				
	- Current year	517,130		432,971	
	- Prior years under provision	1,597		3,271	
	Deferred income tax				
	- Deferred tax temporary differences	Note 6.4	(13,215)	(33,302)	
	Income tax		505,512	402,940	
	Tax rate reconciliation	%		%	
	Profit before tax		1,570,750		1,247,261
	Income tax using domestic tax rate	30.0	471,225	30	374,178
	Effective tax charge as per income statement	32.2	505,512	32.3	402,940
	Difference	2.2	(34,287)	2.3	(28,762)
	Difference explained by:				
	- Expenses not allowable for tax purposes		(34,287)		(28,762)
	Total		(34,287)		(28,762)
6.2	Current tax asset				
	Opening balance		50,040		125,144
	Amount paid during the year		487,763		337,176
	Income tax expense		(518,727)		(412,280)
	Closing balance		19,076		50,040

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

6 Tax (continued)

6.3 Deferred income tax

The following are the major deferred income tax assets and liabilities recognised in the statement of financial position at the rate of 30%.

Figures in thousands of Kwacha	30 June 2025	30 June 2024
Deferred income tax assets		
Provision for staff and other expenses	47,087	37,411
Provision for impairment	147,404	128,971
Total deferred income tax asset	194,491	166,382
Deferred income tax liabilities		
Property and equipment	(25,072)	(10,739)
Deferred tax on fair value movement on investment securities	5,244	560
Total deferred income tax liability	(19,828)	(10,179)
Net deferred income tax asset	174,663	156,203

6.4 Movement in temporary differences during the year

Figures in thousands of Kwacha	Balance 30 June 2023	Recognised in the income statement	Charged to equity	Balance 30 June 2024	Recognised in the income statement	Charged to equity	Balance 30 June 2025
Provision for staff and other operating expenses	29,405	8,006	-	37,411	9,676	-	47,087
Provision for impairment	101,028	27,943	-	128,971	18,434	-	147,404
Property and equipment	(2,882)	(7,857)	-	(10,739)	(14,333)	-	(25,072)
Fair value through other comprehensive income	(5,209)	-	5,769	560	(560)	5,244	5,244
	122,342	28,092	5,769	156,203	13,217	5,244	174,663

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

7. Analysis of Assets and Liabilities

Assets and financial liabilities are measured either at fair value or at amortised cost. The accounting policies on page 69 to page 96 describe how the classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised.

The following table analyses the assets and liabilities in the statement of financial position per category to which they are assigned and therefore by measurement basis and according to when the assets are expected to be realised and the liabilities settled:

30 June 2025									
Figures in thousands of Kwacha	Notes	Amortised cost	At fair value through profit or loss	Non financial instruments	Fair value through other comprehensive income	Total	Non contractual	Current	Non - current
ASSETS									
Cash at bank	8	6,563,470	-	-	-	6,563,470	-	2,819,820	3,743,650
Derivative financial instruments	9	-	200,767	-	-	200,767	-	200,767	-
Other investments designated at fair value through profit or loss	10	-	1,210	-	-	1,210	1,210	-	-
Investment securities	10	7,002,772	174,479	-	1,023,295	8,200,546	-	5,446,337	2,754,209
Loans and advances	11	7,795,332	-	-	-	7,795,332	-	3,990,573	3,804,759
Other assets	13	270,105	-	191,893	-	461,998	191,893	270,105	-
Current tax asset	6.2	-	-	19,076	-	19,076	-	19,076	-
Property and equipment	14	-	-	250,363	-	250,363	-	-	250,363
Right of use of assets	15	-	-	156,356	-	156,356	-	-	156,356
Deferred income tax asset	6.3	-	-	174,663	-	174,663	-	-	174,663
Total assets		21,631,679	376,456	792,351	1,023,295	23,823,781	193,103	12,746,678	10,884,000
LIABILITIES									
Derivative financial instruments	9	-	165,471	-	-	165,471	-	165,471	-
Deposits	16	18,716,053	-	-	-	18,716,053	-	14,765,094	3,950,959
Employee liabilities	17	-	-	114,011	-	114,011	-	114,011	-
Creditors and accruals	18	673,905	-	-	-	673,905	-	604,412	69,493
Lease Liability	20	136,154	-	-	-	136,154	-	47,468	88,686
Total liabilities		19,526,112	165,471	114,011	-	19,805,594	-	15,696,456	4,109,138

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

7. Analysis of Assets and Liabilities

30 June 2024									
Figures in thousands of Kwacha	Notes	Amortised cost	At fair value through profit or loss	Non financial instruments	Fair value through other comprehensive income	Total	Non contractual	Current	Non - current
ASSETS									
Cash at bank	8	6,012,214	-	-	-	6,012,214	-	3,032,693	2,979,521
Derivative financial instruments	9	-	75,487	-	-	75,487	-	75,487	-
Other investments designated at fair value through profit or loss	10	-	1,210	-	-	1,210	1,210	-	-
Investment securities	10	5,115,953	131,033	-	669,113	5,916,099	-	3,245,358	2,670,741
Loans and advances	11	6,309,602	-	-	-	6,309,602	-	3,926,764	2,382,838
Other assets	13	301,317	-	173,938	-	475,255	173,938	301,317	-
Current tax asset	6.2	-	-	50,040	-	50,040	-	50,040	-
Property and equipment	14	-	-	192,612	-	192,612	-	-	192,612
Right of use of assets	15	-	-	148,251	-	148,251	-	-	148,251
Deferred income tax asset	6.3	-	-	156,203	-	156,203	-	-	156,203
Total assets		17,739,086	207,730	721,044	669,113	19,336,973	175,148	10,631,659	8,530,166
LIABILITIES									
Derivative financial instruments	9	-	68,732	-	-	68,732	-	68,732	-
Deposits	16	15,485,697	-	-	-	15,485,697	-	13,192,356	2,293,341
Employee liabilities	17	-	-	95,175	-	95,175	-	95,175	-
Creditors and accruals	18	619,573	-	-	-	619,573	-	556,903	62,670
Lease Liability	20	128,392	-	-	-	128,392	-	41,085	87,307
Total liabilities		16,233,662	68,732	95,175	-	16,397,569	-	13,954,251	2,443,318

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

Figures in thousands of Kwacha	Notes	30 June 2025	30 June 2024
8. Cash at bank			
Bank notes		615,070	522,571
Money at call and short notice		1,143,008	880,409
Balances with central bank		762,502	1,375,104
Balances with group companies	19.2	299,240	254,609
Cash and cash equivalents per cash flow statement		2,819,820	3,032,693
Statutory reserve balances		3,743,650	2,979,521
Total cash at bank as per balance sheet		6,563,470	6,012,214
Refer to note 7 for current and non-current analysis for cash and cash equivalents.			
Total balances with central bank		4,506,152	4,354,625

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 which was 26% as at June 2025 (2024: 26%) of outstanding customer deposits over a cash reserve cycle period of one week.

In June 2024, the Bank of Zambia issued a directive which allowed commercial banks to comply with the statutory reserve ratio by holding a combination of cash on deposit and eligible government securities. The face value of the eligible government securities in this combination did not exceed 40% of the minimum local currency reserve requirement as at the point in time. This is not considered as cash and cash equivalents.

Expected credit loss for physical cash is zero. ECL for cash equivalents is calculated using the loss rate approach and is immaterial.

Money at call and short notice constitutes amounts withdrawable in 30 days or less.

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

9. Derivative financial instruments

Strategy in using derivative instruments

The Bank transacts in derivatives for two purposes to create risk management solutions for clients and to manage and hedge the Bank's own risk. The Bank's derivative activities give rise to open positions in portfolios of derivatives. These positions are managed constantly to ensure that they remain within acceptable risk levels, with offsetting deals being utilised to achieve this where necessary.

Further information pertaining to the risk management strategy of the Bank is set out in note 26.

Figures in thousands of Kwacha	Assets		Liabilities	
	Notional	Fair value	Notional	Fair value
30 June 2025				
Currency derivatives:				
Forward foreign exchange contracts	6,848	9,619	5,980	13,406
Currency swaps	1,091,108	174,214	776,786	152,028
Total	1,097,956	183,833	782,766	165,434
Currency swap spot transactions with related companies (notes 19.2 & 19.3)	109,977	16,934	609	37
	1,207,933	200,767	783,375	165,471
30 June 2024				
Currency derivatives:				
Forward foreign exchange contracts	319,309	20,932	133,566	14,977
Currency swaps	26,318	38,698	337,416	41,292
Total	345,627	59,630	470,982	56,269
Currency swap spot transactions with related companies (notes 19.2 & 19.3)	177,112	15,857	163,332	12,463
	522,739	75,487	634,314	68,732

Information relating to the fair value of derivative financial instruments is set out in note 26. Current and non-current analysis for derivative financial instruments is set out in note 7.

Global market may use FX forwards and swaps to hedge foreign exchange exposures arising from trading activities with clients.

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

10. Investment securities and other investments

30 June 2025

Figures in thousands of Kwacha	Fair value through profit or loss	Fair value through other comprehensive income	Other investments designated at fair value through profit or loss	Amortised cost	Total
Government Bonds	174,479	1,049,274	-	3,321,653	4,545,406
Corporate bonds	-	-	-	215,397	215,397
Treasury Bills	-	-	-	3,549,696	3,549,696
Total investment securities	174,479	1,049,274		7,086,746	8,310,499
Investment other	-	-	1,210	-	1,210
Total gross carrying amount of investment securities	174,479	1,049,274	1,210	7,086,746	8,311,709
Loss allowance on investments securities and other investments measured at amortised cost and FVOCI	-	(25,979)	-	(83,974)	(109,953)
Net investment securities	174,479	1,023,295	1,210	7,002,772	8,201,756

Included in the K3.5 billion of treasury bills investment is K2.6 billion (USD 109 million) relating to investment of excess USD liquidity in short term USD Treasury bills and excess of ZAR liquidity in short term ZAR treasury bills K198 million (ZAR 147 million).

Investment other includes ZEHL and swift.

Corporate bonds relates to an investment in International Finance Corporation.

Reconciliation of the gross carrying amount of investment securities

Figures in thousands of Kwacha	Note	Amortised Cost	Fair value through other comprehensive income	Fair value through profit or loss	Total
Amount as at 30 June 2024		5,197,065	686,060	131,033	6,014,158
Additions		4,664,749	338,473	149,498	5,152,720
Maturities		(3,092,858)	-	(106,052)	(3,198,910)
Accrued interest		317,790	-	-	317,790
Fair Value Adjustment			24,741		24,741
Amount as at 30 June 2025		7,086,746	1,049,274	174,479	8,310,499
Reconciliation of the loss allowance					
- Investment securities measured at amortised cost and fair value through other comprehensive income					
Figures in thousands of Kwacha					
Amount as at 30 June 2024		80,600	17,459	-	98,059
Changes in exposure	3	3,374	8,520	-	11,894
Amount as at 30 June 2025		83,974	25,979	-	109,953

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

10 Investment securities and other investments (continued)

30 June 2024

Figures in thousands of Kwacha	Fair value through profit or loss	Fair value through other comprehensive income	Other investments designated at Fair Value through profit or loss	Amortised cost	Total
Government bonds	131,033	686,060	-	3,082,100	3,899,193
Corporate bonds				217,203	217,203
Treasury bills			-	1,897,762	1,897,762
Total investment securities	131,033	686,060	-	5,197,065	6,014,158
Investment in swift	-	-	1,210	-	1,210
Total gross carrying amount of investment securities	131,033	686,060	1,210	5,197,065	6,015,368
Loss allowance on investments securities and other investments measured at amortised cost and FVOCI	-	(17,459)	-	(80,600)	(98,059)
Net investment securities	131,033	668,601	1,210	5,116,465	5,917,309

Reconciliation of the gross carrying amount of invested securities

Figures in thousands of Kwacha	Note	Amortised Cost	Fair value through other comprehensive income	Fair value through profit or loss	Total
Amount as at 30 June 2023		6,828,801	562,305	259,281	7,650,387
Additions		2,345,052	686,060	1,830,441	4,861,553
Maturities		(4,344,114)	(562,305)	(1,958,689)	(6,865,108)
Accrued interest		367,326	-	-	367,326
Amount as at 30 June 2024		5,197,065	686,060	131,033	6,014,158
Reconciliation of the loss allowance - Investment securities measured at amortised cost and fair value through other comprehensive income					
Amount as at 30 June 2024		106,533	-	-	106,533
Changes in exposure	3	(25,933)	17,459	-	(8,474)
Amount as at 30 June 2024		80,600	17,459	-	98,059

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

11 Loans and advances

Figures in thousands of Kwacha	30 June 2025	30 June 2024
Sector analysis		
Agriculture	1,122,257	1,138,467
Financial services	114,971	13,359
Building and property development	126,624	152,236
Individuals	1,834,341	1,481,478
Manufacturing and commerce	2,614,277	1,746,759
Mining	1,523,101	1,152,580
Transport and communication	870,496	944,770
Other services	73,307	84,417
Gross loans and advances	8,279,374	6,714,066
Impairment of loans and advances (note 12)	(484,042)	(404,464)
Net loans and advances	7,795,332	6,309,602

All loans and advances are in Zambia

Category analysis		
Overdrafts	3,520,011	4,130,570
Term loans	2,435,328	904,166
Credit card	49,677	26,303
Lease payment receivable (vehicle and asset finance)	459,144	174,990
Property finance	186,435	185,366
- Home loans	99,959	109,978
- Commercial property finance	86,476	75,388
Personal loans	1,628,779	1,292,671
Gross loans and advances	8,279,374	6,714,066
Impairment of loans and advances (note 12)	(484,042)	(404,464)
Net loans and advances	7,795,332	6,309,602

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

11 Loans and advances (continued)

Figures in thousands of Kwacha

Classification of loans and advances

30 June 2025

Reconciliation of the gross carrying amount of loans and advances measured at amortised cost

	Stage 1	Stage 2	Stage 3	Total
Amount as at 30 June 2024	6,358,091	256,209	99,766	6,714,066
Transfer from stage 1 to stage 2	(127,169)	127,169	-	-
Transfer from stage 1 to stage 3	(7,245)	-	7,245	-
Transfer from stage 2 to stage 3	-	(8,435)	8,435	-
Transfer from stage 2 to stage 1	50,443	(50,443)	-	-
Transfer from stage 3 to stage 2	-	19,190	(19,190)	-
Transfer from stage 3 to stage 1	7,880	-	(7,880)	-
Opening balance after transfers	6,282,000	343,690	88,376	6,714,066
Bad debts written off	-	-	(94,154)	(94,154)
Provision created for the current reporting period	1,473,248	22,509	163,705	1,659,462
Gross loans and advances	7,755,248	366,199	157,927	8,279,374
Impairment of loans and advances	(269,686)	(71,783)	(142,573)	(484,042)
Net loans and advances	7,485,562	294,416	15,354	7,795,332

Figures in thousands of Kwacha

Classification of loans and advances

30 June 2024

Reconciliation of the gross carrying amount of loans and advances measured at amortised cost

	Stage 1	Stage 2	Stage 3	Total
Amount as at 30 June 2023	3,424,789	114,990	103,479	3,643,258
Transfer from stage 1 to stage 2	(124,793)	124,793	-	-
Transfer from stage 1 to stage 3	(7,077)	-	7,077	-
Transfer from stage 2 to stage 3	-	(21,018)	21,018	-
Transfer from stage 2 to stage 1	25,588	(25,588)	-	-
Transfer from stage 3 to stage 2	-	308	(308)	-
Transfer from stage 3 to stage 1	53,217	-	(53,217)	-
Opening balance after transfers	3,371,724	193,485	78,049	3,643,258
Bad debts written off	-	-	(39,796)	(39,796)
Provision created for the current reporting period	2,986,367	62,724	61,513	3,110,604
Gross loans and advances	6,358,091	256,209	99,766	6,714,066
Impairment of loans and advances	(238,153)	(91,512)	(74,799)	(404,464)
Net loans and advances	6,119,938	164,697	24,967	6,309,602

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

11 Loans and Advances (continued)

Classification of loans and advances – Retail

30 June 2025

Reconciliation of the gross carrying amount of loans and advances measured at amortised cost

	Stage 1	Stage2	Stage 3	Total
Amount as at 30 June 2024	1,274,549	132,015	46,381	1,452,945
Transfer from stage 1 to stage 2	(97,218)	97,218	-	-
Transfer from stage 1 to stage 3	(6,117)	-	6,117	-
Transfer from stage 2 to stage 3	-	(5,188)	5,188	-
Transfer from stage 2 to stage 1	49,136	(49,136)	-	-
Transfer from stage 3 to stage 2	-	3,991	(3,991)	-
Transfer from stage 3 to stage 1	3,986	-	(3,986)	-
Opening balance after transfers	1,224,336	178,900	49,709	1,452,945
Bad debts written off	-	-	(53,201)	(53,201)
Provision created for the current reporting period	259,364	28,583	114,023	401,970
Gross loans and advances	1,483,700	207,483	110,531	1,801,714
Impairment of loans and advances	(96,317)	(14,159)	(106,323)	(216,799)
Net loans and advances	1,387,383	193,324	4,208	1,584,915

Classification of loans and advances – Retail

30 June 2024

Reconciliation of the gross carrying amount of loans and advances measured at amortised cost

	Stage 1	Stage2	Stage 3	Total
Amount as at 30 June 2023	879,004	58,060	29,700	966,764
Transfer from stage 1 to stage 2	(56,876)	56,876	-	-
Transfer from stage 1 to stage 3	(3,623)	-	3,623	-
Transfer from stage 2 to stage 3	-	(1,815)	1,815	-
Transfer from stage 2 to stage 1	21,366	(21,366)	-	-
Transfer from stage 3 to stage 2	-	308	(308)	-
Transfer from stage 3 to stage 1	3,035	-	(3,035)	-
Opening balance after transfers	842,906	92,063	31,795	966,764
Bad debts written off	-	-	(32,384)	(32,384)
Provision created for the current reporting period	431,643	39,952	46,970	518,565
Gross loans and advances	1,274,549	132,015	46,381	1,452,945
Impairment of loans and advances	(76,157)	(37,736)	(39,181)	(153,074)
Net loans and advances	1,198,392	94,279	7,200	1,299,871

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

11 Loans and Advances (continued)

Classification of loans and advances – Vehicle and Asset Finance

30 June 2025

Reconciliation of the gross carrying amount of loans and advances measured at amortised cost

	Stage 1	Stage2	Stage 3	Total
Amount as at 30 June 2024	167,107	4,829	3,054	174,990
Transfer from stage 1 to stage 2	-	-	-	-
Transfer from stage 2 to stage 3	-	(478)	478	-
Transfer from stage 2 to stage 1	344	(344)	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Transfer from stage 3 to stage 1	-	-	-	-
Opening balance after transfers	167,451	4,007	3,532	174,990
Bad debts written off	-	-	(6)	(6)
Provision created for the current reporting period	283,172	(164)	1,152	284,160
Gross loans and advances	450,623	3,843	4,678	459,144
Impairment of loans and advances	(8,236)	(11,765)	(1,937)	(21,938)
Net loans and advances	442,387	(7,922)	2,741	437,206

Classification of loans and advances – Vehicle and Asset Finance

30 June 2024

Reconciliation of the gross carrying amount of loans and advances measured at amortised cost

	Stage 1	Stage2	Stage 3	Total
Amount as at 30 June 2023	111,982	7,556	10,555	130,093
Transfer from stage 1 to stage 2	(853)	853	-	-
Transfer from stage 1 to stage 3	-	-	-	-
Transfer from stage 2 to stage 3	-	-	-	-
Transfer from stage 2 to stage 1	4,002	(4,002)	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Transfer from stage 3 to stage 1	494	-	(494)	-
Opening balance after transfers	115,625	4,407	10,061	130,093
Bad debts written off	-	-	(6,046)	(6,046)
Provision created for the current reporting period	51,482	422	(961)	50,943
Gross loans and advances	167,107	4,829	3,054	174,990
Impairment of loans and advances	(2,578)	(1,347)	(1,436)	(5,361)
Net loans and advances	164,529	3,482	1,618	169,629

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

11 Loans and Advances (continued)

Classification of loans and advances – Corporate and Commercial

30 June 2025

Reconciliation of the gross carrying amount of loans and advances measured at amortised cost

	Stage 1	Stage2	Stage 3	Total
Amount as at 30 June 2024	4,916,435	119,363	50,333	5,086,131
Transfer from stage 1 to stage 2	(29,951)	29,951	-	-
Transfer from stage 1 to stage 3	(1,127)	-	1,127	-
Transfer from stage 2 to stage 3	-	(2,769)	2,769	-
Transfer from stage 2 to stage 1	963	(963)	-	-
Transfer from stage 3 to stage 2	-	15,198	(15,198)	-
Transfer from stage 3 to stage 1	3,894	-	(3,894)	-
Opening balance after transfers	4,890,214	160,780	35,137	5,086,131
Bad debts written off	-	-	(40,946)	(40,946)
Provision created for the current reporting period	930,711	(5,910)	48,530	973,331
Gross loans and advances	5,820,925	154,870	42,721	6,018,516
Impairment of loans and advances	(165,122)	(45,869)	(34,314)	(245,305)
Net loans and advances	5,655,803	109,001	8,407	5,773,211

Classification of loans and advances – Corporate and Commercial

30 June 2024

Reconciliation of the gross carrying amount of loans and advances measured at amortised cost

	Stage 1	Stage2	Stage 3	Total
Amount as at 30 June 2023	2,433,802	49,372	63,227	2,546,401
Transfer from stage 1 to stage 2	(67,065)	67,065	-	-
Transfer from stage 1 to stage 3	(3,454)	-	3,454	-
Transfer from stage 2 to stage 3	-	(19,203)	19,203	-
Transfer from stage 2 to stage 1	220	(220)	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Transfer from stage 3 to stage 1	49,688	-	(49,688)	-
Opening balance after transfers	2,413,191	97,014	36,196	2,546,401
Bad debts written off	-	-	(1,366)	(1,366)
Provision created for the current reporting period	2,503,244	22,349	15,503	2,541,096
Gross loans and advances	4,916,435	119,363	50,333	5,086,131
Impairment of loans and advances	(159,415)	(52,429)	(34,185)	(246,029)
Net loans and advances	4,757,020	66,934	16,148	4,840,102

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

11 Loans and Advances (continued)

Figures in thousands of Kwacha	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Total
30 June 2025						
Analysis of lease payments receivable						
Lease payments receivable	26,831	81,884	353,597	46,010	67,094	575,416
Less: Unearned finance charges	(999)	(11,528)	(63,264)	(14,578)	(25,903)	(116,272)
Total net lease payment receivable	25,832	70,356	290,333	31,432	41,191	459,144
30 June 2024						
Analysis of lease payments receivable						
Lease payments receivable	6,158	47,987	86,772	62,354	15,337	218,608
Less: Unearned finance charges	(460)	(6,968)	(19,811)	(11,155)	(5,224)	(43,618)
Total net lease payment receivable	5,698	41,019	66,961	51,199	10,113	174,990

Under the terms of the lease agreement, no contingent rentals are payable. The agreements relate to motor vehicles and equipment.

	30 June 2025	30 June 2024
Maturity analysis		
Within one year	4,474,615	4,331,227
Between one and five years	2,609,597	1,726,484
More than five years	711,120	251,891
	7,795,332	6,309,602
Refer to note 26 for information relating to the fair value of loans and advances		
Refer to note 7 for current and non-current analysis for loans and advances		
Included in the above are loans and advances to:		
- Directors	15,520	19,544
repayable within:		
- Within one year	670	452
- Over five years	14,850	19,092

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

12 Impairment of loans and advances

Significant loans and advances are monitored by the credit department and impaired according to the Bank's impairment policy when an indication of impairment is observed.

Figures in thousands of Kwacha

30 June 2025

Total		Stage 1	Stage 2	Stage 3	Total impairment
Amount as at 30 June 2024		238,153	91,512	74,799	404,464
Transfer from stage 1 to stage 2		(9,395)	9,395	-	-
Transfer from stage 1 to stage 3		(586)		586	-
Transfer from stage 2 to stage 3		-	(1,836)	1,836	-
Transfer from stage 2 to stage 1		10,697	(10,697)	-	-
Transfer from stage 3 to stage 2		-	7,778	(7,778)	-
Transfer from stage 3 to stage 1		2,468		(2,468)	-
Opening balance after transfers		241,337	96,152	66,975	404,464
Bad debts written off		-	-	(94,154)	(94,154)
Provision created/(released) for the current reporting year		28,349	(24,369)	169,752	173,732
Amount as at 30 June 2025	Note 11	269,686	71,783	142,573	484,042
Impairment recognised in income statement					
Impairment created/(released) for the current reporting year including interest in suspense (ISP)		28,349	(24,369)	169,752	173,732
Loans and advances ISP/stage 3 interest		-	-	(38,272)	(38,272)
Impairment created/(released) for the current reporting year excluding ISP		28,349	(24,369)	131,480	135,460
Post write off recoveries		-	-	(71,132)	(71,132)
Impairment recognised in income statement	Note 3	28,349	(24,369)	60,348	64,328

Figures in thousands of Kwacha

30 June 2024

Total		Stage 1	Stage 2	Stage 3	Total impairment
Amount as at 30 June 2023		104,648	73,172	86,247	264,067
Transfer from stage 1 to stage 2		(6,176)	6,176	-	-
Transfer from stage 1 to stage 3		(335)	-	335	-
Transfer from stage 2 to stage 3		-	(1,013)	1,013	-
Transfer from stage 2 to stage 1		3,318	(3,318)	-	-
Transfer from stage 3 to stage 2		-	62	(62)	-
Transfer from stage 3 to stage 1		2,695	-	(2,695)	-
Opening balance after transfers		104,150	75,079	84,838	264,067
Bad debts written off		-	-	(39,797)	(39,797)
Provision created/(released) for the current reporting year		134,003	16,433	29,758	180,194
Amount as at 30 June 2024	Note 11	238,153	91,512	74,799	404,464
Impairment recognised in income statement					
Impairment created/(released) for the current reporting year including interest in suspense (ISP)		134,003	16,433	29,758	180,194
Loans and advances ISP/stage 3 interest		-	-	(24,089)	(24,089)
Impairment created/(released) for the current reporting year excluding ISP		134,003	16,433	5,669	156,105
Post write off recoveries		-	-	(61,160)	(61,160)
Impairment recognised in income statement	Note 3	134,003	16,433	(55,491)	94,945

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

12 Impairment of loans and advances (continued)

Significant loans and advances are monitored by the credit department and impaired according to the Bank's impairment policy when an indication of impairment is observed.

Figures in thousands of Kwacha				30 June 2025	
Retail		Stage 1	Stage 2	Stage 3	Total impairment
Amount as at 30 June 2024		76,157	37,736	39,181	153,074
Transfer from stage 1 to stage 2		(7,521)	7,521	-	-
Transfer from stage 1 to stage 3		(496)	-	496	-
Transfer from stage 2 to stage 3		-	(1,280)	1,280	-
Transfer from stage 2 to stage 1		10,469	(10,469)	-	-
Transfer from stage 3 to stage 2		-	974	(974)	-
Transfer from stage 3 to stage 1		971	-	(971)	-
Opening balance after transfers		79,580	34,482	39,012	153,074
Bad debts written off		-	-	(53,201)	(53,201)
Changes in exposure		16,736	(20,324)	120,514	116,926
Amount as at 30 June 2025	Note 11	96,316	14,158	106,325	216,799
Impairment recognised in income statement					
Impairment created/(released) for the current reporting year excluding ISP		16,736	(20,324)	99,571	95,983
Post write off recoveries		-	-	(6,984)	(6,984)
Impairment recognised in income statement	Note 3	16,736	(20,324)	92,587	88,999

Figures in thousands of Kwacha				30 June 2024
Retail	Stage 1	Stage 2	Stage 3	Total impairment
Amount as at 30 June 2023	36,728	34,273	28,310	99,311
Transfer from stage 1 to stage 2	(3,237)	3,237	-	-
Transfer from stage 1 to stage 3	(148)	-	148	-
Transfer from stage 2 to stage 3	-	(353)	353	-
Transfer from stage 2 to stage 1	3,193	(3,193)	-	-
Transfer from stage 3 to stage 2	-	62	(62)	-
Transfer from stage 3 to stage 1	65	-	(65)	-
Opening balance after transfers	36,601	34,026	28,684	99,311
Bad debts written off	-	-	(32,384)	(32,384)
Changes in exposure	39,556	3,710	42,881	86,147
Amount as at 30 June 2024	Note 11	76,157	39,181	153,074
Impairment recognised in income statement				
Impairment created/(released) for the current reporting year excluding ISP		3,710	34,799	78,065
Post write off recoveries		-	(8,087)	(8,087)
Impairment recognised in income statement	Note 3	3,710	26,712	69,978

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Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

12 Impairment of loans and advances (continued)

Significant loans and advances are monitored by the credit department and impaired according to the Bank's impairment policy when an indication of impairment is observed.

Figures in thousands of Kwacha				30 June 2025
Corporate and commercial	Stage 1	Stage 2	Stage 3	Total impairment
Amount as at 30 June 2024	159,415	52,429	34,185	246,029
Transfer from stage 1 to stage 2	(1,874)	1,874	-	-
Transfer from stage 1 to stage 3	(89)	-	89	-
Transfer from stage 2 to stage 3	-	(527)	527	-
Transfer from stage 1 to stage 2	212	(212)	-	-
Transfer from stage 3 to stage 2	-	6804	(6,804)	-
Transfer from stage 3 to stage 1	1,497	-	(1,497)	-
Opening balance after transfers	159,161	60,368	26,500	246,029
Bad debts written off	-	-	(40,946)	(40,946)
Provision created/(released) for the current reporting year	5,961	(14,499)	48,760	40,222
Closing balance 30 June 2025	165,122	45,869	34,314	245,305
Impairment recognised in income statement				
Impairment created/(released) for the current reporting year excluding ISP	5,961	(14,499)	48,760	40,222
Loans and advances ISP/stage 3 interest	-	-	(16,037)	(16,037)
Post write off recoveries	-	-	(57,880)	(57,880)
Impairment recognised in income statement	5,961	(14,499)	(25,157)	(33,695)

Figures in thousands of Kwacha				30 June 2024
Corporate and commercial	Stage 1	Stage 2	Stage 3	Total impairment
Amount as at 30 June 2023	66,646	36,715	50,382	153,743
Transfer from stage 1 to stage 2	(2,929)	2,929	-	-
Transfer from stage 1 to stage 3	(187)	-	187	-
Transfer from stage 2 to stage 3	-	(660)	660	-
Transfer from stage 3 to stage 2	27	(27)	-	-
Transfer from stage 2 to stage 1	-	-	-	-
Transfer from stage 3 to stage 1	2,334	-	(2,334)	-
Opening balance after transfers	65,891	38,957	48,895	153,743
Bad debts written off	-	-	(1,366)	(1,366)
Provision created/(released) for the current reporting year	93,524	13,472	(13,344)	93,652
Closing balance 30 June 2024	159,415	52,429	34,185	246,029
Impairment recognised in income statement				
Impairment created/(released) for the current reporting year excluding ISP	93,524	13,472	(28,603)	78,393
Post write off recoveries	-	-	(50,902)	(50,902)
Impairment recognised in income statement	93,524	13,472	(79,505)	27,491

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

12 Impairment of loans and advances (continued)

Significant loans and advances are monitored by the credit department and impaired according to the Bank's impairment policy when an indication of impairment is observed.

Figures in thousands of Kwacha

30 June 2025

Vehicle and Asset Finance	Stage 1	Stage 2	Stage 3	Total impairment
Amount as at 30 June 2024	2,578	1,347	1,436	5,361
Transfer from stage 1 to stage 2	(11)	11	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Transfer from stage 2 to stage 3	-	(29)	29	-
Transfer from stage 2 to stage 1	16	(16)	-	-
Transfer from stage 3 to stage 1	-	-	-	-
Opening balance after transfers	2,583	1,313	1,465	5,361
Bad debts written off	-	-	(6)	(6)
Provision created/(released) for the current reporting year	5,653	10,452	478	16,583
Closing balance 30 June 2025	8,236	11,765	1,937	21,938
Impairment created/(released) for the current reporting year including ISP	5,653	10,452	478	16,583
Loans and advances ISP/stage 3 interest	-	-	(1,291)	(1,291)
Impairment created/(released) for the current reporting year	5,653	10,452	(813)	15,292
Post write off recoveries	-	-	(6,268)	(6,268)
Impairment recognised in income statement	5,653	10,452	(7,081)	9,024

Figures in thousands of Kwacha

30 June 2024

Vehicle and Asset Finance	Stage 1	Stage 2	Stage 3	Total impairment
Amount as at 30 June 2023	1,274	2,184	7,555	11,013
Transfer from stage 1 to stage 2	(11)	11	-	-
Transfer from stage 3 to stage 2	-	-	-	-
Transfer from stage 2 to stage 3	99	(99)	-	-
Transfer from stage 2 to stage 1	296	-	(296)	-
Opening balance after transfers	1,658	2,096	7,259	11,013
Bad debts written off	-	-	(6,046)	(6,046)
Provision created/(released) for the current reporting year	920	(749)	223	394
Closing balance 30 June 2024	2,578	1,347	1,436	5,361
Impairment recognised in income statement				
Impairment created/(released) for the current reporting year excluding ISP	920	(749)	(524)	(353)
Post write off recoveries	-	-	(2,171)	(2,171)
Impairment recognised in income statement	920	(749)	(2,695)	(2,524)

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

12 Impairment of loans and advances (continued)

Analysis of NPLs

30 June 2025

Figures in thousands of Kwacha	Total gross NPL's	Write offs	Total Net NPL's	Impact of Security	Specific provision
Category analysis					
Overdrafts and managed accounts	55,393	23,589	31,804	4,029	27,775
Term loans	46,824	26,667	20,157	4,297	15,859
Lease payments receivable	4,684	6	4,678	2,741	1,936
Home loans	13,775	12,430	1,345	1,595	2,941
Commercial property finance	-	-	-	-	-
Personal loans	131,408	31,462	99,946	5,884	94,062
Total	252,084	94,154	157,930	18,546	142,573
					30 June 2024
Overdrafts and managed accounts	39,159	15,483	23,676	11,085	12,590
Term loans	33,548	497	33,051	12,410	20,642
Lease payments receivable	9,101	6,046	3,055	1,619	1,436
Home loans	18,692	13,174	5,518	313	5,204
Commercial property finance	-	-	-	-	-
Personal loans	39,065	4,596	34,469	(459)	34,927
Total	139,565	39,796	99,769	24,968	74,799

On-going risk management will continue to pursue written off balances to the extent of K490 million (2024: K568 million).

Notes to the Annual Financial Statements for the year ended 30 June 2025

12 Impairment of loans and advances (continued)

	Total gross credit impaired assets	Write offs	Total net credit impaired assets	Security held & expected recoveries	Impairment
Figures in thousands of Kwacha					
Sector analysis					
Agriculture	35,085	14,463	20,622	3,589	17,033
Financial services	239	149	90	2	88
Building and property development	22,508	16,961	5,547	1,054	4,493
Individuals	168,417	53,207	115,210	6,950	108,260
Manufacturing and commerce	13,655	4,413	9,242	2,318	6,924
Mining	4,225	3,181	1,044	120	924
Transport and communication	6,901	900	6,001	1,308	4,692
Other services	1,054	880	174	15	159
Total	252,084	94,154	157,930	15,356	142,573

	2023	2022	2021	2020	2019
Agriculture	11,136	744	10,392	2,300	8,092
Other financial services	563	8	555	113	442
Building and property development	22,660	87	22,573	8,721	13,851
Individuals	87,866	38,430	49,436	8,821	40,616
Manufacturing and commerce	8,069	157	7,912	2,288	5,625
Mining	3,213	243	2,970	803	2,166
Transport and communication	5,591	85	5,506	1,913	3,592
Other services	467	42	425	9	415
Total	139,565	39,796	99,769	24,968	74,799

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

13 Other assets

Figures in thousands of Kwacha	Note	30 June 2025	30 June 2024
Items in transit		165,428	170,579
Mark to market on loans and advances		134,244	135,164
Suspense and clearing accounts		29,052	102,875
Prepayments*		36,046	31,242
Other accounts receivable		77,727	34,683
Balances with group companies	19.2	8,510	712
Variation margin		10,991	
Total other assets		461,998	475,255

Included in the prepaid amount of K36.0 million is K28.7 million (June 2024 : K25.5 million) relating to a share option scheme under the assumption of liability fund managed by Morgan Stanley. Share options are allocated to individuals and are accumulated in advance through the fund. The shares vest in three years. When the share options vest and all conditions are met, payments to the beneficiaries are made out of the fund.

*Variation margin have been placed with other bank during the financial year June 2025 .

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

14 Property and Equipment

							30 June 2025
Figures in thousands of Kwacha	Leasehold improvements	Computer equipment	Furniture and fittings	Motor vehicles	Office equipment	Capital work in progress (CWIP)	Total
Movement in property and equipment							
Cost at 1 July 2024	104,072	147,983	32,859	35,511	99,299	62,563	482,287
Disposal	-	-	-	-	-	-	-
Additions	3,462	32,252	-	-	48,205	30,849	114,768
Transfer from CWIP	10,398	49,435	1,035	393	1,302	(62,563)	-
Cost at 30 June 2025	117,932	229,670	33,894	35,904	148,806	30,849	597,055
Accumulated depreciation							
At 1 July 2024	64,065	96,997	22,818	13,284	92,511	-	289,675
Depreciation on disposal	-	-	-	-	-	-	-
Depreciation charge for the year	10,381	31,159	3,201	6,486	5,790	-	57,017
Accumulated depreciation & impairment at 30 June 2025	74,446	128,156	26,019	19,770	98,301	-	346,692
Cost	117,932	229,670	33,894	35,904	148,806	30,849	597,055
Less: Accumulated depreciation & impairment	(74,446)	(128,156)	(26,019)	(19,770)	(98,301)	-	(346,692)
Net book value at 30 June 2025	43,486	101,514	7,875	16,134	50,505	30,849	250,363

The capital work in progress relates to property and equipment that has been purchased but not yet allocated to designated business units. Once allocated, and asset number and category has been determined, the asset is capitalised and allocated to the correct asset class. Depreciation commences on this date.

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

14 Property and Equipment (continued)

30 June
2024

Figures in thousands of Kwacha	Leasehold improvements	Computer equipment	Furniture and fittings	Motor vehicles	Office equipment	Capital work in progress (CWIP)	Total
Movement in property and equipment							
Cost at 1 July 2023	94,030	125,060	29,233	25,353	103,522	39,669	416,867
Disposal	(4,951)	(1)	(1,458)	-	(988)	-	(7,398)
Transfers from CWIP	7,216	22,234	53	10,158	8	(39,669)	-
Additions	7,777	690	5,031	-	(3,243)	62,563	72,818
Cost at 30 June 2024	104,072	147,983	32,859	35,511	99,299	62,563	482,287
Accumulated depreciation							
At 1 July 2023	58,546	75,757	20,598	6,797	90,457	-	252,155
Depreciation on disposal	(4,951)	(1)	(958)	1	(988)	-	(6,897)
Depreciation charge for the year	10,470	21,241	3,178	6,486	3,042	-	44,417
Accumulated depreciation & impairment at 30 June 2024	64,065	96,997	22,818	13,284	92,511	-	289,675
Cost	104,072	147,983	32,859	35,511	99,299	62,563	482,287
Less: Accumulated depreciation & impairment	(64,065)	(96,997)	(22,818)	(13,284)	(92,511)	-	(289,675)
Net book value at 30 June 2024	40,007	50,986	10,041	22,227	6,788	62,563	192,612

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

15 Right of Use Assets

Figures in thousands of kwacha	30 June 2025		
	Right of use assets – Property	Right of Use assets – lease hold land	Total
Movement in right of use asset			
Cost			
At 1 July 2024	178,346	40,581	218,927
Additions	41,768	-	41,768
Disposals	(27,831)	-	(27,831)
Modification of leases	13,792	-	13,792
Cost at 30 June 2025	206,075	40,581	246,656
Accumulated depreciation			
At 1 July 2024	70,676	-	70,676
Depreciation charge for year	41,638	722	42,360
Disposal	(26,300)	-	(26,300)
Depreciation on terminated/modified leases	3,564	-	3,564
Accumulated depreciation & impairment at 30 June 2025	89,578	722	90,300
Movement in right of use asset			
Net book value			
At 1 July 2024	107,670	40,581	148,251
Additions	41,768	-	41,768
Disposal	(1,531)	-	(1,531)
Depreciation	(41,638)	(722)	(42,360)
Early termination/modification of leases	10,228	-	10,228
Net book value at 30 June 2025	116,497	39,859	156,356
Cost	206,075	40,581	246,656
Less: accumulated depreciation and impairment	(89,578)	(722)	(90,300)
Net book value at 30 June 2025	116,497	39,859	156,356

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

15 Right of Use Assets (continued)

Figures in thousands of kwacha	30 June 2024		
	Right of use assets – Property	Right of Use assets – lease hold land	Total
Movement in right of use asset			
Cost			
At 1 July 2023	129,456	-	129,456
Additions	87,102	40,581	127,683
Disposals	(40,751)	-	(40,751)
Modification of leases	2,539	-	2,539
Cost at 30 June 2024	178,346	40,581	218,927
Accumulated depreciation			
At 1 July 2023	72,528	-	72,528
Depreciation charge for year	38,431	-	38,431
Disposal	(40,283)	-	(40,283)
Accumulated depreciation & impairment at 30 June 2024	70,676	-	70,676
Movement in right of use asset			
Net book value			
At 1 July 2023	56,928	-	56,928
Additions	87,102	40,581	127,683
Disposal	(468)	-	(468)
Depreciation	(38,431)	-	(38,431)
Early termination/modification of leases	2,539	-	2,539
Net book value at 30 June 2024	107,670	40,581	148,251
Cost	178,346	40,581	218,927
Less: accumulated depreciation and impairment	(70,676)	-	(70,676)
Net book value at 30 June 2024	107,670	40,581	148,251

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

16 Deposits

Figures in thousands of Kwacha	Note	30 June 2025	30 June 2024
Deposit and current accounts			
From group companies			
- In the normal course of business	19.3	52,934	57,810
- Call and current accounts		13,712,433	11,156,551
- Savings deposits		819,397	647,414
- Fixed and notice deposits - customers		3,607,254	3,169,015
- BoZ - Targeted medium term refinancing facility		454,739	454,907
- Deposits held as cash collateral		69,296	-
Total deposits		18,716,053	15,485,697
Repayable within one year		14,765,094	13,190,122
Repayable after one year		3,950,959	2,295,575
Total deposits		18,716,053	15,485,697
Geographic analysis (based on counterparty risk)			
Zambia		18,694,131	15,485,093
UK		21,922	604
Total deposits and current accounts		18,716,053	15,485,697
Sector analysis			
Non financial corporate customers		9,469,213	7,482,040
Retail customers		6,293,992	5,234,204
Public sector entities		1,045,051	840,783
Sovereigns		636,227	564,312
Financial corporate customers		614,110	658,334
Non profit organisations		604,526	648,214
Banks		52,934	57,810
Total deposits and current accounts		18,716,053	15,485,697

FNB Zambia applied and obtained approval for K550 million funding from Bank of Zambia (BoZ) under the Targeted Medium Term Refinancing Facility (TMTRF) at MPR plus 1%. The bank had drawn-down K 550 million as at 30 June 2025. This is secured by Government bonds

* Included in the total deposit is the margin call cash received from other Bank during the financial year ended June 2025 of ZMW69.2 million

Refer to note 7 for current and non current analysis of deposits.

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

Figures in thousands of Kwacha	Note	30 June 2025	30 June 2024
17 Employee liabilities – staff related accruals			
Analysis of movement			
Opening balance		95,175	77,471
- Charge to the income statement		91,062	78,772
- Utilised		(72,226)	(61,068)
Total provisions		114,011	95,175
18 Other liabilities			
Merchant incoming settlement		12,664	53,060
Accrued liabilities		287,564	177,205
Suspense/clearing accounts		125,796	184,701
Unclaimed balances		69,493	62,670
Intercompany balances	19.3	178,388	141,937
Total creditors and accruals		673,905	619,573

The staff related accruals relate to provisions for leave pay and staff bonuses. The accruals are based on outstanding leave days for the case of leave pay and bank performance in the case of staff bonuses.

Refer to note 26 for the information relating to the fair value of creditors and accruals. The carrying value of creditors and accruals approximates the fair value.

Refer to note 7 for the current and non current analysis of employee liabilities and other liabilities.

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

19 Related Parties

The Bank defines related parties as: – the parent company; fellow subsidiaries; associates and joint ventures of the parent company and fellow subsidiaries; post retirement benefit funds (pension funds); key management personnel being the Bank's Board of Directors and key decision makers of the Bank's executive committee including any entities which provide key management personnel services to the Bank; and close family members of key management personnel. Close family members are those family members who may be expected to influence, or be influenced by that individual in dealings with the Bank.

19.1 Holding Company

The Bank's holding company is FirstRand EMA Holdings Limited and the Ultimate parent is FirstRand Limited. Both companies are registered in the Republic of South Africa.

Figures in thousands of Kwacha	Notes	30 June 2025	30 June 2024
Related party transactions			
19.2 Amount due from related parties			
Cash and short term funds	8	299,240	254,609
Other assets	13	8,510	712
Currency swap and spot transactions with related companies	9	16,934	15,857
Due from related parties		324,684	271,178
19.3 Amounts due to related parties			
Deposits	16	52,934	57,810
Service level agreements	18	178,097	141,937
Service level agreements (Internal within treasury & CIB)	18	291	-
Currency swap and spot transactions with related companies	9	37	12,463
Due to related parties		231,359	212,210
19.4 Income and expenditure			
Interest income	2.1	15,367	7,025
Operating expenses	5.4	(437,766)	(367,575)
Net expenditure		(422,399)	(360,550)
19.5 Key management personnel			
Loans and advances		15,520	19,544
Salaries and performance payment		10,748	10,765
Company contribution to pension and medical aid		894	787

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

Figures in thousands of Kwacha	30 June 2025	30 June 2024
20 Lease liabilities		
Lease liability - property		
At the beginning of the year	128,392	61,881
Cash flow movement		
Capital payments	(43,373)	(29,212)
Interest paid	(18,634)	(19,691)
Non Cash flow movement	66,385	12,978
Additions	41,768	87,102
Early termination of leases & modifications	-	2,539
Exchange movement	9,367	6,082
Interest accrued capitalised	18,634	19,691
At the end of the year	136,154	128,392
Lease liability - total		
At the beginning of the year	128,392	61,881
Cash flow movement		
Capital payments	(43,373)	(29,212)
Interest paid	(18,634)	(19,691)
Non cash flow movement	66,385	12,978
Additions	41,768	87,102
Early termination of leases & modifications	-	2,539
Exchange movement	9,367	6,082
Interest accrued capitalised	18,634	19,691
At the end of the year	136,154	128,392
Repayable within one year	47,468	41,085
Repayable after one year	88,686	87,307
Net liability	136,154	128,392

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

21. (i) Share capital and share premium

30 June 2025

Figures in thousands of Kwacha	No of ordinary shares	Share capital K'000	Share premium K'000	Total K'000
Authorised				
Shares with a par value of K0.01 per share				
Ordinary shares	41,600,000,000	416,000	-	416,000
Issued				
Analysis of total issued share capital closing balance:				
Ordinary issued share capital closing balance as above (Ordinary share of K0.01 each)	41,600,000,000	416,000	170,374	586,374
Total issued share capital - closing balance	41,600,000,000	416,000	170,374	586,374
Disclosed on the face of the balance sheet				
Ordinary share capital				416,000
Ordinary share premium				170,374
Total				586,374

30 June 2024

Figures in thousands of Kwacha	No of ordinary shares	Share capital K'000	Share premium K'000	Total K'000
Authorised				
Shares with a par value of K0.01 per share				
Ordinary shares	41,600,000,000	416,000	-	416,000
Issued				
Analysis of total issued share capital closing balance:				
Ordinary issued share capital closing balance as above (Ordinary share of K0.01 each)	41,600,000,000	416,000	170,374	586,374
Total issued share capital - closing balance	41,600,000,000	416,000	170,374	586,374
Disclosed on the face of the balance sheet				
Ordinary share capital				416,000
Ordinary share premium				170,374
Total				586,374

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

21.(ii) Fair value reserve

Figures in thousands of Kwacha	30 June 2025	30 June 2024
Fair value through other comprehensive income		
Opening balance	(1,868)	17,364
Net fair value movement on investment securities	18,834	(19,232)
Closing balance	16,966	(1,868)
Deferred income tax asset/(Liability)		
Opening balance	560	(5,209)
Deferred tax arising on fair value movements	(5,289)	5,769
Closing balance	(4,729)	560
Net fair value reserve	12,237	(1,308)

To manage excess liquidity, the treasury division of the bank acquired government bonds in the current year. As the purpose of this portfolio is to collect cashflows pending identification of other suitable assets at which point they would be sold, these are classified as FVOCI in line with the Bank's accounting policy for similar assets (see section 1.8.1.2).

Figures in thousands of Kwacha	Note	30 June 2025	30 June 2024
22 Cash flow information			
22.1 Reconciliation of operating profit before income tax to cash flows from operating activities			
Operating profit before income tax		1,570,750	1,247,261
Adjusted for:		99,376	82,848
- Depreciation – Leases		41,638	38,431
- Depreciation – Property and equipment		57,738	44,417
- Exchange movement		(145,579)	210,473
- Credit related impairment		76,222	86,471
- (Profit)/Loss on disposal of property and equipment		(988)	490
- Loss on disposal of leased property		1,531	468
- Movement in provisions		18,836	17,704
- Lease liability finance charges write back		18,633	19,691
- Accrued interest and other income		(37,474)	(23,911)
- Accrued interest and other expenses		96,763	75,456
- Movement in statutory reserve balance		(764,129)	(1,742,437)
- Unrealised exchange (profit /loss) on:		9,367	6,082
- Lease liability	20	9,367	6,082
		943,308	(19,404)

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

22 Cash Flow Information (continued)

Figures in thousands of Kwacha		30 June 2025	30 June 2024
22.2	Interest & cash received from customers		
	Interest received	2,592,787	2,042,204
	Fee and commission income	422,442	656,746
	Trading and other income	619,896	582,201
	Cash receipts from customers	1,042,338	1,238,947
22.3	Interest & cash paid to customers, suppliers and employees		
	Interest expense on deposits	(426,558)	(296,348)
	Other operating expenses	(2,265,259)	(3,004,207)
	Cash paid to customers, suppliers and employees	(2,691,817)	(3,300,555)
22.4	Increase in income earning assets		
	Increase in derivative financial instruments	(125,280)	(41,089)
	(Increase)/decrease in liquid assets and trading securities	(2,296,341)	1,636,649
	Accrued Interest	32,264	26,182
	Fair value adjustment on investments measured through OCI	16,966	(1,868)
	Other assets (margin call-cash)	(20,549)	-
	Increase in loans and advances	(1,550,058)	(3,025,356)
	Increase in income earning assets	(3,942,998)	(1,405,482)

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

Figures in thousands of Kwacha		30 June 2025	30 June 2024
22	Cash flow information (continued)		
22.5	Decrease in other assets		
	Items in transit	5,151	(101,119)
	Other assets	12,910	(127,205)
	Increase in other assets	18,061	(228,324)
22.6	Increase in deposits and other liabilities		
	Term deposits	438,239	664,335
	Current deposit accounts	2,568,173	3,281,399
	Deposit under repurchase agreement	(168)	(108,241)
	Accrued expenses	(78,882)	100,206
	Savings accounts	171,983	198,679
	Amounts due to related companies - deposits	(4,876)	51,604
	Derivative financial instruments	96,739	37,684
	Amounts due to related companies	36,451	79,652
	Early termination of leases & modifications	(10,228)	-
	Margin Call-Cash & internal intercompany	69,296	
	Increase in deposits and other liabilities	3,286,727	4,305,318
22.7	Income tax paid		
	Amounts receivable at the beginning of the year	50,040	125,144
	Income tax expense	(518,727)	(412,280)
	Current tax asset at end of year	(19,076)	(50,040)
	Tax paid	(487,763)	(337,176)

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

22 Cash Flow Information (continued)

Figures in thousands of Kwacha		30 June 2025	30 June 2024
22.8	Cash and cash equivalents		
	Bank notes	615,070	522,571
	Money at call and short notice	1,143,008	880,409
	Balances with central bank	762,502	1,375,104
	Balances from group banks	299,240	254,609
	Cash and cash equivalents	2,819,820	3,032,693
23	Contingencies and commitments		
23.1	Contingencies		
	Guarantees and indemnities	1,083,527	621,804
	Letters of credits	55,715	151,858
	Total	1,139,242	773,662
23.2	Commitments		
	Undrawn commitments to customers – irrevocable	2,569,685	1,093,360
	Total	2,569,685	1,093,360
23.3	Capital commitments		
	Capital expenditure approved by the directors		
	– Contracted for	88,961	80,653
	– Not contracted for	–	398
	Total	88,961	81,051

The growth in contingencies is mainly driven by growth in letters of credit with customers as part of the Bank's continued drive to increase trade transactions.

See note 26.1 (i) for additional disclosures on off balance sheet items.

23.4 Legal proceedings and claims

The Bank gets involved in legal proceedings and claims for and against in the normal course of business, the outcome of which cannot be ascertained as at the balance sheet date.

24 Trust activities

The Bank may act as a trustee and in other fiduciary capacities that result in holding or placing of assets on behalf of customers. At 30 June 2025 and 30 June 2024 the Bank was not acting as a trustee in respect of any assets.

25 Fair value measurements

25.1 Valuation methodology

In terms of IFRS accounting standards, the Bank is required to or elects to measure certain assets and liabilities at fair value. The Bank has established control frameworks and processes at operating business level to independently validate its valuation techniques and inputs used to determine its fair value measurements. Valuation specialists are responsible for the selection, implementation and any changes to the valuation techniques used to determine fair value measurements.

Valuation committees comprising representatives from key management have been established at an overall Bank level and are responsible for overseeing the valuation control process and considering the appropriateness of the valuation techniques applied in fair value measurement. The valuation models and methodologies are subject to independent review and approval by the required valuation specialist, valuation committees, relevant risk committees and external auditors annually or more frequently if considered appropriate.

25.2 Measurement of assets and liabilities at level 2 and level 3

The table below sets out the valuation techniques applied by the Bank for recurring fair value measurements of assets and liabilities categorised as level 2 and level 3.

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs Level 2	Unobservable inputs Level 3
Forward rate agreements, forwards and swaps	Discounted cash flows	Future cash flows are projected using a related forecasting curve and then discounted using a market related discounting curve over the contractual period. The reset date is determined in terms of legal documents.	Market interest rates, credit and currency basis curves and spot prices	
Corporate and Investment Banking book	Discounted cash flows.	Future cash flows are discounted using a market-related interest rate, adjusted for credit inputs. Credit risk is not observable and could have a significant impact on the fair value measurement of these advances. Where credit risk has a significant impact on the fair value measurement, these advances are classified as level 3 on the fair value hierarchy	Market interest rates	Credit Inputs

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

25 Fair Value measurements (continued)

25.2 Measurement of a ssets and liabilities at level 2 and level 3 (continued)

Instrument	Valuation technique	Description of valuation technique and main assumptions	Observable inputs Level 2	Unobservable inputs Level 3
Unlisted bonds or bonds listed in an inactive market	Discounted cash flows	Future cash flows are discounted using a market-related interest rate adjusted for credit inputs over the contractual period. Where the valuation technique incorporates observable inputs for credit risk or the credit risk is an insignificant input, level 2 of the fair value hierarchy is deemed appropriate. Where the valuation technique incorporates inputs for credit risk, level 3 of the fair value hierarchy is deemed appropriate.	Market interest rates, credit inputs and market quotes for negotiable certificate deposits	
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Discounted cash flows	Future cash flows are discounted using market-related interest rates and curves adjusted for credit inputs.	Market interest rates	Credit inputs
Treasury bills and other government and government guaranteed stock	Debt market bond pricing model	The debt market bond pricing model uses the debt market mark-to-market bond yield.	Market interest rate curves	Credit inputs

During the current and prior reporting year there were no changes in the valuation techniques used by the Bank. There were no financial instruments that are classified as level 3.

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

25 Fair value measurements (continued)

25.2 Measurement of assets and liabilities (continued)

25.2 (i) fair value hierarchy

The following table presents the recurring and non-recurring fair value measurements and fair value hierarchy of assets and liabilities of the Bank which are recognised at fair value.

The following table presents the financial instruments recognised at fair value on the balance sheet

Figures in thousands of Kwacha	30 June 2025				30 June 2024			
	Level 1	Level 2	Level 3	Total carrying amount	Level 1	Level 2	Level 3	Total carrying amount
Assets								
Derivative financial instrument	-	200,767	-	200,767	-	75,487	-	75,487
Investment in securities and other investments		1,199,084	-	1,199,084		801,356	-	801,356
Total assets measured at fair value		1,399,851		1,399,851		876,843	-	876,843
Liabilities								
Derivative financial instruments		165,471		165,471	-	68,732	-	68,732
Total liabilities at fair value	-	165,471	-	165,471	-	68,732	-	68,732

There were no transfers of assets or liabilities between Level 1, Level 2 and Level 3 during the current or prior reporting period.

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

25 Fair value measurements (continued)

25.2 (ii) fair value disclosure of assets at amortised cost

The following represents the fair values of financial instruments not carried at fair value on the statement of financial position, but for which fair value is required to be disclosed.

For all other financial instruments, the carrying value is equal to or a reasonable approximation of the fair value.

	30 June 2025				
	Carrying value	Total Fair Value	Level 1	Level 2	Level 3
Figures in thousands of Kwacha					
Assets					
Loans and advances	7,795,332	7,914,668	-	4,891,072	3,023,596
Investment securities and other investments	7,002,772	7,179,595	-	-	7,179,595
Other assets	270,105	270,105	-	270,105	-
Total assets at amortised cost	15,068,209	15,364,368	-	5,161,177	10,203,191
Liabilities					
Deposits	18,716,053	18,597,954	-	18,597,954	-
Other liabilities	673,905	673,905	-	673,905	-
Total liabilities at amortised cost	19,389,958	19,271,859	-	19,271,859	-

	30 June 2024				
	Carrying value	Total Fair Value	Level 1	Level 2	Level 3
Assets					
Loans and advances	6,309,602	6,234,785	-	4,156,873	2,077,912
Investment securities and other investments	5,099,006	5,272,228	-	-	5,272,228
Other assets	301,317	301,317	-	301,317	-
Total assets at amortised cost	11,709,925	11,808,330	-	4,458,190	7,350,140
Liabilities					
Deposits	15,485,697	15,366,645	-	13,073,304	2,293,341
Other liabilities	619,573	619,573	-	619,573	-
Total liabilities at amortised cost	16,105,270	15,986,218	-	13,692,877	2,293,341

26 Risk management

The financial instruments recognised on the Bank’s statement of financial position, expose the Bank to various financial risks. The information presented in this note represents the quantitative information required by IFRS 7 accounting standards and sets out the Bank’s exposure to these financial risk including credit risk, market risk, interest rate risk, currency risk, foreign exchange risk, liquidity risk and capital management.

Risk control policies for the key areas of the Bank are approved by Board while operational policies and control procedures are approved by the relevant risk committees. The exposures to these risks as at 30 June 2025 are set out below:

Overview of financial risk		
Credit risk	Credit risk is the risk of loss due to the non-performance of a counterparty in respect of any financial or other obligation. For fair value portfolios, the definition of credit risk is expanded to include the risk of losses through fair value changes arising from changes in credit spreads.	
	Credit risk arises primarily from the following instruments: - Loans and advances; - Certain investment securities; and - Off-balance sheet exposures	The following information is presented for these assets: - Summary of all credit assets; - Information about the quality of credit assets; - Exposure to concentration risk; - Credit risk mitigation techniques and collateral held
	Other sources of credit risk are: - Cash and cash equivalents; - Other assets; and - Derivative balances.	

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

Overview of financial risks		
Liquidity risk	The risk that the bank will not be able to effectively meet current and future cash flows and collateral requirements without negatively affecting the normal course of business, financial position or reputation.	
	All assets and liabilities with differing maturity profiles expose the bank to liquidity risk.	The following information is presented for these assets and liabilities: • Undiscounted cash flow analysis of financial Assets and liabilities; • Collateral pledged.
Market risk	The bank distinguishes between traded market risk and non-traded market risk. For non-traded market risk, the bank distinguishes between interest rate risk in the banking book and structural foreign exchange risk. Traded market risk is the risk of adverse revaluation of any financial instrument as a consequence of changes in the market prices or rates.	
	Traded market risk emanates mainly from the provision of hedging solutions for clients, market-making activities and term lending products, and is taken and managed by treasury. It is managed and contained within the banks appetite.	The following information is presented for market risk in the trading book: • 1-Day 99% value at risk (var) analysis; and • 10-Day 99% var analysis.
	Interest rate risk in the banking book is the sensitivity of a bank's financial position and earnings to unexpected, adverse movements in interest rates. It originates from the differing repricing characteristics of balance sheet positions/instruments, yield curve risk, basis risk and client optionality embedded in banking book products.	The following information is presented for interest rate risk in the banking book: • Projected nil sensitivity to interest rate movements
	Structural foreign exchange risk is the risk of an adverse impact on the bank's financial position and earnings or other key ratios as a result of movements in foreign exchange rates impacting balance sheet exposures.	Information on the bank's net structural foreign exposure and the sensitivity of the exposure is presented.

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

26.1 Credit risk

Objective

Credit risk management objectives are two-fold:

Risk control: Appropriate limits are placed on the assumption of credit risk and steps taken to ensure the accuracy of credit risk assessments and reports. Deployed and central credit risk management teams fulfil this task.

Management: Credit risk is taken within the constraints of the Bank's risk/return and credit risk appetite framework. The credit portfolio is managed at an aggregate level to optimise the exposure to this risk. Business units and deployed risk functions, overseen by the group credit risk management function in ERM and relevant board committees fulfil this role.

Based on the Bank's credit risk appetite, as measured on a return on equity, net income after cost of capital and volatility-of-earnings basis, credit risk management principles include holding the appropriate level of capital and pricing for risk on an individual and portfolio basis. The scope of credit risk identification and management practices across the bank, therefore, spans the credit value chain, including risk appetite, credit origination strategy, risk quantification and measurement, as well as collection and recovery of delinquent accounts.

Assessment and management

Credit risk is managed through the implementation of comprehensive policies, processes and controls to ensure a sound credit risk management environment with appropriate credit granting, administration, measurement, monitoring and reporting of credit risk exposure. Credit risk management across the bank is split into three distinct portfolios: retail, commercial and corporate, and are aligned to customer profiles.

The assessment of credit risk across the Bank relies on internally developed quantitative models for addressing regulatory and business needs. The models are used for the internal assessment of the three primary credit risk components:

- Probability of default (PD);
- Exposure at default (EAD); and
- Loss given default (LGD).

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk Management (continued)

26.1 Credit risk (continued)

Mapping of FR Grades to Rating Agency Scales

Management of the credit portfolio is reliant on these three credit risk measures. PD, EAD and LGD are inputs into the portfolio and Bank-level credit risk assessment where the measures are combined with estimates of correlations between individual counterparties, industries and portfolios to reflect diversification benefits across the Bank.

The Bank employs a granular, 100-point master rating scale, which has been mapped to the continuum of default probabilities, as illustrated in the following table. FirstRand (FR)1 is the lowest PD and FR100 the highest. External ratings have also been mapped to the master rating scale for reporting purposes. These mappings are reviewed and updated on a regular basis.

Rating	Midpoint PD	Rating (based on S&P)*
FR 1 - 14	0.06%	AAA, AA+, AA, AA-, A+, A, A-, BBB+, BBB(upper)
FR 15 - 25	0.29%	BBB, BBB-(upper), BBB-, BB+(upper), BB+
FR 26 - 32	0.77%	BB(upper), BB, BB-(upper), BB- LC SOV
FR 33 - 39	1.44%	B+(upper)
FR 40 - 53	2.52%	B+, B(upper)
FR 54 - 83	6.18%	B, B-(upper), B-
FR 84 - 90	13.68%	CCC+
FR 91 - 99	59.11%	CCC
FR 100	100%	D

*Indicative mapping to the international rating scales of S&P Global Ratings (S&P). The Bank currently only uses mapping to S&P's rating scale.

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk Management (continued)

26.1 Credit Risk (continued)

Maximum exposure to credit risk

The following assets and off-balance sheet amounts expose the Bank to credit risk. For all on-balance sheet exposures, the gross amount disclosed represents the maximum exposure to credit risk, before taking into account collateral and other credit enhancements.

						30 June 2025
Figures in thousands of Kwacha	Notes	Total	Retail	Corporate and Commercial	Financial Institution	Other
On balance sheet exposures						
Cash and cash equivalents		5,948,400	-	-	5,948,400	
- Money at call and short notice	8	1,143,008	-	-	1,143,008	-
- Balances with Central Bank	8	4,506,152	-	-	4,506,152	-
- Balances with group companies	8	299,240	-	-	299,240	-
Derivative financial instruments	9	200,767	-	39,125	161,642	-
Loans and advances	11	7,795,332	1,834,341	5,846,020	114,971	-
Other assets	13	270,105	-	-	-	270,105
Investment securities with sovereigns - Unlisted	10	8,201,756	-	-	-	8,201,756
Not recognised on balance sheet exposures						
Off balance sheet exposure		3,708,927	111,634	3,569,463	27,830	-
Total		26,125,287	1,945,975	9,454,608	6,252,843	8,471,861

						30 June 2024
Figures in thousands of Kwacha	Notes	Total	Retail	Corporate and Commercial	Financial Institution	Other
On balance sheet exposures						
Cash and cash equivalents		5,489,643	-	-	5,489,643	
- Money at call and short notice	8	880,409	-	-	880,409	-
- Balances with Central Bank	8	4,354,625	-	-	4,354,625	-
- Balances with group companies	8	254,609	-	-	254,609	-
Derivative financial instruments	9	75,487	-	36,197	39,290	-
Loans and advances	11	6,309,602	1,481,478	4,814,765	13,359	-
Other assets	13	301,317	-	-	-	301,317
Investment securities with sovereigns - Unlisted	10	5,917,309	-	-	-	5,917,309
Not recognised on balance sheet exposures		-	-	-	-	-
Off balance sheet exposure		1,867,022	169,811	1,669,325	27,886	-
Total		19,960,380	1,651,289	6,520,287	5,570,178	6,218,626

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

26.1 Credit risk (continued)

Quality of credit assets

The following table shows the gross carrying amount of loans and advances carried at amortised cost, as well as the exposure to credit risk of loan commitments and financial guarantees per class of loans and advances and per internal credit rating.

The amounts in stage 3 that do not have a rating of FR 91–100 relates to technical cures (performing accounts that have previously defaulted but do not meet the 12-month curing definition remain in stage 3) and paying debt-review customers as the PDs on these customers are lower than operational stage 3 loans and advances and the PD drives the FR rating. In addition, where the Bank holds a guarantee against a stage 3 loan and advance, the FR rating would reflect the same.

Figures in thousands of Kwacha	FR 1–25		FR 26–90		FR 91–100		30 June 2025 Total	
	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
Retail								
Stage 1	17,313	25,284	1,252,741	45,972	213,646	40,378	1,483,700	111,634
Stage 2	-	-	133,002	-	74,481	-	207,483	-
Stage 3	-	-	26,791	-	83,740	-	110,531	-
Total	17,313	25,284	1,412,534	45,972	371,867	40,378	1,801,714	111,634
Loss allowance	(96,317)	-	(14,159)	-	(106,323)	-	(216,799)	-
Maximum exposure to credit risk	(79,004)	25,284	1,398,375	45,972	265,544	40,378	1,584,915	111,634
Vehicle asset finance								
Stage 1	435	19,288	431,139	78,982	19,049	-	450,623	98,270
Stage 2	-	-	-	-	3,843	-	3,843	-
Stage 3	4,678	-	-	-	-	-	4,678	-
Total	5,113	19,288	431,139	78,982	22,892	-	459,144	98,270
Loss allowance	(8,236)	-	(11,765)	-	(1,937)	-	(21,938)	-
Maximum exposure to credit risk	(3,123)	19,288	419,374	78,982	20,955	-	437,206	98,270
Corporate and Commercial								
Stage 1	405,725	200,845	3,480,517	1,238,944	1,934,681	2,059,234	5,820,923	3,499,023
Stage 2	243	-	92,062	-	62,567	-	154,872	-
Stage 3	39,765	-	120	-	2,836	-	42,721	-
Total	445,733	200,845	3,572,699	1,238,944	2,000,084	2,059,234	6,018,516	3,499,023
Loss allowance	(165,122)	-	(45,869)	-	(34,314)	-	(245,305)	-
Maximum exposure to credit risk	280,611	200,845	3,526,830	1,238,944	1,965,770	2,059,234	5,773,211	3,499,023
Total								
Stage 1	423,473	245,417	5,164,397	1,363,898	2,167,376	2,099,612	7,755,246	3,708,927
Stage 2	243	-	225,064	-	140,891	-	366,198	-
Stage 3	44,443	-	26,911	-	86,576	-	157,930	-
	468,159	245,417	5,416,372	1,363,898	2,394,843	2,099,612	8,279,374	3,708,927
Loss allowance	(269,675)	-	(71,793)	-	(142,574)	-	(484,042)	-
Total	198,484	245,417	5,344,579	1,363,898	2,252,269	2,099,612	7,795,332	3,708,927



First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

26.1 Credit risk (continued)

Figures in thousands of Kwacha	FR 1-25		FR 26-90		FR 91-100		30 June 2024 Total	
	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
Retail								
Stage 1	9,170	22,570	1,046,390	55,388	218,990	91,854	1,274,550	169,812
Stage 2	-	-	9,560	-	122,455	-	132,015	-
Stage 3	-	-	534	-	45,846	-	46,380	-
Total	9,170	22,570	1,056,484	55,388	387,291	91,854	1,452,945	169,812
Loss allowance	(76,157)	-	(37,736)	-	(39,181)	-	(153,074)	-
Maximum exposure to credit risk	(66,987)	22,570	1,018,748	55,388	348,110	91,854	1,299,871	169,812
Vehicle asset finance								
Stage 1	7,011	14,864	151,469	60,869	8,627	-	167,107	75,733
Stage 2	-	-	-	-	4,829	-	4,829	-
Stage 3	-	-	-	-	3,054	-	3,054	-
Total	7,011	14,864	151,469	60,869	16,510	-	174,990	75,733
Loss allowance	(2,578)	-	(1,347)	-	(1,436)	-	(5,361)	-
Maximum exposure to credit risk	4,433	14,864	150,122	60,869	15,074	-	169,629	75,733
Corporate and Commercial								
Stage 1	558,494	143,117	4,325,855	1,425,977	32,086	52,383	4,916,435	1,621,477
Stage 2	-	-	58,748	-	60,616	-	119,364	-
Stage 3	-	-	285	-	50,047	-	50,332	-
Total	558,494	143,117	4,384,888	1,425,977	142,749	52,383	5,086,131	1,621,477
Loss allowance	(159,415)	-	(52,429)	-	(34,185)	-	(246,029)	-
Maximum exposure to credit risk	399,079	143,117	4,332,459	1,425,977	108,564	52,383	4,840,102	1,621,477
Total								
Stage 1	574,675	180,551	5,523,714	1,542,234	259,703	144,237	6,358,092	1,867,022
Stage 2	-	-	68,308	-	187,900	-	256,208	-
Stage 3	-	-	819	-	98,947	-	99,766	-
	574,675	180,551	5,592,841	1,542,234	546,550	144,237	6,714,066	1,867,022
Loss allowance	(238,153)	-	(91,512)	-	(74,799)	-	(404,464)	-
Total	336,522	180,551	5,501,329	1,542,234	471,751	144,237	6,309,602	1,867,022

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

26.1 Credit risk (continued)

Quality of credit assets

Figures in thousands of Kwacha	30 June 2025		
	AAA to BBB	BB+ to B-	CCC
Investment securities at amortised cost			
Stage 1	2,820,437	197,798	3,985,647
Investment securities at fair value through profit or loss			
Stage 1	-	-	174,479
Stage 1	-	-	1,023,395
Total investment securities	2,820,437	197,798	5,183,521
Other financial assets			
Stage 1	-	-	3,999,418
Total other assets	-	-	3,999,418
Cash and cash equivalents			
Stage 1	875,594	207,225	822,691
Derivative assets	-	-	183,833

Figures in thousands of Kwacha	30 June 2024		
	AAA to BBB	BB+ to B-	CCC
Investment securities at amortised cost			
Stage 1	1,168,832	-	3,948,331
Investment securities at fair value through profit or loss			
Stage 1	-	-	131,033
Stage 1	-	-	669,113
Total investment securities	1,168,832	-	4,748,477
Other financial assets			
Stage 1	-	-	261,666
Total other assets	-	-	261,666
Cash and cash equivalents			
Stage 1	520,631	526,616	4,187,787
Derivative assets	-	9,351	50,280

Ratings are derived from S&P, for assets that are not directly rated such as cash balances at central bank, the country rating is applied.

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Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

26.1 Credit risk (continued)

Quality of credit assets

Concentration risk

Credit concentration risk is the risk of loss to the Bank arising from an excessive concentration of exposure to a single counterparty, industry, market, product, financial instrument or type of security, country or region, or maturity. This concentration typically exists when a number of counterparties are engaged in similar activities and have similar characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions.

Concentration risk is managed based on the nature of the credit concentration within each portfolio. The Bank's credit portfolio is well diversified, which is achieved through setting maximum exposure guidelines to individual counterparties. The Bank constantly reviews its concentration levels and sets maximum exposure guidelines to these.

The Bank seeks to establish a balanced portfolio profile and closely monitors credit concentrations.

Significant sectorial credit exposures at the end of the period are set out in note 11 to the annual financial statements.

Credit risk mitigation and collateral held

Since taking and managing credit risk is core to its business, the Bank aims to optimise the amount of credit risk it takes to achieve its return objectives. Mitigation of credit risk is an important component of this, beginning with the structuring and approval of facilities only for those clients and within those parameters that fall within risk appetite.

Although, in principle, credit assessment focuses on the counterparty's ability to repay the debt, credit mitigation instruments are used where appropriate to reduce the Bank's lending risk, resulting in security against the majority of exposures. These include financial or other collateral, netting agreements, guarantees or credit derivatives. The collateral types are driven by portfolio, product or counterparty type.

Credit risk mitigation instruments

- Mortgage and instalment sale finance portfolios are secured by the underlying assets financed;
- Commercial credit exposures are secured by the assets of the counterparties and commercial property finance deals are secured by the Underlying property and associated cash flows.
- Structured facilities are secured as part of the structure through financial or other collateral, including guarantees, credit derivative Instruments and assets.
- Counterparty credit risk is mitigated through the use of netting agreements and financial collateral.
- Personal loans and overdrafts and credit card exposures are generally unsecured or secured by guarantees, insurance and securities;
- Invoice finance is secured by the underlying receivables (trade invoices); and
- Working capital facilities in corporate banking and investment banking division are secured by guarantees, mortgages or fixed and Floating charges over Bank assets.

The following provides additional information in relation to collateral held by the Bank

Vehicle and asset finance: vehicles and assets subject to the finance agreement normally serve as collateral. In general, vehicles and assets which make up the collateral can be sold when the customer has defaulted under the agreement, a notice of default has been issued and a judgement obtained. For some products, title over the vehicles are held by the Bank. Title only passes to the customer once repayments are fully made.

26 Risk management (continued)

26.1 Credit risk management (continued)

Quality of credit assets

Property finance: collateral consists of first and second mortgages over property, employer and personal guarantees and loss insurance purchased by the client. The collateral can only be sold or exercised on default by the customer.

Overdrafts and personal loans: these loans and advances are secured by means of cession of debtors, equity portfolios and deposits, bonds over fixed property and other moveable assets. Credit insurance is sold as an additional component of the loans.

When the Bank takes possession of collateral which is not cash or not readily convertible into cash the Bank determines a minimum sale amount ("pre-set sale amount") and auctions the asset for the pre-set sale amount. Where the Bank is unable to obtain the pre-set sale amount in an auction, the Bank will continue to hold the asset while actively marketing it to ensure an appropriate value is obtained.

The Bank employs strict policies governing the valuation and management of collateral across all business areas. Collateral is managed internally to ensure that title is retained over collateral taken over the life of the transaction. Collateral is valued at inception of the credit agreement and subsequently where necessary through physical inspection or index valuation methods. For corporate and commercial counterparties, collateral is reassessed during the annual review of the counterparty's creditworthiness to ensure that proper title is retained. For mortgage portfolios, collateral is revalued on an ongoing basis using an index model and physical inspections are performed at the beginning of the recovery process. For asset finance, the total security reflected represents only the realisation value estimates of the vehicles repossessed at the date of repossession. Where the repossession has not yet occurred, the realisation value of the vehicle is estimated using internal models and is included as part of total recoveries.

Concentrations in credit risk mitigation types, such as property, are monitored and managed at a product and segment level, in-line with the requirements of the Bank's credit risk/return framework.

Collateral is taken into account for capital calculation purposes through the determination of LGD. Collateral reduces LGD, and the LGD levels are determined through statistical modelling techniques based on historical experience of the recovery processes.

Collateral pledged

Generally the Bank pledges assets under the following terms and conditions:

- Mandatory reserve deposits are held with the central bank in accordance with statutory requirements. These deposits are not available To finance the Bank's day-to-day operations;
- The Bank conducts borrowing from Bank of Zambia and other commercial banks on the secured lending facility, or under Repurchase agreements (repos). These borrowings are normally secured by pledging of the bank's investment in treasury bills. The Bank has also pledged treasury bills for Zambia Electronic Clearing House Limited for the Bank's clearing activities.

As at 30 June 2025, the bank had K660 million (2024: K776 million) treasury bills and government bonds pledged to cover the borrowings and clearing activities.

The following assets have been pledged to secure the liabilities set out in the table below:

Assets:		
K'million	2025	2024
Investment securities	660,354	776,234
Liabilities:		
K'million	2025	2024
Deposits-under repurchase agreement	454,739	454,907

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk Management (continued)

26.1 Credit Risk Management (continued)

Credit risk mitigation

The table below sets out the financial effect of collateral per class of loans and advances:

Figures in thousands of Kwacha	Gross Carrying Amount	Off- balance sheet exposure	Loss Allowance	Maximum exposure to credit risk	Netting and financial collateral	30 June 2025	
						Unsecured	Secured
Retail							
Residential mortgages	99,959	-	-	99,959	-	-	99,959
FNB Card	49,677	-	-	49,677	-	49,677	-
Personal Loans	1,628,779	111,634	(216,799)	1,523,614	105,165	1,628,779	-
Retail other	23,300	-	-	23,300	-	23,300	-
FNB Commercial							
Overdrafts and cash management accounts	1,083,849	881,988	-	1,965,837	896,905	908,604	160,328
WesBank VAF	459,144	98,270	(21,938)	535,476	117,013	-	418,463
Term loans	719,719	-	(173,003)	546,716	(222,006)	503,423	265,299
Commercial Property	86,476	-	-	86,476	(1,190)	-	87,666
RMB corporate and investment banking							
	4,128,471	2,617,035	(70,302)	6,675,204	2,552,452	2,364,158	1,758,594
Total advances	8,279,374	3,708,927	(482,042)	11,506,259	3,238,009	5,477,941	2,790,309
Investment Securities	8,311,709	-	(109,953)	8,201,756	-	8,201,756	-
Cash and Cash equivalents	6,563,470	-	-	6,563,470	-	6,563,470	-
Other Assets	472,610	-	(10,612)	461,998	-	461,998	-
Derivatives	200,767	-	-	200,767	-	200,767	-

The disclosure relating to the financial effect of collateral and other credit enhancements has been expanded in the current year resulting in a restatement to the comparative period disclosure.

The financial effect of collateral and other credit enhancements has been calculated separately per class of loans and advances for performing book (stage 1 and stage 2) and the non performing book (stage 3). The amounts disclosed above represent the difference between the balance sheet impairment recognised on the statement of financial position using the actual LGD and a proxy for all secured portfolios. The proxy LGD is based on the LGD used to determine the impairment recognised on the statement of financial position for unsecured portfolios.

Where there is no collateral or where collateral is disregarded for provisioning purposes, no financial effect was calculated.

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Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk Management (continued)

26.1 Credit Risk Management (continued)

Credit risk mitigation

The table below sets out the financial effect of collateral per class of loans and advances:

Figures in thousands of Kwacha	Gross Carrying Amount	Off- balance sheet exposure	Loss Allowance	Maximum exposure to credit risk	Netting and financial collateral	30 June 2024	
						Unsecured	Secured
Retail							
Residential mortgages	109,978	9,002		118,980	9,002	-	109,978
FNB Card	26,303	-		26,303	-	26,303	-
Personal Loans	1,292,671	143,233	(153,074)	1,282,830	(9,841)	1,292,671	-
Retail other	23,993	17,577		41,570	17,577	23,993	-
FNB Commercial							
Overdrafts and cash management accounts	1,188,765			1,188,765	-	816,851	371,914
Term loans	785,877		(189,387)	596,490	189,387	247,791	538,086
Commercial Property	75,388	500,657		576,045	500,657	-	75,388
WesBank corporate	174,989	75,733	(5,361)	245,361	70,372	-	174,989
RMB corporate and investment banking							
	3,036,102	1,120,820	(56,642)	4,100,280	1,064,178	2,966,205	69,897
Total advances	6,714,066	1,867,022	(404,464)	8,176,624	1,462,558	5,373,814	1,340,252
Investment Securities	6,015,368	-	(98,059)	5,917,309	5,917,309	5,917,309	-
Cash and Cash equivalents	6,012,214	-	-	6,012,214	-	6,012,214	-
Other Assets	482,787	-	(7,532)	475,255	-	475,255	-
Derivatives	75,487	-	-	75,487	-	75,487	-

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

26.1 Credit risk management (continued)

26.1 (i) maximum exposure to credit risk – financial instruments subject to impairment

It is the Bank's policy that all items of collateral are valued at the inception of a transaction and at various points throughout the life of a transaction, either through physical inspection or indexation methods, as appropriate. For wholesale and commercial portfolios, valuations are re-assessed as part of the annual facility review. For mortgage portfolios, collateral valuations are updated on an ongoing basis through statistical indexation models. However in the event of default more detailed review and valuation of collateral are performed, this therefore yields a more accurate financial effect.

Offsetting of financial assets and financial liabilities

Where appropriate, various instruments are used to mitigate the potential exposure to certain counterparties. These include financial or other collateral in line with common credit risk practices, as well as master netting agreements, guarantees and credit derivatives. In addition, the Bank has set up a function to clear over the counter derivatives centrally as part of the risk mitigation.

The Bank uses International Swaps and Derivatives Association (ISDA) and International Securities Market Association agreements for the purpose of netting derivative transactions and repurchase transactions respectively. These master agreements as well as associated credit support annexes (CSA) set out internationally accepted valuation and default covenants, which are evaluated and applied daily, including daily margin calls based on the approved CSA thresholds.

Amounts in the balance sheet have been presented at gross and no amounts have been offset other than current income tax asset and current income tax liability.

Credit grades in the below table means: Investment Grade: This indicates that the borrower or financial instrument is considered to have a low risk of default. Standard Monitoring: The credit is still performing well, but it is monitored regularly to ensure it remains stable. Special Monitoring: The credit shows signs of potential deterioration or increased risk Default: The borrower has failed to meet its debt obligations, such as missing interest or principal payments.

Vehicle and Asset Finance				
30 June 2025				
ECL staging				
	Stage 1	Stage 2	Stage 3	
Figures in thousands of Kwacha	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Credit grade				
Investment grade	439,590	-	-	439,590
Standard monitoring	14,261	-	-	14,261
Special monitoring	-	708	-	708
Default	-	-	4,585	4,585
Gross carrying amount	453,851	708	4,585	459,144
Loss allowance	(8,236)	(11,765)	(1,937)	(21,938)
Carrying amount	445,615	(11,057)	2,648	437,206

Investment Securities				
30 June 2025				
ECL staging				
	Stage 1	Stage 2	Stage 3	
Figures in thousands of Kwacha	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Credit grade				
Investment grade	7,086,746	-	-	7,086,746
Gross carrying amount	7,086,746	-	-	7,086,746
Loss allowance	(83,974)	-	-	(83,974)
Carrying amount	7,002,772	-	-	7,002,772

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Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

26.1 Credit risk management (continued)

26.1 (i) Maximum exposure to credit risk – financial instruments subject to impairment (continued)

For ECL purposes, the Bank's financial assets are segmented into sub-portfolios as listed below

- Retail loan portfolio
- Corporate and commercial portfolio
- Investment securities
- Off balance sheet exposures

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Bank's maximum exposure to credit risk on these assets.

Retail loan portfolio				
30 June 2025				
ECL staging				
	Stage 1	Stage 2	Stage 3	
Figures in thousands of Kwacha	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Credit grade				
Investment grade	1,717,160	-	-	1,717,160
Standard monitoring	25,386	-	-	25,386
Special monitoring	-	10,598	-	10,598
Default	-	-	48,570	48,570
Gross carrying amount	1,742,546	10,598	48,570	1,801,714
Loss allowance	(96,316)	(14,158)	(106,325)	(216,799)
Carrying amount	1,646,230	(3,560)	(57,755)	1,584,915

Corporate & commercial loan portfolio				
30 June 2025				
ECL staging				
	Stage 1	Stage 2	Stage 3	
Figures in thousands of Kwacha	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Credit grade				
Investment grade	5,631,591	-	-	5,631,591
Standard monitoring	203,622	-	-	203,622
Special monitoring	-	107,100	-	107,100
Default	-	-	76,203	76,203
Gross carrying amount	5,835,213	107,100	76,203	6,018,516
Loss allowance	(165,124)	(45,868)	(34,313)	(245,305)
Carrying amount	5,670,089	61,232	41,890	5,773,211

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Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

26.1 Credit risk management (continued)

26.1 (i) Maximum exposure to credit risk – financial instruments subject to impairment (continued)

ECL staging	Loan commitments			
	30 June 2025			
	Stage 1	Stage 2	Stage 3	
Figures in thousands of Kwacha	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Credit grade				
Investment grade	2,561,325	-	-	2,561,325
Standard monitoring	1,545	-	-	1,545
Special monitoring	4,098	-	-	4,098
Default	2,717	-	-	2,717
Gross carrying amount	2,569,685	-	-	2,569,685
Loss allowance	-	-	-	-
Carrying amount	2,569,685	-	-	2,569,685

ECL staging	Financial guarantee contracts			
	30 June 2025			
	Stage 1	Stage 2	Stage 3	
Figures in thousands of Kwacha	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Credit grade				
Investment grade	1,139,242	-	-	1,139,242
Standard monitoring	-	-	-	-
Special monitoring	-	-	-	-
Default	-	-	-	-
Gross carrying amount	1,139,242	-	-	1,139,242
Loss allowance	-	-	-	-
Carrying amount	1,139,242	-	-	1,139,242

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Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

26.1 Credit risk management (continued)

26.1 (i) Maximum exposure to credit risk – financial instruments subject to impairment (continued)

Vehicle and Asset Finance				
30 June 2024				
ECL staging				
	Stage 1	Stage 2	Stage 3	
Figures in thousands of Kwacha	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Credit grade				
Investment grade	164,675	-	-	164,675
Standard monitoring	6,437	-	-	6,437
Special monitoring	-	872	-	872
Default	-	-	3,006	3,006
Gross carrying amount	171,112	872	3,006	174,990
Loss allowance	(2,578)	(1,347)	(1,436)	(5,361)
Carrying amount	168,534	(475)	1,570	169,629

Investment Securities				
30 June 2024				
ECL staging				
	Stage 1	Stage 2	Stage 3	
Figures in thousands of Kwacha	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Credit grade				
Investment grade	5,197,065	-	-	5,197,065
Gross carrying amount	5,197,065	-	-	5,197,065
Loss allowance	(80,600)	-	-	(80,600)
Carrying amount	5,116,465	-	-	5,116,465

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

26.1 Credit risk management (continued)

26.1 (i) Maximum exposure to credit risk – financial instruments Subject to Impairment (continued)

Retail loan portfolio				
30 June 2024				
ECL staging				
	Stage 1	Stage 2	Stage 3	
Figures in thousands of Kwacha	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Credit grade				
Investment grade	1,373,164	-	-	1,373,164
Standard monitoring	24,299	-	-	24,299
Special monitoring	-	6,912	-	6,912
Default	-	-	48,570	48,570
Gross carrying amount	1,397,463	6,912	48,570	1,452,945
Loss allowance	(76,157)	(37,736)	(39,181)	(153,074)
Carrying amount	1,321,306	(30,824)	9,389	1,299,871

Corporate & Commercial loan portfolio				
30 June 2024				
ECL staging				
	Stage 1	Stage 2	Stage 3	
Figures in thousands of Kwacha	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Credit grade				
Investment grade	4,708,300	-	-	4,708,300
Standard monitoring	222,386	-	-	222,386
Special monitoring	-	100,994	-	100,994
Default	-	-	54,451	54,451
Gross carrying amount	4,930,686	100,994	54,451	5,086,131
Loss allowance	(159,415)	(52,429)	(34,185)	(246,029)
Carrying amount	4,771,271	48,565	20,266	4,840,102

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

26.1 Credit risk management (continued)

26.1 (i) Maximum exposure to credit risk – financial instruments subject to impairment (continued)

ECL staging	Loan Commitments			
	30 June 2024			
	Stage 1	Stage 2	Stage 3	
Figures in thousands of Kwacha	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Credit grade				
Investment grade	1,022,070	-	-	1,022,070
Standard monitoring	53,527	-	-	53,527
Special monitoring	14,135	-	-	14,135
Default	3,628	-	-	3,628
Gross carrying amount	1,093,360	-	-	1,093,360
Loss allowance	-	-	-	-
Carrying amount	1,093,360	-	-	1,093,360

ECL staging	Financial Guarantee Contracts			
	30 June 2024			
	Stage 1	Stage 2	Stage 3	
Figures in thousands of Kwacha	12-month ECL	Lifetime ECL	Lifetime ECL	Total
Credit grade				
Investment grade	710,429	-	-	710,429
Standard monitoring	59,976	-	-	59,976
Special monitoring	100	-	-	100
Default	3,157	-	-	3,157
Gross carrying amount	773,662	-	-	773,662
Loss allowance	-	-	-	-
Carrying amount	773,662	-	-	773,662

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

26.2 Interest rate risk management

"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 margins may:-

- Increase as a result of such changes;
- Reduce or create losses in the event that unexpected movement arise.

Earnings sensitivity

Earnings models are run on a monthly basis to provide a measure of the net interest income sensitivity of the existing Banking book balance sheet to shocks in interest rates. Underlying transactions are modelled on a contractual basis and behavioural adjustments are applied where relevant. The calculation assumes a constant balance sheet size and product mix over the forecast horizon. Behavioural assumption is applied in relation to non-maturing deposits, which reprice at management of the Bank's discretion. The assumption is based on historical product behaviour.

The Asset and Liability Committee sets limits on the level of mismatch of interest rate re-pricing that may be undertaken, which is monitored daily.

Interest rate repricing gap

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

Figures in thousands of Kwacha	Carrying amount	Non – rate sensitive	Call – 3 months	Term to re-pricing		
				4–12 months	1–5 Years	Over 5 years
30 June 2025						
Assets						
Cash and cash equivalents	6,563,470	6,302,975	260,495	-	-	-
Investment securities and other investments	8,201,756	1,210	1,686,823	3,759,513	2,616,728	137,482
Loans and advances	7,795,332	-	3,745,925	244,648	2,609,597	1,195,162
Total assets	22,560,558	6,304,185	5,693,243	4,004,161	5,226,325	1,332,644
Liabilities						
Deposits	18,716,053	9,253,448	5,442,351	69,295	3,950,959	-
Lease Liability	136,154	136,154	-	-	-	-
Total liabilities and equity	18,852,207	9,389,602	5,442,351	69,295	3,950,959	-
Net interest sensitivity gap	3,708,351	(3,085,417)	250,892	3,934,866	1,275,366	1,332,644

Figures in thousands of Kwacha	Carrying amount	Non - rate sensitive	Call - 3 months	4 - 12 months	1-5 Years	Over 5 years
30 June 2024						
Assets						
Cash and cash equivalents	6,012,214	5,768,121	244,093	-	-	-
Investment securities and other investments	5,917,309	1,210	1,865,111	1,380,247	2,599,393	71,348
Loans and advances	6,309,602	-	3,779,720	147,044	2,130,947	251,891
Total assets	18,239,125	5,769,331	5,888,924	1,527,291	4,730,340	323,239
Liabilities						
Deposits	15,485,697	7,849,043	4,103,336	1,239,977	2,293,341	-
Lease Liability	128,392	128,392	-	-	-	-
Total liabilities and equity	15,614,089	7,977,435	4,103,336	1,239,977	2,293,341	-
Net interest sensitivity gap	2,625,036	(2,208,104)	1,785,588	287,314	2,436,999	323,239

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

26.2 Interest rate risk management

Basis points

Stress tests are performed on the Bank's statement of financial position and reviewed by ALCCO. The table below presents the potential gains or losses that could arise if interest rates rise or fall by 50 basis points and 100 basis points:

Figures in thousands of Kwacha	June 2025	June 2024
50 basis points parallel increase – gains	10,366	2,579
50 basis points parallel decrease – losses	10,387	(3,075)
100 basis points parallel increase – gains	20,731	5,159
100 basis points parallel decrease – losses	20,774	(6,150)

Market risk management

FNB Zambia uses BaNCS for deal booking and Murex for managing market risk. As part of the end-of-day (EOD) process, the transactions are fed to Murex and EOD risk reports are generated daily.

Currently, stress loss is the primary methodology used for management, measurement and reporting of market risk, because ETL does not currently account for country specific stress scenarios. However, work is underway to address this and further enhance the available risk metrics.

26.3 Market risk

Stress loss approach

A stress loss methodology is used for management, measurement and reporting of market risk in the Bank. The stress loss limits provide an estimate of losses that could be expected on the portfolios during distressed market conditions. Importantly, this methodology currently only caters for risk on linear instruments, unlike VaR/ETL methodology which caters for both linear and non-linear instruments. It should however be noted that at present, structured products that are subject to non-linear risk are not run on an open basis in the bank. Rather the risk on these is booked on a back to back basis. As such, the stress loss methodology currently in place is still appropriate given that the bank only attracts market risk on unhedged linear products.

In the bank, the main traded asset classes are foreign exchange and interest rates. The foreign exchange stress loss is based on a percentage loss of the bank's absolute value of local currency equivalent of all foreign exchange open positions. A stress of 30% is applied to all long positions while short positions are stressed by 50%. The interest rate stress loss at present is calculated as the loss incurred on bucketed interest rate sensitivity stress measures ranging from 385 – 1,326 bps (based on risk profile and historical data) in interest rates on the market value of all interest rate assets. In addition, concentration limits for bond positions (i.e. maximum allowable percentage of total issue) have been established and are monitored daily.

Specific risk

Specific risk measures the idiosyncratic risk for asset classes on which traded credit specific risk is inherent and highlights concentration in a portfolio. Specific risk is calculated according to the regulatory building block method.

The Bank distinguishes between traded market risk and non-traded market risk.

The Bank's market risk in the trading book emanates mainly from the provision of hedging solutions for clients, market-making activities. By contrast, market risk in the banking book which emanates from term lending products is managed by Treasury. Global markets and Treasury (working with group) function as the centres of expertise for all market risk-related activities. Market risk is managed and contained within the Bank's risk appetite. Overall diversified levels of market risk have remained fairly low during the last few years, with this trend continuing over the year under review. There are no significant concentrations in the portfolio, which also reflects overall lower levels of risk.

Traded market risk includes interest rate risk in the trading book, traded credit risk, foreign exchange risk.

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

26.3 Market risk (continued)

Non traded market risk

Interest rate risk in the banking book

Interest rate risk in the banking book originates from the differing repricing characteristics of balance sheet positions/instruments, yield curve risk, basis risk and client optionality embedded in banking book products.

The measurement techniques used to monitor interest rate risk in the banking book include NII sensitivity. A repricing gap is also generated to better understand the repricing characteristics of the balance sheet. In calculating the repricing gap, all banking book assets, liabilities and derivative instruments are placed in gap intervals based on repricing characteristics.

Management of non traded interest rate risk is performed by in-country management teams with oversight provided by Group Treasury and FCC Risk Management. Earnings sensitivity measures are used to monitor and manage interest rate risk in line with the bank's appetite. Where applicable, PV01 (PV01 represents the impact of a single basis point shift on the present value of a portfolio) and ETL risk limits are also used for endowment hedges.

Sensitivity analysis

A change in interest rates impacts both the earnings potential of the banking book (as underlying assets and liabilities reprice to new rates), as well as the economic value/PV01 of an entity (as a result of a change in the fair value of any open risk portfolios used to manage the earnings risk). The role of management is to protect both the financial performance as a result of a change in earnings and to protect the long-term economic value. To achieve this, both earnings sensitivity and economic sensitivity measures are monitored and managed within appropriate risk limits and appetite levels, considering the macroeconomic environment and factors which could cause a change in rates.

Earnings sensitivity

Earnings models are run on a monthly basis to provide a measure of the NII sensitivity of the existing banking book balance sheet to shocks in interest rates. Underlying transactions are modelled on a contractual basis and behavioural adjustments are applied where relevant. The calculation assumes a constant balance sheet size and product mix over the forecast horizon. A pass-through assumption is applied in relation to non-maturing deposits, which reprice at the bank's discretion. This assumption is based on historical product behaviour.

26.4 Currency risk management

The Bank is exposed to foreign exchange risk as a result of on-balance sheet transactions in a currency other than the Kwacha.

Foreign exchange risk (also known as exchange rate risk or currency risk) is a financial risk that exists when a financial transaction is denominated in a currency other than that of the base currency of the Bank.

The Bank, through Treasury, manages foreign currency risk in accordance with broad market risk guidelines set by the Board. Foreign currency risk arises as a result of fluctuations in exchange rates and the resultant impact on the bank's position, which is established during normal day to day trading. Even though Treasury may take positions on any major currency, these are consolidated and reported in USD. The Board has authorised intra day limits that are monitored independently and reported periodically to the Board.

In addition, the bank's foreign currency exposure is also monitored through the prudential foreign exchange returns that are submitted to Bank of Zambia on a weekly and monthly basis.

The Bank takes positions to mitigate the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Consequently the bank strives to match its foreign currency assets and liabilities. The Bank manages foreign currency exposures in terms of approved limits.

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

26.4 Currency risk management (continued)

The table below sets out the currency position as at the year-end.

30 June 2025

Figures in thousands of Kwacha						
Assets	Assets and liabilities split by currency					
	USD	ZAR	GBP	Euro	Other	Total
Cash and cash equivalents	1,354,656	74,286	34,884	122,417	418	1,586,661
Cash and balances with the Central Bank	2,120,347	-	-	-	-	2,120,347
Advances	2,462,604	3	-	2	-	2,462,609
Investments in treasury bills	2,605,040	197,798	-	-	-	2,802,838
Other assets	(33,457)	21,641	(5)	(119)	-	(11,940)
Total assets	8,509,190	293,728	34,879	122,300	418	8,960,515
Liabilities						
Deposits	8,101,976	141,637	35,776	121,636	-	8,401,025
Long term debt	-	-	-	-	-	-
Other liabilities	23,093	199,007	(897)	664	418	222,285
Total liabilities	8,125,069	340,644	34,879	122,300	418	8,623,310
Net on balance sheet position	384,121	(46,916)	-	-	-	337,205
Net derivative contract amounts	(441,910)	47,836	-	(49)	1	(394,122)
Net on balance sheet & Derivative position	(57,789)	920	-	(49)	1	(56,917)

30 June 2024

Figures in thousands of Kwacha						
Assets	Assets and liabilities split by currency					
	USD	ZAR	GBP	Euro	Other	Total
Cash and cash equivalents	1,120,306	188,958	29,904	165,383	897	1,505,448
Cash and balances with the Central Bank	1,597,718	-	-	-	-	1,597,718
Advances	2,381,147	4	1	4	-	2,381,156
Investments in treasury bills	951,630	-	-	-	-	951,630
Other assets	28,499	(4,261)	-	(507)	-	23,731
Total assets	6,079,300	184,701	29,905	164,880	897	6,459,683
Liabilities						
Deposits	5,890,930	86,785	34,853	147,112	-	6,159,680
Long term debt	-	-	-	-	-	-
Other liabilities	194,989	97,916	(4,948)	17,768	897	306,622
Total liabilities	6,085,919	184,701	29,905	164,880	897	6,466,302
Net on balance sheet position	(6,619)	-	-	-	-	(6,619)
Net derivative contract amounts	(207,165)	5,615	6,052	(15,641)	-	(211,139)
Net on balance sheet & Derivative Position	(213,784)	5,615	6,052	(15,641)	-	(217,758)

The Bank is mainly exposed to foreign currency risk on its USD denominated assets and liabilities. Based on the sensitivity analysis of 10% increase or decrease in the Zambian Kwacha on the Bank's net open position as at 30 June 2025 is K56,917 (2024:K217,758)



26 Risk management (continued)

26.5 Liquidity Risk

Objective

The Bank aims to fund its activities in an efficient and flexible manner, from diverse and sustainable funding pools, whilst operating within prudential limits. The Bank’s objective is to maintain and enhance its deposit market share by appropriately pricing and rewarding depositors, thus creating a natural liquidity buffer. As a consequence of the liquidity risk introduced by its business activities across various currencies, the Bank’s objective is to optimise its funding profile within structural and regulatory constraints to enable businesses to operate in an efficient and sustainable manner.

Compliance with the Basel III liquidity ratios influences the Bank’s funding strategy, particularly as it seeks to price appropriately for liquidity on a risk-adjusted basis. The Bank continues to offer innovative and competitive products to further grow its deposits whilst also optimising its institutional funding profile. These initiatives continue to improve the funding and liquidity profile of the Bank.

Liquidity risk arises from all assets and liabilities with differing maturity profiles.

Assessment and management

The Bank focuses on continuously monitoring and analysing the potential impact of other risks and events on its funding and liquidity position to ensure business activities are preserved and funding stability is improved. This ensures the Bank can operate through periods of stress when access to funding is constrained.

Mitigation of market and funding liquidity risks is achieved via contingent liquidity risk management. Buffer stocks of high quality, highly liquid assets are held, either to be sold into the market or to provide collateral for loans to cover any unforeseen cash shortfall that may arise.

The Bank’s approach to liquidity risk management distinguishes between structural, daily and contingency liquidity risk management across all currencies, and various approaches are employed in the assessment and management of these on a daily, weekly and monthly basis as illustrated in the following table.

Structural liquidity risk	Daily liquidity risk	Contingency liquidity risk
Managing the risk that structural, long-term on- and off-balance sheet exposures cannot be funded timeously or at reasonable cost.	Ensuring that intraday and day-to-day anticipated and unforeseen payment obligations can be met by maintaining a sustainable balance between liquidity inflows and outflows.	Maintaining a number of contingency funding sources to draw upon in times of economic stress.

Regular and rigorous stress tests are conducted on the funding profile and liquidity position as part of the overall stress testing framework with a focus on:

- Quantifying the potential exposure to future liquidity stresses;
- Analysing the possible impact of economic and event risks on cash flows, liquidity, profitability and solvency position; and
- Proactively evaluating the potential secondary and tertiary effects of other risks on the Bank.

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

26.5 Liquidity risk

Assessment and Management (continued)

The following table presents the Bank's undiscounted cash flows of and includes all cash outflows related to principal amounts as well as future payments. These balances will not reconcile to the balance sheet for the following reasons:

- Balances are undiscounted amounts whereas the statement of financial position is prepared using discounted amounts;
- Table includes cash flows not recognised on the balance sheet;
- All instruments held for trading purposes are included in the call to three-month bucket and not by maturity as trading instruments are typically held for short periods of time; and
- Cash flows relating to principal and associated future coupon payments have been included on an undiscounted basis.

30 June 2025

	Total Contract amount	Non Contractual	Call - 3 months	4 - 12 months	1 - 5 years	Over 5 Years
Assets						
Cash and cash equivalents	6,563,470	-	6,563,470	-	-	-
Derivative financial instruments	1,207,934	-	628,306	564,113	15,515	-
Loans and advances	13,146,270	157,930	5,290,197	294,845	4,435,325	2,967,973
Investment securities & other investments	9,611,820	1,210	1,675,373	3,993,323	3,900,539	41,375
Other assets	461,998	180,967	281,031	-	-	-
Total assets	30,991,492	340,107	14,438,377	4,852,281	8,351,379	3,009,348
Liabilities						
Deposits	18,753,808	-	14,557,293	-	4,196,515	-
Derivative financial instruments	783,375	-	348,608	434,767	-	-
Other liabilities	673,905	-	665,398	8,507	-	-
Lease liability	136,154	-	-	47,468	88,686	-
Total liabilities	20,347,242	-	15,571,299	490,742	4,285,201	-
Off balance sheet	3,708,927	-	670,398	2,112,413	920,423	5,693
Guarantees	1,083,526	-	614,682	175,795	293,049	-
Letters of credit	55,716	-	55,716	-	-	-
Undrawn commitments	2,569,685	-	-	1,936,618	627,374	5,693

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26.5 Liquidity risk

30 June 2024

	Total Contract amount	Non Contractual	Call - 3 months	4 - 12 months	1 - 5 years	Over 5 Years
Assets						
Cash and cash equivalents	6,012,214	-	6,012,214	-	-	-
Derivative financial instruments	522,739	-	215,273	228,069	64,413	14,984
Loans and advances	9,432,968	99,769	5,319,198	171,796	3,426,738	415,467
Investment securities & other investments	7,601,016	1,210	1,531,516	1,612,505	4,094,781	361,004
Other assets	475,255	173,938	301,317	-	-	-
Total assets	24,044,192	274,917	13,379,518	2,012,370	7,585,932	791,455
Liabilities						
Deposits	15,601,810	-	11,860,004	1,253,300	2,488,506	-
Derivative financial instruments	634,314	-	378,212	256,102	-	-
Other liabilities	619,573	-	331,691	1,696	286,186	-
Lease liability	128,392	-	-	41,085	87,307	-
Total liabilities	16,984,089	-	12,569,907	1,552,183	2,861,999	-
Off balance sheet	1,867,022	-	215,506	1,101,262	541,252	9,002
Guarantees	621,804	-	66,966	333,111	221,727	-
Letters of credit	151,858	-	148,540	920	2,398	-
Undrawn commitments	1,093,360	-	-	767,231	317,127	9,002

First National Bank Zambia Limited

Notes to the Annual Financial Statements for the year ended 30 June 2025

Notes to the annual financial statements (continued)

26 Risk management (continued)

26.6 Capital risk management

In the Bank's context, capital management risk is the risk that the Bank's capital will not be adequate to absorb the losses across the various risks and hence result in breach of the regulatory requirements consequently leading to sanctions and reputational damage which can lead to loss of business or insolvency.

The Bank's objective when managing capital, which is a broader concept than the "equity" on the balance sheet are:

- To comply with the capital requirements set by the Banking and Financial Services Act 2017 of Zambia; and
- To maintain a sound level of economic capital commensurate with the risks assumed in the Bank's operations as well as the prevailing market conditions.

The capital adequacy computation makes use of the "risk weighted assets" which are measured by means of a hierarchy of risk weights classified according to the nature of, and reflecting an estimate of the credit risk associated with each asset and counterparty. A similar treatment is adopted for off-balance sheet exposures, with an adjustment to reflect the more contingent nature of the potential losses.

The Bank has carried out stress tests to determine appropriate capitalisation levels for the Bank. Following these tests, a buffer of 12.2% was adopted over the minimum regulatory capital requirement of 10% prescribed by the Bank of Zambia. This will therefore ensure that the Bank manages its capital going forward against an internal minimum capital adequacy ratio of 24.2% under Basel I and 22.2% under Basel II.

The Bank's capital at the balance sheet date consisted of Tier 1 capital made up of the Bank's stated capital, share premium and accumulated profit.

The table below sets the Bank's capital adequacy ratio in compliance with the Bank of Zambia's regulatory requirements:

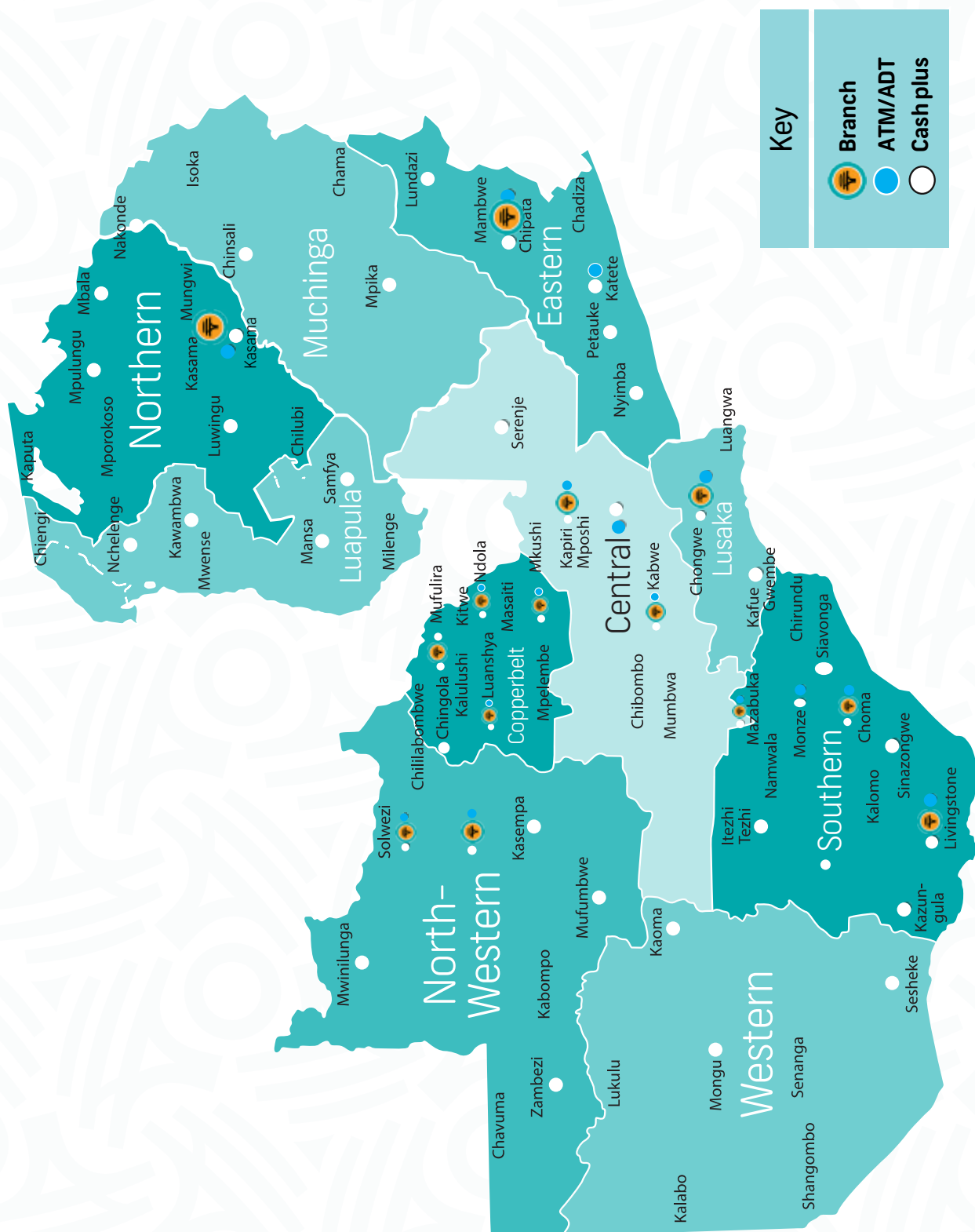
Figures in thousands of Kwacha	30 June 2025	30 June 2024
Primary (Tier1) capital		
Share Capital	416,000	416,000
Share premium	170,374	170,374
	586,374	586,374
Accumulated profit	3,419,576	2,354,338
Fair value reserve	12,237	(1,308)
Net primary (Tier1) capital	4,018,187	2,939,404
Total qualifying capital	4,018,187	2,939,404
Risk weighted assets	13,976,199	10,905,354
Capital adequacy ratios (%)		
Core capital	28.8	27.0
Total Capital Adequacy Ratio (%)	28.8	27.0

Bank of Zambia's capital adequacy framework

Bank of Zambia capital adequacy framework requires foreign owned banks to comply with the minimum primary capital of K520 million made up of 80% in nominal paid up common shares (nominal paid up equity capital) and the balance of 20% which can be held only in any one or more of the following (i) Share premium, (ii) Accumulated profit, (iii) General reserves, and (iv) Statutory reserves.

The Bank is fully compliant with the above requirement.

FNB Zambia points of presence



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