Standard Bank

www.standardbank.co.mw

STANDARD BANK PLC

Annual Report for the year ended 31 December 2025

Standard Bank

MALAWI IS OUR HOME,
WE DRIVE HER GROWTH



STANDARD BANK PLC

ANNUAL REPORT

For the year ended 31 December 2025

Standard Bank

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Standard Bank

DRIVING MALAWI'S GROWTH





DRIVING MALAWI'S
GROWTH

OUR VALUES

In 2025, the Group refreshed its organisational values to better align with our evolving culture and strategic direction. These updated values reflect who we are today and guide how we work, collaborate, and deliver meaningful impact for our clients and communities.

01 We are deeply committed

We are dedicated to our purpose and to the people we serve.

02 We are boldly pioneering

We set the standard through our determination and resilience.

03 We are trusted stewards

The mark of our success is the legacy we leave.

04 We are guided by empathy

We treat people with respect, consideration, and kindness.

05 We are unfailingly honourable

The choices we make are always ethical.

Chairperson's and Chief Executive's Report

"The Board of Directors and Management are proud of the exceptional performance delivered in 2025, achieved despite a challenging operating environment and prevailing macroeconomic headwinds. These challenges were overcome through the resilience of our business and the unwavering commitment of our people."



Mr. A. Mkandawire *Chairperson*

Mr. P. Madinga *Chief Executive*

Economic Overview

The domestic economy is estimated to have grown by 2.7% in 2025 (2024: 1.7%); the improvement being attributed to a relatively better 2024/25 agricultural season, the scaling up of infrastructure projects in the construction sector, and investments in the key growth sectors of agriculture, tourism, mining and manufacturing. Headline inflation decreased to an average of 28.4% in 2025 (2024: 32.2%), mainly due to food inflation which dropped to 33.2% from 40.2%. Notwithstanding the slight drop in non-food inflation to 20.7% from 21.2%, foreign exchange scarcity and fuel shortages exerted pressure on prices for critical imports (e.g. fertiliser) and transportation. The Malawi Kwacha remained relatively stable to close the year trading at MK1,749.00/US$, from MK1,749.98/US$ at the close of 2024 while the Policy rate was flat at 26% throughout 2025 as authorities maintained a tight monetary policy stance. Both the local and foreign currency reserving ratios remained flat at 10.00% and 3.75%, respectively. In accordance with the International Monetary Fund's financing policies for low-income countries, the four-year Extended Credit Facility programme automatically terminated on 14 May 2025, as no review had been completed in time. This resulted in reduced donor assistance, further worsening the foreign exchange supply.

Performance

Despite operating under sustained macroeconomic pressure, the Group achieved solid earnings growth for the year. Performance was delivered in a challenging operating environment characterised by foreign currency constraints and elevated inflation. The results reflect disciplined balance sheet management, selective asset growth and a continued focus on sustainable earnings.

Profit after tax rose to MK122 billion, marking a 41% increase over the previous year. Total revenue increased by 39% year-on-year, supported by growth across both net interest income and non-interest revenue. Revenue performance was driven by the continued expansion of the loans and advances portfolio and a significant increase in financial investments, underpinned by robust and diversified funding strategies.

Net interest income grew by 47% year-on-year, driven by 31% growth in loans and advances to customers and 63% growth in financial investments. This performance was achieved despite broadly stable yields across all government securities tenors compared to the prior year, underscoring effective balance sheet positioning and asset mix management.

Non-interest revenue rose by 21% compared to the previous year. Net fees and commissions grew by 18%, primarily due to increased transaction volumes and annual fee adjustments. Trading revenue grew by 23%, driven by higher transaction activity.

Credit impairment charges were 2% lower than the prior year, primarily due to impairment releases arising from financial investments nearing maturity, resulting in the roll off of previously recognised expected credit losses. These releases were partially offset by higher impairment charges associated with growth in the customer loan book and updates to forward-looking credit assumptions. The Group continues to apply prudent risk management and responsible lending practices.

Operating expenses increased by 33% year-on-year, reflecting inflationary pressures and foreign exchange impacts. Despite this increase, strong revenue growth and disciplined cost management improved the cost-to-income ratio to 35%, from 37% in the prior year, demonstrating enhanced operating efficiency.

Earnings per share rose from a rebased value of MK73.63 in 2024 to MK103.75 in 2025.

Strategy

The foundation of the bank's strategy is anchored on our core purpose: **Malawi is our home, and we drive her growth**. This guiding principle shapes our vision to become the undisputed leader in financial services within Malawi. We are committed to delivering exceptional value to all our stakeholders, positively impacting the lives of our people and the communities in which we operate.

To realise our ambition, we place client-centricity at the heart of our approach, focusing on transforming the client experience. Our promise is to consistently deliver value to our clients, underpinned by a strong drive towards digitisation. Through digital solutions, we aim to enhance accessibility and convenience for our clients.

We offer a comprehensive and integrated suite of wealth management and banking solutions, catering to the diverse needs of businesses, institutions, individuals, and corporates. As a Group, our organisational structure comprises three primary business units: Personal and Private Banking (PPB), Business and Commercial Banking (BCB), and Corporate and Investment Banking (CIB).

Our business units and corporate enabling functions work cohesively to support our business-unit-led strategy, ensuring seamless service delivery for our clients' financial requirements. Recognising the ever-evolving needs of our clients, we continue to embrace transformation, particularly by capitalising on the digital revolution as a significant opportunity for growth and relevance.

The positive impact of our strategic efforts in driving Malawi's growth is reflected in the recognition we have received. We continue to meet our financial objectives while living our purpose through partnerships with clients and communities. Our accolades include being named Bank of the Year by The Banker magazine of Financial Times, Best Bank of the Year for four consecutive years by Global Finance, and Malawi's Best Bank for 2025 by the Euromoney Awards of Excellence. Additionally, we were honoured as Malawi's Best Private Bank by Global Finance and received four awards from the Employers Consultative Association in Malawi (ECAM). The Institute of Marketing in Malawi (IMM) recognised us with both the International Adapted Campaign of the Year Award and the Local Marketing Campaign of the Year Award. Locally, we are three-time winners at the MRA's 25th anniversary, receiving the Large Taxpayer Office Award, Commissioner General Special Recognition, and Station Level Award. Furthermore, VISA named us the Most Efficient Financial Institution.

Leadership

As we continue to nurture talent throughout every tier of our organisation, the development of our people remains a key priority. Leadership development has been, and will remain, a central focus for the bank. The banking industry is experiencing ongoing complexities and rapid change, making the need for authentic, agile, and visionary leaders crucial to ensuring the bank's sustainability.

Our leaders are equipped not only to perform in their current roles but also to drive transformation within the organisation. They are empowered to provide clear meaning and direction, and to inspire and influence those around them. Our leadership programmes are carefully designed to build the skills and capabilities needed to drive innovation and efficiency. This positions us to excel in our ever-changing environment and ensures that we are preparing the organisation for the future.

To facilitate the required shift in leadership capability and secure a competitive advantage in business performance, we have established robust development and training solutions. These interventions are intended to equip, assess, and support our leaders so that they can lead effectively and thrive both now and in the years to come. Importantly, this enhancement of leadership capability is being cascaded throughout the entire organisation, impacting all employees at every level and across every function.

We are committed to maintaining meaningful engagement with our people as we work to achieve these objectives. By doing so, we ensure that our strategy is not only effective but also inclusive, thereby securing our organisation's future readiness.

Corporate Governance and Directorship

The Group maintains high standards of corporate governance. Compliance with applicable legislations, codes, regulations and standards is an essential part of the Group's operations. The Board monitors regulatory compliance through management reporting.

Prospects

Economic headwinds will more likely moderate this year, as a favourable agricultural output is expected to lower food prices and headline inflation. The downside could be inflationary pressures from a weak currency, high fuel and utility prices, while efforts to contain public spending work on the upside. Economic outcomes in 2026, especially related to foreign exchange supply and budgetary operations, would also be impacted by decisions made by the country's external development partners. For the country to get on a more sustainable growth trajectory, export-led industrialisation in the chosen sectors - agriculture, tourism, mining and manufacturing, remains critical.

Appreciation

We thank our colleagues on the Board for their guidance and support during the year. We thank the executive team and the staff for the results delivered in 2025. We also thank our customers for their continued support, without whom we would not have achieved this good result.

Mr. A. Mkandawire
Chairperson

5 March 2026

Mr. P. Madinga
Chief Executive

OUR SUSTAINABILITY JOURNEY IN 2025

Our core purpose is to drive the growth of Malawi. We play our part in creating a sustainable future for all by serving our communities through impactful projects that change lives and move us closer to a better Malawi.

Our Sustainability Approach

The Group is a purpose driven organisation that aims to drive Malawi's growth. As a member of the Standard Bank Group, we are signatories to the United Nations Principles for Responsible Banking (UN PRB) and are committed to ensuring that our strategy is consistent with and contributes to society's needs and priorities, as expressed by the United Nations Sustainable Development Goals (UN SDGs), the Paris Agreement, the African Union's Agenda 2063, and sustainable banking frameworks.

Our strategy is designed to address social challenges in Malawi to sustain economic growth. Our approach to Sustainability is defined by two pillars: Maximising Positive Impact and Effectively Managing Risk.

Our Approach to Corporate Social Investments

The Group pledges up to 1% of the bank's prior year profit after tax to positive impact initiatives in the areas of Health, Education, Youth, Women and Sustainable Development. Below is a summary of some of the initiatives undertaken in 2025 which have been disclosed in full in our sustainability report. To view our 2025 Sustainability Report, visit: www.standardbank.co.mw.

All initiatives are screened and selected by the Group's CSI Committee and Country Leadership Council.

HEALTH

SUPPORTING MATERNAL HEALTH IN MALAWI



Zomba Central Hospital Maternity Unit

In a significant milestone, the Group handed over a newly extended and furnished Maternity High Dependency Unit (HDU) valued at MK210 million at Zomba Central Hospital (ZCH) in June 2025. As one of only two public tertiary hospitals serving the Southern Region, ZCH plays a critical role in providing specialised maternal and neonatal care. The hospital serves a catchment population of 4.6 million people, receiving referrals from 35 health centres across six districts.

Bua Health Centre in Kasungu

The Group also supported the Nation Publications Limited (NPL) for their fundraising initiative aimed at equipping maternal health facilities across Malawi. The Group donated MK30 million worth of essential medical equipment to Bua Health Centre in Kasungu. This donation was inspired by the proven success of a previous intervention at Makhwira Health Centre, where maternal mortality numbers noticeably decreased following support from the Group.



SUPPORTING NATIONAL EFFORTS TO ELIMINATE HUNGER

The Group has demonstrated its continued commitment to national stability and humanitarian support through a donation of MK200 million to the Department of Disaster Management Affairs (DoDMA), following the Government of Malawi's declaration of a State of Disaster due to hunger in 2025. This contribution was made in direct response to His Exellency Professor Arthur Peter Mutharika's nationwide appeal for assistance as the country faced escalating food insecurity. The donation underscores the Group's long-standing role as a responsible corporate citizen and reflects its solidarity with government in addressing urgent humanitarian needs. It further reaffirms the Group's broader commitment to supporting food security initiatives and strengthening Malawi's resilience to recurrent climate and agriculture related shocks.

EDUCATION



South Lunzu School Feeding Program

The Group remains committed to transforming Malawi through education, demonstrated by a MK200 million donation to Mary's Meals to support vulnerable learners facing rising food insecurity. Through this partnership, 2,945 students at South Lunzu Primary School in Blantyre will receive a nutritious daily meal for the next two years—providing essential nourishment while encouraging school attendance, improving concentration, and giving children the opportunity to learn and thrive. This contribution reflects a shared commitment between the Group and Mary's Meals to uplift communities and invest in Malawi's future by ensuring that no child is too hungry to learn.

FINANCIAL INCLUSION

Launched last year, the Financial Fitness Academy was introduced to empower Malawians with essential money management skills and to support our purpose of driving meaningful socioeconomic growth. The programme was created to address rising financial literacy gaps and help individuals make informed, confident financial decisions. Through the Academy, the Group trained more than 3,500 Malawians in personal financial management, delivering over 90 deep-dive sessions in partnership with more than 60 organisations nationwide.



JOY OF THE ARTS is a youth-centred initiative that promotes the growth of Arts, Music and Culture industries in Malawi.

Number of initiatives: 7

- Art in the Park
- ATEM National Secondary School Drama Competition
- MUST Cultural, Innovation and Research Festival
- UNIMA Theatre Festival
- Live at Kumbali
- Malawi Music and Business Summit
- Lilongwe Book Festival and National Library Book Drive





TESTAMENT TO OUR EFFORTS IN DRIVING MALAWI'S GROWTH:

- **Global Finance**
  Best Private Bank in Africa 2025
- **Euromoney Awards**
  Best Bank in Malawi
  Best Investment Bank in Malawi
- **VISA**
  Most Efficient Financial Institution 2025
- **Institute of Marketing in Malawi**
  Internationally Adapted Campaign of the Year – Financial Fitness Academy

  Local Campaign of the Year (Product) – Yours247
- **The Banker**
  Bank of the Year
- **MRA's 25th Anniversary**
  Large Taxpayer Award – Financial Services

  Commissioner General's Special Recognition – Domestic Taxes

  Station Level Award – Customs & Excise (KIA)
- **Institute of Internal Auditors Malawi**
  2025 Internal Audit Awareness Month Champions
- **Employer's Consultative Association of Malawi**
  1st place Labour Law Compliance
  1st place Workplace Health and Wellness
  3rd place Youth Employment and Skills Development
  3rd place Industrial Relations and Employee Engagement

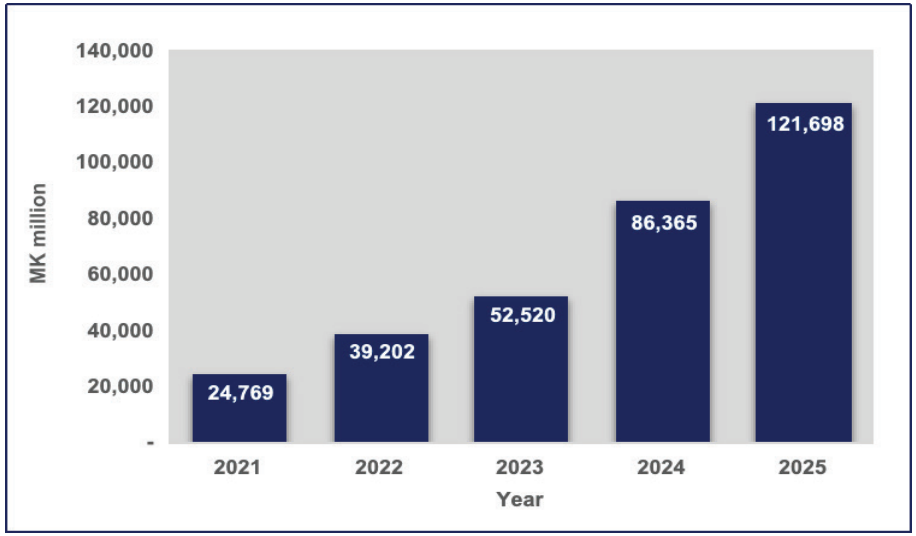
Review of Performance

PROFIT
AFTER TAX
MK122 billion

41%

27% CAPITAL ADEQUACY RATIO	3%	
35% RETURN ON EQUITY (ROE)	2%	
35% COST TO INCOME RATIO	2%	
MK496bn LOANS AND ADVANCES TO CUSTOMERS	31%	
MK1.3tn DEPOSITS FROM CUSTOMERS	42%	

5 Year Trend of Profit After Tax



Standard Bank

Pa ulendo pamachitika zambiri

Yendani opanda nkhawa ndi Travel Insurance ya Standard Bank.

Inu Zabwino Ayi?

Ndondomeko zidza tsatidwa

Kuti mudziwe zambiri, imbani ku:
0888 605 049 | 0999 294 293 | 0999 448 606 | 0888 655 604 | 0888 505 876

Standard Bank Plc is licensed and regulated by the Reserve Bank of Malawi

Standard Bank

Osadikira kuti meter ifike pa Warning!

Gulani ma units amadzi pa **247 mobile.**



Imbani ***247#** kuti mugule ma units madzi. **Yanu yanu 247**

Standard Bank PLC is licensed and regulated by the Reserve Bank of Malawi

Our Business Structure



CORPORATE AND INVESTMENT BANKING (CIB)	BUSINESS AND COMMERCIAL BANKING (BCB)	PERSONAL AND PRIVATE BANKING (PPB)
Provides corporate and investment banking services to government, parastatals, larger corporates, financial institutions and international counterparties.	The BCB segment provides broad based client solutions for a wide spectrum of small and medium sized businesses as well as large commercial enterprises. Our client coverage support extends across a wide range of industries, sectors and solutions that deliver the necessary advisory, networking and sustainability support required by our clients to enable their growth.	PPB segment is responsible for the end-to-end lifecycle of clients. PPB serves individual clients by enabling their daily lives through the provision of relevant solutions throughout their life journeys.

Board of Directors

BHCC BTIC BRC BCC BAC C Committee Chairperson

GENDER 7/10

Christopher Kapanga [65]
Chairperson

QUALIFICATIONS
Master of Business Administration

APPOINTED AS DIRECTOR February 2023
APPOINTED AS BOARD CHAIRPERSON
June 2023 up to August 2025



Alex Mkandawire [63]
Chairperson

C BAC up to 10 August 2025

QUALIFICATIONS
Fellow Member of the Association of Chartered Certified Accountants

APPOINTED June 2021.
APPOINTED AS BOARD CHAIRPERSON
August 2025



Phillip Madinga [54]
Executive Director

QUALIFICATIONS
Master of Business Administration

APPOINTED June 2021



Norah Nsanja FCG [41]
Company Secretary

QUALIFICATIONS
Fellow, Chartered Governance Institute; MSc Finance and Financial Law

APPOINTED June 2019



Gladson Kuyeri [55]
Director

BTIC C BRC

QUALIFICATIONS
Master of Communications Management

APPOINTED June 2022



Christina Chithila [52]
Director

C BAC

QUALIFICATIONS
Master of Business Administration; Chartered Management Accountant

APPOINTED June 2023



Maziko Sauti-Phiri [63]
Director

BHCC BRC

QUALIFICATIONS
Master of Laws

APPOINTED June 2023



Keith Fuller [64]
Director

BCC

QUALIFICATIONS
Master in Agricultural Management

APPOINTED August 2025



Ronald Ngwira [52]
Director

BAC

QUALIFICATIONS
Msc Project Management

APPOINTED October 2025



Sharon Taylor [57]
Director

BHCC

QUALIFICATIONS
Bachelor of Commerce

APPOINTED June 2020 up to 10 June 2025



Patrick Mweheire [55]
Executive Director

BCC

QUALIFICATIONS
Master of Business Administration

APPOINTED June 2022 up to November 2025



Rachel Sibande PhD [39]
Director

C BTIC BHCC BRC

QUALIFICATIONS
PhD in Computer Science

APPOINTED June 2021



David Pinto [52]
Director

BAC

QUALIFICATIONS
BCom Management Finance

APPOINTED May 2017 up to November 2025



Shadreck Ulemu [66]
Director

C BHCC BCC

QUALIFICATIONS
Master of Electronic Engineering

APPOINTED May 2017



Margareth Chirwa [45]
Director

BTIC C BCC

QUALIFICATIONS
Master of Business Administration; Fellow Member of the Association of Chartered Certified Accountants

APPOINTED June 2022



Priscilla Sani-Chimwele [40]
Director

BHCC BCC

QUALIFICATIONS
Master of Arts in Development Management

APPOINTED October 2025



Phyllis Manguluti [52]
Director

BAC

QUALIFICATIONS
Master of Business Administration

APPOINTED October 2025



Country Leadership Council

GENDER 5/8

Phillip Madinga [54]
Chief Executive

QUALIFICATIONS
Master of Business Administration

Joined January 2020



Norah Nsanja FCG [41]
Head, Legal and Company Secretary

QUALIFICATIONS
Fellow, Chartered Governance Institute; MSc Finance and Financial Law

Joined May 2012



John Mhone [42]
Chief Finance and Value Management Officer

QUALIFICATIONS
Master of Business Administration; Fellow Member of the Association of Chartered Certified Accountants

Joined October 2009



Frank Chantaya [49]
Head, Corporate and Investment Banking

QUALIFICATIONS
Master of Business Administration

Joined April 2008



Kondwani Mlilima [52]
Chief Risk Officer

QUALIFICATIONS
Master of Arts Economics

Joined October 2002



Ewen Hiwa [44]
Head, Client Coverage

QUALIFICATIONS
Master of Business Administration

Joined September 2021



Charity Mughogho [55]
Head, Personal and Private Banking

QUALIFICATIONS
Master of Science in Strategic Management

Joined December 1995



Daniel Mbozi [54]
Head, Operations and Real Estate

QUALIFICATIONS
Chartered Management Accountant

Joined May 2004



Tamanda Ng'ombe [42]
Head, Brand and Marketing

QUALIFICATIONS
Master of Corporate Strategy

Joined April 2024



Graham Chipande [39]
Head, Business and Commercial Banking

QUALIFICATIONS
Master of Business Administration

Joined September 2008



Chikondi Kapyepye [44]
Head, Compliance

QUALIFICATIONS
Chartered Governance Professional; MSc Finance and Financial Law

Joined January 2006



Alvin Alfonso [50]
Chief Information Officer

QUALIFICATIONS
Master of Business Administration

Joined May 2017



Hope Nedi [35]
Interim Head, People and Culture

QUALIFICATIONS
Master of Business Administration

Joined February 2016



Statement of Corporate Governance

CODES AND REGULATIONS

The Group complies with applicable legislation, regulations, standards and codes. The Board of Directors monitors compliance with these by means of management reports, which include information on the outcomes of any significant interaction with key stakeholders such as the Group's various regulators.

The Group operates within a clearly defined governance framework. Through the framework, delegation of authority is given to management by the Board, while the Board retains effective control and oversight.

Board and Directors

Ultimate responsibility for governance rests with the Board of Directors ("Board"). The Group has a unitary Board structure and the roles of Chairperson and the Chief Executive are separate and distinct. The Chairperson is an independent non-executive director. The number and stature of independent non-executive directors ensures that sufficient independence is brought to bear on decision making. There are eleven non-executive directors on the Board and two executive directors.

It is the Board's responsibility to ensure that effective management is in place to implement the Group's strategy, and to consider issues relating to succession planning. The Board is satisfied that the current pool of talent within the Group and the ongoing work to deepen it provide an adequate succession plan, in both the short and long term. During the year, the Board also considered other key people-related challenges including talent retention.

Regular interaction between the Board and Executive Management is encouraged. Directors are provided with unrestricted access to Management and Group information, as well as the resources required to carry out their responsibilities at the Group's expense.

A feature of the way the Board operates is the role played by Board Committees which facilitate the discharge of the Board's responsibilities. Each Committee has a Board-approved mandate that is reviewed annually. Details on how these committees operate are provided below.

Skills, Knowledge, Experience and Attributes of Directors

The Board ensures that directors possess the skills, knowledge and experience necessary to fulfil their obligations. The directors bring a balanced mix of attributes to the Board, including:

- International and domestic experience;
- Operational experience;
- Knowledge and understanding of both the macroeconomic and the microeconomic factors affecting the Group including environmental, social and governance considerations; and
- Financial, legal, entrepreneurial, governance, information technology and banking skills.

Board Responsibilities

The key terms of reference in the Board's mandate, which forms the basis for its responsibilities, are to:

- Agree on the Group's objectives, strategies and plans for achieving those objectives;
- Regularly review the corporate governance process and assess achievement against objectives;
- Delegate to the Chief Executive or any director holding any executive office or any senior executive, any of the powers, authorities and discretions vested in the Board, including the power of sub-delegation. Delegate, similarly, such powers, authorities and discretions to any committee and subsidiary company boards as may exist or be created from time to time;
- Determine the terms of reference and procedures of all board committees in consultation with Stanbic Africa Holdings Limited ("SAHL");
- Consider and evaluate reports submitted by Management;
- Ensure that an effective risk management process exists and is maintained throughout the Group;
- Monitor the performance of the Chief Executive and the Leadership Council team;
- Establish, review regularly and approve major changes to the Group's policies;
- Ensure that an adequate budget and planning process exists, that performance is measured against budgets and plans and approves annual budgets for the Group, in line with the policies and procedures of the Group;
- Consider and approve capital expenditure as recommended by management;
- Consider and approve any significant changes proposed in accounting policy or practice and consider the recommendations of the Board Audit Committee;
- Assume ultimate responsibility for systems of financial, operational and internal controls, the adequacy and review of which is delegated to sub-committees, and the Board ensures that reporting on these issues is adequate;
- Take ultimate responsibility for regulatory compliance and ensure that reporting to the Board is comprehensive;
- Ensure balanced reporting to stakeholders on the Group's position and that such reporting is done in a manner that can be understood by stakeholders;
- Review non-financial matters as delegated to the Board Risk Committee. The review includes code of ethics, environmental issues and social issues.

Strategy

The Board is responsible for setting the Group's strategy, which is considered and formally approved at a Board meeting. A separate annual session is held with the Leadership Council, where the strategy is deliberated and the Board's input into the strategy is provided to executive management for inclusion into the Group's strategy. Once the strategy is finalised by Management, the same is presented to the Board through the Board Audit Committee. Once the financial and governance objectives for the following year have been agreed, the Board monitors performance on an ongoing basis. Performance against both financial and non-financial objectives (including environmental, social and governance commitments) is monitored by way of management quarterly reports and representations at board meetings.

Board Effectiveness and Evaluation

The Board assesses itself against its objectives by conducting an annual Board Self-Evaluation. The aim of the evaluation is to assist the Board in improving its effectiveness. The evaluation results are discussed at a board meeting, and any areas of concern are addressed. Relevant action points are also noted for implementation. The performance of the Chairperson, Chief Executive, the individual directors, the Company Secretary and the Board Committees is also assessed annually.

Board Meetings

The Board meets quarterly with an additional annual meeting to consider the Group's Strategy. Ad hoc meetings are held when necessary. The directors are provided with comprehensive board documentation at least four days prior to each of the scheduled meetings.

Board Meetings - Meeting Attendance

Member	14-Mar-25	23-May-25	31-Jul-2025	28-Nov-25
Mr. C. Kapanga*** (Chairperson up to 9th August 2025)	√	√	√	N/A
Mr. A. Mkandawire*** (Chairperson from 10th August 2025)	√	√	√	√
Mrs. C. Chithila***	√	√	√	√
Mrs. M. Chirwa**	√	√	√	√
Mr. M. Sauti Phiri***	√	√	√	√
Mr. P. Mweheire* (resigned)	√	√	√	N/A
Mr. P. Madinga*	√	√	√	√
Mr. S. Ulemu***	√	√	√	√
Mr. D. Pinto*** (resigned)	√	√	A	N/A
Mrs. S. Taylor** (resigned)	√	A	N/A	N/A
R. Sibande, PhD***	√	√	√	√
Mr. G. Kuyeri***	√	√	√	√
Mrs. P. Manguluti***	N/A	N/A	N/A	√
Ms. P. Sani-Chimwele***	N/A	N/A	N/A	√
Mr. K. Fuller**	N/A	N/A	N/A	√
Mr. R. Ngwira***	N/A	N/A	N/A	√

Key

√	= Attended the meeting
A	= Apology
N/A	= Not applicable as the Director was not part of the Board at that time
*	= Executive Director
**	= Non-executive Director
***	= Independent Non-executive Director

Board committees are established to assist the Board in discharging its responsibilities. They operate in terms of Board approved mandates which are reviewed and approved by the Board on an annual basis. The mandates set out their roles, responsibilities, scope of authority, composition and procedures for reporting to the Board.

Board Audit Committee

The role of this Committee is to review the Group's financial position and make recommendations to the Board on all financial matters. This includes assessing the integrity and the effectiveness of the audit, accounting, financial and internal control systems. The Committee also ensures effective communication between the internal auditors, external auditors, the Board, Management and Regulators. The Committee's key terms of reference comprise various categories of responsibilities and among others include the following:

- Annual review and recommendation to the Board for approval of the Board Audit Committee mandate;
- Review of the audit plan with the external auditors, with specific reference to the proposed audit scope and approach to the Group's activities falling within the high-risk areas, the effectiveness of the audit and audit fee;
- Consider with Management, areas of special concern and the procedures being developed to monitor and contain risks in those areas;
- Review with Management copies of reports and letters received from the external auditors concerning deviations from and weaknesses in accounting and operational controls, and ensure that prompt action is taken by Management and that issues are satisfactorily resolved;
- Review the adequacy of capital, provisions for bad debts and diminution in the value of other assets, and the formulae applied by the Group in determining charges for and levels of general debt provisions, within the framework of the Group policy;
- Review the accounting policies adopted by the Group and all proposed changes in accounting policies and practices and recommend such changes where these are considered appropriate in terms of IFRS Accounting Standards. Also considers the adequacy of disclosures in the consolidated and separate financial statements;
- Review the Group's interim and audited annual consolidated and separate financial statements and all financial information intended for distribution to the shareholders and the general public, prior to submission to the full Board;
- Assess the performance of financial management and review the quality of internal accounting control systems and reports produced by management;
- Review the basis on which the Group has been determined as a going concern and make recommendations to the Board;
- Review written reports furnished by the Internal Audit department of the Bank and of the Standard Bank Group, detailing the adequacy and overall effectiveness of the Group's internal audit function and its implementation by Management, the scope and depth of coverage, reports on internal control and any recommendations and confirmation that appropriate action has been taken;
- Monitor compliance with the Financial Services Act, Companies Act, Banking Act and the Stock Exchange Listings Requirements and all other applicable legislation in as far as they impact financial reporting;
- Monitor ethical conduct of the Standard Bank Group and Executives and reviewing reports from Management on violations of the Group's Code of Ethics;
- Consider the development of standards and requirements and review statements on ethical standards or requirements for the Group; and
- Review and make recommendations on any potential conflicts of interest relating to situations of a material nature.

The membership of this committee comprised of:

Mr. A. Mkandawire	-	Chairperson (up to 10th August 2025)
Mrs. C. Chithila	-	Chairperson (from 10th August 2025)
Mr. D. Pinto	-	Member
Mr. R. Ngwira	-	Member
Mrs. P. Manguluti	-	Member

The committee met four times during the year.

Board Audit Committee – Meeting attendance

Member	11-Mar-25	21-May-25	30-July-25	27-Nov-25
Mr. A. Mkandawire	√	√	√	N/A
Mrs. C. Chithila	√	√	√	√
Mr. D. Pinto	√	A	A	N/A
Mr. R. Ngwira	N/A	N/A	N/A	√
Mrs. P. Manguluti	N/A	N/A	N/A	√

Key

√	= Attended the meeting
A	= Apology
N/A = Not applicable as the director was not on the board at the time or no longer a member of the committee	

Board Credit Committee

The role of this Committee is to ensure that effective credit governance is in place to provide for the adequate management, measurement, monitoring, and control of credit risk, including country risk. This involves ensuring that all committees within the Credit governance structure operate within clearly defined mandates and delegated authorities, as delegated by the Board, and that an appropriate credit framework and structure exist. The responsibilities of the Committee also include:

- Annual review and recommendation to the Board for approval of the Board Credit Committee mandate, the management Credit Committee mandate and the Credit Risk Management Committee Mandate;
- Establish sub-committees as required for the proper performance of its mandate and ensure that such sub-committees have clearly defined and appropriate mandates and delegated authority;
- Consider and ratify all insider credit applications pertaining to Directors and Senior management and parties related to them irrespective of size, and to ensure that all regulatory requirements are complied with;
- Review and ratify credit approvals made by the various delegated authorities;
- Approve the agreed credit risk appetite framework as required by Standard Bank Group Credit Risk Governance Standard;
- Quarterly review of the credit and country risk portfolio reports; the credit and country risk impairment adequacy, and the credit and country risk sections of the report to the Board;
- Consider any other credit-related matters as may be necessary.

The membership of this committee comprised of:

Mrs. M. Chirwa	-	Chairperson
Mr. P. Mweheire	-	Member
Mr. S. Ulemu	-	Member
Mr. K. Fuller	-	Member
Ms. P. Sani-Chimwele	-	Member

The committee met four times during the year.

Board Credit Committee – Meeting attendance

Member	13-Mar-25	21-May-25	28-July-25	26-Nov-25
Mrs. M. Chirwa	√	√	√	√
Mr. P. Mweheire	√	√	√	N/A
Mr. S. Ulemu	√	√	√	√
Mr. K. Fuller	N/A	N/A	N/A	√
Ms. P. Sani- Chimwele	N/A	N/A	N/A	√

Key

√ = Attended the meeting
N/A = Not applicable as the director was not on the board at the time

Board Risk Committee

The role of this Committee is to ensure quality, integrity and reliability of the Group's risk management procedures. This Committee also assists the Board in the discharge of its duties relating to the corporate accountability and associated risks in relation to management, assurance and reporting. The Committee reviews and assesses the integrity of the risk control systems and ensures that risk policies and strategies are effectively identified and managed. The responsibilities of the Committee also include:

- Annual review and recommendation to the Board for approval of the Board Risk Committee mandate;
- Reviewing, with the Group's Legal Counsel, any legal matters that could have a significant impact on the Group's business;
- Reviewing of reports by the Head of Compliance on matters of regulatory and reputational risk, including such areas as breaches, fines, material malfunctions and changes in legislation;
- Monitor compliance with the Companies Act, Banking Act, the MSE Rules and Listings Requirements, all other applicable legislation and governance codes and review all reports detailing the extent of compliance;
- Provide independent and objective oversight and review the information presented by management relating to the practice of corporate accountability and reporting of specifically associated risk, including emerging and prospective impact;
- Reviewing the adequacy and effectiveness of the enterprise risk management framework which, includes the risk strategy, standards, policies, procedures, practices and controls as implemented;
- Ensuring compliance with such policies, and with the overall risk profile of the Group including all risks associated with the Bank's information technology, market risk, credit risk, operational risk, legal risk, compliance risk, liquidity risk, reputational risk, country risk, environmental, social and governance risk, third party risk including material outsourcing arrangements and other risks appropriate to the business which may be identified from time to time;
- Monitoring procedures to deal with and review the disclosure of information to customers, the resolution of major customer complaints and compliance with the Group's code of banking practices and ethics;
- In terms of risk appetite (RA), recommend the proposed RA Statement for approval by the Board and receive report on risk profile and risk tendency compared to risk appetite and risk tolerance triggers;
- In terms of the Bank's stress-testing framework, review the recommended macroeconomic scenarios; stress testing results, recommendations on financial resources and the required capital buffer based on the stress-testing results.

The membership of this committee comprised of:

Mr. G. Kuyeri	-	Chairperson
Mr. M. Sauti Phiri	-	Member
R. Sibande, PhD	-	Member

The committee met four times during the year.

Board Risk Committee - Meeting attendance

Member	12-Mar-25	20-May-25	29-July-2025	26-Nov-25
Mr. G. Kuyeri	√	√	√	√
Mr. M. Sauti Phiri	√	√	√	√
R. Sibande, PhD	√	A	√	√

Key

√ = Attended the meeting
A = Apology

Board Human Capital Committee

The role of this Committee is to ensure that appropriate human capital policies are in place to enable the Group source and maintain staff with appropriate skills (and mix of skills) in the right jobs and to have back up skills and resources available at all times. The Committee also ensures that management has put in place measures to ensure that reward packages are fair and in accordance with the market forces, reward performance initiatives and motivate the work force. The responsibilities of the Committee also include:

- Annual review and recommendation to the Board for approval of the Board Human Capital Committee Mandate;
- Recommending to the Board for approval the Group's Human Capital Policies, Strategy and any amendments on a regular basis, such strategy and policies shall require that Management put in place effective mechanisms for recruiting, management and reward systems to ensure motivation and retention of quality staff;
- Review and approval of proposals for amendments to the organisational structure in conjunction with Standard Bank Group standards;
- Recommend for Board approval, major changes in employee benefit structures for the Group;
- Ensuring that employees of the Group are provided with appropriate incentives to encourage performance and are, in a fair and responsible manner rewarded for their individual contributions to the success of the Group;
- Providing insight to the recruitment and termination of employment of senior management staff or as may be required by the Reserve Bank of Malawi (RBM) or any regulatory authority with the power to regulate such appointments; and
- Making recommendations to the Board on the reinforcement, through transparency of sound corporate governance principles covering among other things, information about the incentive structure of the Group, including compensation policies, executive compensation etc.

The membership of this committee comprised of:

Mr. S. Ulemu	-	Chairperson
Mrs. S. Taylor	-	Member
R. Sibande, PhD	-	Member
Mr. M. Sauti Phiri	-	Member

The committee met four times during the year.

Board Human Capital Committee - Meeting attendance

Member	13-Mar-25	20-May-25	28-July-25	27-Nov-25
Mr. S. Ulemu	√	√	√	√
Mrs. S. Taylor	√	A	N/A	N/A
R. Sibande, PhD	√	√	√	√
Mr. M. Sauti Phiri	√	√	√	√

Key

√ = Attended the meeting
A = Apology
N/A = Not applicable as the Director was not on the board at the time

Board Technology and Innovation Committee

The role of the Committee is to oversee the governance of technology and information in a way that supports the Group in setting and achieving its strategic objectives. The responsibilities of the Committee include:

- Annual review and recommendation to the Board for approval of the Board Technology and Innovation Mandate;
- Have an overview of the arrangements for governing and managing technology and information;
- Review the key areas of focus including objectives, significant changes in policy, significant acquisitions and remedial actions taken as a result of major incidents;
- Review the actions taken to monitor the effectiveness of technology and information management and how the outcomes were addressed.

The membership of this committee comprised of:

R. Sibande, PhD	-	Chairperson
Mr. G. Kuyeri	-	Member
Mrs. M. Chirwa	-	Member

The committee met four times during the year.

Member	12-Mar-25	22-May-25	29-July-25	27-Nov-25
R. Sibande, PhD	√	A	√	√
Mr. G. Kuyeri	√	√	√	√
Mrs. M. Chirwa	√	√	√	√

Key

√ = Attended the meeting
A = Apology

MANAGEMENT COMMITTEES

Credit Risk Management Committee

The Credit Risk Management Committee is a senior management credit oversight function with a defined oversight role as determined by the Board of Directors through the Board Credit Committee from time to time. The purpose of the Credit Risk Management Committee is to establish and define the principles under which the Group is prepared to assume credit risk and to define the overall framework for the consistent and unified governance, identification, measurement, management and reporting of credit risk.

For purposes of complying with its duties and responsibilities, the Credit Risk Management Committee has the right to delegate responsibilities to sub-committees and/or individuals within clearly defined mandates and delegated authorities.

Business and Commercial Banking (BCB)/ Personal and Private Banking (PPB) Credit Committee and Corporate and Investment Banking (CIB) Credit Committee

The three Credit Committees are senior management credit decision-making committees with defined delegated authority as determined by the Board through the Board Credit Committee from time to time. The purpose of the three Credit Committees is to:

MANAGEMENT COMMITTEES (Continued)

Business and Commercial Banking (BCB)/ Personal and Private Banking (PPB) Credit Committee and Corporate and Investment Banking (CIB) Credit Committee (continued)

- Exercise responsibility for the independent assessment, approval, review and monitoring of all credit risk assets relating to the bank's business in the BCB/PPB space as well as in the CIB space;
- Ensure that the credit portfolios in the BCB/PPB space as well as in the CIB space are maintained within the risk appetite set assets in the three portfolios is done by the Board Credit Committee;
- Ensure that the origination and management of the assets in the three portfolios is done in terms of the Standard Bank Group Credit Standard and any other guidance given to it by the Group's Credit Governance Committees from time to time.

For purposes of complying with its duties and responsibilities, the three Credit Committees have the right to delegate responsibilities to sub-committees and/or individuals within clearly defined mandates and delegated authorities. The three committees are chaired by the respective Heads of Credit for the business units and hold regular meetings to consider applications for facilities.

Asset and Liability Committee (ALCO)

This Committee is responsible for the management and monitoring of the trading book risk, market risk, the banking liquidity and interest rate risks. The Committee also monitors capital adequacy of the Bank. It comprises the Chief Executive (Chairperson), the Chief Finance and Value Management Officer, the Chief Risk Officer, the Head Treasury and Capital Markets and the Departmental Heads for Global Markets, Corporate and Investment Banking, Personal and Private Banking, Business and Commercial Banking, Operations, Transactional Products Services and Investment Banking.

Change Risk Committee (CRC)

The CRC meets as and when required to facilitate the introduction of new (and amendments to) products, services, businesses, channels, legal entities, systems or processes in a coordinated and effective manner that is consistent with the bank's overall strategic, business, and risk management focus. It ensures that significant risks that could arise from the introduction or amendment of businesses, products or services, channels, systems and processes are properly identified and appropriately addressed by the relevant parties (i.e., risk owners and risk-type heads) prior to implementation. The committee is chaired by the Chief Finance and Value Management Officer.

Risk Management Committee (RMC)

The Risk Management, Legal and Compliance teams provide the day-to-day oversight on compliance and management of risk and promotes the risk/compliance culture across the bank. The RMC is responsible to create and maintain the environmental and social risks, operational risk, legal risk, IT risk, fraud risk, and compliance practices across the bank and to ensure that controls are in place to manage them. This committee also extends its mandate through some forums to discharge critical operational responsibilities e.g., the High-Risk Committee and Sustainability Steering Committee. The Compliance, Legal and Risk Management teams work with business units and enabling functions to embed the risk management disciplines and maintain objectivity by being independent of operations. The heads of Risk, Compliance and Legal have dual reporting lines to the Chief Executive and Regional/SBG heads of Risk, Legal and Compliance. The heads also have unfettered access to the board risk committee. The committee is chaired by the Chief Executive and meets at least monthly.

People Governance Committee (PGOVCO)

The People and Culture team provides the day-to-day oversight on people governance across the Group. The PGOVCO is responsible for providing guidance, overseeing and driving the bank's people and human resource strategy. It aims to improve the people management capability and maturity of the organisation. It also engenders consistency, efficiency and effectiveness of the people management process across the bank. The committee is chaired by the Chief Executive and meets at least monthly.

Innovation and Technology Committee (ITC)

The ITC provides governance and oversight on all matters relating to IT Strategy, Planning, IT investments, value delivery, human resources, performance management, technology risk and security, project approval and prioritization. It is mandated to discuss, assess, analyse and devise solutions and where relevant monitor compliance relating to IT strategy, IT risk, structures, governance standard, framework, methodologies and policies. It ensures that the Information Technology Strategy (ITS) is fit for purpose and adequately adopted by all business units and corporate functions. It also considers key information and technology risk exposures, material incidents, risk mitigation against the desired levels of information and technology risk appetite/tolerance. It adjudicates on differences of opinion and makes rulings on matters escalated by the sub-committees and/or interested parties. The ITC delegates responsibilities to sub-committees and/or individuals within clearly defined mandates and delegated authorities. It provides strategic oversight to ensure the IT strategy is aligned to the Group's strategy and objectives are being met and considers applications for exceptions against governance documentation. This committee is chaired by the Chief Executive and meets at least monthly.

Bid Review Committee (BRC)

The Bid Review Committee (formerly Internal Procurement Committee) meets on a monthly basis, comprises permanent members being the Chief Risk Officer (the Chairperson), Chief Finance and Value Management Officer, Head Personal and Private Banking Clients, Head Corporate and Investment Banking, Head Business Banking, Chief Information Officer, Head Operations and Real Estate, Head Legal and Governance and Procurement Manager. Respective business heads are also called upon as subject matter expert when required depending on the items on the agenda. The purpose of the BRC is to ensure that procurement strategies and recommendations are systematic and in line with business priorities, commercial standards and ethical principles before making commitments to suppliers. The committee meets monthly.

Country Leadership Council (CLC)

This Committee comprises of senior executives of the Group and its main role is to guide and control the overall direction of the business of the Group including the day to day running of the Group and it is responsible to the Board.

COMPANY SECRETARY

The role of the Company Secretary is to ensure that the Board remains cognisant of its duties and responsibilities. In addition to providing the Board with guidance on its responsibilities, the Company Secretary keeps the Board abreast of relevant changes in legislation and governance best practices. The Company Secretary oversees the induction of new directors, as well as the ongoing training of directors. The Company Secretary acts as the Group's compliance officer in line with the Malawi Stock Exchange Listing Requirements. All directors have access to the services of the Company Secretary. All issues to do with the Group's governance matters should be addressed to the Company Secretary, Norah Nsanja, FCG, by sending an email to **Norah.Nsanja@standardbank.co.mw.**

GOING CONCERN

On the recommendation of the Board Audit Committee, the board annually considers and assesses the going concern basis for the preparation of consolidated and separate financial statements at the year-end. At the interim reporting period, a similar process is followed to enable the Board to consider whether or not there is sufficient reason for this conclusion to be affirmed.

RELATIONSHIPS WITH SHAREHOLDERS

The shareholders' roles are to appoint the Board of Directors and the external auditors. These roles are extended to holding the Board accountable and responsible for efficient and effective corporate governance.

SUSTAINABILITY REPORTING

The Group's economic, social and environmental impacts and responsibilities are systematically embedded in its culture through the emphasis on applying its vision and values across all its operations. The Group's report to society (Sustainability Report) available at **www.standardbank.co.mw** details the environmental, social, and governance initiatives undertaken by the Group in 2025, aligned with the Group's chosen areas of impact.

ETHICS AND ORGANISATIONAL INTEGRITY

The Group's code of ethics is designed to empower employees and enable faster decision making at all levels of the Group's business in line with defined ethical principles. It also aims to ensure that, as a significant organisation in the financial services industry, we adhere to the highest standards of responsible business practice.

The code interprets and defines Standard Bank's values in detail and provides values-based decision making principles to guide the Group's conduct. It is aligned with other Standard Bank policies and procedures and supports the relevant industry regulations and laws of the country.

The code of ethics is supported by the appropriate organisational structure, namely an ethics advice process and an ethics reporting process. These processes link into existing human capital and compliance structures wherever possible, including grievance processes and a fraud hotline. New structures and roles, including business unit ethics officers, have been created to ensure that our values and ethics are effectively embedded. The code includes targeted communications, coaching, reference guides and induction packs distributed to all members of staff.

New members of staff are taken through the Code of Ethics and each is given a soft copy.

In the year there were no material breaches to the Code of Ethics.

REMUNERATION

Remuneration Philosophy

Our reward strategies and remuneration structure support the development of an engaged, high-performing and diverse employee population, who deliver outstanding business performance. In addition, the reward strategy is designed to attract, motivate and retain high calibre people, at all levels of the organisation, in a highly competitive market. Consideration is given to total reward and the appropriate balance between fixed and variable pay for all employees.

The Group's Board of Directors sets the principles for the remuneration philosophy in line with approved business strategy and objectives. The philosophy aims to maintain an appropriate balance between employee and shareholder interests.

A key success factor for the Group is its ability to attract, retain and motivate the talent it requires to achieve its strategic and operational objectives.

Remuneration Governance

The remuneration of Board members is approved by Shareholders and reviewed by the Standard Bank Group Remuneration Committee ("REMCO"). The remuneration of executive management in-country is reviewed by the Board.

The following key factors have formed the implementation of reward policies and procedures that support the achievement of business goals:

- The provision of rewards that enable the attraction, retention and motivation of employees and the development of a high-performance culture.
- The reward strategy that serves to support the development of an engaged, high-performing and diverse employee population, who deliver outstanding business performance.
- Maintaining competitive remuneration in line with our markets, trends and required statutory obligations.
- Reward for performance.
- Appropriate balance Fixed and variable remuneration short-term and long-term incentives and;
- Educating employees on the full employee value proposition.

Remuneration Structure

Non-Executive Directors

Terms of Service

Directors are appointed by the shareholders at the annual general meeting ("AGM") and interim board appointments are allowed between AGMs. The interim appointees are required to retire at the next AGM where they make themselves available for appointment by shareholders. In addition, one third of the non-executive directors is required to retire at each AGM and may offer themselves for re-election. There is no limitation to the number of times a non-executive director may stand for re-election.

Fees

Non-executive directors receive fixed fees for their service on the Board and Board Committees. This includes a retainer that has been calculated in line with market practices. There are no contractual arrangements for compensation for loss of office. Non-executive directors do not receive short-term incentives, nor do they participate in any long-term incentive schemes.

Management and Staff

Terms of Service

The terms and conditions of employment for managers are guided by the legislation in Malawi and are aligned to Standard Bank Group practice. Notice periods to terminate employment vary from one month to three months depending on seniority.

67% of the general staff are unionised. Their terms and conditions of employment are therefore guided by collective bargaining agreement(s) signed with the Commercial, Industrial and Allied Workers' Union of Malawi (CIAWU).

Fixed Remuneration

Managerial total remuneration comprises of a fixed cash portion (Basic Pay and Car Allowance), compulsory benefits (medical aid and retirement fund membership) and optional benefits. Market data is used to benchmark salary levels and benefits before the annual review which is normally done in March.

For all employees, performance-related payments have formed an increasing proportion of total remuneration over time to achieve business objectives and reward individual contribution.

All employees (executives, managers and general staff) are rated on the basis of their annual performance and this is used to determine performance-related remuneration.

The outcome of the annual performance and the consequent pay decision is done on an individual basis. There is therefore a link between the individual performance outcome and reward.

Short-Term Incentives

All members of staff participate in a performance bonus scheme. Our approach towards reward enables the Group to recognise the performance of the employees by recommending rewards that acknowledge the staffs' contribution to the performance of the Bank, the business and team. In keeping with the remuneration philosophy, the bonus scheme seeks to attract and retain high-performing employees.

Long-Term Incentives

It is essential for the Group to retain key skills in the long term to ensure sustainable business continuity. This is done particularly through group-share-linked incentive awards to ensure higher retention.

The purpose of these is to align the interests of the Group and its employees, as well as to attract and retain skilled and competent people.

Post-Employment Benefits

The Group operates a contributory pension fund to provide for retirement benefits for employees. Both, employee and employer contributions are made in line with the Pension Act, 2023. Currently, NICO Pension Services Company and NICO Asset Managers are the Fund administrators and Fund managers respectively.

The Group's Highlights For The Year

The following are the highlights of the year:

- The Group provided seasonal and long-term financing to the agricultural, power and infrastructure, telecommunications, and media sectors.
- The Group provided corporate customers with host-to-host solutions via digital channels to reduce manual transactions and increase efficiency.
- The Group provided off-balance-sheet solutions to the manufacturing and oil and gas sectors to enable the procurement of strategic commodities.
- The Group continued to issue guarantees in the construction sector to meet client demand.

GROUP SNAPSHOT

	2025	2024
Points of representation	**27**	27
ATMs	**84**	83
Cash deposit machines	**14**	18
POS devices	**2,942**	2,358
Headcount	**823**	833

OUR STAKEHOLDERS

Shareholders

Delivering to our shareholders – We understand that we earn the right to exist by providing appropriate long-term returns to our shareholders. We try extremely hard to meet our various targets and deliver on our commitments.

As our existing and prospective shareholders are providers of capital to the Group, we are responsible for providing them with reliable, relevant and timely information to help them make informed investment decisions. Our shareholder base is diverse, including individuals and institutional shareholders both locally and internationally. The composition of the Group's shareholders is analysed on page 29.

To ensure effective and meaningful shareholder engagement, we have developed various communication channels to meet different shareholders' information needs and to manage shareholders' expectations positively and transparently.

In addition to the various press releases that are published in the papers, the Group's Chairperson encourages shareholders to attend the annual general meetings where interaction is welcomed. The other Directors and Group Executives are also available at the meetings to respond to questions from shareholders.

Customers

Serving our customers – We do everything in our power to ensure that we provide our customers with the products, services and solutions to suit their needs provided that everything we do for them is based on sound business principles.

Our customers range from individuals and small businesses to large corporations and government entities. Sustainable business performance depends on our ability to engage meaningfully with our customers, to be sensitive to their different needs and to provide relevant products and services. Extensive research is conducted to better understand customer needs and market dynamics.

Our customers' worlds are defined largely by the economic and competitive particulars of their industry sectors and local market circumstances. Where we are able to bring insight through deep sector knowledge, drawn globally from across a range of companies, together with local market knowledge, we do so.

Our Corporate and Investment Banking (CIB) division serves a wide range of customer requirements for banking, finance, trading, investment and risk management. In line with the growing sophistication of customers' requirements, the division has built a deep understanding of Malawi's market and economic dynamics.

This is achieved by operating a client-centric, distribution-focused business model, supported by a culture that prioritises client relationships and economic returns, and a business structure that enables an integrated, multi-product service offering. CIB offers this comprehensive range of products and services through our Investment Banking, Global Markets and Transactional Products and Services divisions.

Our client relationship managers develop close relationships with clients and link with our specialist product and global distribution teams to deliver innovatively and appropriately on individual requirements. We maintain a specific focus on industry sectors that are most relevant to emerging markets and have strong sector value propositions in mining and metals, oil, gas and renewable energy, telecommunications and media, power and infrastructure, agribusiness, and financial institutions.

In the Personal and Private Banking (PPB) and Business and Commercial Banking (BCB) divisions, we offer services through Personal Markets and Business Banking.

In Business Banking (both Commercial and Small and Medium Enterprises (SME) markets), relationship building and management have been key to how we relate with our customers. We provide SME customers with opportunities to access affordable loans in the form of working capital or bridging finance to move their businesses forward.

In Personal Markets, we continue to provide personalised banking solutions through our private banking unique proposition and branch network franchise, where achiever and priority banking services are offered. We have also taken a particular initiative to serve our personal customers by providing them with our robust Workplace Banking proposition. In this regard, we now offer unsecured personal loans and have become one of the leading Banks in this space.

Whilst we continue to expose our customers to top-class banking solutions commensurate with the latest offerings in the developed world, we strive to remain locally relevant by framing our solutions with a complete understanding of local dynamics.

Employees

Growing our people – We encourage and help our people to develop to their full potential and measure our leaders on how well they grow and challenge the people they lead.

Talent Management

The Group believes that critical to the achievement of its business objectives, now and into the future, is the effective attraction, retention of critical talent, and the development of executive talent. Our strategy in this regard primarily relies on internal development and assessment of our staff in order to build and strengthen our future talent pool.

Those that are identified to have high potential are engaged in more intensive development processes which amongst others include being placed in mentoring and coaching relationships with senior level executives outside their reporting structure as well as offering them developmental cross functional and international experience to maximise their development opportunities.

Graduate Development Programme

The Group runs a Graduate Development Programme. The programme has offered an opportunity to some top performing university graduates who were yet to start their careers and wished to pursue a career in banking as well as those graduates who had been working with the Group for not more than two years. The main objective of the programme is for the successful participants to gain the knowledge, unique skills, authority and confidence necessary to operate successfully within the Group.

Leadership Development

Leadership remains our core competency in order for the Group to continue to have a competitive edge in business performance. With the support of our Global Leadership Centre, we continue to develop and offer the entire spectrum of appropriate leadership development and training interventions at all levels of leadership in the Group. These are customised according to individual development needs, aimed at giving our leaders focused development propositions to enable the transitions required from one level to another.

Occupation-Directed Education, Training and Development

The Group recognizes that to maintain a committed and competent workforce, it must ensure adequate training and development for all employees. All education, training and development activities are directed at meeting business objectives, developing a culture of continuous improvement, and more importantly, enabling our staff to realize their full potential, develop and grow in the organization. Through its Banking Education scheme and support to tertiary education, the Group has continued to support staff who are keen to further their studies provided the further study is considered necessary by the Group and will be beneficial to both the Group and employee.

Health Risk Management

All employees are able to access this service through the intranet. The service enables employees to engage online with specialists such as doctors, pharmacists, physiotherapists, personal trainers and nutritionists, with all queries being responded to within 24 hours.

Independent Counselling and Advisory Services

Independent Counselling and Advisory Services confidentially assists and supports employees and their immediate families with many personal issues including stress management, trauma, HIV/Aids, divorce, bereavement and legal issues.

The Group receives a country report for all staff in Malawi and Standard Bank Africa receives a combined report on what issues are prevalent across the continent. This enables the Group to plan the required interventions around the behavioural risk issues it is facing.

Staff Recognition Programme

The Group has a recognition programme where we publicly recognise achievements that are considered to be beyond what is expected from an individual or teams. Recognition remains key to the upholding of the Group's values and achievement of its strategic goals. To this end, over and above the incentive programmes that it runs which are based on performance and behaviour, the Group encourages a culture of recognition on an ongoing basis formally and informally to acknowledge and reinforce desired behaviour.

Regulators

Being proactive – We strive to stay ahead by anticipating rather than reacting, and our actions are always carefully considered.

We view regulatory compliance not only as a requirement by law, but also as one of the key components of sustainable development. The Reserve Bank of Malawi is our primary regulator and supervisor, and the relationship is one of mutual trust built through regular and open communication. Various other supervisory bodies also monitor our compliance with specific pieces of legislation.

Suppliers

The Group is committed to procure from all levels of suppliers ranging from large corporations to individuals. The Group set up a procurement committee that looks at supplier relationships to ensure that that the Group deals with all suppliers equitably and facilitate a governed process of procuring goods and services from qualified and accredited suppliers in our Group.

Community

We will ensure long-term sustainability by harmonising the needs of our customers, our people and our shareholders and by being relevant to the societies in which we operate.

Corporate Social Investment

In 2025, the Group continued to demonstrate its commitment to improving livelihoods across targeted Corporate Social Investment (CSI) initiatives. Guided by our purpose of driving Malawi's growth, we invested in programmes that strengthen

Corporate Social Investment (continued)

education, healthcare, youth empowerment, arts and culture, and environmental conservation. The Group allocated 1% of the Bank's prior year profit after tax (PAT) to CSI, directed towards the sustainability CSI key pillars of education, health, youth and women empowerment, and climate resilience. These initiatives reflect our role as a trusted partner in national development and our dedication to enhancing the well-being and growth of communities. Below are some of the initiatives undertaken in 2025:

Education remained the cornerstone of the Group's CSI agenda, with MK355 million invested in scholarships, mentorship, and infrastructure development. This included support for forty-two (42) secondary school students through the Standard Bank Group–Press Trust Merit Scholarship (MK51.7 million) and a contribution of MK20 million to the Malawi University of Science and Technology (MUST) Endowment Fund. The Group also hosted mentorship programmes for 100 girls across six districts during the International Day of the Girl Child. In partnership with Press Trust, the Group committed to construct new school blocks at Chivumbe CDSS in Blantyre Rural, with an investment of MK261 million.

In healthcare, the Group handed over a newly renovated and equipped High Dependency Unit at Zomba Central Hospital Maternity Wing valued at MK210 million, which doubled the bed capacity and enhanced maternal care. The Group also donated MK7 million worth of basic medical equipment to Limbe Health Centre in Blantyre.

In a bid to empower the youth, the Group invested MK189.6 million in the growth of arts, music and culture industries through our Joy of the Arts initiatives. Support in 2025 included MK57 million towards the Association for the Teaching of English in Malawi (ATEM) National Secondary School Drama Competition, MK57.3 million for the Malawi University of Science and Technology (MUST) Culture and Innovation Festival, and MK57.9 million to strengthen the national reading culture by equipping the Malawi National Library Service.

The Group supported climate resilience initiatives with an investment of MK91.3 million through the Mtengo Wanga partnership with World Vision International. Under this initiative, 10,000 community members (including 4,000 school children) would benefit from training in reforestation and climate resilience in Traditional Authority Mazengera, Lilongwe.

Sustainability summary

Our strategy is designed to address social challenges in Malawi to sustain economic growth. Our approach to Sustainability is defined by two pillars: Maximising Positive Impact and Effectively Managing Risk.

(i) Maximising positive impact

Our business activities drive positive impact in four areas:

- Financial health and inclusion
- Business growth and job creation
- Climate change mitigation and adaptation
- Infrastructure development

The Group financed MK102.4 billion to the manufacturing sector, strategically supporting economic growth, industrial development, and job creation. In agriculture, MK86.5 billion was directed towards projects that promote climate-smart practices and enhance food security.

To advance African trade and investment, the Group facilitated infrastructure development guarantees, allocating MK18 billion to the rehabilitation of roads across Malawi. Education also remained central to the sustainability agenda, with MK8.8 billion invested in skills development for small and medium enterprises (SMEs). In addition, the Group partnered with the Small and Medium Enterprises Development Institute (SMEDI) to provide incubation support for emerging enterprises. Through our partnership with the United Nations Development Programme (UNDP), we disbursed MK1.4 billion to support start-ups, helping to bring SME ideas to life under the Zantchito Entrepreneurship and Access to Finance Programme. In addition, we have delivered Fit for Finance Training, equipping 176 SMEs with the skills and knowledge needed to unlock growth opportunities.

The Group financed MK31.4 billion to women-led businesses and initiatives to promote financial inclusion and support the marginalised in society. In addition, the Group reinforced its climate resilience strategy by supporting its first large-scale tree planting initiative through Mamaland, designed to generate carbon credits and contribute to environmental sustainability.

(ii) Effectively managing risk

The Group prioritises minimising and mitigating risks, including climate-related financial risks, associated with its operations, partnerships, and financing activities. The Group's commitment to achieving a positive impact is supported by a robust framework for identifying, managing, and mitigating environmental, social, and governance (ESG) risks. This encompasses risks inherent in our operations as well as those arising from our business engagements, including client relationships and the projects we finance or invest in. ESG risk management is integrated into our policies, processes, and governance structures, and we actively engage with our diverse stakeholders to identify and address our material ESG issues.

As part of our sustainability due diligence, 147 credit facilities were assessed for environmental and social (E&S) risks in 2025 (2024: 154) using the E&S assessment tool. Of these, one facility was flagged as high-risk and three as medium-risk. The assessments reflect our continued commitment to managing ESG risk and ensuring that financing decisions are socially responsible. Remedial measures to address identified gaps are currently underway in collaboration with the impacted client.

Risk Management and Control

The effective management of risk is fundamental to the business activities of the Group as we remain committed to the objective of increasing shareholder value by developing and growing businesses that are consistent with agreed risk appetite. We seek to achieve an appropriate balance between risk and reward in our business and continue to build and enhance the risk management capabilities that will assist in delivering our growth plans in a controlled environment.

Risk management is at the core of the operating and management structures of the Group. The Group seeks to limit adverse variations in earnings and equity by managing the statement of financial position and capital within agreed levels of risk appetite. Managing and controlling risks, and in particular avoiding undue concentrations of exposure, limiting potential losses from stress events, and restricting significant positions in less quantifiable risk areas, are essential elements of the Group's risk management and control framework which ultimately leads to the protection of the Group's reputation.

Responsibility and accountability for risk management resides at all levels within the Group, from the Board and executive down through the organisation to each business manager, risk specialist and staff.

Key aspects of risk management are the risk governance and the organisational structures established by the Group to manage risk according to a set of risk governance standards which are implemented across the Group and are supported by appropriate risk policies and procedures.

RISK MANAGEMENT FRAMEWORK

The Group's approach to risk management is based on well-established governance processes and relies on both individual responsibility and collective oversight, supported by comprehensive reporting. This approach balances strong corporate oversight at the Board level with independent risk management structures. Unit heads are specifically responsible for the management of risk within their areas. As such, they are responsible for ensuring that there are appropriate risk management frameworks that are adequate in design, effective in operation and meet minimum Group standards.

The Group has developed a set of risk governance standards for each major risk type. The standards set out and ensure alignment and consistency in the manner in which the major risk types across the Group are governed, identified, measured, managed, controlled and reported. It is the responsibility of each unit's head to ensure that the requirements of the risk governance standards, policies and procedures are implemented within their unit while independent oversight is provided by the Risk Function, Risk Committees at management level and Risk Committees at board level. Each standard is supported by policy and procedural documents as required.

The Group is required to self-assess, at least annually, its compliance with risk standards and policies.

CLIMATE-RELATED EMERGING RISKS

The Group's activities give rise to climate-related risks and opportunities, both in its own operations and in its lending to customers.

Climate-related risks and opportunities are considered qualitatively material to the Group due to investor and other stakeholder expectations, as well as the nature of the Group's activities. Such activities include the Group's own business operations and its lending to customers operating in sectors vulnerable to physical and transition risks.

In terms of physical risk, the impact of the higher frequency and intensity of physical hazards, such as droughts, floods, heat, and water stress, could impair the business assets and operations of the Group's borrowers, leading to lower asset values, poorer credit quality, and higher defaults, provisions, and write-offs.

Regarding transition risk, the Group and its customers may face increased risks associated with policy and legal changes, technological developments, and market demand and supply dynamics. The Group and its customers may face higher costs associated with mitigation and adaptation strategies to manage the transition to a lower-carbon economy. For the Group's customers, such costs may affect the value of the Group's financial assets and potentially lead to lower credit quality and higher credit impairments.

IMPACT OF GEOPOLITICAL SHIFTS

Malawi continues to face economic strain from persistent global conflicts. The ongoing Russia-Ukraine war continues to disrupt the supply chain and drive volatility in commodity markets into 2026. In the Middle East, the phased ceasefire struck between Israel and Hamas in late 2025 has eased pressure on Red Sea shipping routes, slightly lowering freight costs—though regional tensions remain fragile and could re-escalate.

A dramatic United States of America (USA) intervention in Venezuela in early January 2026, involving the capture of President Nicolás Maduro and sanctions targeting its oil industry, is further reshaping global geopolitics. This upheaval in Venezuela's oil sector injects renewed volatility into global energy markets and may tighten the USA's influence on oil flows in the Western Hemisphere. Combined with significant cuts in the USA's foreign aid under the Trump administration, these developments place added pressure on Malawi. Reduced aid inflows will translate into the scaling back of programmes in the Small and Medium Enterprise financing, health, and education sectors. At the same time, energy market instability may further disrupt government fiscal planning and inflation management.

Directors' Report

Incorporation and registered office

Standard Bank PLC is a company incorporated and domiciled in Malawi. It was listed on the Malawi Stock Exchange on 28 June 1998. The address of its registered office is:
Standard Bank Centre
African Unity Avenue
P O Box 30380
Lilongwe 3
Malawi

Principal Activities

Standard Bank PLC is registered as a financial institution under the Banking Act, 2010. It is in the business of banking and the provision of other related services. Its subsidiary Standard Bank Bureau De Change Limited is involved in foreign exchange trading, and Standard Bank Nominees Limited is dormant.

Financial Performance

The results and state of affairs of the Group and the Company are set out in the accompanying consolidated and separate statements of financial position, income statements, statements of other comprehensive income, changes in equity, cash flows, and notes to the consolidated and separate financial statements.

Dividend

The net profit for the year of **MK121.7 billion** (2024: MK86.4 billion) has been added to retained earnings. The directors resolved to pay an interim dividend of **MK16.7 billion,** representing **MK14.23** per share, in respect of the year ended 31 December 2025. The directors will continue to assess the prevailing economic and financial sector conditions for future dividend decisions.

For the year ended 31 December 2024, a first interim dividend of MK5.0 billion, representing MK4.26 per ordinary share, was paid in February 2025. A second interim dividend of MK16.5 billion, representing MK14.06 per ordinary share, was paid in April 2025, while a final dividend of MK16.5 billion, representing MK14.06 per ordinary share, was paid in July 2025.

Following the share split effected during the year, dividend per share amounts for the comparative period have been adjusted retrospectively, while the total dividend amounts remain unchanged.

Directorate and Secretary

Details of directors and company secretary as at the date of the annual financial statements are as follows:

Mr. C. Kapanga*	-	Chairperson up to 9th August 2025
Mr. A. Mkandawire*	-	Chairperson from 10th August 2025
Mr. S. Ulemu*	-	All year
Mr. D. Pinto***	-	Up to 27th November 2025
Mr. P. Madinga*	-	All year
Mrs. S. Taylor**	-	Up to 10th June 2025
R. Sibande, PhD *	-	All year
Mr. P. Mweheire****	-	Up to 27th November 2025
Mrs. M. Chirwa*	-	All year
Mr. G. Kuyeri*	-	All year
Mr. M. Sauti Phiri*	-	All year
Mrs. C. Chithila *	-	All year
Mrs. P. Manguluti *	-	From 10th October 2025
Ms. P. Sani-Chimwele *	-	From 10th October 2025
Mr. R. Ngwira*	-	From 10th October 2025
Mr. K. Fuller**	-	From 14th August 2025
Mrs. N. Nsanja*	-	All year

* Malawian
** South African
*** Portuguese
**** Uganda

Directors' interest

Shares held by Directors in the Bank as at 31 December 2025 were as follows:

Name of director	Number of shares		Value of shares (MKm)	
	2025	2024	**2025**	2024
Mrs. M. Chirwa	**3,000**	-	**13**	-
Mr. C. Kapanga (up to 9th August 2025)	**-**	16,734	**-**	109

Shareholding analysis

The shareholders of the Group as at 31 December 2025 were as follows:

Stanbic Africa Holdings Limited	**60.18%**
NICO Life Insurance Company Limited	**14.84%**
Old Mutual Life Assurance Company Limited	**7.13%**
Press Trust	**2.32%**
Msonkho Pension Fund	**1.47%**
National Investment Trust Plc	**1.02%**
Public	**13.04%**
Total	**100.00%**

Directors' remuneration

	2025 MKm	2024 MKm
Non-executive directors - fees	**147**	115
Non-executive directors - expenses	**260**	175
Executive director's salaries and other short-term benefits	**967**	659
Total	**1,374**	949

The fees for the Directors for 2025 were as detailed below:

Name of director		MKm
Mr. C. Kapanga	-	**8.42**
Mr. A. Mkandawire	-	**17.53**
Mr. M. Sauti-Phiri	-	**15.22**
Mrs. C. Chithila	-	**15.22**
Mr. S. Ulemu	-	**15.22**
Mr. D. Pinto	-	**12.35**
R. Sibande, PhD	-	**15.22**
Mr. G. Kuyeri	-	**15.22**
Mrs. M. Chirwa	-	**15.22**
Mrs. P. Manguluti	-	**4.30**
Ms. P. Sani-Chimwele	-	**4.30**
Mr. K. Fuller	-	**4.30**
Mr. R. Ngwira	-	**4.30**

Subsidiary board of directors and the company secretary

Details of directors and the company secretary for Standard Bank Bureau De Change Limited as at 31 December 2025 were as follows:

Mr. P. Madinga	-	Chairperson all year
Mr. J. Mhone	-	All year
Mrs. M. Chigaru	-	All year
Mrs. C. Mughogho	-	All year
Mr. K. Mlilima	-	All year
Mrs. N. Nsanja	-	All year

No director held any interest in the shares of the subsidiary as at 31 December 2025. All directors of the subsidiary are Malawian.

Corporate social investment (CSI)

The Group's CSI expenditure for 2025 was **MK837 million** (2024: MK419 million).

Auditors

Ernst & Young (EY) have signified their willingness to continue in office. A resolution to re-appoint EY as the Group's Auditors for the year ending 31 December 2026 will be proposed at the forthcoming Annual General Meeting.

Auditors' remuneration

The total Group Auditors' remuneration, excluding Value Added Tax and expenses for the year was **MK661 million** (2024: MK520 million).

Mr. A. Mkandawire
Chairperson

Mrs. C. Chithila
Director

Statement of Directors' Responsibilities

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements of Standard Bank PLC, comprising the statements of financial position at 31 December 2025, the income statements, statements of other comprehensive income, changes in equity and cash flows for the year then ended, and the notes comprising material accounting policies and other explanatory information, in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and in the manner required by Companies Act, 2013, of Malawi (the "Act").

The Act also requires the directors to ensure that the Company keeps proper accounting records that, at any time, disclose the consolidated and separate statements of financial position of the Group with reasonable accuracy, and to ensure that the consolidated and separate financial statements comply with the Act.

In preparing the consolidated and separate financial statements, the Directors accept responsibility for the following:

- Maintenance of proper accounting records;
- Selection of suitable accounting policies and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Compliance with applicable accounting standards when preparing consolidated and separate financial statements, subject to any material departures being disclosed and explained in the consolidated and separate financial statements; and
- Preparation of consolidated and separate financial statements on a going concern basis unless it is inappropriate to presume the Group will continue in business.

The Directors are also responsible for such internal controls as the Directors determine necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The Directors' responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The Directors have assessed the Group and Company's ability to continue as a going concern and have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the consolidated and separate financial statements.

The Directors have made an assessment and attest to the adequacy of the Group's accounting records and the effectiveness of its systems of internal controls and risk management.

The external auditor is responsible for reporting on whether the consolidated and separate financial statements are fairly presented in accordance with the IFRS Accounting Standards and the requirements of the Act.

Approval of consolidated and separate financial statements

The consolidated and separate financial statements of Standard Bank PLC, as identified in the first paragraph, were approved by the Board of Directors on **5 March 2026** and are signed on its behalf.

By order of the Board

Mr. A. Mkandawire
Chairperson

Mrs. C. Chithila
Director

Standard Bank

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OUR PEOPLE











HOW WE ENGAGED OUR PEOPLE IN 2025

Key statistics: 823 employees, 44% female 56% male | Net promoter score +59

International Women's Day

In honour of International Women's Day under the theme "Accelerate Action," we celebrated women across our organisation and community who are driving meaningful impact in their fields. We showcased our women who continue to prioritise continuous learning, embrace new opportunities, and take on influential roles. This initiative reaffirmed our commitment to empowering women, amplifying their voices, and fostering an inclusive environment where their leadership and growth are actively supported.

Movember Men's Barbershop

During Movember, our ongoing Men's Barbershop initiative engaged male colleagues in activities promoting holistic wellness, including a wellness walk, a guided wellbeing session, and on-site haircuts. The programme provided a supportive space for men to reflect on their physical, emotional, and social health, while deepening understanding of authentic masculinity and the vital role men play within their families, workplaces, and communities.

Diva's Graduation

68 women successfully graduated from our Diva's Programme, a six-month coaching and mentorship initiative designed to develop and empower our female officers. The programme equips participants with practical leadership skills, personal development tools, and professional confidence to excel in their careers. This milestone reflects our continued commitment to nurturing female talent and creating pathways that support their growth, advancement, and longterm impact within the organisation.

Chief Executive (CE) for the Day

As part of our commitment to developing future leaders, we introduced the CE for the Day initiative, giving one colleague the opportunity to shadow the Chief Executive for an entire day. The selected staff member participated in key meetings, observed executive-level decision making, and gained first-hand insight into strategic leadership. This experience was designed to inspire ambition, deepen organisational understanding, and cultivate readiness for leadership pathways within the business.

Kasungu District Hospital Sleep Over Challenge

Through the Nation Publications Mother's Fun Run, ten female staff members took part in an overnight stay at Kasungu District Hospital to experience the conditions faced by patients and health workers in district facilities. This impactful awareness initiative highlighted the daily challenges within these facilities while reinforcing our commitment to community wellbeing and advocacy for improved healthcare resources.

OUR SPONSORSHIPS





Joy Of The Arts – LIVE AT KUMBALI

To promote the arts and culture space, the Group made a MK40 million sponsorship towards the Live at Kumbali event that took place on 25th October 2025. The event featured iconic performances from local and international artists and hosted over 1,400 people and over 150 Standard Bank clients in a special VIP hosting section.



Mining Investment Forum

The Group remains a key partner to Malawi's mining sector, reflecting a long-standing commitment to supporting its growth and long-term sustainability. In 2025, the Group sponsored the Mining Investment Forum with a contribution of MK15 million, reinforcing its role in enabling dialogue, investment, and capacity building within the sector for the benefit of Malawians.

This commitment is deeply rooted in the Group's heritage, having been founded within the mining sector in South Africa over 160 years ago. Across the continent, the Group has played a meaningful role in supporting the development and financing of the mining sector in countries such as South Africa, Zambia, Botswana, the Democratic Republic of Congo, and other African markets. Through this experience, the Group continues to leverage its expertise to drive inclusive growth, local participation, and sustainable value creation within Malawi's mining industry.

Tourism Expo 2025

The Group sponsored the Ministry of Tourism with a contribution of MK10 million towards the 2025 Tourism Expo, reaffirming its commitment to supporting Malawi's tourism sector. The sponsorship aimed to strengthen the visibility of local enterprises that are promoting Malawi as a competitive and attractive destination.





National Construction Day

The Group committed MK20 million towards the National Construction Day celebrations held at the Bingu International Convention Centre. This support underscored the Group's commitment to strengthening Malawi's construction sector as a critical driver of economic growth, job creation, and national development.

Through this partnership, the Group championed not only infrastructure development, but also the people behind it, the professionals and artisans whose work lays the foundation for Malawi's future. By supporting platforms that elevated dialogue, innovation, and skills within the construction industry, the Group played an active role in advancing sustainable development and long-term economic resilience.

OUR EVENTS









Be More Race – RUN IN BLUE

The Group's 2025 Be More Race was a vibrant wellness and community engagement event that brought together employees, families, and fitness enthusiasts to promote healthy living and personal resilience. Hosted under the theme "Run in Blue" the half-marathon event attracted over 3,000 people including novice and professional runners. Be More Race 2025 spotted new features to improve the convenience and experience of participants. This included implementing an electronically tracking system for races, coordinating an Small and Medium Enterprises marketplace and an electronic photo gallery.

Personal Banking Customer Value Proposition (CVP) Reset

The Group reset its Personal Banking Customer Value Proposition to enhance our mass-market solutions. This refresh reflects our commitment to meeting the evolving needs of Malawians and ensuring that everyday banking is simpler, more useful, and more empowering. To mark this milestone, we hosted a client engagement event where customers were introduced to the enhanced offering and the value it brings to their financial journeys.

Be More Golf

The Group hosted the Be More Golf Tournament in Lilongwe where about 100 golfers participated in a competitive tournament. Beyond the competitive aspect, the tournament provided a platform for leading car dealers, Small and Medium Enterprises and Ministry of Tourism to showcase their products and services.

Executive Banking Customer Value Proposition (CVP) Reset

As the market leader in Private and Executive Banking, the Group also refreshed its Executive Banking offering to align with the evolving needs of our premium clients. The enhanced value proposition was unveiled at a client launch event in Lilongwe, attended by more than 120 customers. The event reaffirmed our commitment to Executive clients, who continue to serve as a key growth vector within our broader Private Banking strategy.

Phuka Small and Medium Enterprise (SME) Awards

The Phuka SME Awards celebrated exceptional small and medium enterprises that are driving inclusive growth and building resilience across Malawi's priority sectors; Agriculture, Tourism, Mining (ATM), Technology, Creative Industries, and Green Business. The awards recognised businesses that are creating jobs, strengthening local value chains, advancing innovation, and demonstrating the ability to scale sustainably in a challenging economic environment.

Delivered through a strategic collaboration between the Group and the Small and Medium Enterprises Development Institute (SMEDI), the Phuka SME Awards goes beyond recognition to support long-term enterprise development. In this edition, eight category winners were recognised, alongside special awards for Best Women-Led Business and Entrepreneur of the Year, highlighting the importance of inclusive leadership and visionary entrepreneurship.

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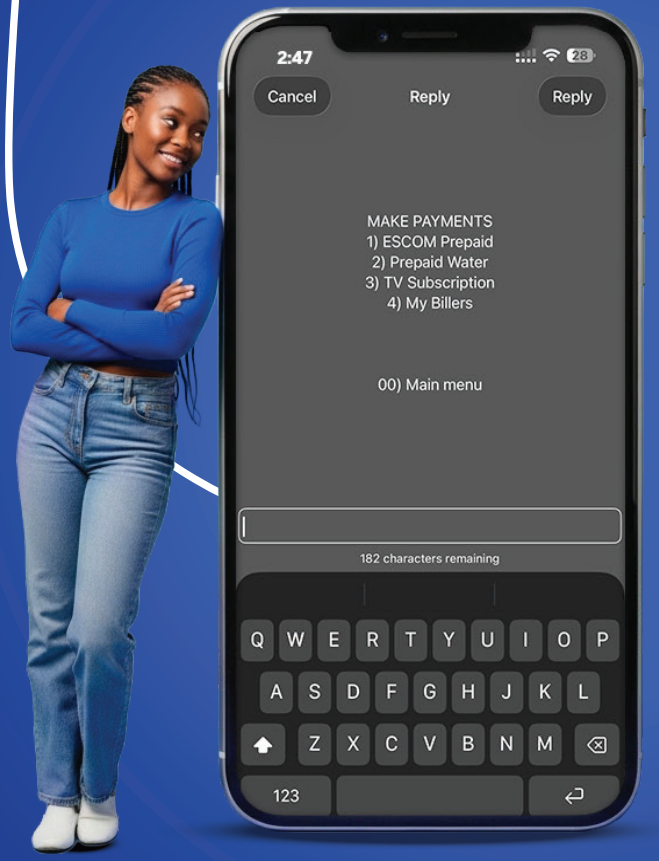
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Independent Auditor's Report to the Shareholders of Standard Bank Plc

OUR OPINION

We have audited the consolidated and separate financial statements of Standard Bank Plc and its subsidiary ('the Group') and company set out on pages 45 to 200, which comprise of the consolidated and separate statements of financial position as at 31 December 2025, and the consolidated and separate income statement and statement of other comprehensive income, the consolidated and separate statements of changes in equity and the consolidated and separate statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group and company as at 31 December 2025, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended, in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and the requirements of the Companies Act, 2013.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated and separate financial statements* section of the report. We are independent of the Group and Company in accordance with the *International Code of Ethics for Professional Accountants (including International Independent Standards) (IESBA Code)* as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing audits of financial statements in Malawi. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

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

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the *Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to this matter. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matter applies to the audit of the consolidated and separate financial statements.

Expected Credit losses	How the matter was addressed in the audit
As disclosed in notes, 4,12,13 and 32 to the consolidated and separate financial statements, as at 31 December 2025, the Group and Company had an allowance for credit losses of MK64 billion (2024: MK48 billion) charged on gross loans and advances to customers and financial investments. The related charge for the year to the income statement was MK23 billion (2024: MK24 billion). The expected credit losses (ECL) presented in the consolidated and separate financial statements are based on a forward-looking approach that recognises impairment loss allowances in accordance with IFRS 9 Financial Instruments. The determination of expected credit losses requires the Group to make significant judgements in consideration of the following variables: • Allocation of loans to stages 1, 2 and 3 in accordance with IFRS 9 based on: • Credit exposures for which there has been a significant increase in credit risk since initial recognition, and for which a loss allowance is recognised over the remaining life of the exposure (lifetime ECL); and • Credit exposures for which there has been no significant increase in credit risk, and for which a loss allowance is recognised for default events that are possible within the next 12-months (12-month ECL). • Stratification of the loans and advances to customers under different credit portfolios on the basis of the associated credit risk. • Assessment of the Probability of Default (PD) and the Loss Given Default (LGD). • The application of historical and forward-looking information, including macro-economic factors in the assessment of the PD. • Assessment and forecasting of expected future cash flows from impaired (stage 3) loans and advances to customers including assessing the financial condition of the counterparty, estimating recoverability of the cash flows and collateral realisation. • Consideration of the impact on default rates of correlated forward looking macroeconomic factors. • Expected utilisation of overdraft and other lending commitments over the lifetime of the commitments. • Application of additional overlay adjustments to reflect factors that are not considered in the applied expected credit loss model. Due to the significance of the amounts, and the significant judgements and related estimation uncertainty involved, the assessment of ECLs on loans and advances to customers and financial investments has been considered a key audit matter. The complexity of these estimates requires management to prepare the consolidated and separate financial statement disclosures explaining the key judgments and the key inputs into the ECL computations.	Our response to the key audit matter included performing the following audit procedures: Obtaining an understanding of management's process and controls over credit origination, credit monitoring, credit remediation and expected credit loss modelling. This included understanding the governance over the credit models and related management overlay adjustments and evaluating that the ECL models were configured in accordance with the IFRS 9 principles. • For non-performing loans (NPLs or Stage 3) ECL models: • We tested the completeness of the NPLs identified by management by inspecting the loan register that all loans meeting the NPL criteria are included in the schedule of NPLs. For credit classifications based on subjective criteria, we evaluated the appropriateness of the factors considered by management. • We understood the ECL models and the key inputs and selected a sample for testing, taking into consideration both quantitative and qualitative factors. The quantitative factors were primarily based on our performance materiality while the qualitative factors considered aspects such as facilities watch-listed by management and the regulator, nonperforming borrowers known from publicly available information and borrowers in sectors that are not performing as expected. • We selected 100% of the NPL population and we reperformed the stage 3 computation, ensuring that the correct parameters were used from source files (loan book, Finacle interest in suspense listing.) • We reperformed the computation of the discounted cashflows based on when they are expected to be received which is the basis for determining the LGD (Being the expected cash flows from loan to be recovered through foreclosure.) • We evaluated whether the basis for determining the expected net cash flows from the loans was reasonable in the circumstances. This included evaluating that expected cash flows based on foreclosure are based on the collateral forced sale values as determined by the external valuer or the market value adjusted by appropriate haircuts, or as otherwise justified by management, including reflecting available supportable information which reflects borrower specific and/or current market conditions. For cash flows expected from repayments by the borrowers, we evaluated that they were supported by enforceable commitments and evidence of source of cash to be used by the borrower to repay the loans. • We evaluated whether the expected timing of the cash flows was reasonably supported considering the information available to the Group and Company without undue cost and effort. This included considering past experience of the time it takes to complete a foreclosure including factors such as the time required to complete relevant legal processes as adjusted for changes in the business environment. • We evaluated whether necessary adjustments to the expected cash flows were considered including a reasonable estimate of the costs expected to be incurred to recover the expected cash flows.

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Key audit matter	How our audit addressed the key audit matter
	• For collateral held, we inspected legal agreements and supporting documentation to confirm the existence and legal right to collateral. The collateral valuation techniques applied by management were benchmarked to the market practice and values compared to market achievable disposal values on the market. • For Stage 1 and 2 ECL models, the ECL balances determined by management were evaluated by assessing whether they were within the range of estimates recomputed using available inputs and validated information produced by the Group and Company. This included evaluating those inputs into the ECL models like the loan balances used agreed to the general ledger. We confirmed the consistency of staging related to customers with duplicate facilities in line with the reserve bank asset classification directive requirements. Furthermore, we confirmed any management overlay adjustments on model results were appropriate. • We reviewed and challenged the results of the credit memos issued by our experts for their work on the review of the models used to process data and the alignment of these models to the 'methodology' and recalibrations approved for use by the Group and Company. • We have assessed the appropriateness of the macro-economic forecasts and scenario weightings by benchmarking these against external evidence and economic data. Our specialists reviewed the correlation between probabilities of default and external macro-economic factors using historical data and results thereof, including reviewing the appropriateness of the statistical methodologies used to project these relationships in the future. • Evaluating the appropriateness of the Significant Increase in Credit Risk (SICR) criteria used by assessing reasonableness of qualitative staging decisions such as the borrower's financial performance and accuracy of quantitative staging criteria based on days past due. Our financial reporting specialists reviewed the additional disclosures related to adequacy and appropriateness in accordance with the requirements of *IFRS 9 Financial instruments and IFRS 7 - Financial Instruments: Disclosures requirements.* Specifically, we assessed the reasonability of the disclosures in light of the audit work performed and disclosures made elsewhere in the consolidated and separate financial statements.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' report, Statement of directors' responsibilities, Chairperson's and Chief Executive report, Statement of corporate governance and Risk management control. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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 CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board, IAS 29 Directive as issued by the Institute of Chartered Accountants in Malawi (ICAM) and the requirements of the Companies Act, 2013 and for such internal control as the Directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company'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 Group and Company or to cease operations or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Company'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 Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and Company to cease to continue as a going concern.

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

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

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.

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

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

Chartered Accountants (Malawi)
MacDonald Kamoto - Partner
Registered Practicing Accountant

12 March 2026

Statements of Financial Position

As at 31 December 2025

	Note	Consolidated 2025 MKm	Consolidated 2024 MKm	Separate 2025 MKm	Separate 2024 MKm
Assets					
Cash and balances held with the Central Bank	8	**247,557**	197,187	**247,173**	196,951
Derivative assets	9	**319**	2,772	**319**	2,772
Trading assets	10	**50,501**	36,862	**50,501**	36,862
Loans and advances to banks and other financial institutions	11	**407,057**	233,660	**402,217**	230,623
Loans and advances to customers	12	**496,182**	378,343	**496,182**	378,343
Financial investments	13	**642,788**	394,899	**642,788**	394,899
Investment in subsidiaries	14	**-**	-	**100**	100
Other assets	15	**37,066**	31,991	**37,664**	32,335
Property, equipment and right-of-use assets	16	**41,557**	36,103	**41,557**	36,103
Intangible assets	17	**9,606**	11,143	**9,606**	11,143
Deferred tax assets	18	**4,620**	9,685	**4,602**	9,677
Total assets		**1,937,253**	1,332,645	**1,932,709**	1,329,808
Liabilities					
Derivative liabilities	9	**98**	808	**98**	808
Trading liabilities	19	**86,114**	-	**86,114**	-
Deposits and loans from banks	20	**70,679**	38,552	**70,679**	38,552
Deposits from customers	21	**1,320,235**	928,034	**1,328,445**	934,071
Other liabilities	22	**63,951**	71,606	**63,937**	71,603
Income tax payable	23	**29,271**	20,841	**28,791**	20,343
Provisions	24	**18,164**	13,019	**18,164**	13,019
Total liabilities		**1,588,512**	1,072,860	**1,596,228**	1,078,396
Equity					
Share capital	25	**8,726**	235	**8,726**	235
Share premium	25	**-**	8,491	**-**	8,491
Revaluation reserve	26	**28,346**	22,728	**28,346**	22,728
Fair value through OCI reserve	26	**(12)**	348	**(12)**	348
Retained earnings	26	**311,681**	227,983	**299,421**	219,610
Total equity		**348,741**	259,785	**336,481**	251,412
Total liabilities and equity		**1,937,253**	1,332,645	**1,932,709**	1,329,808

These consolidated and separate financial statements were approved for issue by the Board of Directors on 5 March 2026 and were signed on its behalf by:

Mr. A. Mkandawire
Chairperson

Mrs. C. Chithila
Director

Income Statements

For the year ended 31 December 2025

	Note	Consolidated 2025 MKm	Consolidated 2024 MKm	Separate 2025 MKm	Separate 2024 MKm
Interest income	27	**273,097**	185,245	**272,262**	185,002
Interest expense	27	**(13,952)**	(9,171)	**(13,964)**	(9,196)
Net interest income	27	**259,145**	176,074	**258,298**	175,806
Fee and commission income	28	**43,824**	35,954	**43,824**	35,954
Fee and commission expense	28	**(10,754)**	(7,991)	**(10,754)**	(7,991)
Net fee and commission income	28	**33,070**	27,963	**33,070**	27,963
Trading income	29	**59,602**	48,306	**51,478**	44,593
Other operating income	30	**941**	1,008	**2,005**	1,052
Other gains on financial instruments	31	**-**	225	**-**	225
Total operating income		**352,758**	253,576	**344,851**	249,639
Credit impairment charges	32	**(23,056)**	(23,558)	**(23,018)**	(23,540)
Income after credit impairment charges		**329,702**	230,018	**321,833**	226,099
Staff costs	33	**(52,219)**	(37,132)	**(51,363)**	(36,476)
Depreciation and amortisation	34	**(6,832)**	(6,171)	**(6,832)**	(6,171)
Other operating expenses	35	**(65,788)**	(50,455)	**(65,132)**	(50,008)
Total expenditure		**(124,839)**	(93,758)	**(123,327)**	(92,655)
Profit before equity accounted earnings and income tax expense		**204,863**	136,260	**198,506**	133,444
Share of post-tax profit from joint venture	36	**639**	195	**639**	195
Profit before income tax expense		**205,502**	136,455	**199,145**	133,639
Income tax expense	37	**(83,804)**	(50,090)	**(81,334)**	(49,180)
Profit for the year attributable to ordinary shareholders		**121,698**	86,365	**117,811**	84,459
Earnings per share					
Basic and diluted (MK per share)	38	**103.75**	73.63	**100.44**	72.00

Statements of Other Comprehensive Income

For the year ended 31 December 2025

	Consolidated		Separate	
	2025 MKm	2024 MKm	**2025 MKm**	2024 MKm
Profit for the year	**121,698**	86,365	**117,811**	84,459
Other comprehensive income for the year				
Items that will not be reclassified to profit or loss				
Revaluation gain on property	**5,618**	5,005	**5,618**	5,005
Items that may be reclassified subsequently to profit or loss				
Net change in expected credit losses	**(24)**	2	**(24)**	2
Net change in debt financial assets measured at fair value through other comprehensive income (OCI)	**(336)**	1	**(336)**	1
	(360)	3	**(360)**	3
Other comprehensive income for the year, net of tax	**5,258**	5,008	**5,258**	5,008
Total comprehensive income for the year attributable to ordinary shareholders	**126,956**	91,373	**123,069**	89,467

Statements of Changes in Equity

For the year ended 31 December 2025

Consolidated 2025	**Share capital MKm**	**Share premium MKm**	**Fair value through OCI reserve MKm**	**Revaluation reserve MKm**	**Retained earnings MKm**	**Total MKm**
Balance at 1 January 2025	**235**	**8,491**	**348**	**22,728**	**227,983**	**259,785**
Profit for the year	-	-	-	-	**121,698**	**121,698**
Other comprehensive income						
Revaluation gain	-	-	-	**5,618**	-	**5,618**
Change in fair value of financial assets at fair value through OCI net of tax and expected credit losses	-	-	**(360)**	-	-	**(360)**
Total comprehensive income for the year	-	-	**(360)**	**5,618**	**121,698**	**126,956**
Transactions with owners of the company						
Transfer to share capital	**8,491**	**(8,491)**	-	-	-	-
Dividend declared	-	-	-	-	**(38,000)**	**(38,000)**
Total transactions with owners of the company	**8,491**	**(8,491)**	-	-	**(38,000)**	**(38,000)**
Balance at 31 December 2025	**8,726**	-	**(12)**	**28,346**	**311,681**	**348,741**

Statements of Changes in Equity

For the year ended 31 December 2025

Consolidated 2024	Share capital MKm	Share premium MKm	Fair value through OCI reserve MKm	Revaluation reserve MKm	Retained earnings MKm	Total MKm
Balance at 1 January 2024	235	8,491	345	17,723	167,023	193,817
Profit for the year	-	-	-	-	86,365	86,365
Other comprehensive income						
Revaluation gain	-	-	-	5,005	-	5,005
Change in fair value of financial assets at fair value through OCI net of tax and expected credit losses	-	-	3	-	-	3
Total comprehensive income for the year	-	-	3	5,005	86,365	91,373
Transactions with owners of the company						
Dividend declared	-	-	-	-	(25,405)	(25,405)
Total transactions with owners of the company	-	-	-	-	(25,405)	(25,405)
Balance at 31 December 2024	235	8,491	348	22,728	227,983	259,785

Separate 2025	Share capital MKm	Share premium MKm	Fair value through OCI reserve MKm	Revaluation reserve MKm	Retained earnings MKm	Total MKm
Balance at 1 January 2025	**235**	**8,491**	**348**	**22,728**	**219,610**	**251,412**
Profit for the year	**-**	**-**	**-**	**-**	**117,811**	**117,811**
Other comprehensive income						
Revaluation gain	**-**	**-**	**-**	**5,618**	**-**	**5,618**
Change in fair value of financial assets at fair value through OCI net of tax and expected credit losses	**-**	**-**	**(360)**	**-**	**-**	**(360)**
Total comprehensive income for the year	**-**	**-**	**(360)**	**5,618**	**117,811**	**123,069**
Transactions with owners of the company						
Transfer to share capital	**8,491**	**(8,491)**	**-**	**-**	**-**	**-**
Dividend declared	**-**	**-**	**-**	**-**	**(38,000)**	**-**
Total transactions with owners of the company	**-**	**-**	**-**	**-**	**(38,000)**	**(38,000)**
Balance at 31 December 2025	**8,726**	**-**	**(12)**	**28,346**	**299,421**	**336,481**

Statements of Changes in Equity

For the year ended 31 December 2025

Separate 2024	Share capital MKm	Share premium MKm	Fair value through OCI reserve MKm	Revaluation reserve MKm	Retained earnings MKm	Total MKm
Balance at 1 January 2024	235	8,491	345	17,723	160,556	187,350
Profit for the year	-	-	-	-	84,459	84,459
Other comprehensive income						
Revaluation gain	-	-	-	5,005	-	5,005
Change in fair value of financial assets at fair value through OCI net of tax and expected credit losses	-	-	3	-	-	3
Total comprehensive income for the year	-	-	3	5,005	84,459	89,467
Transactions with owners of the company						
Dividend declared	-	-	-	-	(25,405)	(25,405)
Total transactions with owners of the company	-	-	-	-	(25,405)	(25,405)
Balance at 31 December 2024	235	8,491	348	22,728	219,610	251,412

Statements of Cash Flows

For the year ended 31 December 2025

	Note	Consolidated 2025 MKm	Consolidated 2024 MKm	Separate 2025 MKm	Separate 2024 MKm
Operating activities					
Profit before income tax expense		**205,502**	136,455	**199,145**	133,639
Adjustment for non-cash items included within the income statement	42.1	**(235,088)**	(148,945)	**(235,279)**	(148,695)
Increase in income-earning and other assets	42.2	**(459,613)**	(210,523)	**(459,859)**	(210,456)
Increase in deposits and other liabilities	42.3	**494,548**	159,711	**496,710**	159,259
Interest paid		**(13,751)**	(9,013)	**(13,763)**	(9,038)
Interest received		**238,730**	185,402	**237,895**	185,159
Dividend received		**-**	-	**1,000**	-
Income tax paid	23	**(69,121)**	(70,450)	**(66,790)**	(69,853)
Net cash generated from operating activities		**161,207**	42,637	**159,059**	40,015
Investing activities					
Capital expenditure on property and equipment	16	**(5,545)**	(5,578)	**(5,545)**	(5,578)
Proceeds from sale of property and equipment		**4**	135	**4**	135
Net cash used in investing activities		**(5,541)**	(5,443)	**(5,541)**	(5,443)
Financing activities					
Principal lease repayments	22.1	**(459)**	(364)	**(459)**	(364)
Dividend paid	42.5	**(17,573)**	(23,456)	**(17,573)**	(23,456)
Net cash used in financing activities		**(18,032)**	(23,820)	**(18,032)**	(23,820)
Net increase in cash and cash equivalents		**137,634**	13,374	**135,486**	10,752
Cash and cash equivalents at the beginning of the year		**400,934**	382,452	**398,198**	382,338
Effects of exchange rate changes		**2,344**	5,108	**2,344**	5,108
Cash and cash equivalents at the end of the year	42.4	**540,912**	400,934	**536,028**	398,198

Notes to the Consolidated and Separate Financial Statements

For the year ended 31 December 2025

1. Reporting Entity

Standard Bank PLC is a company domiciled in Malawi. The address of the Group's registered office is Standard Bank Centre, African Unity Avenue, P O Box 30380, Lilongwe 3, Malawi. The Group is primarily involved in investment, corporate and retail banking. The consolidated and separate financial statements present the financial position, financial performance and cash flows of Standard Bank PLC and its subsidiaries Standard Bank Bureau De Change Limited and Standard Bank Nominees Limited collectively referred to as the Group. The separate financial statements present the separate financial position, financial performance and cash flows of Standard Bank PLC and are referred to as the Company. When reference is made to the Group in the accounting policies, it should be interpreted as also referring to the Company where the context requires unless otherwise noted.

General information

Standard Bank PLC provides retail and corporate banking services through its **27** (2024: 27) service centres located across Malawi. The Company is listed on the Malawi Stock Exchange.

The Group's ultimate parent Company is Standard Bank Group Limited, which is a limited liability company incorporated in South Africa and listed on the Johannesburg Securities Exchange with a secondary listing on the Namibian Stock Exchange.

Standard Bank Bureau de Change Limited is a 100% owned subsidiary of Standard Bank PLC whose line of business is foreign currency trading.

Standard Bank Nominees Limited is a 100% owned subsidiary of Standard Bank PLC and is dormant. Its main line of business is to make investments on behalf of the clients and managing their portfolios.

2. Basis of preparation

(a) Statement of compliance

These consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the IFRS Interpretations Committee (IFRSIC) applicable to Companies reporting under IFRS. The consolidated and separate financial statements comply with IFRS Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). These consolidated and separate financial statements have also been prepared in accordance with the IAS 29 Directive issued by the Institute of Chartered Accountants in Malawi (ICAM) and the requirements of the Companies Act, 2013 of Malawi.

(b) Basis of measurement

The consolidated and separate financial statements have been prepared on historical cost basis except for the following:

- investments held for trading are measured at fair value through profit or loss;
- derivative financial instruments are measured at fair value through profit or loss;
- financial instruments at fair value through profit or loss are measured at fair value;
- fair value through OCI financial assets are measured at fair value; and
- buildings and freehold land are measured at revalued amounts.

(c) Functional and presentation currency

The annual consolidated and separate financial statements are presented in Malawi Kwacha which is the presentation currency of the Group. Except where indicated otherwise, financial information presented in Malawi Kwacha has been rounded to the nearest million.

(d) Use of estimates and judgements

The preparation of consolidated and separate financial statements in conformity with IFRS requires the use of accounting estimates. It also requires management to exercise its judgement in the application of policies and reported amounts in assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of the IFRSs that have significant effect on the consolidated and separate financial statements and estimates on the amounts recognised are discussed in Note 5.

(e) Changes in accounting policies and adoption of new standards effective for the current financial year

The Group has consistently applied the accounting policies as set out in Note 3 to all periods presented in these consolidated and separate financial statements. The group did not early adopt any amended standards during the current reporting period.

IAS 21 Exchange Rates (amendments) The IASB issued amendments on 'Lack of Exchangeability' to require an entity to apply a consistent approach in assessing whether one currency can be exchanged for another. When a currency is not exchangeable, the amendments provide guidance on how to determine the appropriate exchange rate, and what accompanying disclosures are required. These changes assist companies and investors by addressing a previously unaddressed matter in accounting requirements related to the effects of changes in foreign exchange rates. The amendments were retrospectively applied and had no material impact on the group's results.

(f) Going concern

The consolidated and separate financial statements have been prepared on a going concern basis as directors have made assessment of the Group's ability to continue as a going concern and have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Group continues to adopt the going concern basis in preparing these consolidated and separate financial statements.

3. Material accounting policies

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented except as explained in note 2(e) which addresses changes in accounting policies.

(a) Basis of consolidation

The consolidated and separate financial statements comprise Standard Bank PLC (the "Bank") and its subsidiaries, Standard Bank Bureau de Change Limited and Standard Bank Nominees Limited, which are controlled by the Bank.

Subsidiaries

'Subsidiaries' are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated and separate financial statements from the date on which control commences until the date when control ceases.

Transactions eliminated on consolidation

Inter-company balances and transactions and any unrealised income and expenses arising from inter-company transactions are eliminated in preparing the consolidated and separate financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currency transactions

Transactions in foreign currencies during the year are

3. Material accounting policies (Continued)

(b) Foreign currency transactions (continued)

translated into Malawi Kwacha at rates ruling at the transaction dates. Monetary assets and liabilities at the reporting date, which are expressed in foreign currencies, are translated into Malawi Kwacha at spot rates at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date, and those measured at fair value are translated at the exchange rate at the date that the fair value was determined. Exchange rate differences on non-monetary items are accounted for based on the classification of the underlying items. Foreign exchange gains and losses on equities (debt) classified as fair value through OCI financial assets are recognised in the fair value through OCI in OCI (trading revenue), whereas the exchange differences on equities (debt) that are classified as held at fair value through profit or loss are reported as part of the other revenue (trading revenue).

(c) Cash and cash equivalents

Cash and cash equivalents includes notes and coins on hand, unrestricted balances with central banks and on demand gross loans and advances to banks, which are readily convertible to a known amount of cash and available for use by the group within less than three months since initial deposit.

Cash and cash equivalents held for reserving requirements and physical cash on hand is measured at fair value through profit or loss - default. All other cash and cash equivalents are measured at amortised cost.

Overdrawn cash accounts are disclosed as liabilities in the consolidated and separate financial statements.

(d) Derivative assets and liabilities

In the normal course of business, the Group enters into a variety of derivative transactions for trading purposes. Derivative financial instruments are entered into for trading foreign exchange. Derivative instruments used by the Group for trading include swaps, options, forwards and other similar types of instruments based on foreign exchange rates.

Derivatives are initially recognised at fair value. Derivatives are carried at fair value through profit or loss. All derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

In terms on IFRS 9, embedded derivatives included in hybrid instruments, where the host is a financial asset, is assessed in terms of the accounting policy on financial assets. In all other instances (being non-financial host contracts and financial liabilities), the embedded derivatives are treated and disclosed as separate derivatives when their economic characteristics and risks are not closely related to those of the host contract, the terms of the embedded derivative are the same as those of a stand-alone derivative and the combined contract is not measured at fair value through profit or loss. The host contract is accounted for and measured applying the relevant Group accounting policy.

(e) Trading assets and trading liabilities

Trading assets and liabilities are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term or holds as part of a portfolio that is managed together for short-term profit or position taking. Trading financial instruments are carried at fair value through profit or loss.

Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial investment being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.

(f) Financial assets and financial liabilities

Initial measurement

A financial asset or financial liability is measured initially at fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. Financial instruments are recognised (derecognised) on the date the Group commits to purchase or sell the instruments (trade date accounting).

Recognition

The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities at trade date. The trade date for loans, deposits, and other liabilities is however usually the date of the cash flow. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are initially recognised on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire. The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in the transferred financial assets that is created or retained by the group is recognised as a separate asset or liability. On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the consolidated and separate statement of financial position when, and only when, the Group has a legal right to offset the recognised amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted under IFRSs, or for gains and losses arising from a group of similar transactions such as in the Group's trading activities.

Fair value measurement

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

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

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

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

3. Material accounting policies (Continued)

(f) Financial assets and financial liabilities (continued)

Fair value measurement (continued)

valuation is wholly supported by observable market data or the transaction is closed out.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price. Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

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

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

Fair Value measurement hierarchy levels

The Group defines the levels as follows:

Level 1
Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2
Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

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

Financial assets

Nature

The Group classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

Amortised cost

A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss - default.

Fair value through OCI

Includes a debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss):

- Held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss - default.

Fair value through profit or loss - Held for trading

Those financial assets acquired principally for the purpose of selling in the near term (including all derivative financial assets) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.

Fair value through profit or loss - default

Financial assets that are not classified into one of the above mentioned financial asset categories.

Subsequent measurement

Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortised cost or fair value as follows:

Amortised cost

Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.

Fair value through OCI

Debt instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue.

Interest income on a debt financial asset is recognised in interest income in terms of the effective interest rate method. Dividends received are disclosed separately from interest income within profit or loss.

Dividends received on equity instruments are recognised in other revenue within non-interest income.

Fair value through profit or loss - Held for trading

Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.

Fair value through profit or loss – default

Fair value gains and losses (including interest and dividends) on the financial asset are recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.

Impairment

Expected credit loss (ECL) is recognised on debt financial assets classified as at either amortised cost or fair value through OCI, financial guarantee contracts that are not designated at fair value through profit or loss as well as loan commitments that are neither measured at fair value through profit or loss nor are used to provide a loan at a below market interest rate.

The measurement basis of the ECL of a financial asset includes assessing whether there has been a significant increase in credit risk (SICR) at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about

3. Material accounting policies (Continued)

(f) Financial assets and financial liabilities (continued)

Financial assets (continued)

Impairment (continued)

past events, current conditions and forecasts of future economic conditions. The measurement basis of the ECL is measured as the unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward-looking information.

Stage 1	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
Stage 2	A lifetime ECL allowance is calculated for financial assets that are assessed to have displayed a SICR since origination and are not considered low credit risk.
Stage 3 (credit impaired assets)	A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. The following criteria are used in determining whether the financial asset is impaired: • default • significant financial difficulty of borrower and/or modification • probability of bankruptcy or financial reorganisation disappearance of an active market due to financial difficulties.

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

Significant increase in credit risk	At each reporting date the Group assesses whether the credit risk of its exposures has increased significantly since initial recognition by considering the change in the risk of default occurring over the expected life of the financial asset. Credit risk of exposures which are overdue for more than 30 days are also considered to have increased significantly.
Low credit risk	Exposures are generally considered to have a low credit risk where there is a low risk of default, the exposure has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions may not necessarily reduce the exposure's ability to fulfil its contractual obligations.
Default	The Group's definition of default has been aligned to its internal credit risk management definitions and approaches. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or Groups of financial assets: • significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower); • a breach of contract, such as default or delinquency in interest and/or principal payments; • disappearance of active market due to financial difficulties; • it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; • where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Group would not otherwise consider and • exposures which are overdue for more than 90 days are also considered to be in default.
Forward-looking information	Forward-looking information is incorporated into the Group's impairment methodology calculations and in the Group's assessment of SICR. The Group includes all forward looking information which is reasonable and available without undue cost or effort. The information will typically include expected macro-economic conditions and factors that are expected to impact portfolios or individual counterparty exposures.
Write-off	Financial assets are written off when there is no reasonable expectation of recovery. Financial assets which are written off may still be subject to enforcement activities.

ECLs are recognised within the consolidated and separate statements of financial position as follows:

Financial assets measured at amortised cost (including loan commitments)	Recognised as a deduction from the gross carrying amount of the asset (group of assets). Where the impairment allowance exceeds the gross carrying amount of the asset (group of assets), the excess is recognised as a provision within other liabilities.
Off-balance sheet exposures (excluding loan commitments)	Recognised as a provision within other liabilities.
Financial assets measured at fair value through OCI	Recognised in the fair value reserve within equity. The carrying value of the financial asset is recognised in the statement of financial position at fair value.

3. Material accounting policies (Continued)

(f) Financial assets and financial liabilities (continued)

Financial assets (continued)

Reclassification

Reclassifications of debt financial assets are permitted when, and only when, the Group changes its business model or managing financial assets, in which case all affected financial assets are reclassified. Reclassifications are accounted for prospectively from the date of reclassification as follows:

- Financial assets that are reclassified from amortised cost to fair value are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in other gains and losses on financial instruments
- The fair value of a financial asset that is reclassified from fair value to amortised cost becomes the financial asset's new carrying value
- Financial assets that are reclassified from amortised cost to fair value through OCI are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in OCI
- The fair value of a financial asset that is reclassified from fair value through OCI to amortised cost becomes the financial asset's new carrying value with the cumulative fair value adjustment recognised in OCI being recognised against the new carrying value
- The carrying value of financial assets that are reclassified from fair value through profit or loss to fair value through OCI remains at fair value
- The carrying value of financial assets that are reclassified from fair value through OCI to fair value through profit or loss remains at fair value, with the cumulative fair value adjustment in OCI being recognised in the income statement at the date of reclassification.

Financial liabilities

Initial classification

Held-for-trading

Those financial liabilities incurred principally for the purpose of repurchasing in the near term (including all derivative financial liabilities) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Held-for-trading instruments are designated to be measured at fair value through profit or loss.

Designated at fair value through profit or loss

Financial liabilities are designated to be measured at fair value in the following instances:

- to eliminate or significantly reduce an accounting mismatch that would otherwise arise where the financial liabilities are managed and their performance evaluated and reported on a fair value basis
- where the financial liability contains one or more embedded derivatives that significantly modify the financial liability's cash flows.

Amortised cost

All other financial liabilities not included in the above categories.

Subsequent measurement

Subsequent to initial measurement, financial liabilities are classified in their respective categories and measured at either amortised cost or fair value as follows:

Held-for-trading

Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.

Designated at fair value through profit or loss

Fair value, with gains and losses arising from changes in fair value (including interest and dividends but excluding fair value gains and losses attributable to own credit risk) are recognised in the other gains and losses on financial instruments as part of non-interest revenue.

Fair value gains and losses attributable to changes in own credit risk are recognised within OCI, unless this would create or enlarge an accounting mismatch in which case the own credit risk changes are recognised within trading revenue.

Amortised cost

Amortised cost using the effective interest method recognised in interest expense.

Derecognition and modification of financial assets and liabilities.

Financial assets and liabilities are derecognised in the following instances:

	Derecognition	Modification
Financial assets	Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the Group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in the transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group enters into transactions whereby it transfers assets, recognised in its statement of financial position, but retains either all or a portion of the risks or rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with the retention of all or substantially all risks and rewards include securities lending and repurchase agreements. When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction, similar to repurchase transactions. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate. In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.	Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value, including calculating a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes. If the terms are not substantially different for financial assets or financial liabilities, the Group recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within non-interest revenue (for all other modifications).
Financial liabilities	Financial liabilities are derecognised when the financial liabilities' obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.	

3. Material accounting policies (Continued)

(g) Loans and advances

Loans and advances to banks and other financial institutions include call loans, loans granted under resale agreements and balances held with other banks and loans granted to financial institutions that are prudentially regulated by the central bank. Loans and advances to customers include mortgage loans (home loans and commercial mortgages), other asset-based loans, including collateralised debt obligations (instalment sale and finance leases), and other secured and unsecured loans (overdrafts, other demand lending, term lending and loans granted under resale agreements). Loans and advances are carried at amortised cost.

(h) Property and equipment

(i) Recognition and measurement

All property and equipment is initially recorded at cost. Leasehold and freehold land and buildings are subsequently carried at revalued amount, being its fair value, based on valuations by external independent valuers, less subsequent accumulated depreciation, and subsequent accumulated impairment losses. All other property and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour plus any other cost directly attributable to bringing the asset to a working condition for its intended use.

Increases in the carrying amount arising on revaluation are recognised in OCI and accumulated in equity under the heading revaluation reserve. Decreases that offset previous increases of the same asset are recognised in other comprehensive income and charged against the revaluation reserve, all other decreases are charged to profit or loss. The revaluation reserve is a non-distributable reserve and therefore not available for distribution as dividends. The revaluation reserves are transferred to retained earnings when the asset is disposed of.

(ii) Subsequent costs

The cost of replacing part of an item of property or equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The cost of the day-to-day servicing of property and equipment is recognised in profit or loss as incurred.

(iii) Depreciation

Depreciation is calculated on the straight line basis to write down the carrying amounts or the revalued amounts of each asset, to its residual value over its estimated useful life. The following are the estimated useful lives for the current and comparative periods:

Buildings	13 - 40 years
Fixtures, fittings and equipment	3 - 13 years
Motor vehicles	5 years
Computer equipment	4 - 5 years

Freehold and leasehold land is not depreciated as it is deemed to have an unlimited useful life.

Capitalised leased assets are depreciated over the shorter of the lease term and their useful lives, except where it is reasonably certain that the Group will obtain ownership at the end of the lease term, in which case the period of expected useful life of the asset is used.

Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment.

Depreciation methods, useful lives and residual values of property and equipment are reviewed at the end of each reporting period. Gains and losses on disposal of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the item of property and equipment and are recognised in other operating income/other operating expense in profit or loss. On disposal of revalued assets, amounts in the revaluation reserve relating to that asset are transferred to retained earnings.

(i) Work in progress

Work in progress represents costs incurred on capital projects relating to refurbishment of the Group's branch network. It is measured at cost accumulated to the reporting date. Costs include all expenditure related directly to the specific projects.

Work in progress is presented under property and equipment in the consolidated and separate statements of financial position and is transferred to respective class of assets upon completion of the projects. Work in progress is not depreciated.

(j) Intangible assets

Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful life of the software, from the date it is available for use. The estimated useful life of software is between three to fifteen years.

The carrying amount of intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount exceeds its recoverable amount.

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

(k) Leases

Lessee accounting policies

Single lessee accounting model

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low value assets; and
- leases with a duration of twelve months or less.

Lease liabilities

Initially measured at the present value of the contractual lease payments due to the lessor over the lease term that are not paid at the commencement date, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case for the group) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. The Group's internal funding rate is the base on which the incremental borrowing rate is calculated. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the Group, should it be reasonably certain that this option will be exercised;
- Any penalties payable for terminating the lease, should the term of the lease be estimated on the basis of this termination option being exercised.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets

Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- lease payments made at or before commencement of the lease;
- initial direct costs incurred; and
- the amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset.

The Group applies the cost model subsequent to the initial measurement of the right of use assets.

Termination of leases

When the Group or lessor terminates or cancels a lease, the right of use asset and lease liability are derecognised. On derecognition of the right of use asset and lease liability, any difference is recognised as a derecognition gain or loss in profit or loss.

Interest expense on lease liabilities

A lease finance cost, determined with reference to the interest rate implicit in the lease or the Group's incremental borrowing rate, is recognised within interest expense over the lease period. The Group uses the incremental borrowing rate in calculating the interest expense on lease liabilities.

3. Material accounting policies (Continued)

(k) Leases (continued)

Lessee accounting policies (continued)

Depreciation on right of use assets

Subsequent to initial measurement, the right of use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter than the lease term unless ownership of the underlying asset transfers to the Group at the end of the lease term, whereby the right of use assets are depreciated on a straight-line basis over the remaining economic life of the asset. This depreciation is recognised as part of operating expenses.

Reassessment of lease terms and lease modifications that are not accounted for as a separate lease

When the Group reassesses the terms of any lease (i.e. it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised.

For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right of use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right of use asset is reduced to zero any further reduction in the measurement of the lease liability is recognised in profit or loss.

For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right of use asset, with the revised carrying amount being depreciated over the revised lease term. However, for lease modifications that decrease the scope of the lease the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease.

Lease modifications that are accounted for as a separate lease

When the Group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the Group accounts for these modifications as a separate new lease. This accounting treatment equally applies to leases which the Group elected the short-term lease exemption and the lease term is subsequently modified.

Separating components of a lease contract

The Group has elected to apply the practical expedient to not separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component. The practical expedient is applied to each class of underlying asset.

Lessor accounting policies

Finance leases

Leases, where the group transfers substantially all the risk and rewards incidental to ownership, are classified as finance leases

Finance lease receivable, including initial direct costs and fees, are primarily accounted for as financing transactions in banking activities, with rentals and instalments receivable, less unearned finance charges, being included in loans and advances.

Finance charges earned within interest income are computed using the effective interest method, which reflects a constant periodic rate of return on the investment in the finance lease. The tax benefits arising from investment allowances on assets leased to clients are accounted for within direct taxation.

Operating leases

All leases that do not meet the criteria of a financial lease are classified as operating leases.

The asset underlying the lease continues to be recognised and accounted for in terms of the relevant Group accounting policies. Accruals for outstanding lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease income are recognised.

Operating lease income net of any incentives given to lessees, is recognised on the straight-line basis, or a more representative basis where applicable, over the lease term and is recognised in operating income.
When an operating lease is terminated before the lease period has expired, any payment received/(paid) by the group by way of a penalty is recognised as income/(expense) in the period in which termination takes place.

Lessor lease modifications

Finance leases

When the Group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the Group accounts for these modifications as a separate new lease.

All other lease modifications that are not accounted for as a separate lease are accounted for in terms of IFRS 9, unless the classification of the lease would have been accounted for as an operating lease had the modification been in effect at inception of the lease.

These lease modifications are accounted for as a separate new lease from the effective date of the modification and the net investment in the lease becomes the carrying amount of the underlying asset.

Operating leases

Modifications are accounted for as a new lease from the effective date of the modification.

(l) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. If such an estimate cannot be made, a contingent liability is disclosed.

(m) Income tax expense

Income tax for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income in which case it is recognised in equity or other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The following temporary differences are not provided for:

- initial recognition of goodwill,
- investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future, and
- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits.

Tax rates enacted or substantively enacted at the reporting date are used to determine deferred tax, taking consideration of the expected manner of recovery or realisation or settlement of the carrying amount of the assets and liabilities.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related deferred tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously. Additional income taxes that arise from the distribution of dividend are recognised at the same time as the liability to pay the related dividend is recognised.

(n) Dividends

Dividends are recognised in the period in which they are declared. Dividends declared after reporting date are disclosed in the dividends note.

3. Material accounting policies (Continued)

(o) Interest income and expense

Interest income and expense (with the exception of borrowing costs that are capitalised on qualifying assets, that is assets that necessarily take a substantial period of time to get ready for their intended use or sale and which are not measured at fair value) are recognised in net interest income using the effective interest method for all interest-bearing financial instruments. In terms of the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. Direct incremental transaction costs incurred and origination fees received, including loan commitment fees, as a result of bringing margin-yielding assets or liabilities into the statement of financial position, are capitalised to the carrying amount of financial instruments that are not at fair value through profit or loss and amortised as interest income or expense over the life of the asset or liability as part of the effective interest rate.

Where the estimates of payments or receipts on financial assets or financial liabilities are subsequently revised, the carrying amount of the financial asset or financial liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is calculated by computing the present value of the adjusted cash flows at the financial asset or financial liability's original effective interest rate. Any adjustment to the carrying value is recognised in net interest income.

When a financial asset is classified as stage 3 impaired, interest income is calculated on the impaired value (gross carrying amount less specific impairment) based on the original effective interest rate. The contractual interest income on the gross exposure is suspended and is only recognised in credit impairments when the financial asset is reclassified out of stage 3. Dividends received on preference share investments classified as debt form part of the group's lending activities and are included in interest income.

(p) Employee benefits

Employee entitlements to gratuity and long service awards are recognised as they accrue to employees. A liability is recognised for such entitlements as a result of services rendered by employees up to the reporting date.

(i) Short-term employee benefits

Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A provision is recognised for the amount expected to be paid under short-term cash bonus if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be measured reliably.

(ii) Leave pay liability

Employee benefits in the form of annual leave entitlements are provided for when they accrue to employees with reference to services rendered up to the reporting date.

(iii) Termination benefits

Termination benefits are recognised when the Group is committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy when it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(iv) Retirement contribution plan

The Group operates a defined contribution retirement scheme for employees. Under the defined contribution plan the Group pays fixed contributions to a separate entity and will have no legal or constructive obligations to pay further amounts. The assets of the scheme are held in separate trustee administered fund, which is funded by contributions from both the Group and employees.

The Group's contributions to the defined contribution scheme are recognised in the income statement in the year to which they relate.

(q) Acceptances, guarantees and letters of credit

Acceptances, guarantees and letters of credit are not recognised in the annual consolidated and separate financial statements, but are disclosed in the notes to the annual consolidated and separate financial statements unless the terms and conditions thereof have not been met.

(r) Fees and commissions

Fee and commission revenue, including point of representation fees, card-based commission, documentation and administration fees, electronic banking fees, foreign currency service fees, insurance-based fees and commissions, guarantee fees, ATM fees, custody fees, penalty-based fees, knowledge-based fees and commissions and other fees are recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for providing the related services. Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period.

Loan syndication fees, where the Group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised to the income statement as interest income. The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract.

Fee and commission expenses, included in net fee and commission revenue, are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is presented as fee and commission expenses where the expenditure is linked to the production of fee and commission revenue.

(s) Trading income

Trading revenue comprises all gains and losses from changes in the fair value of trading assets and liabilities, together with related interest income, expense and dividends.

(t) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. The basic EPS is determined by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

(u) Determination and presentation of operating segments

The Group determines and presents operating segments based on the information that is internally provided to the Leadership Council which is the Group's chief operating decision maker. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components, whose operating results are reviewed regularly by the Leadership Council to make decisions about resource allocation to the segment and assess its performance and for which discrete information is available.

(v) Impairment of non-financial assets

These assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in non-trading and capital related items for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and value in use. Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related

3. Material accounting policies (Continued)

(v) Impairment of non-financial assets (continued)

to the realisation of the asset. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purposes of assessing impairment, assets that cannot be tested individually are grouped at the lowest cash generating units (CGU)s. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis. The carrying amount of these other assets may, however, not be reduced below the higher of the CGU's fair value less costs to sell and its value in use. Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through non-trading and capital related items only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(w) Joint Ventures

Joint ventures are initially measured at cost and subsequently accounted for using the equity method at an amount that reflects the Group's share of the net assets of the joint venture (including goodwill). Equity accounting is applied from the date on which the entity becomes a joint ventures up to the date on which the Group ceases to have significant influence or joint control.

Equity accounting of losses is restricted to the interests in these entities, including unsecured receivables or other commitments, unless the Group has an obligation or has made payments on behalf of the associates or joint ventures. Additional interests acquired in associates form part of the equity accounted investment to the extent that they give rise to current access to returns associated with an ownership interest.

(x) New standards and interpretations not yet adopted

The following new or revised standards, amendments and interpretations are not yet effective for the year ended 31 December 2025 and have not been applied in preparing these annual consolidated and separate financial statements. The Group does not plan to adopt these standards early:

(i) IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments)

The amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments will be applied prospectively and are not expected to have a material impact on the group's consolidated and separate financial statements.

The amendments will be applied prospectively and are not expected to have a material impact on the group's consolidated and separate financial statements.

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (amendments) effective date has been deferred indefinitely.

(ii) Amendments to the Classification and Measurement of Financial Instruments - Amendments to IFRS 9 and IFRS 7

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

IFRS 9 Financial Instruments (IFRS 9) and IFRS 7 Financial Instruments: Disclosure (amendments) are effective for annual periods beginning on or after 1 January 2026.

(iii) Annual Improvements to IFRS Accounting Standards - Volume 11

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

Annual Improvements to IFRS Accounting Standards - Volume 11 are effective for annual periods beginning on or after 1 January 2026.

(iv) IFRS 18 Presentation and Disclosures in Financial Statements (IFRS 18)

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

IFRS 18 Presentation and Disclosures in Financial Statements (IFRS 18) is effective for annual periods beginning on or after 1 January 2027.

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

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

IFRS 19 Subsidiaries without Public Accountability: Disclosure (IFRS 19) is effective for annual periods beggining on or after 1 January 2027.

4. Risk management

(a) Introduction and overview

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk;
- Liquidity risk;
- Market risk;

The Group also has exposure to operational, legal, reputational, business and compliance risks.

This note presents information about the Group's exposure to key risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

Risk measurement and control

The effective management of risk is critical to earnings and statement of financial position growth within the Standard Bank Group where the culture encourages sound commercial decision making which adequately balances risk and reward.

Risk management approach

The Group has governance standards for all major risk types. All standards are applied consistently across the Group and are approved by the Board.

The standards form an integral part of the Group's governance infrastructure, reflecting the expectations and requirements of the Board in respect of key areas of control across the Group. The standards ensure alignment and consistency in the manner that major risk types across the Group are identified, measured, managed, controlled, and reported.

The Group's Internal Audit Department independently audits the adequacy and effectiveness of the Group's risk management, control and governance processes. The Head of Internal Audit department provides independent assurance to the Board Audit Committee and has unrestricted access to the Chief Executive and the Chairperson of the Board.

Risk appetite and risk tolerance

Risk appetite is the quantum of risk the Group is willing to accept in the normal course of business in pursuit of its strategic and financial objectives. Risk taken within "appetite" may give rise to expected losses, but these should be covered by expected earnings.

Risk tolerance is an assessment of the maximum risk the Group is willing to sustain for short periods of time. It emphasises the "downside" of the risk distribution, and the Group's capacity to survive unexpected losses. The capacity to take unexpected losses depends on having sufficient capital and liquidity available to avoid insolvency. Risk tolerance typically provides a useful upper boundary for the Group's risk appetite.

The Group's board of directors has ultimate responsibility for risk management, which includes evaluating key risk areas and ensuring the process for risk management and systems of internal control are implemented. It has delegated its risk-related responsibilities primarily to three committees, as follows: the risk management committee, the audit committee and the credit committee - with each committee focusing on different risk exposures.

Risk management

Naturally, the Group faces a number of risks when conducting its business which it may choose to take, transfer or mitigate as described in the notes to the consolidated and separate financial statements from 4(a) to 4(g).

(b) Credit risk

Credit risk is the risk that a loss will be incurred if a counterparty to a credit transaction does not fulfil its contractual obligations in a timely manner.

The Group's Personal and Private Banking, Business and Commercial Banking and Corporate and Investment Banking credit policies cover the entire credit risk management process within the Group. These policies are more stringent than the Banking Act of Malawi and Reserve Bank of Malawi (RBM) Directives. They are subject to review and require the approval of the Group's Board of Directors. The policies outline issues pertaining to delegated lending limits, risk concentrations and internal lending constraints, security and legal documentation, risk weightings applied to lending, excesses and irregular accounts reporting and the treatment of non-performing loans.

For risk management purposes, credit risk arising on trading securities is managed independently, but reported as a component of market risk exposure.

Management of credit risk

The Board of Directors has delegated the responsibility of the management of credit risk to its Credit Committee. A separate Credit Function (within the Risk Management Department), that reports quarterly to the Credit Committee of the Board through the Credit Risk Management Committee, is responsible for oversight of the credit risk, including:

- **Formulating credit policies** in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- **Establishing the authorisation structure** for approvals and renewals of credit facilities. Authorisation limits are provided to credit officers and credit committees. Large credit limits require approval by the country Credit Risk Management Committee and the Head of Credit as delegated by the Board.
- **Reviewing and assessing credit risk.** The Credit Function assesses all credit exposures and prepares a watch list which includes all those clients which have some irregularities including excesses on allocated limits and loan repayment arrears.
- **Limit concentration of exposure** to counterparts' location and type of customer in relation to the Group loans and advances to customers by carrying a balanced portfolio.
- **Reviewing compliance** so that exposure limits remain within the acceptable range.
- **Providing advice, guidance and specialist skills** to business units to promote best practice throughout the Group in the management of credit risk.

Regular audits of business units and credit processes are undertaken by the internal audit department.

Maximum exposure to credit risk without taking into account any collateral or other credit enhancements

The table overleaf shows the maximum exposure to credit risk by class of financial instrument. Financial instruments include financial instruments defined and recognised under IAS 32 Financial Instruments: Presentation as well as other financial instruments not recognised. The maximum exposure is shown on a gross basis, before the effect of mitigation through the use of master netting and collateral agreements.

Refer to note 5 Accounting estimates and judgements - expected credit loss (ECL) on financial assets for details on the Groups rating scale.

4. Risk management (Continued)

(b) Credit risk (continued)

Credit quality per class of financial assets

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below shows the credit quality by class of financial asset (gross) for credit risk related items, based on the Group's credit rating system.

At 31 December 2025 Consolidated	Note	Gross Carrying amount	SB 1 - 12		SB 13 - 20		SB 21 - 25		Default	Total gross carrying amount of default exposures	Securities and expected recoveries on default exposures	Interest in suspense on default exposures	Balance sheet expected credit loss on default exposures	Gross default coverage	Non-performing exposures
		MKm	Stage 1 MKm	Stage 2 MKm	Stage 1 MKm	Stage 2 MKm	Stage 1 MKm	Stage 2 MKm	Stage 3 MKm	MKm	MKm	MKm	MKm	%	%
Loans and advances at amortised cost															
PPB and BCB															
Mortgage loans	12	**7,053**	-	-	5,033	-	-	1,106	914	914	144	198	572	84%	13%
Vehicle and asset finance	12	**24,708**	-	-	23,030	-	-	1,262	416	416	78	69	269	81%	2%
Overdrafts	12	**19,395**	9,274	-	1,104	3,150	-	5,739	128	128	-	36	92	100%	1%
Term Loans	12	**317,214**	-	-	280,166	-	-	20,272	16,776	16,776	2,311	1,947	12,518	86%	5%
CIB															
Corporates	12	**163,184**	31,594	-	115,576	-	3,084	12,452	478	478	274	-	204	43%	-
Banks and other financial institutions	11	**409,481**	-	-	82,516	-	326,965	-	-	-	-	-	-	-	-
Gross carrying amount		**941,035**	40,868	-	507,425	3,150	330,049	40,831	18,712	18,712	2,807	2,250	13,655	85%	2%
Less: Interest in suspense	12	**(2,250)**													
Less: Total expected credit losses for loans and advances	11,12	**(35,546)**													
Net carrying amount of loans and advances measured at amortised cost		**903,239**													
Financial investments measured at amortised cost															
Sovereign	13	**590,324**	-	-	-	-	41,680	548,644	-						
Gross carrying amount		**590,324**	-	-	-	-	41,680	548,644	-						
Less: total expected credit loss for financial investments	13	**(30,412)**													
Net carrying amount of financial investments measured at amortised cost		**559,912**													
Financial investments at fair value through OCI															
Sovereign		**81,894**	-	-	81,799	-	-	95	-						
Gross carrying amount		**81,894**	-	-	81,799	-	-	95	-						
Less: Fair value reserve relating to fair value adjustments	26	**(12)**													
Total financial investment at fair value through OCI	13	**81,882**													

4. Risk management (Continued)

(b) Credit risk (continued)

Credit quality per class of financial assets (continued)

At 31 December 2025 Consolidated	Note	Gross Carrying amount MKm
Off-balance sheet exposures		
Letters of credit and banker's acceptances	40	**57,639**
Guarantees	40	**217,277**
Total exposure to off-balance sheet credit risk		**274,916**
Expected credit losses for off-balance sheet exposures	24	**(1,098)**
Net carrying amount of off-balance sheet exposures		**273,818**
Other assets		
Other financial assets	15	**15,897**
Expected credit losses for other assets	15	**(1,041)**
Net carrying amount other financial assets		**14,856**
Total exposure to credit risk on financial assets subject to an expected credit loss		**1,833,707**
Add the following other banking activities not subject to ECL:		
Cash and balances held with the Central Bank	8	**247,557**
Derivative assets	9	**319**
Trading assets	10	**50,501**
Total exposure to credit risk		**2,132,084**

4. Risk management (Continued)

(b) Credit risk (continued)

Credit quality per class of financial assets (continued)

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below shows the credit quality by class of financial asset (gross) for credit risk related items, based on the Group's credit rating system.

At 31 December 2024 Consolidated	Note	Gross Carrying amount	SB 1 - 12		SB 13 - 20		SB 21 - 25		Default	Total gross carrying amount of default exposures	Securities and expected recoveries on default exposures	Interest in suspense on default exposures	Balance sheet expected credit loss on default exposures	Gross default coverage	Non-performing exposures
		MKm	Stage 1 MKm	Stage 2 MKm	Stage 1 MKm	Stage 2 MKm	Stage 1 MKm	Stage 2 MKm	Stage 3 MKm	MKm	MKm	MKm	MKm	%	%
Loans and advances at amortised cost															
PPB and BCB															
Mortgage loans	12	7,576	-	-	5,659	-	-	1,019	898	898	345	100	453	62%	12%
Vehicle and asset finance	12	16,293	-	-	14,349	-	-	373	1,571	1,571	158	526	887	90%	10%
Overdrafts	12	28,077	6,988	-	12,424	-	-	4,180	4,485	4,485	-	180	4,305	100%	16%
Term loans	12	180,323	-	-	149,503	-	-	14,439	16,381	16,381	6,713	1,276	8,392	59%	9%
CIB															
Corporates	12	174,689	43,201	-	103,088	9,843	5,553	12,966	38	38	-	-	38	100%	-
Banks and other financial institutions	11	233,758	-	-	-	-	233,758	-	-	-	-	-	-	-	-
Gross carrying amount		640,716	50,189	-	285,023	9,843	239,311	32,977	23,373	23,373	7,216	2,082	14,075	69%	4%
Less: Interest in suspense	12	(2,082)													
Less: Total expected credit losses for loans and advances	11,12	(26,631)													
Net carrying amount of loans and advances measured at amortised cost		612,003													
Financial investments measured at amortised cost															
Sovereign	13	415,716	-	-	-	-	413,027	2,689	-						
Gross carrying amount		415,716	-	-	-	-	413,027	2,689	-						
Less: total expected credit loss for financial investments	13	(21,834)													
Net carrying amount of financial investments measured at amortised cost		393,882													
Financial investments at fair value through OCI															
Sovereign		314	-	-	-	-	-	314	-						
Gross carrying amount		314	-	-	-	-	-	314	-						
Add: Fair value reserve relating to fair value adjustments	26	348													
Total financial investment at fair value through OCI	13	662													

4. Risk management (Continued)

(b) Credit risk (continued)

Credit quality per class of financial assets (continued)

At 31 December 2024 Consolidated	Note	Gross Carrying amount MKm
Off-balance sheet exposures		
Letters of credit and banker's acceptances	40	23,432
Guarantees	40	199,488
Total exposure to off-balance sheet credit risk		222,920
Expected credit losses for off-balance sheet exposures	24	(1,299)
Net carrying amount of off-balance sheet exposures		221,621
Total exposure to credit risk on financial assets subject to an expected credit loss		1,228,168
Add the following other banking activities not subject to ECL:		
Cash and balances held with the Central Bank	8	197,187
Derivative assets	9	2,772
Trading assets	10	36,862
Other financial assets	15	13,201
Total exposure to credit risk		1,478,190

4. Risk management (Continued)

(b) Credit risk (continued)

Credit quality per class of financial assets (continued)

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below shows the credit quality by class of financial asset (gross) for credit risk related items, based on the Group's credit rating system.

			SB 1 - 12		SB 13 - 20		SB 21 - 25		Default							
At 31 December 2025 Separate	Note	Gross Carrying amount	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3	Total gross carrying amount of default exposures	Securities and expected recoveries on default exposures	Interest in suspense on default exposures	Balance sheet expected credit loss on default exposures	Gross default coverage	Non-performing exposures
		MKm	MKm	MKm	MKm	MKm	MKm	MKm	MKm	MKm	MKm	MKm	MKm	%	%
Loans and advances at amortised cost															
PPB and BCB															
Mortgage loans	12	7,053	-	-	5,033	-	-	1,106	914	914	144	198	572	84%	13%
Vehicle and asset finance	12	24,708	-	-	23,030	-	-	1,262	416	416	78	69	269	81%	2%
Overdrafts	12	19,395	9,274	-	1,104	3,150	-	5,739	128	128	-	36	92	100%	1%
Term Loans	12	317,214	-	-	280,166	-	-	20,272	16,776	16,776	2,311	1,947	12,518	86%	5%
CIB															
Corporates	12	163,184	31,594	-	115,576	-	3,084	12,452	478	478	274	-	204	43%	-
Banks and other financial institutions	11	404,585	-	-	82,516	-	322,069	-	-	-	-	-	-	-	-
Gross carrying amount		936,139	40,868	-	507,425	3,150	325,153	40,831	18,712	18,712	2,807	2,250	13,655	85%	2%
Less: Interest in suspense	12	(2,250)													
Less: Total expected credit losses for loans and advances	11,12	(35,490)													
Net carrying amount of loans and advances measured at amortised cost		898,399													
Financial investments measured at amortised cost															
Sovereign	13	590,324	-	-	-	-	41,680	548,644	-						
Gross carrying amount		590,324	-	-	-	-	41,680	548,644	-						
Less: total expected credit loss for financial investments	13	(30,412)													
Net carrying amount of financial investments measured at amortised cost		559,912													
Financial investments at fair value through OCI															
Sovereign		81,894	-	-	81,799	-	-	95	-						
Gross carrying amount		81,894	-	-	81,799	-	-	95	-						
Less: Fair value reserve relating to fair value adjustments	26	(12)													
Total financial investment at fair value through OCI	13	81,882													

4. Risk management (Continued)

(b) Credit risk (continued)

Credit quality per class of financial assets (continued)

At 31 December 2025 Consolidated	Note	Gross Carrying amount
		MKm
Off-balance sheet exposures		
Letters of credit and banker's acceptances	40	**57,639**
Guarantees	40	**217,277**
Total exposure to off-balance sheet credit risk		**274,916**
Expected credit losses for off-balance sheet exposures	24	**(1,098)**
Net carrying amount of off-balance sheet exposures		**273,818**
Other assets		
Other financial assets	15	**16,495**
Expected credit losses for other assets	15	**(1,041)**
Net carrying amount other financial assets		**15,454**
Total exposure to credit risk on financial assets subject to an expected credit loss		**1,829,465**
Add the following other banking activities not subject to ECL:		
Cash and balances held with the Central Bank	8	**247,173**
Derivative assets	9	**319**
Trading assets	10	**50,501**
Total exposure to credit risk		**2,127,458**

4. Risk management (Continued)

(b) Credit risk (continued)

Credit quality per class of financial assets (continued)

The credit quality of financial assets is managed by the Group using internal credit ratings. The table below shows the credit quality by class of financial asset (gross) for credit risk related items, based on the Group's credit rating system.

			SB 1 - 12		SB 13 - 20		SB 21 - 25								
At 31 December 2024 Separate	**Note**	**Gross Carrying amount**	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 2**	**Stage 1**	**Stage 2**	**Stage 3**	**Total gross carrying amount of default exposures**	**Securities and expected recoveries on default exposures**	**Interest in suspense on default exposures**	**Balance sheet expected credit loss on default exposures**	**Gross default coverage**	**Non-performing exposures**
		MKm	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**%**	**%**
Loans and advances at amortised cost															
PPB and BCB															
Mortgage loans	12	7,576	-	-	5,659	-	-	1,019	898	898	345	100	453	62%	12%
Vehicle and asset finance	12	16,293	-	-	14,349	-	-	373	1,571	1,571	158	526	887	90%	10%
Overdrafts	12	28,077	6,988	-	12,424	-	-	4,180	4,485	4,485	-	180	4,305	100%	16%
Term loans	12	180,323	-	-	149,503	-	-	14,439	16,381	16,381	6,713	1,276	8,392	59%	9%
CIB															
Corporates	12	174,689	43,201	-	103,088	9,843	5,553	12,966	38	38	-	-	38	100%	-
Banks and other financial institutions	11	230,703	-	-	-	-	230,703	-	-	-	-	-	-	-	-
Gross carrying amount		637,661	50,189	-	285,023	9,843	236,256	32,977	23,373	23,373	7,216	2,082	14,075	69%	4%
Less: Interest in suspense	12	(2,082)													
Less: Total expected credit losses for loans and advances	11,12	(26,613)													
Net carrying amount of loans and advances measured at amortised cost		608,966													
Financial investments measured at amortised cost															
Sovereign	13	415,716	-	-	-	-	413,027	2,689	-						
Gross carrying amount		415,716	-	-	-	-	413,027	2,689	-						
Less: total expected credit loss for financial investments	13	(21,834)													
Net carrying amount of financial investments measured at amortised cost		393,882													
Financial investments at fair value through OCI															
Sovereign		314	-	-	-	-	-	314	-						
Gross carrying amount		314	-	-	-	-	-	314	-						
Add: Fair value reserve relating to fair value adjustments	26	348													
Total financial investment at fair value through OCI	13	662													

4. Risk management (Continued)

(b) Credit risk (continued)

Credit quality per class of financial assets (continued)

At 31 December 2024 Separate	Note	Gross Carrying amount
		MKm
Off-balance sheet exposures		
Letters of credit and banker's acceptances	40	23,432
Guarantees	40	199,488
Total exposure to off-balance sheet credit risk		222,920
Expected credit losses for off-balance sheet exposures	24	(1,299)
Net carrying amount of off-balance sheet exposures		221,621
Total exposure to credit risk on financial assets subject to an expected credit loss		1,225,131
Add the following other banking activities not subject to ECL:		
Cash and balances held with the Central Bank	8	196,951
Derivative assets	9	2,772
Trading assets	10	36,862
Other financial assets	15	13,545
Total exposure to credit risk		1,475,261

The fair value of collateral that the Group holds relating to loans individually determined to be impaired at 31 December 2025 amounts to **MK2,807 million** (2024: MK7,216 million). The collateral consists of securities, mortgages over property and guarantees. The gross carrying amount for modifications during the reporting period that resulted in no economic gain or loss was **MK Nil** (2024: MK5,337 million). Refer to note 12.2 for further details.

4. Risk management (Continued)

(b) Credit risk (continued)

Credit quality per class of financial assets (continued)

Description of collateral held as security and other credit enhancements, in respect of the exposures.
The Group holds mortgages over property, registered securities and guarantees as collateral within the following classes:

31 December 2025 Consolidated	Note	Maximum exposure to credit risk MKm	Cash MKm	Securities MKm	3rd party/ government guarantees MKm	Property MKm	Other MKm	Surplus Collateral MKm	Total Collateral MKm	Net Exposure MKm	% of exposure subject to collateral requirements	Associated ECL MKm
Financial assets												
Cash and balances with central banks	8	**247,557**	-	-	-	-	-	-	-	**247,557**	**0.00%**	-
Due from banks and other financial institutions	11	**409,481**	-	-	-	-	-	-	-	**409,481**	**0.00%**	**2,424**
Loans and advances to customers	12											
Corporate and Investment Banking		**163,184**	-	-	-	**33,552**	**33,434**	-	**66,986**	**96,198**	**41.05%**	**5,609**
Business and Commercial Banking		**147,633**	**450**	-	**40,446**	**49,713**	**89,595**	**(32,571)**	**147,633**	-	**100.00%**	**13,418**
Personal and Private Banking		**220,737**	**24**	**390**	-	**18,966**	**9,351**	-	**28,731**	**192,006**	**13.02%**	**14,095**
		531,554	**474**	**390**	**40,446**	**102,231**	**132,380**	**(32,571)**	**243,350**	**288,204**		**33,122**
Financial investments at amortised cost	13	**590,324**	-	-	-	-	-	-	-	**590,324**	**0.00%**	**30,412**
Total financial assets at amortised cost		**1,778,916**	**474**	**390**	**40,446**	**102,231**	**132,380**	**(32,571)**	**243,350**	**1,535,566**		**65,958**
Derivative financial instruments	9	**319**	-	-	-	-	-	-	-	**319**	**0.00%**	-
Financial assets held for trading	10	**50,501**	-	-	-	-	-	-	-	**50,501**	**0.00%**	-
Total financial instruments at fair value through profit or loss		**50,820**	-	-	-	-	-	-	-	**50,820**		-
Debt Instruments at fair value through OCI	13	**81,882**	-	-	-	-	-	-	-	**81,882**	**0.00%**	**(3)**
Total debt instruments at fair value through OCI		**81,882**	-	-	-	-	-	-	-	**81,882**		**(3)**
		1,911,618	**474**	**390**	**40,446**	**102,231**	**132,380**	**(32,571)**	**243,350**	**1,668,268**		**65,955**
Financial Guarantees	40	**217,277**	**19,635**	-	**173,973**	-	-	-	**193,608**	**23,669**	**89.11%**	**690**
Letters of Credit for Customers	40	**57,639**	**28,335**	-	-	-	-	-	**28,335**	**29,304**	**49.16%**	**408**
		274,916	**47,970**	-	**173,973**	-	-	-	**221,943**	**52,973**		**1,098**
		2,186,534	**48,444**	**390**	**214,419**	**102,231**	**132,380**	**(32,571)**	**465,293**	**1,721,241**		**67,053**

4. Risk management (Continued)

(b) Credit risk (continued)

Credit quality per class of financial assets (continued)

31 December 2024 Consolidated	Note	Maximum exposure to credit risk MKm	Cash MKm	3rd party/ government guarantees MKm	Property MKm	Other MKm	Surplus Collateral MKm	Total Collateral MKm	Net Exposure MKm	% of exposure subject to collateral requirements	Associated ECL MKm
Financial assets											
Cash and balances with central banks	8	197,187	-	-	-	-	-	-	197,187	0.00%	-
Due from banks and other financial institutions	11	233,758	-	-	-	-	-	-	233,758	0.00%	98
Loans and advances to customers	12										
Corporate and Investment Banking		174,689	-	-	33,059	33,672	-	66,731	107,958	38.20%	5,182
Business and Commercial Banking		83,687	361	36,791	50,171	48,273	(51,909)	135,596	-	100.00%	10,746
Personal and Private Banking		148,582	61	-	18,190	6,902	-	25,153	123,429	16.93%	10,605
		406,958	422	36,791	101,420	88,847	(51,909)	227,480	231,387		26,533
Financial investments at amortised cost	13	415,716	-	-	-	-	-	-	415,716	0.00%	21,834
Total financial assets at amortised cost		1,253,619	422	36,791	101,420	88,847	(51,909)	227,480	1,078,048		48,465
Derivative financial instruments	9	2,772	-	-	-	-	-	-	2,772	0.00%	-
Financial assets held for trading	10	36,862	-	-	-	-	-	-	36,862	0.00%	-
Total financial instruments at fair value through profit or loss		39,634	-	-	-	-	-	-	39,634		-
Debt Instruments at fair value through OCI	13	662	-	-	-	-	-	-	662	0.00%	22
Total debt instruments at fair value through OCI		662	-	-	-	-	-	-	662		22
		1,293,915	422	36,791	101,420	88,847	(51,909)	227,480	1,118,344		48,487
Financial Guarantees	40	199,488	21,333	154,934	-	-	-	176,267	23,221	88.36%	1,043
Letters of Credit for Customers	40	23,432	12,302	-	-	-	-	12,302	11,130	52.50%	256
		222,920	33,635	154,934	-	-	-	188,569	34,351		1,299
		1,516,835	34,057	191,725	101,420	88,847	(51,909)	416,049	1,152,695		49,786

4. Risk management (Continued)

(b) Credit risk (continued)

Credit quality per class of financial assets (continued)

31 December 2025 Separate	Note	Maximum exposure to credit risk MKm	Cash MKm	Securities MKm	3rd party/ government guarantees MKm	Property MKm	Other MKm	Surplus Collateral MKm	Total Collateral MKm	Net Exposure MKm	% of exposure subject to collateral requirements	Associated ECL MKm
Financial assets												
Cash and balances with central banks	8	**247,173**	-	-	-	-	-	-	-	**247,173**	**0.00%**	-
Due from banks and other financial institutions	11	**404,585**	-	-	-	-	-	-	-	**404,585**	**0.00%**	**2,368**
Loans and advances to customers	12											
Corporate and Investment Banking		**163,184**	-	-	-	**33,552**	**33,434**	-	**66,986**	**96,198**	**41.05%**	**5,609**
Business and Commercial Banking		**147,633**	**450**	-	**40,446**	**49,713**	**89,595**	**(32,571)**	**147,633**	-	**100.00%**	**13,418**
Personal and Private Banking		**220,737**	**24**	**390**	-	**18,966**	**9,351**	-	**28,731**	**192,006**	**13.02%**	**14,095**
		531,554	**474**	**390**	**40,446**	**102,231**	**132,380**	**(32,571)**	**243,350**	**288,204**		**33,122**
Financial investments at amortised cost	13	**590,324**	-	-	-	-	-	-	-	**590,324**	**0.00%**	**30,412**
Total financial assets at amortised cost		**1,773,636**	**474**	**390**	**40,446**	**102,231**	**132,380**	**(32,571)**	**243,350**	**1,530,286**		**65,902**
Derivative financial instruments	9	**319**	-	-	-	-	-	-	-	**319**	**0.00%**	-
Financial assets held for trading	10	**50,501**	-	-	-	-	-	-	-	**50,501**	**0.00%**	-
Total financial instruments at fair value through profit or loss		**50,820**	-	-	-	-	-	-	-	**50,820**		-
Debt Instruments at fair value through OCI	13	**81,882**	-	-	-	-	-	-	-	**81,882**	**0.00%**	**(3)**
Total debt instruments at fair value through OCI		**81,882**	-	-	-	-	-	-	-	**81,882**		**(3)**
		1,906,338	**474**	**390**	**40,446**	**102,231**	**132,380**	**(32,571)**	**243,350**	**1,662,988**		**65,899**
Financial Guarantees	40	**217,277**	**19,635**	-	**173,973**	-	-	-	**193,608**	**23,669**	**89.11%**	**690**
Letters of Credit for Customers	40	**57,639**	**28,335**	-	-	-	-	-	**28,335**	**29,304**	**49.16%**	**408**
		274,916	**47,970**	-	**173,973**	-	-	-	**221,943**	**52,973**		**1,098**
		2,181,254	**48,444**	**390**	**214,419**	**102,231**	**132,380**	**(32,571)**	**465,293**	**1,715,961**		**66,997**

4. Risk management (Continued)

(b) Credit risk (continued)

Credit quality per class of financial assets (continued)

31 December 2024 Separate	Note	Maximum exposure to credit risk MKm	Cash MKm	3rd party/ government guarantees MKm	Property MKm	Other MKm	Surplus Collateral MKm	Total Collateral MKm	Net Exposure MKm	% of exposure subject to collateral requirements	Associated ECL MKm
Financial assets											
Cash and balances with central banks	8	196,951	-	-	-	-	-	-	196,951	0.00%	-
Due from banks and other financial institutions	11	230,703	-	-	-	-	-	-	230,703	0.00%	80
Loans and advances to customers	12										
Corporate and Investment Banking		174,689	-	-	33,059	33,672	-	66,731	107,958	38.20%	5,182
Business and Commercial Banking		83,687	361	36,791	50,171	48,273	(51,909)	135,596	-	100.00%	10,746
Personal and Private Banking		148,582	61	-	18,190	6,902	-	25,153	123,429	16.93%	10,605
		406,958	422	36,791	101,420	88,847	(51,909)	227,480	231,387		26,533
Financial investments at amortised cost	13	415,716	-	-	-	-	-	-	415,716	0.00%	21,834
Total financial assets at amortised cost		1,250,328	422	36,791	101,420	88,847	(51,909)	227,480	1,074,757		48,447
Derivative financial instruments	9	2,772	-	-	-	-	-	-	2,772	0.00%	-
Financial assets held for trading	10	36,862	-	-	-	-	-	-	36,862	0.00%	-
Total financial instruments at fair value through profit or loss		39,634	-	-	-	-	-	-	39,634		-
Debt Instruments at fair value through OCI	13	662	-	-	-	-	-	-	662	0.00%	22
Total debt instruments at fair value through OCI		662	-	-	-	-	-	-	662		22
		1,290,624	422	36,791	101,420	88,847	(51,909)	227,480	1,115,053		48,469
Financial Guarantees	40	199,488	21,333	154,934	-	-	-	176,267	23,221	88.36%	1,043
Letters of Credit for Customers	40	23,432	12,302	-	-	-	-	12,302	11,130	52.50%	256
		222,920	33,635	154,934	-	-	-	188,569	34,351		1,299
		1,513,544	34,057	191,725	101,420	88,847	(51,909)	416,049	1,149,404		49,768

4. Risk management (Continued)

(b) Credit risk (continued)

Credit quality per class of financial assets (continued)

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Collateral demanded		
Residential property	**2,426**	1,809
Commercial property	**1,750**	350
Vehicle and asset finance	**241**	263
Other (machinery)	**133**	203
	4,550	2,625

Collateral includes:

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

The Group's collateral valuation guidelines outline general requirements covering the valuation of collateral received to mitigate credit risk, specifically related to non-trading limits and exposures and are designed to facilitate a consistent valuation approach to Banking Book Collateral. Credit assessments focus on appropriateness, suitability and recovery of assets proposed and held as collateral. Collateral is regularly verified and treated as a potential loss given default mitigant when there is satisfaction on its value and the Group's legal right to take control and realise such collateral to offset exposures. As at 31 December 2025, guarantees dominated the collateral portfolio in CIB and property in PPB and BCB.

The unsecured loans and advances in PPB and BCB were comprised mostly of the personal loan segment.

There have been no significant changes in the quality of collateral during the year.

It is the Group's policy to dispose off repossessed properties in an orderly fashion. The proceeds are used to reduce or repay the outstanding claim. In general, the Group does not occupy repossessed properties for business use.

Net exposure to credit risk without taking into account any collateral or other credit enhancements

In respect of certain financial assets, the Group has legally enforceable rights to offset them with financial liabilities. However, in normal circumstances, there would be no intention of settling net, or of realising the financial assets and settling the financial liabilities simultaneously. Consequently, the financial assets are not offset against the respective financial liabilities for financial reporting purposes as there are no master netting arrangements for any of the exposures. However, the exposure to credit risk relating to the respective financial assets is mitigated as follows:

		At 31 December 2025		
Consolidated	**Note**	**Carrying amount MKm**	**Offset MKm**	**Net exposure to credit risk MKm**
Cash and balances held with the Central Bank	8	**247,557**	**-**	**247,557**
Derivative assets	9	**319**	**-**	**319**
Trading assets	10	**50,501**	**-**	**50,501**
Loans and advances to banks and other financial institutions	11	**407,057**	**-**	**407,057**
Loans and advances to customers	12	**496,182**	**(474)**	**495,708**
Financial investments	13	**641,794**	**-**	**641,794**
Other assets	15	**14,856**	**-**	**14,856**
		1,858,266	**(474)**	**1,857,792**

4. Risk management (Continued)

(b) Credit risk (continued)

Net exposure to credit risk without taking into account any collateral or other credit enhancements (continued)

At 31 December 2024

Consolidated	Note	Carrying amount MKm	Offset MKm	Net exposure to credit risk MKm
Cash and balances held with the Central Bank	8	197,187	-	197,187
Derivative assets	9	2,772	-	2,772
Trading assets	10	36,862	-	36,862
Loans and advances to banks and other financial institutions	11	233,660	-	233,660
Loans and advances to customers	12	378,343	(422)	377,921
Financial investments	13	394,544	-	394,544
Other assets	15	13,201	-	13,201
		1,256,569	(422)	1,256,147

At 31 December 2025

Separate	Note	Carrying amount MKm	Offset MKm	Net exposure to credit risk MKm
Cash and balances held with the Central Bank	8	**247,173**	**-**	**247,173**
Derivative assets	9	**319**	**-**	**319**
Trading assets	10	**50,501**	**-**	**50,501**
Loans and advances to banks and other financial institutions	11	**402,217**	**-**	**402,217**
Loans and advances to customers	12	**496,182**	**(474)**	**495,708**
Financial investments	13	**641,794**	**-**	**641,794**
Other assets	15	**15,454**	**-**	**15,454**
		1,853,640	**(474)**	**1,853,166**

At 31 December 2024

Separate	Note	Carrying amount MKm	Offset MKm	Net exposure to credit risk MKm
Cash and balances held with the Central Bank	8	196,951	-	196,951
Derivative assets	9	2,772	-	2,772
Trading assets	10	36,862	-	36,862
Loans and advances to banks and other financial institutions	11	230,623	-	230,623
Loans and advances to customers	12	378,343	(422)	377,921
Financial investments	13	394,544	-	394,544
Other assets	15	13,545	-	13,545
		1,253,640	(422)	1,253,218

Impaired loans and advances to customers

The table below sets out a reconciliation of changes in the balance of impaired loans and advances to customers.

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Impaired loans and advances to customers at 1 January	**23,373**	9,819
Classified as impaired during the year	**3,443**	21,819
Transferred to not impaired during the year	**(1,655)**	(5,358)
Amount written off	**(6,449)**	(2,907)
Impaired loans and advances to customers at 31 December	**18,712**	23,373

4. Risk management (Continued)

(b) Credit risk (continued)

Credit portfolio characteristics and metrics in terms of IFRS 9

Default

The Group's definition of default has been aligned to its internal credit risk management definitions and approaches. Whilst the specific determination of default varies according to the nature of the product, it is generally determined (aligned to the BASEL definition) as occurring at the earlier of:

- where, in the group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit). The Group will not rebut IFRS 9's 90 days past due rebuttable presumption.

A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets:

- significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower)
- a breach of contract, such as default or delinquency in interest and/or principal payments
- disappearance of active market due to financial difficulties
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation
- where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Group would not otherwise consider.

Exposures which are overdue for more than 90 days are also considered to be in default.

The Group monitors concentrations of credit risk by sector. An analysis of concentrations of credit risk at the reporting date is shown below:

		Consolidated and Separate	
Loans and advances to customers		**2025**	2024
	Note	**MKm**	MKm
Segmental analysis – industry			
Agriculture		**118,058**	95,990
Construction		**28,077**	25,052
Energy		**4,011**	9,310
Finance, real estate and other business services		**14,084**	6,601
Individuals, community, social and personal services		**218,164**	150,519
Manufacturing		**56,844**	46,407
Transport, storage and communication		**41,876**	40,217
Wholesale		**50,440**	32,862
	12	**531,554**	406,958

Economic sector risk concentrations within the customer loan portfolio were as follows:

	Consolidated and Separate	
	2025	2024
Agriculture	**22%**	24%
Construction	**5%**	6%
Energy	**1%**	2%
Finance, real estate and other business services	**3%**	2%
Individuals, community, social and personal services	**41%**	37%
Manufacturing	**11%**	11%
Transport, storage and communication	**8%**	10%
Wholesale	**9%**	8%
	100%	100%

4. Risk management (Continued)

(b) Credit risk (continued)

Industry segmental analysis for stage 3 loans and advances to customers

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Agriculture	**437**	130
Construction	**7,729**	11,957
Energy	**1,160**	1,243
Finance, real estate and other business services	**-**	2
Individuals, community, social and personal services	**7,219**	6,343
Manufacturing	**569**	967
Transport, storage and communication	**429**	1,100
Wholesale	**1,169**	1,631
	18,712	23,373

The risk that counterparties to trading instruments might default on their obligations is monitored on an on-going basis. In monitoring credit risk exposure, consideration is given to trading instruments with a positive fair value and the volatility of the fair value of trading instruments.

To manage the level of credit risk, the Group deals with counterparties of good credit standing, enters into master netting agreements whenever possible, and when appropriate, obtains collateral. Master netting agreements provide for the net settlement of contracts with the same counterparty in the event of default.

(c) Liquidity risk

Liquidity risk arises from exposure to daily calls on the Group's cash resources. It includes both the risk of being unable to fund assets at appropriate maturities and rates and the risk of being unable to liquidate an asset at a reasonable price and in an appropriate time frame.

Management of liquidity risk

The Group has access to a diverse funding base. Funds are raised mainly from deposits and shareholders. This enhances funding flexibility, limits dependence on any one source of funds and generally lowers the cost of funds. The Group strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Group continually assesses liquidity risk by identifying and monitoring changes in funding required to meet business objectives. In addition the Group holds a portfolio of liquid assets as part of its liquidity risk management strategy.

Structural liquidity risk management

With actual cash flows typically varying significantly from the contractual position, behavioural profiling is applied to assets, liabilities and off-balance sheet commitments with an indeterminable maturity or drawdown period, as well as to certain liquid assets. Behavioural profiling assigns probable maturities based on historical customer behaviour. Structural liquidity mismatch analyses are performed regularly to anticipate the mismatch between payment profiles of balance sheet items in order to highlight potential risks within the Group's defined liquidity risk thresholds. Limits are set internally to restrict the cumulative liquidity mismatch between expected inflows and outflows of funds in different time buckets. These mismatches are monitored on a regular basis with active management intervention if potential limit breaches are evidenced. The behaviourally adjusted cumulative liquidity mismatch remains within the Group's liquidity risk appetite.

Maturity analysis of financial assets and liabilities by contractual maturity

The table below analyses financial assets and liabilities into relevant maturity rankings based on the remaining period at 31 December 2025 to the contractual maturity date on a discounted basis.

At 31 December 2025		**Up to 1 month**	**1-3 months**	**3-12 months**	**Over 1 Year**	**Undated**	**Total**
Consolidated	**Note**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**
Assets							
Cash and balances held with the Central Bank	8	**247,557**	**-**	**-**	**-**	**-**	**247,557**
Derivative assets	9	**7**	**275**	**37**	**-**	**-**	**319**
Trading assets	10	**4,592**	**23,529**	**22,355**	**25**	**-**	**50,501**
Gross loans and advances to banks and other financial institutions	11	**279,498**	**129,983**	**-**	**-**	**-**	**409,481**
Gross loans and advances to customers	12	**37,512**	**82,087**	**134,389**	**277,566**	**-**	**531,554**
Gross financial Investments	13	**166,867**	**264,703**	**240,558**	**78**	**994**	**673,200**
Other assets	15	**15,897**	**-**	**-**	**-**	**-**	**15,897**
Total assets		**751,930**	**500,577**	**397,339**	**277,669**	**994**	**1,928,509**

4. Risk management (Continued)

(c) Liquidity risk (continued)

Maturity analysis of financial assets and liabilities by contractual maturity (continued)

At 31 December 2025		Up to 1 month	1-3 months	3-12 months	Over 1 Year	Undated	Total
Consolidated	**Note**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**
Liabilities							
Derivative liabilities	9	-	98	-	-	-	98
Trading Liabilities	19	3,215	40,993	41,906	-	-	86,114
Deposits and loans from banks	20	14,546	9,046	47,087	-	-	70,679
Deposits from customers	21	1,314,845	3,101	2,181	108	-	1,320,235
Other liabilities	22	45,322	126	1,546	6,887	-	53,881
Total liabilities		1,377,928	53,364	92,720	6,995	-	1,531,007
On-balance sheet liquidity gap		(625,998)	447,213	304,619	270,674	994	397,502
Off-balance sheet exposures							
Letters of credit and guarantees	40	15,498	36,850	115,772	106,796	-	274,916
Total off-balance sheet exposures		15,498	36,850	115,772	106,796	-	274,916
Total liquidity gap (on and off-balance sheet)		(641,496)	410,363	188,847	163,878	994	122,586

At 31 December 2024		Up to 1 month	1-3 months	3-12 months	Over 1 Year	Undated	Total
Consolidated	**Note**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**
Assets							
Cash and balances held with the Central Bank	8	197,187	-	-	-	-	197,187
Derivative assets	9	2,047	725	-	-	-	2,772
Trading assets	10	13	36,849	-	-	-	36,862
Gross loans and advances to banks and other financial institutions	11	161,466	54,792	17,500	-	-	233,758
Gross loans and advances to customers	12	28,948	59,069	110,020	208,921	-	406,958
Gross financial investments	13	66,118	108,163	239,330	2,767	355	416,733
Other assets	15	13,201	-	-	-	-	13,201
Total assets		468,980	259,598	366,850	211,688	355	1,307,471
Liabilities							
Derivative liabilities	9	562	246	-	-	-	808
Deposits and loans from banks	20	24,789	12,009	1,754	-	-	38,552
Deposits from customers	21	917,263	8,399	2,295	77	-	928,034
Other liabilities	22	63,594	90	453	596	-	64,733
Total liabilities		1,006,208	20,744	4,502	673	-	1,032,127
On-balance sheet liquidity gap		(537,228)	238,854	362,348	211,015	355	275,344
Off-balance sheet exposures							
Letters of credit and guarantees	40	31,936	34,829	115,556	40,599	-	222,920
Total off-balance sheet exposures		31,936	34,829	115,556	40,599	-	222,920
Total liquidity gap (on and off-balance sheet)		(569,164)	204,025	246,792	170,416	355	52,424

4. Risk management (Continued)

(c) Liquidity risk (continued)

Maturity analysis of financial assets and liabilities by contractual maturity (continued)

At 31 December 2025		Up to 1 month	1-3 months	3 -12 months	Over 1 Year	Undated	Total
Separate	**Note**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**
Assets							
Cash and balances held with the Central Bank	8	**247,173**	**-**	**-**	**-**	**-**	**247,173**
Derivative assets	9	**7**	**275**	**37**	**-**	**-**	**319**
Trading assets	10	**4,592**	**23,529**	**22,355**	**25**	**-**	**50,501**
Gross loans and advances to banks and other financial institutions	11	**274,602**	**129,983**	**-**	**-**	**-**	**404,585**
Gross loans and advances to customers	12	**37,512**	**82,087**	**134,389**	**277,566**	**-**	**531,554**
Gross financial investments	13	**166,867**	**264,703**	**240,558**	**78**	**994**	**673,200**
Other assets	15	**16,495**	**-**	**-**	**-**	**-**	**16,495**
Total assets		**747,248**	**500,577**	**397,339**	**277,669**	**994**	**1,923,827**
Liabilities							
Derivative liabilities	9	**-**	**98**	**-**	**-**	**-**	**98**
Trading liabilities	19	**3,215**	**40,993**	**41,906**	**-**	**-**	**86,114**
Deposits and loans from banks	20	**14,546**	**9,046**	**47,087**	**-**	**-**	**70,679**
Deposits from customers	21	**1,323,055**	**3,101**	**2,181**	**108**	**-**	**1,328,445**
Other liabilities	22	**45,308**	**126**	**1,546**	**6,887**	**-**	**53,867**
Total liabilities		**1,386,124**	**53,364**	**92,720**	**6,995**	**-**	**1,539,203**
On-balance sheet liquidity gap		**(638,876)**	**447,213**	**304,619**	**270,674**	**994**	**384,624**
Off-balance sheet exposures							
Letters of credit and guarantees	40	**15,498**	**36,850**	**115,772**	**106,796**	**-**	**274,916**
Total off-balance sheet exposures		**15,498**	**36,850**	**115,772**	**106,796**	**-**	**274,916**
Total liquidity gap (on and off-balance sheet)		**(654,374)**	**410,363**	**188,847**	**163,878**	**994**	**109,708**

4. Risk management (Continued)

(c) Liquidity risk (continued)

Maturity analysis of financial assets and liabilities by contractual maturity (continued)

At 31 December 2024		Up to 1 month	1-3 months	3 -12 months	Over 1 Year	Undated	Total
Separate	**Note**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**
Assets							
Cash and balances held with the Central Bank	8	196,951	-	-	-	-	196,951
Derivative assets	9	2,047	725	-	-	-	2,772
Trading assets	10	13	36,849	-	-	-	36,862
Gross loans and advances to banks and other financial institutions	11	159,459	53,744	17,500	-	-	230,703
Gross loans and advances to customers	12	28,948	59,069	110,020	208,921	-	406,958
Gross financial investments	13	66,118	108,163	239,330	2,767	355	416,733
Other assets	15	13,545	-	-	-	-	13,545
Total assets		467,081	258,550	366,850	211,688	355	1,304,524
Liabilities							
Derivative liabilities	9	562	246	-	-	-	808
Deposits and loans from banks	20	24,789	12,009	1,754	-	-	38,552
Deposits from customers	21	923,300	8,399	2,295	77	-	934,071
Other liabilities	22	63,591	90	453	596	-	64,730
Total liabilities		1,012,242	20,744	4,502	673	-	1,038,161
On-balance sheet liquidity gap		(545,161)	237,806	362,348	211,015	355	266,363
Off-balance sheet exposures							
Letters of credit and guarantees	40	31,936	34,829	115,556	40,599	-	222,920
Total off-balance sheet exposures		31,936	34,829	115,556	40,599	-	222,920
Total liquidity gap (on and off-balance sheet)		(577,097)	202,977	246,792	170,416	355	43,443

The contractual liquidity gap shows the mismatch before any adjustments are made for product and customer behavioural assumptions. The Group's Asset and Liability Committee (ALCO) manages this mismatch by setting guidelines and limits for anticipated liquidity gaps and monitors these gaps daily.

Monitoring of liquidity risk using structural gaps is facilitated by the adoption of maximum mismatch tolerance limits appetite triggers and monitoring items.

Should there be breaches, the Group triggers the contingency funding plan to raise additional funding.

ALCO reviews the product and customer behavioural assumptions when there is indication that there is a shift in one or more of the variables.

4. Risk management (Continued)

(c) Liquidity risk (continued)

Analysis of financial assets and liabilities by remaining contractual maturities (continued)

The table below summarizes the remaining contractual maturities of the Group's non-derivative financial assets and liabilities based on undiscounted cashflows:

At 31 December 2025		Redeemable on demand	Maturing within 1 month	Maturing after 1 month but within 6 months	Maturing after 6 months but within 12 months	Maturing over 1 year	Undated	Gross nominal inflow/(outflow)	Carrying amount
Consolidated	**Note**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**
Non-derivative financial assets									
Cash and balances held with the Central Bank	8	**247,557**	-	-	-	-	-	**247,557**	**247,557**
Trading assets	10	-	**4,824**	**49,828**	-	-	-	**54,652**	**50,501**
Gross loans and advances to banks and other financial institutions	11	**123,681**	**155,845**	**129,983**	-	-	-	**409,509**	**407,057**
Gross loans and advances to customers	12	**15,282**	**122,235**	**99,481**	**151,170**	**384,318**	-	**772,486**	**496,182**
Gross financial investments	13	-	**167,486**	**273,084**	**272,462**	**93**	**994**	**714,119**	**642,788**
Other assets	15	-	**15,897**	-	-	-	-	**15,897**	**14,856**
Non-derivative financial liabilities									
Trading liabilities	19	-	**(3,554)**	**(94,285)**	-	-	-	**(97,839)**	**(86,114)**
Deposits and loans from banks	20	**(8,257)**	**(6,290)**	**(53,420)**	**(2,713)**	-	-	**(70,680)**	**(70,679)**
Deposits from customers	21	**(1,303,309)**	**(11,548)**	**(4,521)**	**(873)**	**(115)**	-	**(1,320,366)**	**(1,320,235)**
Other liabilities	22	-	**(45,331)**	**(163)**	**(1,582)**	**(7,028)**	-	**(54,104)**	**(53,881)**
Off-balance sheet exposures									
Letters of credit and guarantees	40	-	**(15,498)**	**(111,881)**	**(40,741)**	**(106,796)**	-	**(274,916)**	**(274,916)**
Total non-derivative financial instruments		**(925,046)**	**384,066**	**288,106**	**377,723**	**270,472**	**994**	**396,315**	**53,116**

4. Risk management (Continued)

(c) Liquidity risk (continued)

Analysis of financial assets and liabilities by remaining contractual maturities (continued)

The table below summarizes the remaining contractual maturities of the Group's derivative financial assets and liabilities based on undiscounted cash flows:

At 31 December 2025		Redeemable on demand	Maturing within 1 month		Maturing after 1 month but within 6 months	Maturing after 6 month but within 12 months	Gross nominal inflow/(outflow)	Carrying amount
Consolidated	**Note**	**MKm**	**MKm**		**MKm**	**MKm**	**MKm**	**MKm**
Derivative financial assets								
Derivative assets								
Trading:	9							**319**
Inflow		-	**1,275**		**8,496**	-	**9,771**	-
Outflow		-	**(1,247)**		**(8,145)**	-	**(9,392)**	-
Derivatives and trading liabilities								
Trading:	9							**(98)**
Inflow		-	**355**		**3,154**	-	**3,509**	-
Outflow		-	**(355)**		**(3,273)**	-	**(3,628)**	-
Total derivative financial instruments		-	**28**		**232**	-	**260**	**221**

4. Risk management (Continued)

(c) Liquidity risk (continued)

Analysis of financial assets and liabilities by remaining contractual maturities (continued)

The table below summarizes the remaining contractual maturities of the Group's non derivative financial assets and liabilities based on undiscounted cashflows:

At 31 December 2024		Redeemable on demand	Maturing within 1 month	Maturing after 1 month but within 6 months	Maturing after 6 months but within 12 months	Maturing over 1 year	Undated	Gross nominal inflow/(outflow)	Carrying amount
Consolidated	**Note**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**
Non-derivative financial assets									
Cash and balances held with the Central Bank	8	197,187	-	-	-	-	-	197,187	197,187
Trading assets	10	-	14	40,012	-	-	-	40,026	36,862
Gross loans and advances to banks and other financial institutions	11	152,779	34,931	48,478	-	-	-	236,188	233,660
Gross loans and advances to customers	12	2,925	85,690	84,364	129,621	313,753	-	616,353	378,343
Gross financial investments	13	-	66,358	224,417	158,344	2,662	355	452,136	394,899
Other assets	15	-	13,201	-	-	-	-	13,201	13,201
Non-derivative financial liabilities									
Deposits and loans from banks	20	(7,806)	(16,984)	(12,009)	(1,754)	-	-	(38,553)	(38,552)
Deposits from customers	21	(903,883)	(13,386)	(9,584)	(1,176)	(82)	-	(928,111)	(928,034)
Other liabilities	22	-	(63,594)	(90)	(453)	(596)	-	(64,733)	(64,733)
Off-balance sheet exposures									
Letters of credit and guarantees	40	-	(31,936)	(95,637)	(54,748)	(40,599)	-	(222,920)	(222,920)
Total non-derivative financial instruments		(558,798)	74,294	279,951	229,834	275,138	355	300,774	(87)

4. Risk management (Continued)

(c) Liquidity risk (continued)

Analysis of financial assets and liabilities by remaining contractual maturities (continued)

The table below summarizes the remaining contractual maturities of the Group's derivative financial assets and liabilities based on undiscounted cash flows:

At 31 December 2024		Redeemable on demand	Maturing within 1 month	Maturing after 1 month but within 6 months	Maturing after 6 month but within 12 months	Gross nominal inflow/(outflow)	Carrying amount
Consolidated	**Note**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**
Derivative financial assets							
Derivative assets							
Trading:	9						2,772
Inflow		-	25,786	7,123	-	32,909	-
Outflow		-	(23,600)	(6,311)	-	(29,911)	-
Derivatives and trading liabilities							
Trading:	9						(808)
Inflow		-	24,371	4,493	-	28,864	-
Outflow		-	(24,941)	(4,739)	-	(29,680)	-
Total derivative financial instruments		-	1,616	566	-	2,182	1,964

4. Risk management (Continued)

(c) Liquidity risk (continued)

Analysis of financial assets and liabilities by remaining contractual maturities (continued)

The table below summarizes the remaining contractual maturities of the Group's non-derivative financial assets and liabilities based on undiscounted cashflows:

At 31 December 2025		Redeemable on demand	Maturing within 1 month	Maturing after 1 month but within 6 months	Maturing after 6 months but within 12 months	Maturing over 1 year	Undated	Gross nominal inflow/(outflow)	Carrying amount
Separate	**Note**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**
Non-derivative financial assets									
Cash and balances held with the Central Bank	8	**247,173**	-	-	-	-	-	**247,173**	**247,173**
Trading assets	10	-	**4,824**	**49,828**	-	-	-	**54,652**	**50,501**
Gross loans and advances to banks and other financial institutions	11	**118,758**	**155,845**	**129,983**	-	-	-	**404,586**	**402,217**
Gross loans and advances to customers	12	**15,282**	**122,235**	**99,481**	**151,170**	**384,318**	-	**772,486**	**496,182**
Gross financial investments	13	-	**167,486**	**273,084**	**272,462**	**93**	**994**	**714,119**	**642,788**
Other assets	15	-	**16,495**	-	-	-	-	**16,495**	**15,454**
Non-derivative financial liabilities									
Trading liabilities	19	-	**(3,554)**	**(94,285)**	-	-	-	**(97,839)**	**(86,114)**
Deposits and loans from banks	20	**(8,257)**	**(6,290)**	**(53,420)**	**(2,713)**	-	-	**(70,680)**	**(70,679)**
Deposits from customers	21	**(1,311,519)**	**(11,548)**	**(4,521)**	**(873)**	**(115)**	-	**(1,328,576)**	**(1,328,445)**
Other liabilities	22	-	**(45,317)**	**(163)**	**(1,582)**	**(7,028)**	-	**(54,090)**	**(53,867)**
Off-balance sheet exposures									
Letters of credit and guarantees	40	-	**(15,498)**	**(111,881)**	**(40,741)**	**(106,796)**	-	**(274,916)**	**(274,916)**
Total non-derivative financial instruments		**(938,563)**	**384,678**	**288,106**	**377,723**	**270,472**	**994**	**383,410**	**40,294**

4. Risk management (Continued)

(c) Liquidity risk (continued)

Analysis of financial assets and liabilities by remaining contractual maturities (continued)

The table below summarizes the remaining contractual maturities of the Group's derivative financial assets and liabilities based on undiscounted cash flows:

At 31 December 2025		Redeemable on demand	Maturing within 1 month	Maturing after 1 month but within 6 months	Maturing after 6 month but within 12 months	Gross nominal inflow/(outflow)	Carrying amount
Separate	**Note**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**
Derivative financial assets							
Derivative assets							
Trading:	9						**319**
Inflow		**-**	**1,275**	**8,496**	**-**	**9,771**	**-**
Outflow		**-**	**(1,247)**	**(8,145)**	**-**	**(9,392)**	**-**
Derivatives and trading liabilities							
Trading:	9						**(98)**
Inflow		**-**	**355**	**3,154**	**-**	**3,509**	**-**
Outflow		**-**	**(355)**	**(3,273)**	**-**	**(3,628)**	**-**
Total derivative financial instruments		**-**	**28**	**232**	**-**	**260**	**221**

4. Risk management (Continued)

(c) Liquidity risk (continued)

Analysis of financial assets and liabilities by remaining contractual maturities (continued)

The table below summarizes the remaining contractual maturities of the Group's non-derivative financial assets and liabilities based on undiscounted cashflows:

At 31 December 2024		Redeemable on demand	Maturing within 1 month	Maturing after 1 month but within 6 months	Maturing after 6 months but within 12 months	Maturing over 1 year	Undated	Gross nominal inflow/(outflow)	Carrying amount
Separate	**Note**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**
Non-derivative financial assets									
Cash and balances held with the Central Bank	8	196,951	-	-	-	-	-	196,951	196,951
Trading assets	10	-	14	40,012	-	-	-	40,026	36,862
Gross loans and advances to banks and other financial institutions	11	152,420	33,324	47,407	-	-	-	233,151	230,623
Gross loans and advances to customers	12	2,925	85,690	84,364	129,621	313,753	-	616,353	378,343
Gross financial investments	13	-	66,358	224,417	158,344	2,662	355	452,136	394,899
Other assets	15	-	13,545	-	-	-	-	13,545	13,545
Non-derivative financial liabilities									
Deposits and loans from banks	20	(7,806)	(16,984)	(12,009)	(1,754)	-	-	(38,553)	(38,552)
Deposits from customers	21	(909,920)	(13,386)	(9,584)	(1,176)	(82)	-	(934,148)	(934,071)
Other liabilities	22	-	(63,591)	(90)	(453)	(596)	-	(64,730)	(64,730)
Off-balance sheet exposures									
Letters of credit and guarantees	40	-	(31,936)	(95,637)	(54,748)	(40,599)	-	(222,920)	(222,920)
Total non-derivative financial instruments		(565,430)	73,034	278,880	229,834	275,138	355	291,811	(9,050)

4. Risk management (Continued)

(c) Liquidity risk (continued)

Analysis of financial assets and liabilities by remaining contractual maturities (continued)

The table below summarizes the remaining contractual maturities of the Group's derivative financial assets and liabilities based on undiscounted cash flows:

At 31 December 2024		Redeemable on demand	Maturing within 1 month		Maturing after 1 month but within 6 months	Maturing after 6 month but within 12 months	Gross nominal inflow/(outflow)	Carrying amount
Separate	**Note**	**MKm**	**MKm**		**MKm**	**MKm**	**MKm**	**MKm**
Derivative financial assets								
Derivative assets								
Trading:	9							2,772
Inflow		-	25,786		7,123	-	32,909	-
Outflow		-	(23,600)		(6,311)	-	(29,911)	-
Derivatives and trading liabilities								
Trading:	9							(808)
Inflow		-	24,371		4,493	-	28,864	-
Outflow		-	(24,941)		(4,739)	-	(29,680)	-
Total derivative financial instruments		-	1,616		566	-	2,182	1,964

4. Risk management (Continued)

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rate, foreign exchange rates and other price risk will affect the Group's income or the value of holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

Management of market risks

The Group separates its exposure to market risk between trading and non-trading portfolios. Trading portfolios mainly are held by the Global Markets unit, and include positions arising from market making and proprietary position taking, together with financial assets and liabilities that are managed on a fair value basis.

All foreign exchange risk within the Group is transferred and sold down by the banking book. Accordingly, the foreign exchange position is treated as part of the Group's trading portfolios for risk management purposes.

Overall authority for market risk is vested in the Asset and Liability Committee (ALCO). Group Risk is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

Exposure to market risks – Trading portfolios

The principal tool used to measure and control market risk exposure with the Group's trading portfolios is Value at Risk (VaR). The VaR of a trading portfolio is the estimated loss that would arise on the portfolio over a specified period of time (holding period) from an adverse market movement with a specified probability (confidence level). The VaR model used by the Group is based upon a 95% confidence level and assumes a one-day holding period. The VaR Model used is based mainly on historical simulation taking account of market data from the one-year data or from at least 250 business days, and observed relationships between different markets and prices. The model generates a wide range of plausible future scenarios for market price movements.

Although VaR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

- A 95% confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a 5% probability that losses could exceed the VaR;
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day;
- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all possible scenarios, especially those of an exceptional nature;
- The VaR measure is dependent upon the Group's position and the volatility of market prices; and
- The VaR of an unchanged position reduces if the market price volatility declines and vice versa.

The Group uses VaR limits for specific foreign exchange, present value (PV01) limit and other price risks. The overall structure of VaR limits is subject to review and approval by ALCO. VaR is measured at least daily. VaR limits are allocated to trading portfolios.

(i) Exposure to market risk – Value at Risk

The Group applies a Value at Risk (VaR) methodology to its trading and non-trading portfolios, to estimate the market risk of positions held and the maximum losses expected, based upon a number of assumptions for various changes in market conditions. The Assets and Liabilities Committee (ALCO) sets limits on the value of risk that may be acceptable for the Group, which are monitored on a daily basis by market risk. VaR is a statistically based estimate of the potential loss on the current portfolio from adverse market movements. It expresses the 'maximum' amount the Group might lose, but only to a certain level of confidence (95%). There is therefore a specified statistical probability (5%) that actual loss could be greater than the VaR estimate.

Diversified normal VaR exposures (USD'000)

Desk name	High	Min	Average	31-Dec-25	Limit
Bank wide*	**304**	**10**	**84**	**109**	**216**
Forex trading	**306**	**4**	**82**	**105**	**181**
Money markets trading	**15**	**2**	**7**	**13**	**77**

Desk name	High	Min	Average	31-Dec-24	Limit
Bank wide*	112	41	73	51	162
Forex trading	107	41	70	50	111
Money markets trading	10	0	5	6	77

* = Combined represents VAR for forex trading and money markets trading

Stress tests

Stress testing is done to augment other risk measures that are used by the Group, such as VaR and market risk factor sensitivities (e.g. PV01's). These stress scenarios are typically used to highlight exposures that may not be explicitly incorporated by the VaR calculations. Such tests provide an indication of the potential size of losses that could arise in extreme market conditions. The stress tests carried out by the Group include: cross market stress testing where stress movements are applied to each risk factor across different markets and interest rate hypothetical stress testing where stress movements are applied to different interest rate scenarios.

4. Risk management (Continued)

(d) Market risk (continued)

(i) Exposure to market risk – Value at Risk (continued)

Stress tests (continued)

Diversified Stress VaR exposures (USD'000)

Desk name	High	Min	Average	31-Dec-25	Limit
Bank wide *	**221**	**73**	**125**	**111**	**2,294**
Forex trading	**142**	**62**	**95**	**114**	**1,577**
Money markets trading	**219**	**68**	**128**	**116**	**1,049**

Desk name	High	Min	Average	31-Dec-24	Limit
Bank wide *	811	195	425	205	2,181
Forex trading	562	84	292	85	1,412
Money markets trading	806	7	293	184	1,049

* = combined represents VAR for forex trading and money markets trading

As VaR constitutes an integral part of the Group's market risk control regime, VaR limits are established by the Board of Directors (the Board) annually for all trading and non-trading portfolios. Actual exposure against limits, together with a consolidated group wide VaR, is reviewed daily by Bank's treasury and market risk

The Stress VaR model is based upon a 99% confidence level and assumes a ten-day holding period. The model used is based on historical simulation taking account of market data from five-year data or from at least 1,250 business days.

The quality of the VaR model is continuously monitored by back testing the VaR results for trading books. All back-testing exceptions and any exceptional revenues on the profit side of the VaR distribution are investigated.

Sensitivity analysis for each type of market risk

Interest rate risk

The table below indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's profit or loss in local currency:

Consolidated and separate	Increase/(decrease) in basis points	Sensitivity of net interest income
		MKm
2025		
	350	**20,995**
	(350)	**(20,873)**

Consolidated and separate		
2024		
	350	13,451
	(350)	(16,326)

The table below indicates the sensitivity to a reasonable possible change in interest rates, with all other variables held constant, of the Group's equity in local currency:

Consolidated and separate	Increase/(decrease) in basis points	Sensitivity of equity
		MKm
2025		
	350	**(2)**
	(350)	**2**

Consolidated and separate		
2024		
	350	(5)
	(350)	5

To reflect the volatile interest rate environment, the relative change in interest rates are measured monthly by calculating a market calibrated shock using the historic volatility over a period of five years, with a 95% confidence interval, assuming a holding period of one month. This calculation is then used to determine the quantum of an upward and downward parallel interest rate shock and as such rate shocks are subject to change from time to time.

4. Risk management (Continued)

(d) Market risk (continued)

Interest rate gap analysis

The table below summarises the exposure to interest rate risks. Included in the table are the Group's gross assets and liabilities categorised by the earlier of contractual re-pricing or maturity dates. The Group does not bear an interest rate risk on unrecognized financial instruments.

Consolidated At 31 December 2025	Note	Up to 1 Month MKm	1-3 months MKm	3-12 months MKm	Over 1 Year MKm	Non rate sensitive MKm	Total MKm
Assets							
Gross loans and advances to banks and other financial institutions	11	**210,739**	**111,000**	**-**	**-**	**87,742**	**409,481**
Gross loans and advances to customers	12	**511,503**	**-**	**-**	**-**	**20,051**	**531,554**
Gross financial investments	13	**147,562**	**255,616**	**209,673**	**68**	**60,281**	**673,200**
Total assets		**869,804**	**366,616**	**209,673**	**68**	**168,074**	**1,614,235**
Liabilities							
Deposits and loans from banks	20	**54,495**	**-**	**-**	**-**	**16,184**	**70,679**
Deposits from customers	21	**541,515**	**3,102**	**2,180**	**72**	**773,366**	**1,320,235**
Total liabilities		**596,010**	**3,102**	**2,180**	**72**	**789,550**	**1,390,914**
Interest sensitivity gap		**273,794**	**363,514**	**207,493**	**(4)**	**(621,476)**	**223,321**

Consolidated At 31 December 2024	Note	Up to 1 Month MKm	1-3 months MKm	3-12 months MKm	Over 1 Year MKm	Non rate sensitive MKm	Total MKm
Assets							
Gross loans and advances to banks and other financial institutions	11	230,423	1,048	-	-	2,287	233,758
Gross loans and advances to customers	12	370,828	-	-	-	36,130	406,958
Gross financial investments	13	60,921	103,302	219,118	2,621	30,771	416,733
Total assets		662,172	104,350	219,118	2,621	69,188	1,057,449
Liabilities							
Deposits and loans from banks	20	8,689	-	-	-	29,863	38,552
Deposits from customers	21	498,369	-	1,105	4,845	423,715	928,034
Total liabilities		507,058	-	1,105	4,845	453,578	966,586
Interest sensitivity gap		155,114	104,350	218,013	(2,224)	(384,390)	90,863

Separate At 31 December 2025	Note	Up to 1 Month MKm	1-3 months MKm	3-12 months MKm	Over 1 Year MKm	Non rate sensitive MKm	Total MKm
Assets							
Gross loans and advances to banks and other financial institutions	11	**205,843**	**111,000**	**-**	**-**	**87,742**	**404,585**
Gross loans and advances to customers	12	**511,503**	**-**	**-**	**-**	**20,051**	**531,554**
Gross financial investments	13	**147,562**	**255,616**	**209,673**	**68**	**60,281**	**673,200**
Total assets		**864,908**	**366,616**	**209,673**	**68**	**168,074**	**1,609,339**
Liabilities							
Deposits and loans from banks	20	**54,495**	**-**	**-**	**-**	**16,184**	**70,679**
Deposits from customers	21	**549,725**	**3,102**	**2,180**	**72**	**773,366**	**1,328,445**
Total liabilities		**604,220**	**3,102**	**2,180**	**72**	**789,550**	**1,399,124**
Interest sensitivity gap		**260,688**	**363,514**	**207,493**	**(4)**	**(621,476)**	**210,215**

Separate At 31 December 2024	Note	Up to 1 Month MKm	1-3 months MKm	3-12 months MKm	Over 1 Year MKm	Non rate sensitive MKm	Total MKm
Assets							
Gross loans and advances to banks and other financial institutions	11	228,804	-	-	-	1,899	230,703
Gross loans and advances to customers	12	370,828	-	-	-	36,130	406,958
Gross financial investments	13	60,921	103,302	219,118	2,621	30,771	416,733
Total assets		660,553	103,302	219,118	2,621	68,800	1,054,394
Liabilities							
Deposits and loans from banks	20	8,689	-	-	-	29,863	38,552
Deposits from customers	21	501,535	-	1,105	4,845	426,586	934,071
Total liabilities		510,224	-	1,105	4,845	456,449	972,623
Interest sensitivity gap		150,329	103,302	218,013	(2,224)	(387,649)	81,771

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Bank's financial assets and liabilities to various standard and non-standard interest rate scenarios.

The Group has an Interest Rate of the Banking Book (IRRBB) policy which it refers to when managing interest rate risk of the banking book. IRRBB refers to the current or prospective risk to the Group's capital and earnings arising from adverse movements in interest rates that affect the Group's Banking Book positions. When interest rates change, the present value and timing of future cash flows change.

4. Risk management (Continued)

(e) Currency risk

This risk relates to the exposure of the Group's foreign exchange position to adverse movements in foreign exchange rates. These movements may impact on the Group's future cash flows. The Group manages this risk by adhering to internally set limits and those set by the Reserve Bank of Malawi. Transactions that require the Group to guarantee the provision of foreign currency in future are only undertaken where the Group is certain that foreign currency will be available.

In respect of monetary assets and liabilities in foreign currency, the Group ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate.

The Group had the following significant foreign currency positions (all amounts expressed in millions of Malawi Kwacha):

Consolidated

At 31 December 2025	**USD**	**GBP**	**Euro**	**ZAR**	**Total**
Assets					
Cash and balances held with the Central Bank	**8,225**	**4**	**30**	**5**	**8,264**
Financial investments	**81,602**	**-**	**-**	**-**	**81,602**
Loans and advances to banks and other financial institutions	**128,032**	**8,165**	**14,510**	**925**	**151,632**
Loans and advances to customers	**101,923**	**-**	**-**	**348**	**102,271**
Other assets	**118**	**248**	**-**	**7,431**	**7,797**
Total assets	**319,900**	**8,417**	**14,540**	**8,709**	**351,566**
Liabilities					
Deposits and loans from banks	**61,628**	**-**	**800**	**348**	**62,776**
Deposits from customers	**148,122**	**7,806**	**10,961**	**1,786**	**168,675**
Other liabilities	**106,846**	**141**	**2,341**	**6,309**	**115,637**
Total liabilities	**316,596**	**7,947**	**14,102**	**8,443**	**347,088**
Net position	**3,304**	**470**	**438**	**266**	**4,478**

Consolidated

At 31 December 2024	**USD**	**GBP**	**Euro**	**ZAR**	**Total**
Assets					
Cash and balances held with the Central Bank	4,702	33	27	8	4,770
Loans and advances to banks and other financial institutions	123,329	7,815	10,470	4,959	146,573
Loans and advances to customers	70,118	-	-	-	70,118
Other assets	1,698	128	485	18,972	21,283
Derivative assets	4,318	-	-	-	4,318
Total assets	204,165	7,976	10,982	23,939	247,062
Liabilities					
Deposits and loans from banks	804	-	32	12	848
Deposits from customers	143,488	7,301	9,705	980	161,474
Other liabilities	47,766	580	455	22,938	71,739
Total liabilities	192,058	7,881	10,192	23,930	234,061
Net position	12,107	95	790	9	13,001

Separate

At 31 December 2025					
Assets					
Cash and balances held with the Central Bank	**7,932**	**4**	**29**	**5**	**7,970**
Financial investments	**81,602**	**-**	**-**	**-**	**81,602**
Loans and advances to banks and other financial institutions	**128,032**	**8,165**	**14,510**	**925**	**151,632**
Loans and advances to customers	**101,923**	**-**	**-**	**348**	**102,271**
Other assets	**118**	**248**	**-**	**7,431**	**7,797**
Total assets	**319,607**	**8,417**	**14,539**	**8,709**	**351,272**
Liabilities					
Deposits and loans from banks	**61,628**	**-**	**800**	**348**	**62,776**
Deposits from customers	**149,782**	**7,935**	**11,180**	**1,793**	**170,690**
Other liabilities	**106,846**	**141**	**2,341**	**6,309**	**115,637**
Total liabilities	**318,256**	**8,076**	**14,321**	**8,450**	**349,103**
Net position	**1,351**	**341**	**218**	**259**	**2,169**

4. Risk management (Continued)

(e) Currency risk (continued)

Separate

At 31 December 2024	USD	GBP	Euro	ZAR	Total
Assets					
Cash and balances held with the Central Bank	4,652	33	13	5	4,703
Loans and advances to banks and other financial institutions	123,329	7,815	10,470	4,959	146,573
Loans and advances to customers	70,118	-	-	-	70,118
Other assets	1,698	128	485	18,972	21,283
Derivative assets	4,318	-	-	-	4,318
Total assets	204,115	7,976	10,968	23,936	246,995
Liabilities					
Deposits and loans from banks	804	-	801	12	1,617
Deposits from customers	146,467	7,368	9,705	980	164,520
Other liabilities	47,766	580	455	22,938	71,739
Total liabilities	195,037	7,948	10,961	23,930	237,876
Net position	9,078	28	7	6	9,119

Foreign currency sensitivity analysis

The foreign currency risk sensitivity analysis below reflects the expected financial impact in Kwacha equivalent resulting from a **10%** (2024:10%) shock to foreign currency risk exposures. The sensitivity analysis is based on net open foreign currency exposures arising from derivative financial instruments, foreign denominated balances and accruals.

The sensitivity analysis reflects the sensitivity to profit or loss and equity on the Group's foreign denominated exposures with all variables held constant.

All amounts expressed below are in millions of Malawi Kwacha.

Consolidated

At 31 December 2025	USD	GBP	Euro	ZAR	Total
Sensitivity					
Total net long position	**3,304**	**470**	**438**	**266**	**4,478**
Impact of 10% weakening of the Kwacha on profit or loss and equity	**330**	**47**	**44**	**27**	**448**
Impact of 10% strengthening of the Kwacha on profit or loss and equity	**(330)**	**(47)**	**(44)**	**(27)**	**(448)**

At 31 December 2024

Sensitivity					
Total net long position	12,107	95	790	9	13,001
Impact of 10% weakening of the Kwacha on profit or loss and equity	1,211	10	79	1	1,300
Impact of 10% strengthening of the Kwacha on profit or loss and equity	(1,211)	(10)	(79)	(1)	(1,300)

4. Risk management (Continued)

(e) Currency risk (continued)

Foreign currency sensitivity analysis (continued)

Separate

At 31 December 2025	USD	GBP	Euro	ZAR	Total
Sensitivity					
Total net long position	**1,351**	**341**	**218**	**259**	**2,169**
Impact of 10% weakening of the Kwacha on profit or loss and equity	**135**	**34**	**22**	**26**	**217**
Impact of 10% strengthening of the Kwacha on profit or loss and equity	**(135)**	**(34)**	**(22)**	**(26)**	**(217)**

At 31 December 2024					
Sensitivity					
Total net long position	9,078	28	7	6	9,119
Impact of 10% weakening of the Kwacha on profit or loss and equity	908	3	1	1	912
Impact of 10% strengthening of the Kwacha on profit or loss and equity	(908)	(3)	(1)	(1)	(912)

(f) Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks arise from all of the Group's operations and are faced by all business entities.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The management of this risk is done through the implementation of an Operational Risk Management (ORM) Policy and Framework. The ORM model involves use of risk tables, risk control self-assessments, key risk indicators, incident management, audit findings, compliance reports, information risk management, loss control programmes and business continuity management. Audits and routine control (or operational integrity) processes provide an independent assurance on the adequacy and effectiveness of the management of operational risk, including, but not limited to, the processes, systems and controls.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by the Internal Audit Department. The results of Internal Audit reviews are discussed with the management of the business unit to which they relate, with summaries submitted to the Audit Committee and senior management of the Group.

Operational risk disclosures are not within the scope of IFRS 7 as such the information in the section is unaudited.

(g) Compliance risk

Compliance is an independent core risk management activity, the head of which also has unrestricted access to the Chief Executive and the Chairperson of the Board. The Group is subject to extensive supervisory and regulatory regimes, and the executive management remains responsible for overseeing the management of the Group's compliance risk.

Money laundering control and occupational health and safety (including aspects of environmental risk management) are managed within the compliance function and there are increasingly onerous legislative requirements being imposed in both these areas. The Group has adopted anti-money laundering policies including Know Your Customer policies and procedures and adheres to the country's anti-money laundering legislation and the Reserve Bank of Malawi's regulations/directives.

The management of compliance risk has become a distinct discipline within the Group's overall risk management framework. Ultimate responsibility for this risk lies with the Board of Directors. A combination of key activities are undertaken to manage the risk such as identifying the regulatory universe and developing compliance management plans, training staff and other stakeholders on relevant regulatory requirements, and monitoring compliance. Compliance with the Know-Your-Customer and Anti-money Laundering procedures and legislation remains an area of major focus for the Group. The Group has a dedicated Money Laundering Control Officer who consults the country's Financial Intelligence Unit on money laundering and anti-terrorist financing matters.

(1) Statutory requirements

In accordance with the Banking Act, the Reserve Bank of Malawi has established the following requirements as at the reporting date:

(i) Liquidity reserve requirement

The Group is required to maintain a liquidity reserve amount with the Reserve Bank of Malawi, in cash and/or with registered discount houses, calculated on a biweekly basis, of not less than **10%** of local and **3.75%** of foreign currency deposits (2024: 10% of local currency deposits and 3.75% foreign currency deposits) of the preceding two weeks' average total deposit liabilities. The Group complied with the liquidity reserve requirement in 2025. In the last two weeks of December 2025, the liquidity reserve was **13.68%** of average customer deposits (2024: 19.19%).

(ii) Capital adequacy requirement

The Group's available capital is required to be a minimum of **15%** (2024: 15%) of risk-weighted assets and contingent liabilities. As at 31 December 2025, the Group's available capital was **26.90%** (2024: 24.11%) of its risk-weighted assets and contingent liabilities. The Group has complied with this requirement during the year.

4. Risk management (Continued)

(g) Compliance risk (continued)

(1) Statutory requirements (continued)

(iii) Expected credit losses

Expected credit losses, in accordance with the Reserve Bank of Malawi's guidelines, amount to **MK69 billion** (2024: MK52 billion). The amount of expected credit losses (including interest in suspense) included in the consolidated and separate financial statements in accordance with IFRS 9 is **MK69 billion** (2024: MK52 billion).

(2) Prudential aspects of the Group's liquidity

The Reserve Bank of Malawi has issued the following guidelines on the management of liquidity:

(i) Liquidity ratio

Net liquidity (total liquid assets less suspense account in foreign currency) divided by total deposits must be at least 25%.

The Group complied with the liquidity ratio requirements in 2025. At 31 December 2025, the Group's liquidity ratio was **82.08%** (2024: 74.25%).

Implementing current capital requirements of the Reserve Bank of Malawi requires the Group to maintain a prescribed ratio of total capital to total risk-weighted assets. The Group calculates requirements for market risk in its trading portfolios based upon the Group's VaR models and uses its internal grading as the basis for risk weightings for credit risk.

The Group has access to a diverse funding base. Funds are raised mainly from deposits and shareholders. This enhances funding flexibility, limits dependence on any one source of funds while lowering the cost of funds. The Group strives to maintain a balance between continuity of funding and flexibility through the use of liabilities with a range of maturities. The Group continually assesses liquidity risk by identifying and monitoring changes in funding required for meeting business objectives. In addition, the Group holds a portfolio of liquid assets as part of its liquidity risk management strategy.

(ii) Capital management

The Reserve Bank of Malawi sets and monitors the Group's capital requirements. In implementing current capital requirements, the Reserve Bank of Malawi requires the Group to maintain a minimum ratio of **15%** (2024:15%) of total capital to risk-weighted assets. The Group's regulatory capital is analysed in two parts:

Tier I capital, which comprises of :

- common equity Tier I capital (CET1) includes ordinary share capital, share premium, retained earnings, and other regulatory reserves, less regulatory adjustments(deductions) such as goodwill, other intangible asset, deferred tax assets, investment in unconsolidated subsidiaries and underwriting positions held longer than 21 days;
- Additional Tier I Capital (AT1) consists of that qualify as perpetual and subordinated including certain investments in unconsolidated subsidiaries and underwriting positions held more than 21 days.

Tier II capital, which includes eligible subordinated debt (limited to 50% of Tier 1 capital), general loan loss reserves and instruments issued by the bank that meet the criteria for inclusion in Tier II, and less applicable regulatory adjustments.

The calculations of both the above ratios is shown below:

	2025	2024
	MKm	MKm
Tier 1 capital		
Share capital	**8,726**	8,726
Retained earnings and other reserves	**284,240**	210,055
Total tier 1 capital	**292,966**	218,781
Tier 2 capital		
Revaluation reserve on property, loan loss reserve less 50% of investment in a subsidiary	**-**	22,500
Total tier 2 capital	**-**	22,500
Total regulatory capital	**292,966**	241,281
Risk weighted assets	**1,088,899**	1,000,788
Capital ratios		
Total regulatory capital expressed as a percentage of total risk weighted assets	**26.90%**	24.11%
Total Tier 1 capital expressed as a percentage of total risk weighted assets	**26.90%**	21.86%

The Group has complied with all capital management requirements during the year ended 31 December 2025.

5. Accounting estimates and judgements

Management discussed with the Board Audit Committee the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

Key sources of estimates and uncertainty

Note 4(b) contains information about the assumptions and their risk factors relating to provision for loan losses. In notes 4(c), 4(d) and 4(e) detailed analysis is given of the exposure to liquidity risk, interest rates and currency risk respectively. Detailed analysis of fair value measurement is disclosed in more detail on note 7.

(i) Expected credit loss (ECL) on financial assets - IFRS 9 drivers

ECL measurement period

For the purpose of determining the ECL:

- The PPB and BCB portfolios are based on the product categories or subsets of the product categories, with tailored ECL models per portfolio.
- CIB exposures are calculated separately based on rating models for each of the asset classes.

ECL measurement period

- The ECL measurement period for stage 1 exposures is 12-months (or the remaining tenor of the financial asset for CIB exposures if the remaining lifetime is less than 12-months).
- A loss allowance over the full lifetime of the financial asset is required if the credit risk of that financial instrument has increased significantly since initial recognition (stage 2).
- A lifetime measurement period is applied to all credit impaired (stage 3) exposures.
- Lifetimes include consideration for multiple default events, i.e. where defaulted exposures cure and then subsequently re-default. This consideration increases the lifetime periods and the potential ECL.
- The measurement periods for unutilised loan commitments utilise the same approach as on-balance-sheet exposures.

Significant increase in credit risk (SICR) and low credit risk

PPB and BCB

In accordance with IFRS 9, all exposures are assessed to determine whether there has been SICR at the reporting date, in which case an impairment provision equivalent to the lifetime expected loss is recognised. SICR thresholds, which are behaviour score based, are derived for each portfolio vintage of exposures with similar credit risk and are calibrated over time to determine which exposures reflect deterioration relative to the originated population and consequently reflect an increase in credit risk.

The Group also determines an appropriate transfer rate of exposures from stage 1 to stage 2 by taking into account the expected levels of arrears status for similar exposures. The SICR thresholds are reviewed regularly to ensure that they are appropriately calibrated to identify SICR throughout the life of the exposure and consequently facilitate appropriate impairment coverage. Where behaviour scores are not available, historical levels of delinquency are applied in determining whether there has been SICR. For all exposures, IFRS 9's rebuttable presumption of 30 days past due as well as exposures classified as either debt review or as 'watch-list' are used to classify exposures within stage 2.

CIB

The Group uses a 25-point master rating scale to quantify the credit risk for each exposure. On origination, each client is assigned a credit risk grade within the Group's 25-point master rating scale. Ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data for the applicable portfolio. These credit ratings are evaluated at least annually or more frequently as appropriate.

CIB exposures are evaluated for SICR by comparing the credit risk grade at the reporting date to the origination credit risk grade. Where the relative change in the credit risk grade exceeds certain pre-defined ratings' migration thresholds or, when a contractual payment becomes more than 30 days overdue (IFRS 9's rebuttable presumption), the exposure is classified within stage 2. These pre-defined ratings' migration thresholds have been determined based on historic default experience which indicate that higher rated risk exposures are more sensitive to SICR than lower risk exposures. Based on an analysis of historic default experience, exposures that are classified by the group's master rating scale as investment grade (within credit risk grade 1 - 12 of the group's 25-point master rating scale) are assessed for SICR at each reporting date but are considered to be of a low credit risk customer. To determine whether a client's credit risk has increased significantly since origination, the Group would need to determine the extent of the change in credit risk using the table below.

Group master rating scale band	SICR trigger (from origination)
SB 1 - 12	Low credit risk
SB 13 - 20	3 rating or more
SB 21 - 25	1 rating or more

Incorporation of forward looking information in ECL measurement

The Group determines the macroeconomic outlook, over a planning horizon of at least three years, based on the Group's global outlook and its global view of commodities.

For PPB and BCB these forward-looking economic expectations are included in the ECL where adjustments are made based on the Group's macro-economic outlook, using models that correlate these parameters with macro-economic variables. Where modelled correlations are not viable or predictive, adjustments are based on expert judgement to predict the outcomes based on the Group's macro-economic outlook expectations. In addition to forward-looking macroeconomic information, other types of FLI, such as specific event risk, have been taken into account in ECL estimates when required, through the application of out-of-model adjustment.

The Group's macroeconomic outlooks are incorporated in CIB's client rating and include specific forward-looking economic considerations for the individual client. The client rating thus reflects the expected client risk for the Group's expectation of future economic and business conditions. Further adjustments, based on point-in-time market data, are made to the PDs assigned to each risk grade to produce PDs and ECL representative of existing market conditions.

Default

The definition of default, which triggers the credit impaired classification (stage 3), is based on the Group's internal credit risk management approach and definitions. Whilst the specific determination of default varies according to the nature of the product, it is compliant to the Basel definition of default, and generally determined as occurring at the earlier of:

- where, in the Group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The Group has not rebutted IFRS 9's 90 days past due rebuttable presumption.

Write off policy

An impaired loan is written off once all reasonable attempts at collection have been made and there is no material economic benefit expected from attempting to recover the balance outstanding. The following criteria must be met before a financial asset can be written off:

- the financial asset has been in default for the period defined for the specific product (i.e. VAF, homes loans, etc.) which is deemed sufficient to determine whether the entity is able to receive any further economic benefit from the impaired loan;
- and at the point of write-off, the financial asset is fully impaired (i.e. 100% allowance) with no reasonable expectations of recovery of the asset, or a portion thereof.

As an exception to the above requirements, where the exposure is secured (or for collateralised structures), the impaired loan can only be written off once the collateral has been realised. Post realisation of the collateral, the shortfall amount can be written off if it meets the second requirement listed above. The shortfall amount does not need to meet the first requirement to be written off.

Curing

Continuous assessment is required to determine whether the conditions that led to a financial asset being considered to be credit impaired (i.e. stage 3) still exist. Distressed

5. Accounting estimates and judgements (Continued)

(i) Expected credit loss (ECL) on financial assets - IFRS 9 drivers (continued)

Curing (continued)

restructured financial assets that no longer qualify as credit impaired remain within stage 3 for a minimum period of six months (i.e. six full consecutive monthly payments per the terms and conditions). In the case of financial assets with quarterly or longer dated repayment terms, the classification of a financial asset out of stage 3 may be made subsequent to an evaluation by the Group's CIB or PPB and BCB Credit Governance Committee (as appropriate), such evaluation will take into account qualitative factors in addition to compliance with payment terms and conditions of the agreement. Qualitative factors include compliance with covenants and compliance with existing financial asset conditions.

Where it has been determined that a financial asset no longer meets the criteria for significant increase in credit risk, the financial asset will be moved from stage 2 (lifetime expected credit loss model) back to stage 1 (12-month expected credit loss model) prospectively.

The Group's forward-looking economic expectations were applied in the determination of the ECL at the reporting date:

A range of base, bullish and bearish forward-looking economic expectations were determined, as at 31 December 2025, for inclusion in the Group's forward-looking process and ECL calculation.

Expectations about the Malawi economy

Base Case

Real GDP is projected at 2.5% in 2025, up from 1.7% in 2024, then 3.1% in 2026, with construction, mining and election-related services doing the heavy lifting. Agriculture recovers modestly in 2025 after late rains and dry spells, helped by improved production estimates, then strengthens in 2026 on account of irrigation and mega-farm plans.

Manufacturing remains constrained by foreign exchange (FX) shortages in 2025, with conditions improving into 2026 as import capacity for inputs normalises. Tobacco receipts provide a key 2025 FX cushion after a strong season of USD500m from 197m kg, but seasonality limits sustained reserve build-up. Fiscal policy remains stretched after a FY2024/25 deficit of 10.1% of GDP, with gradual consolidation amid revenue pressures and election-related spending. Public debt is high, near 88% of GDP in FY2025/26, keeping Malawi in debt distress and leaving limited space for counter-cyclical policy. Loss of donor support after the ECF expired in May 2025, and the withdrawal of some ODA (USAID at 2% of GDP in 2024), weigh on the financing and execution of priority spending. The goods trade gap remains wide as import needs for fuel and fertiliser outpace export gains; the Q2-2025 trade deficit widened vs Q1, driven by faster import growth than export growth.

Reserves (official and commercial banks) hover near 2.1–2.2 months of import cover in mid-2025, with August slipping to 2.1 months as both official and private reserves declined. The kwacha stays broadly stable vs USD around K1,750/USD in mid-2025 but weaker vs EUR/GBP; risks remain tilted to depreciation if reforms lag.

Headline inflation eased into Q2-2025, averaging 27.1% on account of food seasonality but remains elevated with September 2025 at 28.7% as non-food pressures persist. Measured food inflation deceleration is offset by sticky non-food inflation linked to FX constraints and administered prices.

The policy rate holds at 26.00% through H2-25 to anchor expectations, with scope for a cautious cut only after clear disinflation and FX stability into 2026. Money supply growth is brisk (M2 up 45.8% year on year in Q2 and 52.1% in August) on net credit to the government, complicating disinflation and requiring tighter liquidity operations.

Private-sector credit expands gradually as rates and FX scarcity restrain working-capital cycles, with banks prioritising quality and liquidity. External financing remains the swing factor for 2026: progress on arrears clearance and IMF programme re-engagement would lower roll-over risk and stabilise the curve. Terms-of-trade risk is two-sided in 2026: tobacco volumes normalise while fuel costs hinge on global prices and logistics.

Bull case

Faster reform traction restores IMF programme support and catalyses donor flows, lifting confidence and capex in late-2025 and 2026. Growth beats the baseline on stronger agriculture and a faster mining ramp-up, pushing real GDP above the baseline of 3.1% in 2026.

Revenues improve on account of VAT base-broadening and incentive rationalisation, narrowing the primary deficit and reducing domestic borrowing needs. Debt stabilises below baseline as concessional inflows replace expensive short-tenor domestic funding, easing interest costs.

The trade deficit narrows as a strong tobacco carry-through, and better tourism receipts offset fuel and fertiliser bills. Reserves rebuild toward mid-2026 on account of official inflows, improving import cover from 2.1–2.2 months to a safer buffer. The kwacha stabilises in a tighter trading band vs USD as FX backlogs clear and auction liquidity improves. Inflation decelerates faster as food supply improves and FX pass-through abates, enabling a measured policy-rate cutting cycle from the 26.00% peak into 2026 while preserving positive real yields. M2 growth slows as net credit to the government moderates, reducing second-round price pressures.

Banking-system liquidity improves, allowing selective term funding and a gradual credit revival for trade, agro-processing, and SMEs. Capital market sentiment firms on lower rollover risk and clearer IMF programme conditionality. Public financial management gains via IFMIS translate into better commitment control and fewer arrears. Election-related demand fades smoothly without a fiscal cliff, sustaining services momentum into 2026. Import compression eases as FX availability improves, supporting manufacturing capacity utilisation. Tourism inflows normalise with better connectivity and power reliability, adding to services exports. Energy-sector procurement improves fuel availability, reducing logistics bottlenecks and non-food CPI stickiness. With debt risks contained, sovereign spreads compress and the yield curve bull flattens.

Bear case

Delays in reforms keep IMF programme support on hold through H1-2026, prolonging FX scarcity and depressing investment. Growth undershoots as agriculture disappoints and manufacturing faces persistent input shortages, leaving 2026 below baseline.

The fiscal deficit proves sticky as revenues underperform and interest costs rise, widening financing gaps. Public debt climbs above the baseline due to greater domestic reliance and higher coupons, intensifying debt distress metrics. The trade deficit worsens as export receipts soften after the tobacco season, while fuel and cereal imports stay high; the August trade gap already widened on rising imports. Reserves (official and private) slip below mid-2025 levels, holding near 1.5 months or lower due to limited FX inflows. The Kwacha is expected to weaken beyond mid-2025 as backlogs grow, amplifying pass-through to the non-food CPI. Inflation re-accelerates above recent prints as FX pressures and administered price adjustments bite.

The policy rate remains at 26.00% or higher for longer, with tighter liquidity operations to stabilise expectations. M2 growth remains elevated due to risks of deficit monetisation, keeping core inflation sticky. Domestic financing crowds out private credit; banks prioritise T-bills over new lending.

Payment arrears accumulate, pressuring suppliers and adding quasi-fiscal risk. External arrears clearance slows, limiting concessional inflows and keeping sovereign spreads wide. Import rationing raises production costs and reduces capacity utilisation across industry. Food security concerns resurface as weather shocks recur, amplifying food CPI volatility. Tourism recovery underwhelms power constraints, logistics costs and weak marketing spend. Banking system faces higher non-performing loans (NPLs) risk from FX-exposed and consumer segments as real incomes erode.

Main macroeconomic factors

The following table shows the main macroeconomic factors used to estimate the allowances for credit losses on loans. For each scenario namely, the base case, bullish and bearish scenarios, the average values of the factors over the next 12 months and over the remaining forecast period are presented below.

	Base scenario		Bearish scenario		Bullish scenario	
2025 Macroeconomic factors	**Next 12 months**	**Remaining forecast period**	**Next 12 months**	**Remaining forecast period**	**Next 12 months**	**Remaining forecast period**
Inflation rate	**29.58**	**20.15**	**37.71**	**27.58**	**26.42**	**17.26**
Policy rate	**26.00**	**23.92**	**27.25**	**25.92**	**23.25**	**21.92**
3 month treasury bill rate	**16.00**	**13.92**	**17.34**	**15.13**	**13.16**	**12.70**
6 month treasury bill rate	**20.00**	**17.92**	**21.23**	**19.33**	**17.27**	**16.51**
Exchange rate	**2,384.50**	**2,919.63**	**2,576.43**	**3,225.19**	**2,192.56**	**2,614.07**
Real GDP	**3.10**	**3.30**	**2.27**	**2.58**	**3.93**	**4.02**

1 The remaining forecast period is 2027 to 2029
2 2026 - The scenario weighting is: Base at 50%, Bull at 25% and Bear at 25%
3 2025 - The scenario weighting is: Base at 50%, Bull at 10% and Bear at 40%

5. Accounting estimates and judgements (Continued)

(i) Expected credit loss (ECL) on financial assets - IFRS 9 drivers (continued)

Main macroeconomic factors (continued)

2024	Base scenario		Bearish scenario		Bullish scenario	
Macroeconomic factors	**Next 12 months**	**Remaining forecast period**	**Next 12 months**	**Remaining forecast period**	**Next 12 months**	**Remaining forecast period**
Inflation rate	30.07	14.41	36.32	17.91	26.32	10.66
Policy rate	26.00	18.46	28.00	20.46	24.50	16.46
3 month treasury bill rate	14.00	10.92	16.00	13.50	12.00	8.92
6 month treasury bill rate	18.00	14.63	22.00	20.33	16.00	12.63
Exchange rate	2,345.66	3,277.87	2,457.35	3,926.15	1,762.66	1,791.10
Real GDP	2.20	3.47	1.20	2.84	2.85	4.12

1 The remaining forecast period is 2026 to 2028
2 2025 - The scenario weighting is: Base at 50%, Bull at 10% and Bear at 40%
3 2024 - The scenario weighting is: Base at 50%, Bull at 5% and Bear at 45%

Sensitivity analysis of CIB forward-looking impact on ECL provision

Management assessed and considered the sensitivity of the provision against the forward-looking economic conditions and scenarios. It should be noted that CIB impairment methodology is based primarily on client specific risk metrics, and that the incorporation of forward-looking macro-economic information is only a single component and/or driver of reported expected credit losses. Therefore, this sensitivity analysis should in no way be viewed as the total sensitivity inherent within the CIB ECL provision.

Rating reviews of each client are performed at least annually, and this process entails credit analysts completing a credit scorecard and incorporating forward-looking information. The weighting is reflected in both the determination of significant increase in credit risk as well as the measurement of the resulting provision for the individual client. Therefore, the impact of forward-looking economic conditions is embedded into the total provision for each client and cannot be stressed or separated out of the overall provision.

Sensitivity analysis of PPB and BCB allowances for credit losses on non-impaired loans

The following table shows a comparison of the Group's allowances for credit losses on non-impaired exposures under IFRS 9 as at 31 December 2025 based on the probability weightings of three scenarios with allowances for credit losses resulting from simulations of each scenario weighted at 100%.

	2025		2024	
	MKm	**Change of total PPB and BCB provisions on loans and advances %**	**MKm**	**Change of total PPB and BCB provisions on loans and advances %**
Forward looking impact on IFRS 9 provision	**2,496**		1,907	
Scenarios				
100% Base	**2,332**	**(7%)**	1,719	(10%)
100% Bear	**4,057**	**63%**	2,529	33%
100% Bull	**1,262**	**(49%)**	771	(60%)

(ii) Determining fair values

The determination of fair value for financial assets and liabilities for which there is no observable market price requires the use of valuation techniques as described in accounting policy 3(e) and 3(g). For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(iii) Current and deferred tax

The Group is subject to direct and indirect taxation requirements which are determined with reference to transactions and calculations for which the ultimate tax determination has an element of uncertainty in the ordinary course of business. The Group and Company recognise provisions for tax based on objective estimates of the amount of taxes that may be due. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most significant management assumption is the forecasts that are used to support the probability assessment that sufficient taxable profits will be generated by the entities in the Group in order to utilise the deferred tax assets.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted. Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(iv) IFRIC 23 – Uncertain Tax Positions

The Group is currently involved in a transfer pricing tax audit with the Malawi Revenue Authority (MRA) for the 2015 and 2016 tax years. The MRA's audit report disallowed 52% of franchise fees, claiming they were not at arm's length as defined by Section 127A of the Taxation Act. The Group's appeal to the Commissioner General was unsuccessful, with the Commissioner indicating they may disallow the entire amount (100%) of the franchise fees. The Group has subsequently appealed both determinations to the Special Arbitrator. With the operationalisation of the Revenue Appeals Tribunal (RAT) to replace the Special Arbitrator, the case has since transferred to the RAT. As of 31 December 2025, the RAT had not yet scheduled a hearing date.

In addition, the bank has another general tax audit case covering 2018 to 2022 in which MRA is demanding Value Added Tax (VAT) on banking guarantees and corporate income tax on operational losses. Similar to the transfer pricing case, this general audit was also appealed to the RAT, with hearing dates still pending.

In accordance with IFRIC 23 and IAS 37, the Group has recognised provisions for both cases. The general audit relates to the years audited, while the transfer pricing provision extends to subsequent years, in anticipation that an unfavourable ruling would be applied beyond the audited years. As of 31 December 2025, the provision amounts to **MK12,144 million** (2024: MK10,819 million), calculated using the expected value approach as prescribed by IFRIC 23.

(v) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, an outflow of resources embodying economic benefits will probably be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the specific risks of the liability. The Group's provisions typically (when applicable) include the following:

5. Accounting estimates and judgements (Continued)

(v) Provisions (continued)

Provisions for legal claims

Provisions for legal claims are recognised on a prudent basis for the estimated cost for all legal claims that have not been settled or reached conclusion at the reporting date. In determining the provision, management considers the probability and likely settlement (if any). Reimbursements of expenditure to settle the provision are recognised when and only when it is virtually certain that the reimbursement will be received.

(vi) Computer software intangible assets

The Group review assets under construction and assets brought into use for impairment at each reporting date and tests the carrying value for impairment whenever events or changes in circumstances indicate that the carrying amount (or components of the carrying amount) may not be recoverable. These circumstances include, but are not limited to, new technological developments, obsolescence, changes in the manner in which the software is used or is expected to be used, changes in discount rates or changes in estimates of related future cash benefits. The impairment tests are performed by comparing an asset's recoverable amount to its carrying amounts. The review and testing of assets for impairment inherently requires significant management judgement as it requires management to derive the estimates of the identified assets' future cash flows in order to derive the asset's recoverable amount.

The recoverable amount is determined as the higher of an assets' fair value less costs to sell and its value in use. The value in use is calculated by estimating future cash benefits that will result from each asset and discounting those cash benefits at an appropriate discount rate.

During the 2025 financial year, the Group conducted an impairment test in line with IAS 36 *Impairment of Assets*. The intangible assets were tested for impairment and there were no indications of impairment. Therefore, the computer software assets' recoverable values were determined to be equal to their carrying values.

6. Segment reporting

Segment information is presented in respect of the Group's operating segments. The format, operating segments, is based on the Group's management and internal reporting structure.

The segment report includes only those business unit activities conducted within the Group. No geographical segment information is disclosed due to the fact that business activities relate to Malawi.

Operating segments pay and receive interest to and from the Central Treasury to reflect the allocation of capital and funding costs.

The Group comprises the following main operating segments:

(i) Corporate and Investment Banking (CIB)

Includes the Group's trading and corporate finance activities, central treasury, loans, deposits and other transactions and balances with corporate customers.

- Commercial and investment banking services to larger corporate companies, financial institutions and international counterparties.
- Global markets - includes foreign exchange, commodities, debt securities and equities trading.
- Transactional products and services - includes transactional banking, trade finance and investor services.
- Investment banking - includes equity investment, advisory, project finance, structured finance, structured trade finance, corporate lending, primary markets, acquisition and finance, property finance and the asset and wealth management units.

(ii) Personal and Private Banking (PPB)

PPB client segment is responsible for the end-to-end lifecycle of clients. PPB services individual clients. We enable our clients' daily lives by providing relevant solutions throughout their life journeys.

(iii) Business and Commercial Banking (BCB)

The BCB segment provide broad based client solutions for a wide spectrum of small and medium sized businesses as well as large commercial enterprises. Our client coverage support extends across a wide range of industries, sectors and solutions that deliver the necessary advisory, networking and sustainability support required by our clients to enabler their growth.

(iv) Treasury and Capital Management (TCM)

Capital and liquidity are managed within Group treasury and capital management (TCM). TCM maintains a framework of governance standards and policies which enable it to effectively manage capital, liquidity, prudential limits and ratings. The objective of TCM is to contribute to shareholder value through managing the statement of financial position and financial resources in a way that is optimised, comprehensive and integrated across all banking operations.

Funds are ordinarily allocated between segments, resulting in funding cost transfers disclosed in operating income. Interest charged for these funds is based on the Group's cost of capital. There are no other material items of income or expense between the operating segments.

Internal charges and transfer pricing adjustments have been reflected in the performance of each business.

Revenue sharing agreements are used to allocate external customer revenues to a business segment on a reasonable basis.

(v) Client segments

The client segments are responsible for designing and executing the client value proposition strategy. Client segments own the client relationship and create multi-product customer experiences to address life events distributed through our client engagement platforms.

	CIB		BCB		PPB		TCM		Total	
Consolidated	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024	**2025**	2024
	MKm	MKm	**MKm**	MKm	**MKm**	MKm	**MKm**	MKm	**MKm**	MKm
Interest income	**187,872**	126,178	**30,237**	16,363	**54,988**	42,704	**-**	-	**273,097**	185,245
Interest expense	**(10,121)**	(6,224)	**(1,104)**	(926)	**(2,727)**	(1,991)	**-**	-	**(13,952)**	(9,141)
Net interest income	**177,751**	119,954	**29,133**	15,437	**52,261**	40,713	**-**	-	**259,145**	176,104
Funding (expense)/income	**(20,062)**	(20,800)	**12,267**	16,973	**2,462**	405	**6,085**	6,592	**752**	3,170
Fee and commission income	**9,595**	7,421	**6,856**	5,722	**27,373**	22,811	**-**	-	**43,824**	35,954
Fee and commission expense	**(1,500)**	(922)	**(1,310)**	(1,006)	**(7,944)**	(6,063)	**-**	-	**(10,754)**	(7,991)
Net fee and commission income	**8,095**	6,499	**5,546**	4,716	**19,429**	16,748	**-**	-	**33,070**	27,963
Trading income	**51,478**	44,549	**-**	49	**8,124**	3,708	**-**	-	**59,602**	48,306
Other operating income	**3**	(10)	**210**	14	**715**	1,002	**-**	-	**928**	1,006
Other gains on financial instruments	**-**	225	**-**	-	**-**	-	**-**	-	**-**	225
Inter-segment attribution revenue	**-**	-	**2,307**	2,355	**1,164**	1,735	**-**	-	**3,471**	4,090
Operating income	**217,265**	150,417	**49,463**	39,544	**84,155**	64,311	**6,085**	6,592	**356,968**	260,864
Credit impairment charges	**(11,340)**	(15,095)	**(5,590)**	(3,850)	**(6,126)**	(4,613)	**-**	-	**(23,056)**	(23,558)
Income after credit impairments	**205,925**	135,322	**43,873**	35,694	**78,029**	59,698	**6,085**	6,592	**333,912**	237,306

6. Segment reporting (Continued)

Consolidated	CIB 2025 MKm	CIB 2024 MKm	BCB 2025 MKm	BCB 2024 MKm	PPB 2025 MKm	PPB 2024 MKm	TCM 2025 MKm	TCM 2024 MKm	Total 2025 MKm	Total 2024 MKm
Direct staff costs before allocation	**(8,858)**	(5,967)	**(5,250)**	(3,377)	**(20,010)**	(15,239)	**-**	-	**(34,118)**	(24,583)
Direct operating expenses before allocation	**(8,684)**	(5,374)	**(5,596)**	(4,546)	**(32,229)**	(29,280)	**-**	-	**(46,509)**	(39,200)
Other operating expenses from enabling functions	**(16,966)**	(17,447)	**(28,063)**	(23,645)	**2,694**	9,097	**-**	-	**(42,335)**	(31,995)
Total expenditure	**(34,508)**	(28,788)	**(38,909)**	(31,568)	**(49,545)**	(35,422)	**-**	-	**(122,962)**	(95,778)
Inter-segment attribution expense	**(3,471)**	(4,090)	**-**	-	**-**	-	**-**	-	**(3,471)**	(4,090)
Profit before income tax	**167,946**	102,444	**4,964**	4,126	**28,484**	24,276	**6,085**	6,592	**207,479**	137,438
Income tax expense	**(65,399)**	(35,269)	**(3,401)**	(2,241)	**(12,896)**	(10,070)	**(2,324)**	(2,583)	**(84,020)**	(50,163)
Profit for the year	**102,547**	67,175	**1,563**	1,885	**15,588**	14,206	**3,761**	4,009	**123,459**	87,275

Consolidated	CIB 2025 MKm	CIB 2024 MKm	BCB 2025 MKm	BCB 2024 MKm	PPB 2025 MKm	PPB 2024 MKm	TCM 2025 MKm	TCM 2024 MKm	Total 2025 MKm	Total 2024 MKm
Assets										
Cash and balances held with the Central Bank	**209,988**	164,257	**-**	-	**27,400**	24,134	**-**	-	**237,388**	188,391
Derivative assets	**319**	2,772	**-**	-	**-**	-	**-**	-	**319**	2,772
Trading assets	**50,501**	36,862	**-**	-	**-**	-	**-**	-	**50,501**	36,862
Loans and advances to banks and other financial institutions	**407,057**	233,660	**-**	-	**-**	-	**-**	-	**407,057**	233,660
Loans and advances to customers	**157,630**	169,526	**136,819**	72,119	**201,733**	136,698	**-**	-	**496,182**	378,343
Financial investments	**641,794**	394,394	**-**	-	**-**	-	**-**	151	**641,794**	394,545
Other assets	**10,537**	12,718	**2,998**	1,807	**21,380**	11,592	**-**	-	**34,915**	26,117
Current and deferred tax assets	**279**	(5,056)	**7,318**	9,945	**12,101**	14,420	**-**	-	**19,698**	19,309
Property, equipment and right-of-use assets	**763**	(28)	**355**	934	**14,695**	14,593	**-**	-	**15,813**	15,499
Investment in subsidiaries	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Intangible assets	**-**	-	**-**	-	**9,606**	11,143	**-**	-	**9,606**	11,143
Total assets	**1,478,868**	1,009,105	**147,490**	84,805	**286,915**	212,580	**-**	151	**1,913,273**	1,306,641
Liabilities										
Derivative liabilities	**98**	808	**-**	-	**-**	-	**-**	-	**98**	808
Trading liabilities	**86,114**	-	**-**	-	**-**	-	**-**	-	**86,114**	-
Deposits and loans from banks	**70,679**	33,517	**-**	5,035	**-**	-	**-**	-	**70,679**	38,552
Deposits from customers	**772,702**	502,871	**298,843**	249,697	**248,690**	175,466	**-**	-	**1,320,235**	928,034
Other liabilities and provisions	**16,090**	26,223	**34,294**	26,165	**58,483**	45,700	**-**	-	**108,867**	98,088
Current and deferred tax liabilities	**13,579**	5,613	**4,763**	1,393	**15,658**	13,494	**(366)**	(366)	**33,634**	20,134
Total liabilities	**959,262**	569,032	**337,900**	282,290	**322,831**	234,660	**(366)**	(366)	**1,619,627**	1,085,616

Consolidated	CIB 2025 MKm	CIB 2024 MKm	BCB 2025 MKm	BCB 2024 MKm	PPB 2025 MKm	PPB 2024 MKm	TCM 2025 MKm	TCM 2024 MKm	Total 2025 MKm	Total 2024 MKm
Shareholders' equity										
Share capital and premium	**-**	-	**-**	-	**-**	-	**8,726**	8,726	**8,726**	8,726
Retained earnings and reserves	**92,086**	87,698	**39,230**	25,475	**65,852**	49,196	**121,073**	70,404	**318,241**	232,773
Funding	**427,520**	352,375	**(229,640)**	(222,960)	**(101,768)**	(71,276)	**(129,433)**	(78,613)	**(33,321)**	(20,474)
Total shareholders' equity	**519,606**	440,073	**(190,410)**	(197,485)	**(35,916)**	(22,080)	**366**	517	**293,646**	221,025
Total equity and liabilities	**1,478,868**	1,009,105	**147,490**	84,805	**286,915**	212,580	**-**	151	**1,913,273**	1,306,641

Reconciliation of information on reportable segments to IFRS measures

Consolidated	2025 MKm	2024 MKm
(i) Revenues		
Total revenues for reportable segments	**356,968**	260,864
Interest expense	**-**	(30)
Interdepartmental funding expense	**(4,223)**	(7,260)
Other income	**13**	2
Consolidated operating income	**352,758**	253,576
(ii) Profit before tax		
Total profit for reportable segments	**207,479**	137,438
Unallocated amounts*	**(1,977)**	(983)
Consolidated profit before tax	**205,502**	136,455
(iii) Assets		
Total assets for reportable segments	**1,913,273**	1,306,641
Unallocated amounts*	**23,980**	26,004
Consolidated total assets	**1,937,253**	1,332,645
(iv) Liabilities		
Total liabilities for reportable segments	**1,619,627**	1,085,616
Other unallocated amounts*	**(31,115)**	(12,756)
Consolidated total liabilities	**1,588,512**	1,072,860

*Unallocated amounts comprise of corporate functions (primarily head office units).

Key reporting measures

Consolidated	CIB 2025	CIB 2024	BCB 2025	BCB 2024	PPB 2025	PPB 2024	TCM 2025	TCM 2024
Profit after tax (MKm)	**102,547**	67,175	**1,563**	1,885	**15,588**	14,206	**3,761**	4,009
Cost-to-income ratio*	**16%**	19%	**79%**	80%	**59%**	55%	**-**	-
Number of employees	**60**	58	**63**	62	**493**	483	**3**	2

*There are no costs allocated to TCM in the Group set up hence no cost-to-income ratio is disclosed.

7. Accounting classifications and fair values of financial instruments

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

For financial instruments that trade infrequently and have little price transparency, fair value is less objective, and requires varying degrees of judgement depending on liquidity, concentration, uncertainty of market factors, pricing assumptions and other risks affecting the specific instrument.

(a) Valuation models

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

- **Level 1:** inputs that are quoted market prices (unadjusted) in active markets for identical instruments.
- **Level 2:** inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.
- **Level 3:** inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which market observable prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations.

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

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

If the Group measures portfolios of financial assets and financial liabilities on the basis of net exposures to market risks, then it applies judgement in determining appropriate portfolio-level adjustments such as bid-ask spreads. Such adjustments are derived from observable bid-ask spreads for similar instruments and adjusted for factors specific to the portfolio. Similarly, when the Group measures portfolios of financial assets and financial liabilities on the basis of net exposure to the credit risk of a particular counterparty, then it takes into account any existing arrangements that mitigate the credit risk exposure (e.g. master netting agreements with the counterparty).

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

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the consolidated and separate statements of financial position.

Consolidated		**Level 1**	**Level 2**	**Level 3**	**Total**
At 31 December 2025	**Note**	**Mkm**	**Mkm**	**Mkm**	**Mkm**
Assets					
Cash and balances held with the Central Bank	8	**175,531**		-	**175,531**
Derivative assets	9	-	**319**	-	**319**
Trading assets	10	-	**50,501**	-	**50,501**
Financial investments	13	-	**81,882**	-	**81,882**
Total		**175,531**	**132,702**	-	**308,233**
Liabilities					
Derivative liabilities	9	-	**98**	-	**98**
Trading liabilities	19	-	**86,114**	-	**86,114**
Total		-	**86,212**	-	**86,212**

Consolidated					
At 31 December 2024					
Assets					
Cash and balances held with the Central Bank	8	120,102	-	-	120,102
Derivative assets	9	-	2,772	-	2,772
Trading assets	10	-	36,862	-	36,862
Financial investments	13	-	662	-	662
Total		120,102	40,296	-	160,398
Liabilities					
Derivative liabilities	9	-	808	-	808
Total		-	808	-	808

Separate					
At 31 December 2025					
Assets					
Cash and balances held with the Central Bank	8	**175,147**	-	-	**175,147**
Derivative assets	9	-	**319**	-	**319**
Trading assets	10	-	**50,501**	-	**50,501**
Financial investments	13	-	**81,882**	-	**81,882**
Total		**175,147**	**132,702**	-	**307,849**
Liabilities					
Derivative liabilities	9	-	**98**		**98**
Trading liabilities	19	-	**86,114**	-	**86,114**
Total		-	**86,212**	-	**86 212**

7. Accounting classifications and fair values of financial instruments (Continued)

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

Separate At 31 December 2024	Note	Level 1 Mkm	Level 2 Mkm	Level 3 Mkm	Total Mkm
Assets					
Cash and balances held with the Central Bank	8	119,866	-	-	119,866
Derivative assets	9	-	2,772	-	2,772
Trading assets	10	-	36,862	-	36,862
Financial investments	13	-	662	-	662
Total		119,866	40,296	-	160,162
Liabilities					
Derivative liabilities	9	-	808	-	808
Total		-	808	-	808

(c) Financial instruments not measured at fair value - fair value hierarchy

Consolidated 31 December 2025	Note	Level 1 Mkm	Level 2 Mkm	Level 3 Mkm	Total Mkm
Assets					
Cash and balances held with the Central Bank	8	**72,026**	**-**	**-**	**72,026**
Loans and advances to banks and other financial institutions	11	**-**	**407,057**	**-**	**407,057**
Loans and advances to customers	12	**-**	**-**	**496,182**	**496,182**
Financial investments	13	**-**	**559,912**	**994**	**560,906**
Other assets	15	**-**	**-**	**14,856**	**14,856**
Total		**72,026**	**966,969**	**512,032**	**1,551,027**
Liabilities					
Deposits and loans from banks	20	**-**	**70,679**	**-**	**70,679**
Deposits from customers	21	**-**	**1,320,235**	**-**	**1,320,235**
Other liabilities	22	**-**	**-**	**53,881**	**53,881**
Total		**-**	**1,390,914**	**53,881**	**1,444,795**

Consolidated At 31 December 2024	Note	Level 1 Mkm	Level 2 Mkm	Level 3 Mkm	Total Mkm
Assets					
Cash and balances held with the Central Bank	8	77,085	-	-	77,085
Loans and advances to banks and other financial institutions	11	-	233,660	-	233,660
Loans and advances to customers	12	-	-	378,343	378,343
Financial investments	13	-	393,882	355	394,237
Other assets	15	-	-	13,201	13,201
Total		77,085	627,542	391,899	1,096,526
Liabilities					
Deposits and loans from banks	20	-	38,552	-	38,552
Deposits from customers	21	-	928,034	-	928,034
Other liabilities	22	-	-	64,733	64,733
Total		-	966,586	64,733	1,031,319

Separate At 31 December 2025	Note	Level 1 Mkm	Level 2 Mkm	Level 3 Mkm	Total Mkm
Assets					
Cash and balances held with the Central Bank	8	**72,026**	**-**	**-**	**72,026**
Loans and advances to banks and other financial institutions	11	**-**	**402,217**	**-**	**402,217**
Loans and advances to customers	12	**-**	**-**	**496,182**	**496,182**
Financial investments	13	**-**	**559,912**	**994**	**560,906**
Other assets	15	**-**	**-**	**15,454**	**15,454**
Total		**72,026**	**962,129**	**512,630**	**1,546,785**
Liabilities					
Deposits and loans from banks	20	**-**	**70,679**	**-**	**70,679**
Deposits from customers	21	**-**	**1,328,445**	**-**	**1,328,445**
Other liabilities	22	**-**	**-**	**53,867**	**53,867**
Total		**-**	**1,339,124**	**53,867**	**1,452,991**

7. Accounting classifications and fair values of financial instruments (Continued)

(c) Financial instruments not measured at fair value - fair value hierarchy (Continued)

Separate At 31 December 2024	Note	Level 1 Mkm	Level 2 Mkm	Level 3 Mkm	Total Mkm
Assets					
Cash and balances held with the Central Bank	8	77,085	-	-	77,085
Loans and advances to banks and other financial institutions	11	-	230,623	-	230,623
Loans and advances to customers	12	-	-	378,343	378,343
Financial investments	13	-	393,882	355	394,237
Other assets	15	-	-	13,545	13,545
Total		77,085	624,505	392,243	1,093,833
Liabilities					
Deposits and loans from banks	20	-	38,552	-	38,552
Deposits from customers	21	-	934,071	-	934,071
Other liabilities	22	-	-	64,730	64,730
Total		-	972,623	64,730	1,037,353

(d) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table:

Item and description	Valuation technique	Main inputs and assumptions
Derivative financial instruments		
Derivative financial instruments comprise foreign exchange derivatives and are held-for-trading.	Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include: • discounted cash flow model • Black-Scholes model • combination technique models.	For level 2 and 3 fair value hierarchy items - discount rate - spot prices of the underlying - correlation factors - volatilities - dividend yields - earnings yield - valuation multiples.
Trading assets and trading liabilities		
Trading assets and liabilities comprise instruments which are part of the Group's underlying trading activities. These instruments primarily include sovereign and corporate debt	Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial investment being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.	

7. Accounting classifications and fair values of financial instruments (Continued)

(d) Estimation of fair values (continued)

Item and description	Valuation technique	Main inputs and assumptions
Financial investments		
Financial investments are non-trading financial assets and primarily comprise of sovereign debt and unlisted equity instruments	Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial investment being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.	For level 2 and 3 fair value hierarchy items - discount rate - spot prices of the underlying - correlation factors - volatilities - dividend yields - earnings yield - valuation multiples.
Loans and advances to banks, other financial institutions and Customers		
Loans and advances comprise: • Loans and advances to banks and other financial institutions: call loan and balances held with other banks and financial institutions • Loans and advances to customers: mortgage loans (home loans and commercial mortgages), other asset-based loans, including collateralised debt obligations (instalment sale and finance leases), and other secured and unsecured loans (card debtors, overdrafts, other demand lending, term lending and loans granted under resale agreements).	For certain loans fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using credit default swaps (CDS) markets, where available and appropriate, as well as the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.	For level 2 and 3 fair value hierarchy items - discount rate

Item and description	Valuation technique	Main inputs and assumptions
Deposits and debt funding		
Deposits from banks and customers comprise amounts owed to banks and customers, deposits under repurchase agreements, negotiable certificates of deposit, credit-linked deposits and other deposits.	For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors, including a measure of the Group's credit risk relevant for that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above.	For level 2 and 3 fair value hierarchy items - discount rate

Consolidated	Note	Fair value through profit or loss - default	Fair value through OCI	Fair value through profit or loss - Held for trading	Amortised cost	Carrying Amount	Fair value
		Mkm	Mkm	Mkm	Mkm	Mkm	Mkm
At 31 December 2025							
Assets							
Cash and balances held with the Central Bank	8	**175,531**	**-**	**-**	**72,026**	**247,557**	**247,557**
Derivative assets	9	**-**	**-**	**319**	**-**	**319**	**319**
Trading assets	10	**-**	**-**	**50,501**	**-**	**50,501**	**50,501**
Loans and advances to banks and other financial institutions	11	**-**	**-**	**-**	**407,057**	**407,057**	**407,057**
Loans and advances to customers	12	**-**	**-**	**-**	**496,182**	**496,182**	**496,182**
Financial investments	13	**994**	**81,882**	**-**	**559,912**	**642,788**	**643,266**
Other assets	15	**-**	**-**	**-**	**14,856**	**14,856**	**14,856**
Total		**176,525**	**81,882**	**50,820**	**1,550,033**	**1,859,260**	**1,859,738**
Liabilities							
Derivative liabilities	9	**-**	**-**	**98**	**-**	**98**	**98**
Trading liabilities	19	**-**	**-**	**86,114**	**-**	**86,114**	**86,114**
Deposits and loans from banks	20	**-**	**-**	**-**	**70,679**	**70,679**	**70,679**
Deposits from customers	21	**-**	**-**	**-**	**1,320,235**	**1,320,235**	**1,320,235**
Other liabilities	22	**-**	**-**	**-**	**53,881**	**53,881**	**53,881**
Total		**-**	**-**	**86,212**	**1,444,795**	**1,531,007**	**1,531,007**

7. Accounting classifications and fair values of financial instruments (Continued)

(d) Estimation of fair values (continued)

Consolidated	Note	Fair value through profit or loss - default	Fair value through OCI	Fair value through profit or loss - Held for trading	Amortised cost	Carrying Amount	Fair value
		Mkm	Mkm	Mkm	Mkm	Mkm	Mkm
At 31 December 2024							
Assets							
Cash and balances held with the Central Bank	8	120,102	-	-	77,085	197,187	197,187
Derivative assets	9	-	-	2,772	-	2,772	2,772
Trading assets	10	-	-	36,862	-	36,862	36,862
Loans and advances to banks and other financial institutions	11	-	-	-	233,660	233,660	233,660
Loans and advances to customers	12	-	-	-	378,343	378,343	378,343
Financial investments	13	355	662	-	393,882	394,899	397,973
Other assets	15	13,201	-	-	-	13,201	13,201
Total		133,658	622	39,634	1,082,970	1,256,924	1,259,998
Liabilities							
Derivative liabilities	9	-	-	808	-	808	808
Deposits and loans from banks	20	-	-	-	38,552	38,552	38,552
Deposits from customers	21	-	-	-	928,034	928,034	928,034
Other liabilities	22	-	-	-	64,733	64,733	64,733
Total		-	-	808	1,031,319	1,032,127	1,032,127

Separate	Note	Fair value through profit or loss - default	Fair value through OCI	Fair value through profit or loss - Held for trading	Amortised cost	Carrying Amount	Fair value
At 31 December 2025		Mkm	Mkm	Mkm	Mkm	Mkm	Mkm
Assets							
Cash and balances held with Central Bank	8	**175,147**	**-**	**-**	**72,026**	**247,173**	**247,173**
Derivative assets	9	**-**	**-**	**319**	**-**	**319**	**319**
Trading assets	10	**-**	**-**	**50,501**	**-**	**50,501**	**50,501**
Loans and advances to banks and other financial institutions	11	**-**	**-**	**-**	**402,217**	**402,217**	**402,217**
Loans and advances to customers	12	**-**	**-**	**-**	**496,182**	**496,182**	**496,182**
Financial investments	13	**994**	**81,882**	**-**	**559,912**	**642,788**	**643,266**
Other assets	15	**-**	**-**	**-**	**15,454**	**15,454**	**15,454**
Total		**176,141**	**81,882**	**50,820**	**1,545,791**	**1,854,634**	**1,855,112**
Liabilities							
Derivative liabilities	9	**-**	**-**	**98**	**-**	**98**	**98**
Trading liabilities	19	**-**	**-**	**86,114**	**-**	**86,114**	**86,114**
Deposits and loans from banks	20	**-**	**-**	**-**	**70,679**	**70,679**	**70,679**
Deposits from customers	21	**-**	**-**	**-**	**1,328,445**	**1,328,445**	**1,328,445**
Other liabilities	22	**-**	**-**	**-**	**53,867**	**53,867**	**53,867**
Total		**-**	**-**	**86,212**	**1,452,991**	**1,539,203**	**1,539,203**

7. Accounting classifications and fair values of financial instruments (Continued)

(d) Estimation of fair values (continued)

Separate At 31 December 2024	Note	Fair value through profit or loss - default Mkm	Fair value through OCI Mkm	Fair value through profit or loss - Held for trading Mkm	Amortised cost Mkm	Carrying Amount Mkm	Fair value Mkm
Assets							
Cash and balances held with Central Bank	8	119,866	-	-	77,085	196,951	196,951
Derivative assets	9	-	-	2,772	-	2,772	2,772
Trading assets	10	-	-	36,862	-	36,862	36,862
Loans and advances to banks and other financial institutions	11	-	-	-	230,623	230,623	230,623
Loans and advances to customers	12	-	-	-	378,343	378,343	378,343
Financial investments	13	355	662	-	393,882	394,899	397,973
Other assets	15	13,545	-	-	-	13,545	13,545
Total		133,766	622	39,634	1,079,933	1,253,995	1,257,069
Liabilities							
Derivative liabilities	9	-	-	808	-	808	808
Deposits and loans from banks	20	-	-	-	38,552	38,552	38,552
Deposits from customers	21	-	-	-	934,071	934,071	934,071
Other liabilities	22	-	-	-	64,730	64,730	64,730
Total		-	-	808	1,037,353	1,038,161	1,038,161

8. Cash and balances held with the Central Bank

See accounting policy in Note 3 (c)

	Consolidated		Separate	
	2025	2024	**2025**	2024
	MKm	MKm	**MKm**	MKm
Cash balances	**37,569**	32,930	**37,185**	32,694
Balances with the Reserve Bank of Malawi	**209,988**	164,257	**209,988**	164,257
	247,557	197,187	**247,173**	196,951

Included within balances with Reserve Bank of Malawi of **MK209,988 million** (2024: MK164,257 million) is **MK137,962 million** (2024: MK87,172 million) that primarily comprises of liquidity reserving requirement held with the Reserve Bank of Malawi and is available for use by the Group. These balances are primarily held at FVTPL. The balance at amortised cost is regarded as having a low probability of default, therefore the ECL is insignificant.

The carrying amounts approximates the fair values.

9. Derivative assets and liabilities

See accounting policy in Note 3 (d)

The table below analyses derivatives held for risk management purposes by type of instrument:

	Consolidated and Separate			
	2025		2024	
	MKm	**MKm**	MKm	MKm
	Asset	**Liability**	Asset	Liability
Foreign exchange derivatives	**319**	**98**	2,772	808

At 31 December 2025, **MK Nil** (2024:MK Nil) of derivative assets/liabilities are expected to be recovered more than twelve months after the reporting date.

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

The Group transacts in derivative contracts to address client demand, both as a market maker in the wholesale markets and in structuring tailored derivatives for clients. The Group also takes proprietary positions for its own account.

All derivatives are held-for-trading.

10. Trading assets

See accounting policy in Note 3 (e)

Trading assets	Consolidated and Separate	
	2025	2024
	MKm	MKm
Treasury bills	**50,501**	36,862
	50,501	36,862
Comprising:		
Treasury bills	**50,501**	36,862
	50,501	36,862

At 31 December 2025, **MK Nil** (2024:MK Nil) of trading assets are expected to be recovered more than twelve months after the reporting date.

11. Loans and advances to banks and other financial institutions

See accounting policy in Note 3 (g)

	Consolidated		Separate	
	2025	2024	**2025**	2024
	MKm	MKm	**MKm**	MKm
Loans and advances to other banks and financial institutions	**326,965**	213,383	**322,069**	210,328
Loans and advances with related banks (Note 43)	**82,516**	20,375	**82,516**	20,375
Gross loans and advances to banks and other financial institutions	**409,481**	233,758	**404,585**	230,703
Less: Expected credit losses for loans and advances to banks and other financial institutions measured at amortised cost	**(2,424)**	(98)	**(2,368)**	(80)
	407,057	233,660	**402,217**	230,623

At 31 December 2025 **MK Nil** (2024: MK Nil) loans and advances to banks and other financial institutions are expected to be recovered more than twelve months after the reporting date.

Income statement movements 2025

	Opening ECL 1 January 2025	Total transfers between stages	ECL on new exposures raised	Change in ECL due to modifications	Subsequent changes in ECL	Change in ECL due to derecognition	Net ECL raised/ (released)	Other movements	Closing ECL 31 December 2025
	Mkm	**Mkm**	**Mkm**	**Mkm**	**Mkm**	**Mkm**	**Mkm**	**Mkm**	**Mkm**
Consolidated									
Stage 1	**98**	**-**	**2,054**	**-**	**279**	**(9)**	**2,324**	**2**	**2,424**
Total	**98**	**-**	**2,054**	**-**	**279**	**(9)**	**2,324**	**2**	**2,424**
Separate									
Stage 1	**80**	**-**	**2,054**	**-**	**241**	**(9)**	**2,286**	**2**	**2,368**
Total	**80**	**-**	**2,054**	**-**	**241**	**(9)**	**2,286**	**2**	**2,368**

Income statement movements 2024

	Opening ECL 1 January 2024	Total transfers between stages	ECL on new exposures raised	Change in ECL due to modifications	Subsequent changes in ECL	Change in ECL due to derecognition	Net ECL raised/ (released)	Other movements	Closing ECL 31 December 2024
	Mkm	**Mkm**	**Mkm**	**Mkm**	**Mkm**	**Mkm**	**Mkm**	**Mkm**	**Mkm**
Consolidated									
Stage 1	124	-	31	-	(54)	(3)	(26)	-	98
Total	124	-	31	-	(54)	(3)	(26)	-	98
Separate									
Stage 1	124	-	13	-	(54)	(3)	(44)	-	80
Total	124	-	13	-	(54)	(3)	(44)	-	80

Loss allowance

The ECL on new exposures raised primarily relates to the growth in the gross carrying amount of loans and advances to banks and other financial institutions.

Loans and advances to banks and other financial institutions are analysed as follows:

	Gross loans and advances		Expected credit loss (ECL) excluding interest in suspense	
Consolidated	**2025**	2024	**2025**	2024
	MKm	MKm	**MKm**	MKm
Corporate and Investment Banking	**409,481**	233,758	**2,424**	98
Separate				
Corporate and Investment Banking	**404,585**	230,703	**2,368**	80

The carrying amount approximates the fair values.

12. Loans and advances to customers

See accounting policy in Note 3 (g)

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Loans and advances to staff at amortised cost	**13,498**	11,223
Loans and advances to customers at amortised cost	**518,056**	395,735
Gross loans and advances to customers	**531,554**	406,958
Less: Interest in suspense	**(2,250)**	(2,082)
- Expected credit loss for loans and advances to customers measured at amortised cost	**(33,122)**	(26,533)
Net loans and advances to customers	**496,182**	378,343

At 31 December 2025, **MK384,318 million** (2024: MK313,753 million) of loans and advances to customers are expected to be recovered more than twelve months after the reporting date.

12. Loans and advances to customers (Continued)

Gross loans and advances to customers	Consolidated and Separate	
	2025	2024
	MKm	MKm
Personal and Private Banking and Business and Commercial Banking		
Overdrafts	**19,395**	28,077
Term loans	**317,214**	180,323
Vehicle and asset finance	**24,708**	16,293
Mortgages	**7,053**	7,576
	368,370	232,269
Corporate and Investment Banking		
Overdrafts	**48,351**	58,459
Term loans	**112,798**	114,007
Vehicle and asset finance	**2,035**	2,223
	163,184	174,689
Total gross loans and advances to customers	**531,554**	406,958

Gross Loans and advances to customers are analysed as follows:

Consolidated and separate	Gross loans and advances to customers		Expected credit loss (ECL) excluding interest in suspense	
	2025	2024	2025	2024
	MKm	MKm	MKm	MKm
Loans and advances to customers				
Personal and Private Banking and Business and Commercial Banking	**368,370**	232,269	**27,513**	21,351
Corporate and Investment Banking	**163,184**	174,689	**5,609**	5,182
Total	**531,554**	406,958	**33,122**	26,533

Vehicle and asset finance

Leases entered into are at market terms. Under the terms of the lease agreement, no contingent rentals are payable. Moveable assets are leased or sold to customers under finance leases and instalment sale agreements for periods varying between 12 and 84 months. Depending on the terms of the agreement, the lessee may have the option to purchase the asset at the end of the lease term.

The loans and advances to customers include the following finance lease receivables, for leases of certain property and equipment where the Group is the lessor:

	Consolidated and Separate	
Gross investment in vehicle and asset finance:	2025 MKm	2024 MKm
Not later than one year	**15,495**	9,475
Later than one year but less than five years	**24,739**	12,432
	40,234	21,907
Unearned future finance income on vehicle and asset finance	**(13,491)**	(3,391)
Net investment in finance leases	**26,743**	18,516
The net investment in vehicle and asset finance is analysed as follows:		
Not later than one year	**2,322**	6,015
Later than one year but less than five years	**24,421**	12,501
	26,743	18,516

12.1 Impairment losses on loans and advances to customers (including interest in suspense) measured at amortised cost

Income statement movements 2025

Consolidated and separate	Opening ECL 1 January 2025	Total transfers between stages	ECL on new exposure raised	Change in ECL due to modifications	Subsequent changes in ECL	Change in ECL due to derecognition	Net ECL raised/ (released)	Other movements*	Closing ECL 31 December 2025
	MKm	MKm	MKm	MKm	MKm	MKm	MKm	MKm	MKm
Stage 1	**3,829**	**(70)**	**3,206**	**-**	**(1,911)**	**(542)**	**753**	**(1)**	**4,511**
Stage 2	**8,629**	**(231)**	**1,071**	**-**	**6,608**	**(1,121)**	**6,558**	**-**	**14,956**
Stage 3*	**16,157**	**301**	**3,443**	**-**	**4,354**	**(2,070)**	**5,727**	**(6,280)**	**15,905**
Total	**28,615**	**-**	**7,720**	**-**	**9,051**	**(3,733)**	**13,038**	**(6,281)**	**35,372**

Income statement movements 2024

Consolidated and separate	Opening ECL 1 January 2024	Total transfers between stages	ECL on new exposure raised	Change in ECL due to modifications	Subsequent changes in ECL	Change in ECL due to derecognition	Net ECL raised/ (released)	Other movements*	Closing ECL 31 December 2024
	MKm	MKm	MKm	MKm	MKm	MKm	MKm	MKm	MKm
Stage 1	3,510	(7,229)	1,577	-	6,317	(362)	7,532	16	3,829
Stage 2	6,029	(859)	1,479	-	2,432	(452)	3,459	-	8,629
Stage 3*	8,560	8,088	1,213	-	176	-	1,389	(1,880)	16,157
Total	18,099	-	4,629	-	8,925	(814)	12,380	(1,864)	28,615

* Other movement includes changes in interest in suspense and write-offs in the year.

12. Loans and advances to customers (Continued)

12.1 Impairment losses on loans and advances to customers (including interest in suspense) measured at amortised cost (continued)

A reconciliation of the ECL for loans and advances to customers by product:

		Transfers between stages 2025								
Consolidated and separate	Opening ECL 1 January 2025 MKm	(To)/ from stage 1 MKm	From/(to) stage 2 MKm	From/(to) stage 3 MKm	Total MKm	Net ECL raised/ (released) MKm	TVM Unwind and IIS movements MKm	Impaired accounts written off MKm	Other movements MKm	Closing ECL 31 December 2025 MKm
Mortgage										
Stage 1	76	-	(2)	-	(2)	(49)	-	-	(1)	24
Stage 2	309	2	-	(12)	(10)	(52)	-	-	-	247
Stage 3*	646	-	12	-	12	193	-	(145)	13	719
Total	1,031	2	10	(12)	-	92	-	(145)	12	990
Vehicle and asset finance										
Stage 1	114	-	-	(2)	(2)	(53)	-	-	-	59
Stage 2	52	-	-	(3)	(3)	42	-	-	-	91
Stage 3*	1,439	2	3	-	5	370	-	(926)	4	892
Total	1,605	2	3	(5)	-	359	-	(926)	4	1,042
Corporate										
Stage 1	1,156	-	521	-	521	(701)	-	-	-	976
Stage 2	3,988	(521)	-	1	(520)	961	-	-	-	4,429
Stage 3*	37	-	(1)	-	(1)	168	-	-	-	204
Total	5,181	(521)	520	1	-	428	-	-	-	5,609
Overdraft										
Stage 1	60	-	(4)	-	(4)	(28)	-	-	-	28
Stage 2	582	4	-	-	4	(359)	-	-	-	227
Stage 3*	712	-	-	-	-	(115)	-	(290)	3	310
Total	1,354	4	(4)	-	-	(502)	-	(290)	3	565
Term										
Stage 1	2,423	-	(519)	(64)	(583)	1,584	-	-	-	3,424
Stage 2	3,698	519	-	(221)	298	5,966	-	-	-	9,962
Stage 3*	13,323	64	221	-	285	5,111	-	(5,088)	149	13,780
Total	19,444	583	(298)	(285)	-	12,661	-	(5,088)	149	27,166
Total										
Stage 1	3,829	-	(4)	(66)	(70)	753	-	-	(1)	4,511
Stage 2	8,629	4	-	(235)	(231)	6,558	-	-	-	14,956
Stage 3*	16,157	66	235	-	301	5,727	-	(6,449)	169	15,905
Total	28,615	70	231	(301)	-	13,038	-	(6,449)	168	35,372

* Other movement includes changes in interest in suspense in the year.

12. Loans and advances to customers (Continued)

12.1 Impairment losses on loans and advances to customers (including interest in suspense) measured at amortised cost (continued)

A reconciliation of the ECL for loans and advances to customers by product:

		Transfers between stages 2024							
Consolidated and separate	Opening ECL 1 January 2024 Mkm	(To)/ from stage 1 Mkm	From/(to) stage 2 Mkm	From/(to) stage 3 Mkm	Total Mkm	Net ECL raised/ (released) Mkm	TVM Unwind and IIS movements Mkm	Impaired accounts written off Mkm	Other movements Mkm	Closing ECL 31 December 2024 Mkm
Mortgage										
Stage 1	49	-	(18)	(275)	(293)	320	-	-	-	76
Stage 2	63	18	-	(84)	(66)	312	-	-	-	309
Stage 3*	262	275	84	-	359	(52)	-	-	77	646
Total	374	293	66	(359)	-	580	-	-	77	1,031
Vehicle and asset finance										
Stage 1	87	-	(3)	(39)	(42)	69	-	-	-	114
Stage 2	327	3	-	(24)	(21)	(254)	-	-	-	52
Stage 3*	927	39	24	-	63	137	-	(31)	343	1,439
Total	1,341	42	21	(63)	-	(48)	-	(31)	343	1,605
Corporate										
Stage 1	1,163	-	(76)	-	(76)	53	-	-	16	1,156
Stage 2	1,111	76	-	-	76	2,801	-	-	-	3,988
Stage 3*	-	-	-	-	-	37	-	-	-	37
Total	2,274	76	(76)	-	-	2,891	-	-	16	5,181
Overdraft										
Stage 1	87	-	(1)	(23)	(24)	(3)	-	-	-	60
Stage 2	239	1	-	(27)	(26)	369	-	-	-	582
Stage 3*	318	23	27	-	50	(31)	-	(20)	395	712
Total	644	24	26	(50)	-	335	-	(20)	395	1,354
Term										
Stage 1	2,124	-	(244)	(6,550)	(6,794)	7,093	-	-	-	2,423
Stage 2	4,289	244	-	(1,066)	(822)	231	-	-	-	3,698
Stage 3*	7,053	6,550	1,066	-	7,616	1,298	-	(2,856)	212	13,323
Total	13,466	6,794	822	(7,616)	-	8,622	-	(2,856)	212	19,444
Total										
Stage 1	3,510	-	(342)	(6,887)	(7,229)	7,532	-	-	16	3,829
Stage 2	6,029	342	-	(1,201)	(859)	3,459	-	-	-	8,629
Stage 3*	8,560	6,887	1,201	-	8,088	1,389	-	(2,907)	1,027	16,157
Total	18,099	7,229	859	(8,088)	-	12,380	-	(2,907)	1,043	28,615

* Other movement includes changes in interest in suspense in the year.

12. Loans and advances to customers (Continued)

12.1 Impairment losses on loans and advances to customers (including interest in suspense) measured at amortised cost (continued)

Changes in gross exposures relating to changes in ECL (consolidated and separate)

The below is an explanation of significant changes in the gross carrying amount on financial instruments used to determine the changes in ECL:

- The net ECL on exposures raised of **MK13,038 million** (2024: MK12,380 million) primarily relates to the growth in gross carrying amount of PPB and BCB term loans of **MK136,891 million** and vehicle and asset finance of **MK8,415 million**.
- The increase in the net ECL was also due to downgrades of some accounts in the current reporting period.

Loss allowance

Net impairments raised less recoveries of amounts written off in previous years equals income statement impairment charge (refer to credit impairment charges note 32)

The Group's policy is to transfer opening balances based on the ECL stage at the end of the reporting period. Therefore, exposures can be transferred directly from stage 3 to stage 1 as the curing requirements would have been satisfied during the reporting period. Furthermore, the expected credit loss recognised on new exposures originated during the reporting period (which are not included in opening balances) are included within the column "ECL on new exposure raised" based on the exposures ECL stage as at the end of the reporting period.

Below is an explanation of significant changes in the gross carrying amount on financial instruments used to determine the changes in ECL.

The ECL on new exposures raised/(released) primarily relates to the growth in the gross carrying amount as stated above.

Subsequent changes in ECL were driven by:

- Impact on the measurement of ECL due to changes in PDs, EADs and LGD in the period arising from regular refreshing of inputs to models.
- Impact on the measurement of ECL due to changes made to models and assumptions.
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis.
- Deteriorating country macroeconomic factors which impacted client credit ratings.

12.2 Modifications on loans and advances to customers measured at amortised cost

Year ended 31 December 2025	Consolidated and Separate
Stage 2	**MKm**
Gross amortised cost before modification	**634**
Net modification loss	**(28)**

Year ended 31 December 2024	
Stage 2	
Gross amortised cost before modification	337
Net modification gain	(1)

The gross carrying amount for modifications during the reporting year that resulted in no economic gain or loss (i.e. no net economic gain or loss) is **MK Nil** (2024: MK5,337 million).

PPB and BCB clients with an exposure of **MK634 million** (2024: MK5,674 million), as well as CIB clients with an exposure of **MK Nil** (2024: Nil), qualified for increased liquidity facilities, loan restructuring, covenant relaxations, and payment holidays.

13. Financial investments

See accounting policy in Note 3 (f)

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Gross debt financial investments measured at amortised cost	**590,324**	415,716
Less: Expected credit losses for debt financial investments measured at amortised cost (note 13.1)	**(30,412)**	(21,834)
Net debt financial investments measured at amortised cost	**559,912**	393,882
Financial investments measured at fair value through profit or loss	**994**	355
Debt financial investments measured at fair value through OCI	**81,882**	662
	642,788	394,899

At 31 December 2025 **MK93 million** (2024: MK2,662 million) of financial investments are expected to be recovered more than twelve months after the reporting date.

	Consolidated and Separate	
Financial investments by category	**2025**	2024
	MKm	MKm
Net debt financial investments measured at amortised cost		
Treasury bills and bonds	**559,912**	393,882
Financial investments measured at fair value through profit or loss		
Equity investment in National Switch Limited (note 36)	**994**	355
Debt financial investments measured at fair value through OCI		
Treasury bills and bonds	**81,882**	662

13.1 Reconciliation of expected credit losses for debt financial investments measured at amortised cost

Income statement movements

Consolidated and Separate	Opening ECL 1 January MKm	Total transfers between stages MKm	ECL on new exposure raised MKm	Subsequent changes in ECL MKm	Change in ECL due to derecogni-tion MKm	Net ECL raised/ (released) MKm	Other move-ments MKm	Closing ECL 31 December MKm
2025								
Sovereign								
Stage 1	**21,358**	**-**	**3,465**	**671**	**(22,034)**	**(17,898)**	**-**	**3,460**
Stage 2	**476**	**-**	**34,127**	**(7,101)**	**(551)**	**26,475**	**1**	**26,952**
Total	**21,834**	**-**	**37,592**	**(6,430)**	**(22,585)**	**8,577**	**1**	**30,412**
2024								
Sovereign								
Stage 1	3,725	-	25,098	(3,416)	(4,050)	17,632	1	21,358
Stage 2	5,429	-	-	-	(4,951)	(4,951)	(2)	476
Total	9,154	-	25,098	(3,416)	(9,001)	12,681	(1)	21,834

13. Financial investments (Continued)

13.1 Reconciliation of expected credit losses for debt financial investments measured at amortised cost (continued)

Loss allowance

The ECL on new exposures raised primarily relates to the impact of deteriorating macroeconomic factors which in turn impacted forward looking credit impairment drivers.

13.2 Reconciliation of FVOCI reserve and expected credit losses

Consolidated and Separate	1 January MKm	Net change in fair value MKm	Realised fair value adjustments and reversal to profit or loss MKm	Net expected credit loss (released)/ raised during the period MKm	31 December MKm
2025					
Sovereign	**348**	**(336)**	**-**	**(24)**	**(12)**
Total	**348**	**(336)**	**-**	**(24)**	**(12)**
2024					
Sovereign	345	226	(225)	2	348
Total	345	226	(225)	2	348

Consolidated and Separate	Opening ECL 1 January MKm	Total transfers between stages MKm	ECL on new exposure raised MKm	Change in ECL due to modi-fications MKm	Subsequent changes in ECL MKm	Change in ECL due to derecog-nition MKm	Net ECL (released) /raised MKm	Other move-ments MKm	Closing ECL 31 December MKm
2025 Sovereign									
Stage 1	**22**	**(22)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Stage 2	**-**	**22**	**-**	**-**	**(24)**	**-**	**(24)**	**(1)**	**(3)**
Total	**22**	**-**	**-**	**-**	**(24)**	**-**	**(24)**	**(1)**	**(3)**
2024 Sovereign									
Stage 1	19	-	-	-	3	(1)	2	1	22
Total	19	-	-	-	3	(1)	2	1	22

The ECL on new exposures raised primarily relates to the impact of deteriorating macroeconomic factors which in turn impacted forward looking credit impairment drivers.

14. Investment in subsidiary

See accounting policy in Note 3 (a)

	Separate 2025 MKm	Separate 2024 MKm
Investment in Standard Bank Bureau De Change Limited	**100**	100

Standard Bank PLC owns 100% of the shares in Standard Bank Bureau De Change Limited and Standard Bank Nominees Limited. Investments in subsidiaries are measured at cost in the separate financial statements.

The principal place of business for Standard Bank Bureau De Change Limited and Standard Bank Nominees Limited is Malawi.

15. Other assets

See accounting policy in Note 3 (f) and 7 (d)

	Consolidated 2025 MKm	Consolidated 2024 MKm	Separate 2025 MKm	Separate 2024 MKm
Financial assets				
Remittances in transit*	**316**	-	**316**	-
Sundry receivables**	**15,581**	13,201	**16,179**	13,545
Expected credit loss	**(1,041)**	-	**(1,041)**	-
	14,856	13,201	**15,454**	13,545
Non-financial assets				
Inventory***	**275**	567	**275**	567
Staff loan employee benefits***	**18,274**	15,314	**18,274**	15,314
Prepayments: other ***	**3,661**	2,909	**3,661**	2,909
	22,210	18,790	**22,210**	18,790
Total Balance at 31 December	**37,066**	31,991	**37,664**	32,335

Other financial assets carrying values approximate their fair values due to short-term nature of the balances.

The following table discloses the maturity analysis for the company's non financial assets on a contractual discounted basis.

	Consolidated Less than 12 months after reporting period MKm	Consolidated More than 12 months after reporting period MKm	Consolidated Total MKm	Separate Less than 12 months after reporting period MKm	Separate More than 12 months after reporting period MKm	Separate Total MKm
2025						
Non-financial assets						
Inventory***	**275**	**-**	**275**	**275**	**-**	**275**
Staff loan employee benefits***	**2,393**	**15,881**	**18,274**	**2,393**	**15,881**	**18,274**
Prepayments: other***	**2,833**	**828**	**3,661**	**2,833**	**828**	**3,661**
Total	**5,501**	**16,709**	**22,210**	**5,501**	**16,709**	**22,210**
2024						
Non-financial assets						
Inventory***	567	-	567	567	-	567
Staff loan employee benefits***	1,945	13,369	15,314	1,945	13,369	15,314
Prepayments: other***	2,355	554	2,909	2,355	554	2,909
Total	4,867	13,923	18,790	4,867	13,923	18,790

* Included within items in transit are unpaid cheques and in transit remittances.
** Included in sundry receivables are government scheme cheques due for collection, VISA/Mastercard chargeback transactions and other sundry receivables.
*** Non-financial assets specifically inventory, staff loan employee benefits and prepayments: other are not included in the analysis of credit, liquidity and market risk under the Risk management section and Accounting classifications and fair values of financial instruments section.

The carrying amounts approximates the fair values.

16. Property, equipment and right-of-use assets

See accounting policy in Note 3 (h), (i) and (k)

Consolidated and Separate	Free-hold land and buildings	Lease-hold land and buildings	Motor vehicles	Compu-ters	Fixtures and fittings	Work in progress	Right-of-use assets	Total
Cost or valuation	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**
Balance at 1 January 2025	**9,618**	**14,043**	**2,627**	**16,092**	**8,930**	**451**	**2,697**	**54,458**
Additions during the year	**267**	**-**	**499**	**3,047**	**1,387**	**345**	**808**	**6,353**
Revaluation during the year	**1,669**	**2,804**	**-**	**-**	**-**	**-**	**-**	**4,473**
Transfers during the year	**-**	**708**	**-**	**-**	**-**	**(708)**	**-**	**-**
Disposals/terminations during the year	**-**	**-**	**(1)**	**(1,144)**	**(2,621)**	**(13)**	**(732)**	**(4,511)**
Balance at 31 December 2025	**11,554**	**17,555**	**3,125**	**17,995**	**7,696**	**75**	**2,773**	**60,773**
Balance at 1 January 2024	7,931	11,237	1,930	13,242	7,727	283	1,613	43,963
Additions during the year	201	-	832	2,775	1,366	404	1,084	6,662
Revaluation during the year	1,572	2,678	-	-	-	-	-	4,250
Transfers during the year	-	128	-	108	-	(236)	-	-
Disposals/terminations during the year	(86)	-	(135)	(33)	(163)	-	-	(417)
Balance at 31 December 2024	9,618	14,043	2,627	16,092	8,930	451	2,697	54,458
Accumulated depreciation								
Balance at 1 January 2025	**-**	**829**	**1,385**	**8,408**	**5,974**	**-**	**1,759**	**18,355**
Depreciation charge for the year	**364**	**864**	**354**	**2,445**	**718**	**-**	**550**	**5,295**
Transfers during the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Eliminated on revaluation	**(364)**	**(781)**	**-**	**-**	**-**	**-**	**-**	**(1,145)**
Disposals/terminations during the year	**-**	**-**	**(1)**	**(735)**	**(1,557)**	**-**	**(996)**	**(3,289)**
Balance at 31 December 2025	**-**	**912**	**1,738**	**10,118**	**5,135**	**-**	**1,313**	**19,216**
Balance at 1 January 2024	-	731	1,109	6,410	5,281	-	1,330	14,861
Depreciation charge for the year	281	574	388	2,019	842	-	429	4,533
Transfers during the year	-	-	-	-	-	-	-	-
Eliminated on revaluation	(280)	(475)	-	-	-	-	-	(755)
Disposals/terminations during the year	(1)	(1)	(112)	(21)	(149)	-	-	(284)
Balance at 31 December 2024	-	829	1,385	8,408	5,974	-	1,759	18,355
Carrying amount								
At 31 December 2025	**11,554**	**16,643**	**1,387**	**7,877**	**2,561**	**75**	**1,460**	**41,557**
At 31 December 2024	9,618	13,214	1,242	7,684	2,956	451	938	36,103

Brick & Mortar Limited independent valuers, valued land and buildings at 31 December 2025. Land and buildings were revalued by Oscar Matope BSc. Property Studies – UQ, Australia, BSc. Dip. MSIM. Valuations were based on open-market value. The carrying values of the properties were adjusted to the revaluations and the resultant surplus was credited to revaluation reserves and this reserve is not distributable until realised.

A register of freehold land and buildings is available for inspection at the Company's registered office.

At 31 December 2025, **MK34,736 million** (2024: MK39,676 million) property and equipment and right of use assets are expected to be realised more than twelve months after the reporting date.

The additions in the property and equipment have resulted in the maintaining of the operating capacity of the Group.

The following table analyses property and equipment measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

Fair value hierarchy

Consolidated and Separate	Level 1	Level 2	Level 3	Total
	MKm	**MKm**	**MKm**	**MKm**
At 31 December 2025				
Freehold land and buildings	**-**	**-**	**11,554**	**11,554**
Leasehold land and buildings	**-**	**-**	**16,643**	**16,643**
	-	**-**	**28,197**	**28,197**
At 31 December 2024				
Freehold land and buildings	-	-	9,618	9,618
Leasehold land and buildings	-	-	13,214	13,214
	-	-	22,832	22,832

Level 3 fair value measurements - reconciliation

The following tables provide a reconciliation of the opening to closing balance for freehold and leasehold land and buildings that are measured at fair value based on inputs that are not based on observable market data (level 3):

	Freehold land and buildings	Leasehold land and buildings	Total
	MKm	**MKm**	**MKm**
Opening Balance 1 January 2025	**9,618**	**13 214**	**22,832**
Acquisitions	**267**	**-**	**267**
Disposals	**-**	**-**	**-**
Transfers	**-**	**708**	**708**
Amounts recognised in profit or loss			
Depreciation and impairment	**(364)**	**(864)**	**(1,228)**
Disposals/terminations during the year	**-**	**-**	**-**
Gains recognised in other comprehensive income	**2,033**	**3,585**	**5,618**
Closing balance 31 December 2025	**11,554**	**16,643**	**28,197**
Opening Balance 1 January 2024	7,931	10 506	18,437
Acquisitions	201	-	201
Disposals	(86)	-	(86)
Transfers	-	128	128
Amounts recognised in profit or loss			
Depreciation and impairment	(281)	(574)	(855)
Disposals/terminations during the year	1	1	2
Gains recognised in other comprehensive income	1,852	3,153	5,005
Closing balance 31 December 2024	9,618	13,214	22,832

16. Property, equipment and right-of-use assets (Continued)

Valuation techniques used to determine level 3 fair values

The Group obtains independent valuations for its freehold land and buildings (classified as property and equipment) at least every three years.

At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

The following was taken into account in the revaluations (valuation inputs) which informs the basis supports the "Value" indicated notwithstanding the "Cost" of investment in the refurbishment project. In coming up with the valuation, the following factors were considered but not limited to;

- Traffic congestions;
- Demand for office space compared to retail space;
- Rental concessions and escalation holidays;
- Crowd congestion hence compromised security (relating to specific properties).

Valuation techniques and significant unobservable inputs

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cashflows to be generated from the property taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cashflows are discounted using risk adjusted discount rates. Among other factors, the discount rate estimation considers the quality of the building and its location, tenant quality and lease terms.	Rental per square metre – **MK6,500 to MK20,000** (2024: MK6,500 to MK17,000) Vacancy rate - **8% to 28%** (2024: 6% to 30%) Yield - **6% to 16%** (2024: 5% to 14%) Outgoings – **20% to 40%** (2024: 20% to 35%) Construction cost per square metre – **US$1,500 to US$2,500** (2024: US$1,500 – US$2,500) Inflation – **28.4%** (2024: 32.2%)	The estimated fair value would increase (decrease) if : - Expected market rental growth were higher (lower); - Void periods were shorter (longer); - The occupancy rate was higher (lower); - Rent free periods were shorter (longer) or; - The risk adjusted discount rate were lower (higher).

If the land and buildings were stated on the historical cost basis, the carrying amounts would be as follows:

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Cost	**10,374**	9,398
Accumulated depreciation and impairment losses	**(5,908)**	(4,620)
Net carrying amount	**4,466**	4,778

17. Intangible assets – software

See accounting policy in Note 3 (j)

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Cost		
Balance at 1 January	**22,534**	22,534
Balance at 31 December	**22,534**	22,534
Accumulated amortisation		
Balance at 1 January	**11,391**	9,841
Amortisation during the year	**1,537**	1,550
Balance at 31 December	**12,928**	11,391
Carrying amount	**9,606**	11,143

At 31 December 2025 **MK8,078 million** (2024: MK8,063 million) intangible assets are expected to be realised more than twelve months after the reporting date.

18. Deferred tax assets and liabilities

See accounting policy in Note 3 (m)

In December 2025, the Malawi Government introduced revised income tax rates applicable to all entities. Under the new structure, entities are taxed at 30% on taxable profits up to MK5 billion and 40% on profits exceeding that threshold. Previously, the 30% rate applied to profits up to MK10 billion, with 40% levied on the excess.

Given that the Group's profit before tax is projected to remain above MK5 billion, temporary differences are realised at the higher rate of 40%. Consequently, deferred tax has been computed using the 40% rate.

Analysis of deferred tax assets and liabilities in the consolidated and separate statements of financial position is as follows:

	Deferred tax asset		Deferred tax Liability		Net	
Consolidated	**2025**	2024	**2025**	2024	**2025**	2024
	MKm	MKm	**MKm**	MKm	**MKm**	MKm
Other provisions	**9,028**	7,856	**-**	-	**9,028**	7,856
Expected credit losses on loans and advances, financial investments and off-balance sheet items	**27,716**	20,746	**-**	-	**27,716**	20,746
Property, equipment and intangibles	**81**	7	**(2,776)**	(3,910)	**(2,695)**	(3,903)
Fair value adjustments and receivables	**2**	2	**(29,431)**	(15,016)	**(29,429)**	(15,014)
	36,827	28,611	**(32,207)**	(18,926)	**4,620**	9,685

18. Deferred tax assets and liabilities (Continued)

Separate	Deferred tax asset		Deferred tax Liability		Net	
	2025	2024	2025	2024	2025	2024
	MKm	MKm	MKm	MKm	MKm	MKm
Other provisions	9,028	7,856	-	-	9,028	7,856
Expected credit losses on loans and advances, financial investments and off-balance sheet items	27,700	20,740	-	-	27,700	20,740
Property, equipment and intangibles	81	7	(2,776)	(3,910)	(2,695)	(3,903)
Fair value adjustments and receivables	-	-	(29,431)	(15,016)	(29,431)	(15,016)
	36,809	28,603	(32,207)	(18,926)	4,602	9,677

Deferred tax is calculated, in full, on all temporary differences under the liability method using the enacted tax rate of **40%** (2024:40%). The movement on the deferred tax account is as follows:

	Consolidated		Separate	
	2025	2024	2025	2024
	MKm	MKm	MKm	MKm
Balance at 1 January	9,685	(2,044)	9,677	(2,045)
Profit or loss (Note 37)	(5,289)	11,730	(5,299)	11,723
Movement through OCI	224	(1)	224	(1)
Balance at 31 December	4,620	9,685	4,602	9,677

Deferred tax assets and liabilities, deferred tax credit/ (charge) in the profit or loss, and deferred tax (charge)/credit on revaluation reserve in equity are attributable to the following items:

Consolidated 2025	1 January 2025 MKm	(Charged) /credited to profit or loss MKm	(Charged) /credited to OCI MKm	As at 31 December 2025 MKm	Tax rate change to profit or loss MKm	As at 31 December 2025 MKm
Other provisions	7,856	1,172	-	9,028	-	9,028
Expected credit losses on loans and advances, financial investments and off-balance sheet items	20,746	6,970	-	27,716	-	27,716
Property, equipment and intangibles	(3,903)	1,208	-	(2,695)	-	(2,695)
Fair value adjustments and receivables	(15,014)	(14,642)	224	(29,432)	3	(29,429)
	9,685	(5,292)	224	4,617	3	4,620

Consolidated 2024	As at 1 January 2024 MKm	(Charged)/ credited to profit or loss MKm	(Charged)/ credited to OCI MKm	As at 31 December 2024 MKm
Other provisions	6,138	1,718	-	7,856
Expected credit losses on loans and advances, financial investments and off-balance sheet items	11,615	9,131	-	20,746
Property, equipment and intangibles	(4,680)	777	-	(3,903)
Fair value adjustments and receivables	(15,117)	104	(1)	(15,014)
	(2,044)	11,730	(1)	9,685

18. Deferred tax assets and liabilities (Continued)

Separate 2025	As at 1 January 2025 MKm	(Charged) /credited to profit or loss MKm	(Charged) /credited to OCI MKm	As at 31 December 2025 MKm	Tax rate change to profit or loss MKm	As at 31 December 2025 MKm
Other provisions	**7,856**	**1,172**	**-**	**9,028**	**-**	**9,028**
Expected credit losses on loans and advances, financial investments and off-balance sheet items	**20,740**	**6,960**	**-**	**27,700**	**-**	**27,700**
Property, equipment and intangibles	**(3,903)**	**1,208**	**-**	**(2,695)**	**-**	**(2,695)**
Fair value adjustments and receivables	**(15,016)**	**(14,639)**	**224**	**(29,431)**	**-**	**(29,431)**
	9,677	**(5,299)**	**224**	**4,602**	**-**	**4,602**

Separate 2024	As at 1 January 2024 MKm	(Charged)/ credited to profit or loss MKm	(Charged)/ credited to OCI MKm	As at 31 December 2024 MKm
Other provisions	6,138	1,718	-	7,856
Expected credit losses on loans and advances, financial investments and off-balance sheet items	11,615	9,125	-	20,740
Property, equipment and intangibles	(4,680)	777	-	(3,903)
Fair value adjustments and receivables	(15,118)	103	(1)	(15,016)
	(2,045)	11,723	(1)	9,677

19. Trading liabilities

See accounting policy in Note 3 (e)

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Funded forward deposits	**97,839**	-
Fair value adjustment	**(11,725)**	-
	86,114	-

At 31 December 2025, **MK Nil** (2024: MK Nil) of trading liabilities are expected to be settled more than twelve months after the reporting date. The funded forwards deposits together with their related forward contracts are managed together in a portfolio of financial instruments for short term profit-taking.

20. Deposits and loans from banks

See accounting policy in Note 3 (f)

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Balances due to related banks (Note 43)	**11,437**	26,452
Balances due to other banks	**59,242**	12,100
	70,679	38,552

At 31 December 2025, **MK Nil** (2024: MK Nil) of deposits and loans from banks are expected to be settled more than twelve months after the reporting date.

The carrying amounts approximate the fair values.

21. Deposits from customers

See accounting policy in Note 3 (f)

	Consolidated		Separate	
	2025	2024	**2025**	2024
Personal and Private Banking	**MKm**	MKm	**MKm**	MKm
Current and demand deposits	**153,920**	96,098	**153,920**	96,098
Savings accounts	**69,253**	51,979	**69,253**	51,979
Fixed deposit accounts	**6,358**	6,522	**6,358**	6,522
Foreign currency deposit accounts	**19,159**	20,867	**19,159**	20,867
	248,690	175,466	**248,690**	175,466
Business and Commercial Banking				
Current and demand deposits	**186,845**	149,911	**186,845**	149,911
Savings accounts	**15,460**	15,819	**15,460**	15,819
Fixed deposit accounts	**25,117**	25,301	**25,117**	25,301
Foreign currency deposit accounts	**71,421**	58,666	**71,421**	58,666
	298,843	249,697	**298,843**	249,697
Corporate and Investment Banking				
Current and demand deposits	**344,250**	259,042	**352,460**	265,079
Savings accounts	**72**	2,199	**72**	2,199
Fixed deposit accounts	**352,027**	154,208	**352,027**	154,208
Foreign currency deposit accounts	**76,353**	87,422	**76,353**	87,422
	772,702	502,871	**780,912**	508,908
Total deposits from customers	**1,320,235**	928,034	**1,328,445**	934,071

At 31 December 2025, **MK115 million** (2024: MK82 million) of deposits from customers are expected to be settled more than twelve months after the reporting date.

Included in customer deposits were deposits of **MK28,335 million** (2024: MK19,544 million) held as collateral for irrevocable commitments under import letters of credit and guarantees.

Some deposits carry fixed interest rates. Most customer deposits are at variable rate (see note 41).

The carrying amounts approximate the fair values.

22. Other liabilities

See accounting policy in note 3 (f)

	Consolidated		Separate	
	2025	2024	**2025**	2024
	MKm	MKm	**MKm**	MKm
Financial liabilities				
Items in transit	**-**	6,927	**-**	6,927
Lease liabilities (Note 22.1)	**1,666**	957	**1,666**	957
Trade payables	**1,673**	1,751	**1,673**	1,751
Accruals	**1,048**	2,515	**1,048**	2,859
Due to Standard Bank of South Africa (Note 43)	**35,839**	33,468	**35,839**	33,468
Unclaimed balances	**5,758**	6,871	**5,758**	6,871
Other**	**7,897**	12,244	**7,883**	11,897
	53,881	64,733	**53,867**	64,730
Non-financial liabilities				
Contract liabilities -deferred income (Note 22.2)*	**4,457**	3,039	**4,457**	3,039
Other***	**5,613**	3,834	**5,613**	3,834
	10,070	6,873	**10,070**	6,873
	63,951	71,606	**63,937**	71,603

Other financial liabilities carrying values approximate their fair values due to the short-term nature of the balances.

*Contract liabilities - At 31 December 2025, **MK1,143 million** (2024: MK2,210) contract liabilities were maturing more than twelve months after the reporting date.
**Included within items in other are cheques in course of collection, credits outstanding and point of sale transactions.
*** Included within items in other are indirect taxes and garnishee orders transactions.

22.1 Reconciliation of lease liabilities

	Consolidated and Separate					
	Balance at 1 January	**Additions**	**Early terminations/ modifications**	**Interest expense**	**Payments***	**Balance at 31 December**
	MKm	**MKm**	**MKm**	**MKm**	**MKm**	**MKm**
2025						
Buildings	**957**	**807**	**361**	**126**	**(585)**	**1,666**
Total	**957**	**807**	**361**	**126**	**(585)**	**1,666**
2024						
Buildings	237	1,084	-	118	(482)	957
Total	237	1,084	-	118	(482)	957

*These amounts include the principal lease repayments as disclosed in the statements of cash flows of **MK459 million** (2024:MK364 million) for Consolidated and Separate. The remainder represents interest expense paid during the year.

Maturity analysis of lease liabilities

The following table presents minimum lease payments in relation to non-cancellable operating leases where the Group is a lessee.

	Consolidated and Separate			
	Within 1 year	**Greater than 1 year but less than 5 years**	**More than 5 years**	**Total**
	MKm	**MKm**	**MKm**	**MKm**
2025				
Buildings	**538**	**923**	**205**	**1,666**
2024				
Buildings	361	469	127	957

22.2 Contract liabilities - deferred income

Consolidated and Separate

The Group has recognised the following liabilities related to contracts with customers:

	2025	2024
	MKm	MKm
Letters of credit and guarantees	**1,268**	827
Other - loan commitments/origination	**3,189**	2,212
Total	**4,457**	3,039

Significant changes in contract liabilities

Contract liabilities in the year increased as a result of growth of the gross carrying amount of loans and advances to customers which resulted in a corresponding increase in loan origination fees.

23. Income tax payable

See accounting policy in Note 3 (m)

	Consolidated		Separate	
	2025	2024	**2025**	2024
	MKm	MKm	**MKm**	MKm
Balance at 1 January	**20,841**	29,619	**20,343**	29,433
Provisions raised during the year (Note 37)	**78,515**	61,820	**76,035**	60,903
Income tax payments during the year	**(69,121)**	(70,450)	**(66,790)**	(69,853)
Tax credits utilised during the year	**(964)**	(148)	**(797)**	(140)
Balance at 31 December	**29,271**	20,841	**28,791**	20,343

At 31 December 2025, **MK Nil** (2024: MK Nil) income tax is payable more than twelve months after the reporting date.

24. Provisions

See accounting policy in Note 3 (l)

	Consolidated and Separate			
	Performance and deferred bonus	Sundry*	Expected credit loss for off-balance sheet exposures	Total
	MKm	MKm	MKm	MKm
Balance at 1 January 2025	**5,937**	**5,783**	**1,299**	**13,019**
Provisions raised during the year	**9,101**	**8,190**	**230**	**17,521**
Provisions released during the year	**(5,937)**	**(6,008)**	**(431)**	**(12,376)**
Balance at 31 December 2025	**9,101**	**7,965**	**1,098**	**18,164**
Balance at 1 January 2024	5,562	13,898	1,642	21,102
Provisions raised during the year	5,937	4,952	132	11,021
Provisions released during the year	(5,562)	(13,067)	(475)	(19,104)
Balance at 31 December 2024	5,937	5,783	1,299	13,019

Performance and deferred bonus

A significant portion of the provisions are staff performance-based bonuses which are expected to be settled in full by the first quarter of the year 2026.

*Included within sundry provisions are severance pay provisions for ex-staff and retired employees whose cases are in court, legal provisions for outstanding court cases and sundry provisions.

Reconciliation of expected credit losses for off-balance sheet exposures

	Consolidated and Separate
	MKm
Stage 1 impairments:	
Balance at 1 January 2025	**1,299**
Impairment loss for the year:	
ECL on new exposure raised	**208**
Subsequent change in ECL	**102**
Change in ECL due to derecognition	**(533)**
Net impairments released	**(223)**
Other movements	**22**
Balance at 31 December 2025	**1,098**

	Consolidated and Separate
	MKm
Stage 1 impairments:	
Balance at 1 January 2024	1,642
Impairment loss for the year:	
ECL on new exposure released	90
Subsequent change in ECL	(462)
Change in ECL due to derecognition	(13)
Net impairments released	(385)
Other movements	42
Balance at 31 December 2024	1,299

Loss allowance

The ECL on new exposures raised primarily relates to the growth in the gross carrying amount of off-balance sheet exposures (see Note 40).

25. (i) Share capital

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Opening balance	**235**	235
Transferred from share premium	**8,491**	-
	8,726	235

On 26th June 2025, the Group's Shareholders passed a resolution to convert the existing par or nominal value shares into shares of no par or nominal values. The Shareholders resolved that the capital of the Group be **MK8,726 million** and that there be no limit on the number of shares which may be issued. As at 31 December 2025 the issued shares were **1,173 million** (2024: 235 million). The number of shares increased due to a share split undertaken in 2025 (refer to note 38).

(ii) Share premium

	2025	2024
	MKm	MKm
Opening balance	**8,491**	8,491
Transferred to share capital	**(8,491)**	-
	-	8,491

26. Reserves

(i) Revaluation reserve

Balance at 1 January	**22,728**	17,723
Revaluation gain during the year	**5,618**	5,005
Balance at 31 December	**28,346**	22,728

The revaluation reserve comprises the surplus on revaluation of the Group's land and buildings in accordance with the Group's policy on land and buildings. The carrying values of the properties were adjusted to the revalued amounts and the resultant surplus, was credited to revaluation reserves in shareholders' equity and this reserve is not distributable until realised.

26. Reserves (Continued)

Following the revaluation of the properties, the Group adjusted the tax base of these assets using the indexation factors provided by the National Statistics Office. This resulted in a deductible temporary difference between the revalued amounts and the tax base. In accordance with IAS 12 *Income Taxes*, no deferred tax asset has been recognized in relation to this deductible temporary difference. The Group does not intend to sell these assets and does not anticipate utilizing the deferred tax assets in the foreseeable future.

(ii) Fair value through OCI reserve

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Balance at 1 January	**348**	345
Expected credit losses on financial instruments at fair value through OCI	**(24)**	2
Movement from changes in fair value	**(560)**	2
Deferred income taxes	**224**	(1)
Balance at 31 December	**(12)**	348

(iii) Retained earnings

	Consolidated		Separate	
	2025	2024	**2025**	2024
	MKm	MKm	**MKm**	MKm
Balance at 1 January	**227,983**	167,023	**219,610**	160,556
Dividends declared	**(38,000)**	(25,405)	**(38,000)**	(25,405)
Profit for the year	**121,698**	86,365	**117,811**	84,459
Balance at 31 December	**311,681**	227,983	**299,421**	219,610

27. Net interest income

See accounting policy in Note 3(o)

Interest income				
Loans and advances	**131,959**	103,207	**131,959**	103,207
Financial investments – FVTOCI	**24**	24	**24**	24
Financial investments – Amortised cost	**112,949**	68,146	**112,949**	68,146
Cash and short term funds	**28,165**	13,868	**27,330**	13,625
	273,097	185,245	**272,262**	185,002
Interest expense				
Customer deposits	**13,826**	9,053	**13,838**	9,078
Interest on lease liabilities	**126**	118	**126**	118
	13,952	9,171	**13,964**	9,196
Net interest income	**259,145**	176,074	**258,298**	175,806

Total interest income and expense calculated using the effective interest rate method reported above that relate to financial assets or financial liabilities that are not valued at fair value through profit or loss are **MK273,097 million** (2024: MK185,245 million) and **MK13,952 million** (2024: MK9,171 million) respectively.

28. Net fee and commission income

See accounting policy in Note 3 (r)

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Fee and commission income		
Point of representation fees	**3,126**	3,694
Card based commissions	**7,530**	6,262
Electronic banking fees*	**8,870**	5,149
Foreign currency service fees	**6,685**	7,151
Documentation and administration fees	**6,243**	4,670
Knowledge based fees	**84**	48
Insurance commission	**2,688**	2,538
Penalty based fees	**107**	113
Guarantee fees	**2,894**	2,267
ATM fees	**1,342**	1,069
Custody fees	**991**	411
Other*	**3,264**	2,582
	43,824	35,954
Fee and commission expense		
Interbank transactions	**(10,754)**	(7,991)
Net fee and commission income	**33,070**	27,963

*Fees for bank to mobile account transfers have been disaggregated from other and included under electronic banking fees to provide a more appropriate analysis of management's view of the balance considering the nature and characteristics thereof. Comparative amount of MK2,926 million has been reclassified accordingly. The change in presentation had no impact on the Group's income statement.

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

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Revenue recognised that was included in the contract liability balance at the start of the period		
Letters of credit and guarantees	**710**	308
Other - overdrafts and commitments	**117**	1,426
	827	1,734

Refer to accounting policy in Note 3 (r) that describes the types of revenues recognised on a point in time basis and on the overtime basis.

29. Trading income

See accounting policy in Note 3 (s) and (b)

	Consolidated		Separate	
	2025	2024	**2025**	2024
	MKm	MKm	**MKm**	MKm
Foreign exchange	**37,976**	40,147	**29,852**	36,434
Trading income on debt securities	**21,626**	8,159	**21,626**	8,159
	59,602	48,306	**51,478**	44,593

30. Other operating income

	Consolidated		Separate	
	2025	2024	**2025**	2024
	MKm	MKm	**MKm**	MKm
Dividend income	**-**	-	**1,000**	-
Sundry income	**941**	1,008	**1,005**	1,052
	941	1,008	**2,005**	1,052

Sundry income includes visa incentive income, project management fees, rental income for leased properties and management fees billed to subsidiary entity.

31. Other gains on financial instruments

See accounting policy in Note 3(f)

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Gains on debt realisation of financial assets measured at fair value through OCI	**-**	225

32. Credit impairment charges

See accounting policy in Note 3 (f)

	Consolidated		Separate	
	2025	2024	**2025**	2024
	MKm	MKm	**MKm**	MKm
Net expected credit losses raised and (released)				
- Loans and advances to banks (Note 11)	**2,324**	(26)	**2,286**	(44)
- Loans and advances to customers (Note 12.1)	**13,038**	12,380	**13,038**	12,380
- Financial investments (Note 13.1 and 13.2)	**8,553**	12,683	**8,553**	12,683
- Other assets	**534**	-	**534**	-
- Letters of credit, bank acceptances and guarantees (Note 24)	**(223)**	(385)	**(223)**	(385)
- Recoveries on loans and advances previously written off	**(1,198)**	(1,095)	**(1,198)**	(1,095)
- Modification losses on distressed financial assets (Note 12.2)	**28**	1	**28**	1
	23,056	23,558	**23,018**	23,540

33. Staff costs

	Consolidated		Separate	
	2025	2024	**2025**	2024
	MKm	MKm	**MKm**	MKm
Salaries and allowances	**48,278**	34,070	**47,489**	33,485
Retirement benefit costs for defined contribution scheme	**3,941**	3,062	**3,874**	2,991
	52,219	37,132	**51,363**	36,476

34. Depreciation and amortisation

See accounting policy in Note 3(h) and (j)

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Depreciation (Note 16)	**5,295**	4,533
Amortisation of intangible assets (Note 17)	**1,537**	1,550
Loss on derecognition of right-of-use assets	**-**	88
	6,832	6,171

35. Other operating expenses

	Consolidated		Separate	
	2025	2024	**2025**	2024
	MKm	MKm	**MKm**	MKm
Group directional fees*	**1,800**	(1,936)	**1,800**	(1,936)
Auditor's remuneration**	**842**	662	**842**	662
Motor vehicle and fuel costs	**870**	663	**855**	660
Software, IT costs and other services	**17,786**	18,886	**17,702**	18,836
Communication costs	**3,425**	2,834	**3,415**	2,829
Travel and entertainment expenses	**3,863**	3,240	**3,811**	3,218
Recurrent expenditure on property and equipment	**2,517**	2,366	**2,493**	2,334
Marketing and advertising expenses	**4,136**	2,155	**4,115**	2,138
Stationery and printing expenses	**1,084**	714	**1,076**	713
Training expenses	**1,114**	794	**1,113**	791
Insurance and security costs	**6,337**	5,432	**6,303**	5,399
Premises expenses	**1,196**	654	**1,153**	639
Professional fees	**1,658**	2,510	**1,616**	2,475
Indirect taxes	**9,023**	6,306	**8,785**	6,148
Operational risk losses	**806**	871	**806**	871
Administration and membership fees	**361**	207	**345**	202
Commission paid	**325**	489	**302**	426
Coverage expenses	**850**	899	**850**	899
Foreign exchange differences	**2,543**	363	**2,543**	378
Other expenses	**5,252**	2,346	**5,207**	2,326
	65,788	50,455	**65,132**	50,008

*The 2024 negative amount was a reversal of an overprovision made using the information available at that time. This overprovision was expensed through the same line in 2023, pending the Central Bank's decision. The approved final amounts were lower than the provisions that led to this reversal.

** Auditors' remuneration comprises audit fees of **MK661 million** (2024: MK520 million), reimbursed expenses of **MK33 million** (2024: MK26 million), and prior-period under-accruals amounting to **MK148 million** (2024: MK116 million).

36. Interest in joint venture

See accounting policy in Note 3 (w)

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Carrying value at the beginning of the year	**355**	160
Share of post-tax profit for the year	**639**	195
Carrying value at the end of the year (note 13)	**994**	355

There are no significant restrictions on the ability of the joint venture to transfer funds to the group in the form of cash or dividends or repayments of loans and advances.

37. Income tax expense

See accounting policy in Note 3 (m)

	Consolidated		Separate	
	2025	2024	**2025**	2024
	MKm	MKm	**MKm**	Mkm
Current tax	**78,515**	61,820	**76,035**	60,903
Deferred tax expense/(income) (Note 18)	**5,289**	(11,730)	**5,299**	(11,723)
	83,804	50,090	**81,334**	49,180

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

	Consolidated		Separate	
	2025	2024	**2025**	2024
	MKm	MKm	**MKm**	Mkm
Profit before income tax expense	**205,502**	136,455	**199,145**	133,639
Tax calculated at the statutory tax rate of 30% up to MK5 billion and 40% for the excess (2024: 30% up to MK10 Billion, 40% for excess)	**81,201**	53,300	**78,758**	52,456
Tax effect of:				
Expenses not deductible for tax purposes	**6,187**	1,547	**6,157**	1,481
Non-taxable income for tax purposes	**(3,681)**	(4,757)	**(3,681)**	(4,757)
Taxable income taxed at different rates (10%)	**100**	-	**100**	-
Effect of change in tax rates	**(3)**	-	**-**	-
Total income tax expense in profit or loss	**83,804**	50,090	**81,334**	49,180

The effective tax rate for the Group was **41%** (2024:36.7%).

38. Earnings per share

See accounting policy in Note 3 (t)

Net profit attributable to equity holders (MKm)	**121,698**	86,365	**117,811**	84,459
Weighted average number of ordinary shares in issue (millions)	**1,173**	1,173	**1,173**	1,173
Basic earnings per share (expressed in MK per share)	**103.75**	73.63	**100.44**	72.00
Diluted earnings per share (expressed in MK per share)	**103.75**	73.63	**100.44**	72.00

Basic earnings per share are calculated by dividing the net profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year. The Group undertook a share split on 21 July 2025

38. Earnings per share (Continued)

(listing date) by issuing five ordinary shares for each ordinary share held by shareholders. The comparative year's shares in issue have been retrospectively restated to reflect the effect of the share split, as required by IAS 33 *Earnings per Share*, resulting in a change in the reported earnings per share compared to that reported in the prior year. Accordingly, earnings per share for the comparative period has been retrospectively restated in accordance with IAS 33. Prior to the share split, the Group had 235 million ordinary shares in issue.

39. Dividends per share

See accounting policy in Note 3 (n)

Interim dividends are accounted for as a separate component of equity until they have been ratified at an annual general meeting. The directors resolved to pay an interim dividend of **MK16.7 billion**, representing **MK14.23** per share, in respect of the year ended 31 December 2025. The directors will continue to assess the prevailing economic and financial sector conditions for future dividend decisions.

For the year ended 31 December 2024, a first interim dividend of MK5.0 billion, representing MK4.26 per ordinary share, was paid in February 2025. A second interim dividend of MK16.5 billion, representing MK14.06 per ordinary share, was paid in April 2025, while a final dividend of MK16.5 billion, representing MK14.06 per ordinary share, was paid in July 2025.

Following the share split effected during the year, dividend per share amounts for the comparative period have been adjusted retrospectively, while the total dividend amounts remain unchanged.

40. Unrecognised financial instruments, contingent liabilities and commitments

a) Legal proceedings

There are a number of legal proceedings outstanding against the Group as at 31 December 2025. Management is accordingly satisfied that the legal proceedings currently pending against the Group should not have a material adverse effect on the Group's consolidated financial position and the directors are satisfied that the Group has adequate provisions in place to meet claims that may succeed.

b) Capital commitments and contingent liabilities

In common with other banks, the Group conducts business involving acceptances, guarantees, performance bonds and indemnities. The majority of these facilities are offset by corresponding obligations of third parties.

The contractual amounts of the Group's off balance sheet position financial instruments that commit it to extend credit to customers are as follows:

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Contingent liabilities		
Acceptances and letters of credit	**57,639**	23,432
Guarantees and performance bonds	**217,277**	199,488
	274,916	222,920

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Commitments		
Undrawn formal stand-by facilities, credit lines and other commitments to lend	**65,546**	35,456
Authorised but not yet contracted capital commitments on property and equipment	**4,790**	1,336
	70,336	36,792

Included in undrawn formal stand-by facilities, credit lines and other commitments to lend are irrevocable commitments amounting to **MK Nil** (2024: MK Nil).

41. Effective interest rates of financial assets and financial liabilities

The effective interest rates for the principal financial assets and liabilities at 31 December were in the following ranges:

Consolidated and Separate	2025	
	In MK	In US$
Assets		
Government securities	**14.00% - 26.80%**	**3.52% - 3.78%**
Deposits with banking institutions	**23.50% - 24.50%**	**3.25% - 4.01%**
Loans and advances to customers	**20.30% - 36.30%**	**7.10% - 13.94%**
Liabilities		
Customer deposits	**0.0% - 13.00%**	**0.37% - 4.00%**

Consolidated and Separate	2024	
	In MK	In US$
Assets		
Government securities	14.00% - 26.80%	-
Deposits with banking institutions	23.00% - 23.60%	4.00% - 4.30%
Loans and advances to customers	24.60% - 37.30%	4.46% - 12.76%
Liabilities		
Customer deposits	0.0% - 13.00%	0.37% - 5.15%

42. Statement of cash flows notes:

42.1 Adjustment for non-cash items included in the income statement

	Consolidated		Separate	
	2025	2024	**2025**	2024
	MKm	MKm	**MKm**	MKm
Armotisation of intangibles (note 34)	**1,537**	1,550	**1,537**	1,550
Depreciation of property and equipment and ROU (note 34)	**5,295**	4,533	**5,295**	4,533
Loss on derecognition of right-of-use assets (note 34)	**-**	88	**-**	88
Expected credit losses (note 32)	**24,226**	24,652	**24,188**	24,634
Modification loss/(gain) on distressed financial assets (note 32)	**28**	1	**28**	1
Other gains on financial instruments (note 31)	**-**	(225)	**-**	(225)
Stock write off	**-**	49	**-**	49
Loss /(gain) on sale of property and equipment	**1,047**	(4)	**1,047**	(4)
Share of profit from joint venture	**(639)**	(195)	**(639)**	(195)
Fair value loss to derivatives assets	**2,453**	(1,974)	**2,453**	(1,974)
Fair value gain to derivatives liabilities	**(710)**	(809)	**(710)**	(809)
Fair value loss/(gain) to trading assets	**2,577**	(716)	**2,577**	(716)
Fair value gain to trading liabilities	**(11,725)**	-	**(11,725)**	-
Spread provision adjustment	**(32)**	179	**(32)**	179
Dividend income	**-**	-	**(1,000)**	-
Interest income (note 27)	**(273,097)**	(185,245)	**(272,262)**	(185,002)
Interest expense (note 27)	**13,952**	9,171	**13,964**	9,196
	(235,088)	(148,945)	**(235,279)**	(148,695)

42.2 Movement in income-earning and other assets

	Consolidated		Separate	
	2025	2024	**2025**	2024
	MKm	MKm	**MKm**	MKm
Trading assets	**(16,579)**	(11,978)	**(16,579)**	(11,978)
Financial investments	**(227,655)**	(77,736)	**(227,655)**	(77,511)
Loans and advances to banks and other financial institutions	**(82,976)**	(18,254)	**(83,135)**	(18,117)
Loans and advances to customers	**(127,742)**	(93,291)	**(127,742)**	(93,291)
Other assets	**(4,661)**	(9,264)	**(4,748)**	(9,559)
	(459,613)	(210,523)	**(459,859)**	(210,456)

42.3 Movement in deposits and other liabilities

Deposits and loans from banks	**31,932**	16,964	**31,932**	16,964
Deposits from customers	**390,013**	132,002	**392,186**	131,554
Trading liabilities	**97,839**	-	**97,839**	-
Other liabilities	**(25,236)**	10,745	**(25,247)**	10,741
	494,548	159,711	**496,710**	159,259

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

Cash and balances with Reserve Bank of Malawi (note 8)	**247,557**	197,187	**247,173**	196,951
Gross on demand loans and advances to banks and other financial institutions	**293,355**	203,747	**288,855**	201,247
	540,912	400,934	**536,028**	398,198

42.5 Dividends paid

	Consolidated and Separate	
	2025	2024
	MKm	MKm
Opening liability	**(11,421)**	(9,472)
Add: Dividend declared in the year	**(38,000)**	(25,405)
Less: Closing liability	**31,848**	11,421
Amount paid during the year	**(17,573)**	(23,456)

43. Related party transactions

The Group is controlled by Stanbic Africa Holdings Ltd, a Bank incorporated in the United Kingdom. The ultimate parent company of the Group is Standard Bank Group Limited, incorporated in the Republic of South Africa. There are other companies which are related to Standard Bank PLC through common shareholdings.

In the normal course of business, a number of banking transactions are entered into with related parties at arm's length. These include loans, deposits and foreign currency transactions. The parent company also provides professional and technical consultancy services for which it charges market rates. The outstanding balances at the year end and related expense and income for the year are as follows:

	Separate	
	2025	2024
Balances due from related parties	**MKm**	MKm
Derivative assets		
Standard Bank of South Africa – Fellow subsidiary	**80**	106
Loans and advances to banks		
Standard Bank of South Africa – Fellow subsidiary	**21,192**	20,326
Stanbic Bank Kenya - Fellow subsidiary	**16**	4
Stanbic Bank Botswana - Fellow subsidiary	**6**	45
Standard Bank Mauritius – Fellow subsidiary	**61,302**	-
Balances due from related banks (Note 11)	**82,516**	20,375
Loans and advances to customers		
Balances due from directors and other key management personnel	**2,596**	2,086
Balances due from other related parties	**2,235**	2,390
	4,831	4,476
Other assets		
Balance due from Standard Bank Bureau De Change Limited - Subsidiary	**528**	344
Balance due from Stanbic Bank Zambia – Fellow subsidiary	**100**	14
Balance due from Standard Bank of South Africa – Fellow subsidiary	**464**	961
	1,092	1,319
Interest income earned from related party banks	**7,846**	9,432
Staff costs recovered for related party banks	**861**	1,500
Dividend income from Standard Bank Bureau De Change Limited	**1,000**	-
Other fees earned from related party banks	**100**	91
Trading income from related party banks	**552**	628
Mark up on recovery of costs from Standard Bank Bureau De Change Limited	**64**	44

The amounts due from related party banks relate to nostro accounts and are not secured.

The amounts due from related party banks are at market related interest rates and are short term in nature.

The loans issued to directors are repayable over two years and are granted at market related interest rates and are secured by the asset being purchased. The loans issued to key management personnel follow staff loans policy.

No stage 3 expected credit losses have been recorded against balances with related parties outstanding during the year.

	Separate	
	2025	2024
Balances due to related parties	**MKm**	MKm
Deposits from customers		
Balances due to directors and other key management personnel	**426**	369
Balances due to other related parties	**4,877**	5,265
Standard Bank Bureau De Change Limited -Subsidiary	**8,210**	6,037
	13,513	11,671
Deposits and loans from banks		
Standard Bank of South Africa – Fellow subsidiary	**11,376**	26,390
Industrial and Commercial Bank of China - Significant shareholder of Standard Bank Group	**32**	32
Stanbic Zimbabwe – Fellow subsidiary	**2**	2
Stanbic Zambia – Fellow subsidiary	**27**	28
Balances due to related party banks (Note 20)	**11,437**	26,452
Other liabilities		
Standard Bank of South Africa - Fellow subsidiary (Note 22)	**35,839**	33,468
Balances due to related parties	**35,839**	33,468
Contingencies		
Letter of guarantee – Standard Bank of South Africa – Fellow subsidiary	**872**	8,464
Letter of guarantee – Stanbic Bank of Kenya – Fellow subsidiary	**394**	-
Letter of guarantee – Stanbic Bank of Zambia – Fellow subsidiary	**-**	1,750
Letter of guarantee – Stanbic Bank of Botswana – Fellow subsidiary	**-**	4,709
Letter of guarantee - Industrial and Commercial Bank of China – Significant Shareholder of Standard Bank Group	**4,163**	8,892
	5,429	23,815
Key management compensation		
Salaries and other short-term benefits	**4,605**	3,226
Contributions to defined contribution plans	**402**	307
	5,007	3,533

43. Related party transactions (Continued)

	Separate	
	2025	2024
	MKm	MKm
Staff costs paid to related banks	**30**	337
Interest expense	**12**	-
Training cost paid to related party banks	**92**	8
Group directional fees – Standard Bank of South Africa (Note 35)	**1,800**	(1,936)
Information technology fees and other services- Standard Bank of South Africa	**8,657**	12,249
Dividends paid - Stanbic Africa Holdings Limited	**22,867**	15,290

44. Inflation and exchange rates

The foreign currencies affecting most the operations of the Group are United States Dollar, British Pound and South African Rand. The average of selling and buying exchange i.e. rate at year end of these currencies and the country's national index price which presents inflation rate were as follows:

	2025	2024	2023
United States Dollar (USD)	**1,749.00**	1,749.93	1,697.98
Sterling Pound (GBP)	**2,416.04**	2,250.25	2,224.30
South African Rand (ZAR)	**107.87**	95.89	94.17
Inflation rates as at 31 December (%)	**26.0**	28.1	34.5

As at the date of approval of the consolidated and separate financial statements, the exchange rates were as follows:

United States Dollar (USD)	**1,750.45**
Sterling Pound (GBP)	**2,424.72**
South African Rand (ZAR)	**113.20**

45. Events after reporting date

Geopolitical developments in the Middle East

Event and timing

Subsequent to 31 December 2025, geopolitical tensions in the Middle East escalated significantly following the commencement of an armed conflict in the region on 28 February 2026. The conflict remains ongoing at the date of authorisation of these consolidated financial statements.

Market impact

The outbreak of hostilities resulted in heightened volatility in global financial and commodity markets, particularly in energy markets. Concerns over potential disruptions to global supply routes, including the strategic Strait of Hormuz, led to a sharp increase in international crude oil prices. Brent crude oil prices rose from approximately USD 72 per barrel prior to the outbreak of hostilities to levels exceeding USD 80 per barrel in early March 2026, an increase of roughly 10–15% within a short period following the escalation of the conflict.

These developments have contributed to elevated inflation expectations, foreign exchange volatility and uncertainty in emerging and frontier markets. The immediate near-term risks to African economies are primarily associated with increases in global oil prices and potential weakening of local currencies amid heightened demand for safe-haven assets in global financial markets. These factors may contribute to higher short-term inflationary pressures and could prompt more cautious monetary policy responses by central banks across the continent. The extent of the impact on African economies will largely depend on the duration of the conflict and the degree to which global energy supply chains and maritime trade routes, particularly shipping through the Strait of Hormuz, are disrupted.

Impact on the Group

The Group does not have direct operations, investments or credit exposures in the immediate conflict zone. However, sustained increases in crude oil prices and broader geopolitical uncertainty could indirectly affect the Group through:

- Increased inflationary pressures and operating costs in the Group's operating markets;
- Foreign exchange volatility in import-dependent economies;
- Increased market volatility affecting the valuation of financial assets; and
- Potential pressure on borrower affordability and credit quality, particularly for corporate and retail clients exposed to higher input and energy costs.

Assessment under IFRS 9

Management has considered whether these developments represent indicators of impairment for financial assets measured under IFRS 9 Financial Instruments. Based on information available at the date of authorisation of these consolidated financial statements:

- No evidence has been identified indicating a material deterioration in credit quality as at 31 December 2025;
- Forwardlooking information and macroeconomic assumptions used in the measurement of expected credit losses (ECLs) will continue to be monitored, and any necessary updates will be reflected in future reporting periods; and
- The Group remains vigilant to potential stress in borrower portfolios arising from inflation, foreign exchange volatility and higher energy costs.

In accordance with IAS 10 – *Events after the Reporting Period*, these developments are classified as a non-adjusting event, and no adjustments have been made to the amounts recognised in these consolidated financial statements

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Standard Bank

Footprint in Malawi

