



Standard Bank

# RISK AND CAPITAL MANAGEMENT REPORT

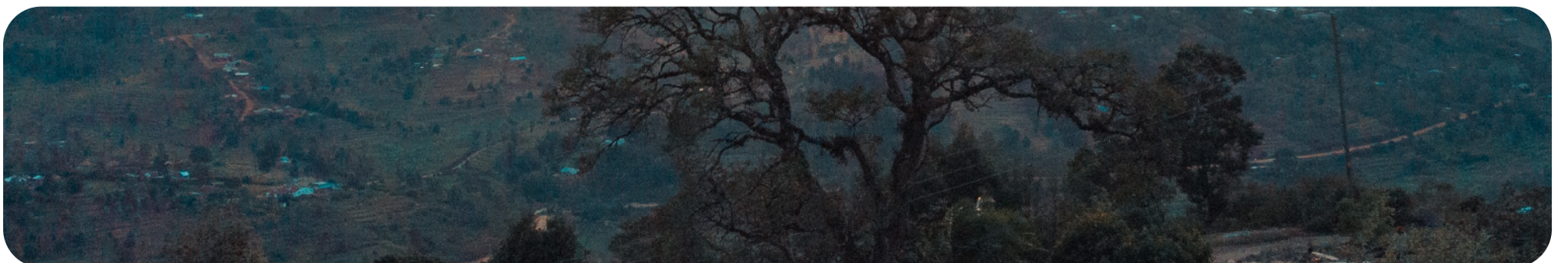
STANDARD BANK  
PLC (MALAWI)

31<sup>ST</sup> DECEMBER 2025



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# 01 OVERVIEW

## Introduction

Effective risk management is fundamental to Standard Bank PLC (Malawi)'s (SBM or the bank) business activities. While the bank remains committed to increasing shareholder value by developing and growing the business within the Board-determined risk appetite, the bank is mindful of achieving this objective in line with the interests of all stakeholders.

Effective risk management should provide complete, timely, accurate and relevant information to enhance senior management decision-making ability to:

- calculate risk-adjusted performance measures;
- manage volatility in earnings;
- minimise financial distress; and
- help appraise new business initiatives on a comparable basis.

Governance standards have been established as key components of good governance and business practices in the bank. The standards form an integral part of the control infrastructure and represent a high-level description of the Board's expectations and requirements regarding risk appetite, risk reporting, and key areas of control activity within the bank.

Identification of material risks is a process overseen by the Chief Risk Officer, Head of Compliance, and the Head of Legal and Governance, with involvement from risk type heads and the heads of the business segments and corporate functions.

Based on the above-mentioned criteria, the following primary risk types are considered by the bank to be material:-

### Credit Risk (including counterparty credit risk)

Credit risk is the potential that a bank borrower or counterparty will fail to meet its obligations under agreed terms. Credit risk regulatory capital is calculated using the Standardised Approach (TSA) per the Reserve Bank of Malawi (RBM) regulations.

For both regulatory and internal credit risk capital measurement, the calculation of the capital requirement is affected by the level of stage 3 expected credit losses (ECL) for credit losses (relating to non-performing loans) that the bank has taken. Stage 3 ECLs are calculated in accordance with regulations and also take into account expected recoveries and their timing.

## Market Risk

Market risk is the risk of loss on financial investments due to adverse price movements, such as changes in interest and exchange rates. Market risk regulatory capital is calculated using the Standardised Approach (TSA) per the RBM regulations. Additionally, market risk is measured and stress-tested within the bank using several established risk metrics and techniques, including Value-at-Risk (VaR).

### Interest Rate Risk in the Banking Book (IRRBB)

Interest rate risk is the risk that the value of an asset will decline due to unexpected fluctuations in interest rates. The bank manages its exposure to changes in interest rates on its banking book assets and liabilities (loans and deposits) by ensuring that an interest rate shock for both the local currency and foreign currency books – as prescribed by the Asset and Liability Committee (ALCO) – does not result in excessive (i.e. above appetite) adverse annualised net interest income change.

### Liquidity Risk

Liquidity risk is the risk of loss resulting from the inability to meet payment obligations in full and on time when they become due. An extensive set of liquidity risk metrics is in place. Due to the robustness of the measurement and monitoring approaches, the high level of unencumbered liquid assets, and the timeous management action required, the bank does not hold capital for liquidity risk.

### Non-Financial risk

Under Basel III framework for capital measurement, the regulatory approach shifted from the Basic Indicator Approach (BIA) to the more risk-sensitive Business Indicator Component (BIC) Approach. In this methodology, a bank's income is categorized into three components:

- Interest, leases, and dividend;
- Services; and
- Financial.

For internal measurement purposes, since non-financial risk regulatory capital is less risk-sensitive, regulatory capital is further adjusted, taking into account historical loss experience, the level of management oversight, the status of

implementation/use of the Non-Financial Risk management framework, and non-financial risk events.

## Legal Risk

Legal risk is the risk of loss arising from failure to comply with statutory, legal, or contractual obligations. The bank has an in-house legal function whose primary role is to provide legal advisory services to all business segments and corporate functions within the bank on all transactions/activities that are carried out in the bank and implement and maintain a comprehensive legal risk management system. Furthermore, the in-house Legal function ensures that all legal risks associated with new products and services developed and/or implemented by the various units within the bank are identified, adequately mitigated, and/or managed. Some legal cases are outsourced, either for or against the bank or to obtain legal opinions. Supported by historical data on legal exposures and litigation outcomes, the bank considers its legal risk management adequate; therefore, the existing capital buffers are enough to accommodate the risk.

## Compliance Risk

Compliance risk is the potential damage businesses face when they fail to comply with industry standards, laws, and regulations. The bank has adopted the Compliance Risk Management Framework based on Compliance Risk Management Plans and Regulatory requirements impacting the bank's business and the resultant controls are documented. The controls for each segment or function enable the bank to comply with the requirements. Although the Board has the ultimate responsibility for the management of compliance risks, this approach ensures that officers at every level of the bank are aware of their duties in managing compliance risks and take responsibility and accountability for all compliance risks that fall within their functional areas. The bank has adopted zero tolerance for statutory and regulatory breaches and proactively manages compliance.

## Strategic Risk

Strategic risk is the risk associated with factors (internal or external) that threaten a business's ability to meet its goals (short- and/or long-term). Sub-risk types of strategic risk are Strategy Position, Strategy Execution, and Reputational Risk. The bank's

management clearly understands the value drivers that impact its clients, operations, financial outcomes and sustainability. The bank does not explicitly allocate capital to strategic risk, as it is included in the capital buffer determined by the bank's comprehensive stress testing. It is also minimal, as historical loss from this risk type is negligible.

The risk management processes have continued to prove effective throughout the period. The various management risk committees have remained closely involved in important risk management initiatives focused mainly on maintaining appropriate levels of liquidity and capital and on effectively managing risk portfolios. Responsibility and accountability for risk management reside at all levels within the bank. In the first quarter of 2025, the bank rolled out a strategic risk management policy.



## 02 CORPORATE STRUCTURE

The bank is a publicly listed universal bank licensed in Malawi. It is majority owned (60.18%) by Stanbic Africa Holdings Limited. Other shareholders are NICO Life Insurance Company Ltd (14.84%); Old Mutual Life Assurance Company (Malawi) Limited (7.13%); Press Trust (2.32%); Msonkho Pension Fund (1.47%); National Investment Trust Limited (1.02%); and other public investors (13.04%).

Standard Bank Bureau de Change Limited is a 100% owned subsidiary of the bank whose line of business is retail foreign exchange trading. The bank has an 8.33% investment in the National Switch Company and 100% holding in Standard Bank Nominees Limited.

### 2.1 MEDIA AND LOCATION

This document should be read in conjunction with the bank's published year-end press release, which is available on the bank's website: <https://www.standardbank.co.mw>



# REGULATORY CAPITAL STRUCTURE AND CAPITAL ADEQUACY

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The internal capital adequacy assessment process (ICAAP) ensures that the bank maintains sufficient capital levels to comply with regulatory requirements and adhere to its risk appetite. Regulatory capital adequacy is measured by the Tier I and Tier II Capital Adequacy Ratios (CARs). Tier I (primary capital) represents permanent forms of capital, including share capital, share premium, retained earnings, and less investment in subsidiaries and deferred tax assets. Tier II (secondary capital) includes eligible subordinated debt, general loan-loss reserves, and eligible instruments issued by the bank that meet the Tier II criteria.

**Table 1: Qualifying regulatory capital**

	2025 MKm	2024 MKm
<b>Tier I</b>		
<b>Issued primary capital</b>	<b>308,135</b>	<b>228,684</b>
Share capital	8,726	235
Share premium	-	8,491
Retained earnings	299,421	219,610
General reserves	(12)	348
<b>Less: regulatory deductions</b>	<b>15,169</b>	<b>9,903</b>
Deferred tax assets	4,602	9,677
Other intangible assets (includes residual value after 8 years)	9,473	-
Investment in subsidiaries	1,093	226
	<b>292,966</b>	<b>218,781</b>
<b>Tier II</b>		
<b>Issued secondary capital and reserves</b>	<b>-</b>	<b>22,500</b>
Eligible subordinated debt	-	-
General loan loss reserves	-	-
Revaluation reserves less 50% investments in other subsidiaries/associates	-	22,500
	<b>-</b>	<b>22,500</b>
<b>Total eligible capital</b>	<b>292,966</b>	<b>241,281</b>
<b>Total capital requirement</b>	<b>163,335</b>	<b>150,118</b>
<b>Total risk-weighted assets</b>	<b>1,088,899</b>	<b>1,000,788</b>
<b>Tier 1 (%)</b>	<b>26.90%</b>	<b>21.86%</b>
<b>Total capital adequacy ratio (%)</b>	<b>26.90%</b>	<b>24.11%</b>
<b>Minimum regulatory limits</b>		
<b>Tier 1 (%)</b>	<b>10.00%</b>	<b>10.00%</b>
<b>Total capital adequacy ratio (%)</b>	<b>15.00%</b>	<b>15.00%</b>

*Note: The qualifying capital above compares the requirements under Basel II (2024) and Basel III (2025). Malawi's banking regulatory reporting transitioned from Basel II to Basel III, effective 1<sup>st</sup> January 2025. However, despite some changes in the composition and/or computation of qualifying capital and risk-weighted assets, the minimum regulatory limits for Tier 1 and Total Capital Adequacy Ratios remain at 10% and 15%, respectively.*

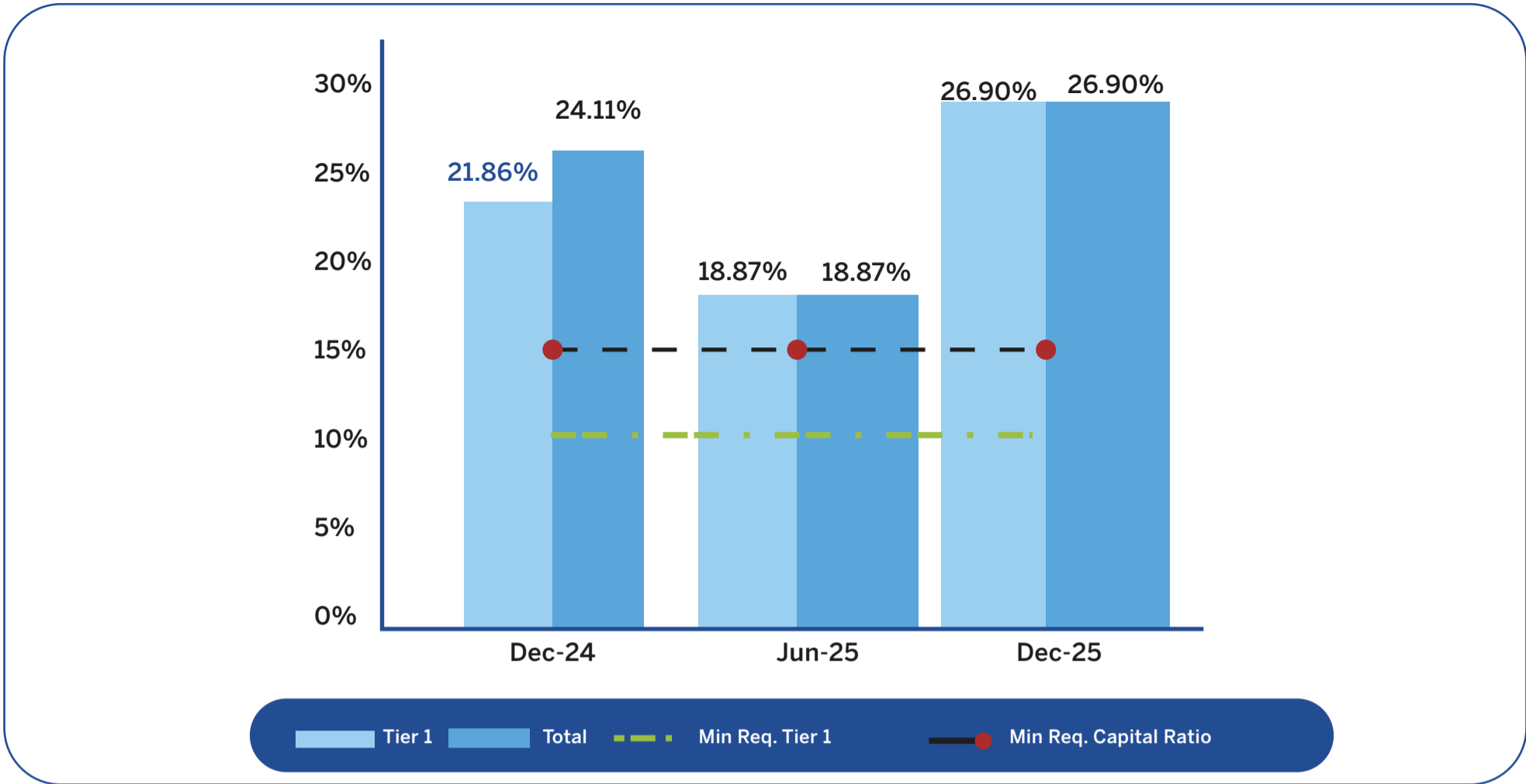
During the period under review, the bank complied with all externally imposed capital requirements applicable to its banking activities. These include, but are not limited to, the relevant requirements of the Banking Act and Financial Services Act, as well as other regulations relating to banks, which are consistent with the Basel III guidelines issued by the Bank for International Settlements (BIS) as adopted by the RBM, which became effective on 1<sup>st</sup> January 2025.

**Table 2: Risk exposure amounts and risk-weighted assets**

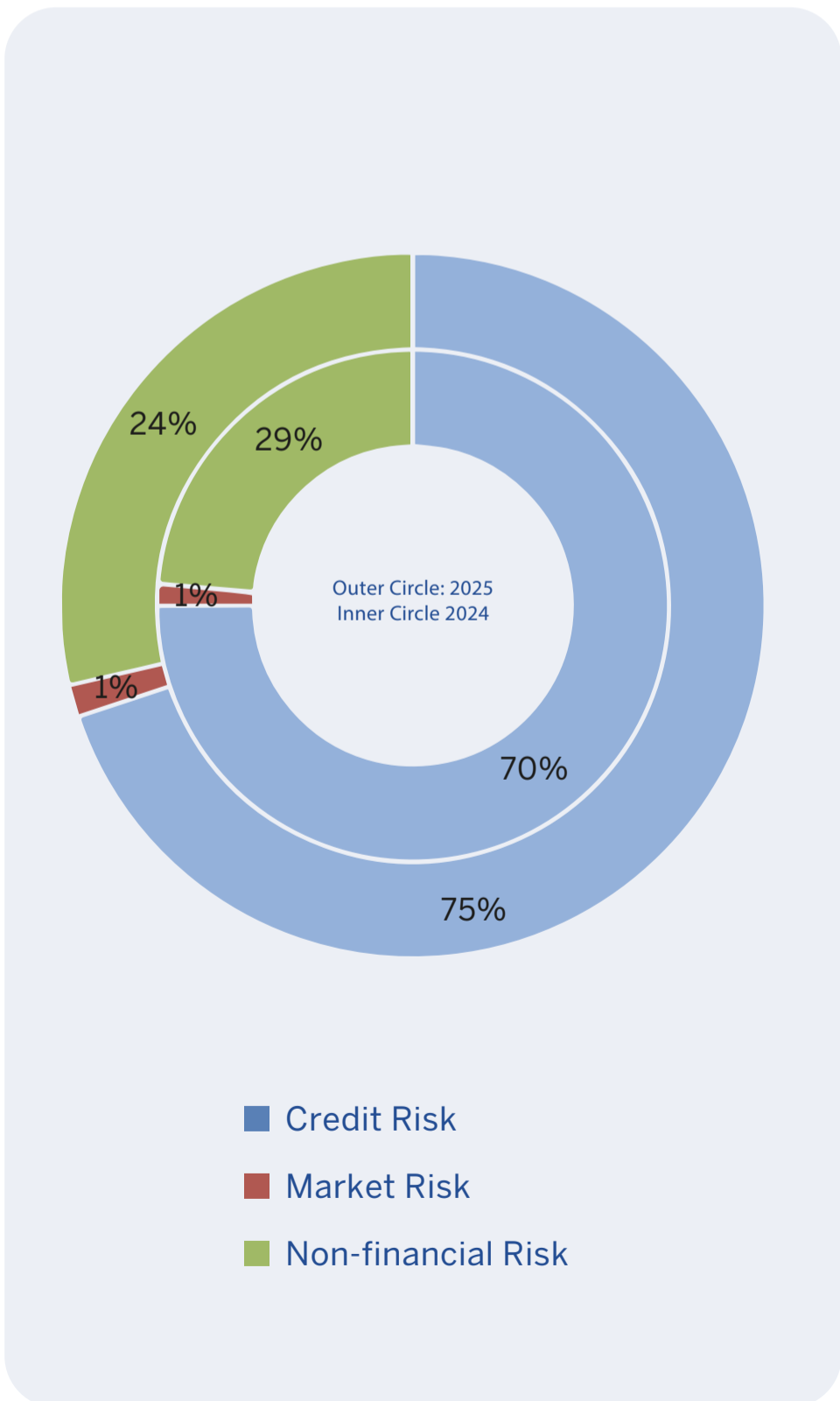
	2025				2024			
	Exposure amounts MKm	Loss provisions MKm	Credit risk mitigation MKm	Risk weighted assets MKm	Exposure amounts MKm	Loss provisions MKm	Credit risk mitigation MKm	Risk weighted assets MKm
<b>Credit risk</b>	<b>2,322,109</b>	<b>67,000</b>	<b>83,960</b>	<b>816,569</b>	<b>1,688,054</b>	<b>49,745</b>	<b>19,544</b>	<b>699,575</b>
Sovereign or Central Bank	785,179	32,712	-	-	453,413	21,892	-	-
Public sector entities	14,913	4,439	-	10,475	16,999	3,494	-	13,129
Exposure to banks and other financial institutions	290,838	63	-	118,596	226,646	42	-	93,493
Corporate	147,912	837	53,391	111,995	156,238	1,371	-	154,865
Retail other	354,827	27,036	131	284,501	221,616	20,857	-	176,214
Retail mortgages	6,998	815	-	3,115	7,511	790	-	2,580
Other assets	370,707	-	-	122,701	317,280	-	-	120,050
Off balance sheet exposures	350,735	1,098	30,438	165,186	288,351	1,299	19,544	139,244
<b>Market risk</b>	<b>15,028</b>	<b>-</b>	<b>-</b>	<b>15,028</b>	<b>14,695</b>	<b>-</b>	<b>-</b>	<b>14,695</b>
Interest rate risk	3,589	-	-	3,589	7,402	-	-	7,402
Equity position risk	-	-	-	-	-	-	-	-
Foreign exchange risk	11,439	-	-	11,439	7,293	-	-	7,293
Commodities risk	-	-	-	-	-	-	-	-
<b>Non-Financial Risk</b>	<b>257,302</b>	<b>-</b>	<b>-</b>	<b>257,302</b>	<b>286,518</b>	<b>-</b>	<b>-</b>	<b>286,518</b>
<b>Total risk-weighted assets/capital requirement</b>	<b>2,594,439</b>	<b>67,000</b>	<b>83,960</b>	<b>1,088,899</b>	<b>1,989,267</b>	<b>49,745</b>	<b>19,544</b>	<b>1,000,788</b>

Note: The accrued interest on the exposure amounts for public sector entities, corporate, retail other and retail mortgages listed in the table above has been included in other assets, except sovereign or central bank exposure, exposure to banks and other financial institutions, as per the guidelines of the Reserve Bank of Malawi.

**Table 3: Summary of capital ratios (%)**



**Figure 1: Risk-weighted assets composition**



The composition of risk weighted assets (RWA) shows a continued dominance of credit risk within the bank’s overall risk profile. Credit risk accounts for 75% (MK816,569m) of total RWAs as at end December 2025, compared to 70% (MK699,575m) in 2024. Non financial risk contributes 24% (MK257,302m), down from 29% (MK286,520m) in the prior year. Market risk remains minimal at 1% (MK15,028m), percentage-wise at the same level (1%, MK14,695m) as in 2024.

This distribution indicates that the Bank’s asset portfolio remains heavily concentrated in credit related exposures, underscoring the need for continued strengthening of credit risk management frameworks and portfolio diversification strategies.

In addition, the Bank’s migration from the Basic Indicator Approach (BIA) to the Business Indicator Component (BIC) approach for operational risk, where income is disaggregated into three components:

- the interest, leases, and dividend component,
- the services component, and
- the financial component.

The move to BIC enhances risk sensitivity and aligns operational risk capital more closely with the Bank’s underlying business model.



# CREDIT RISK

04

Credit risk is the bank's most material risk and is managed in accordance with the bank's comprehensive risk management control framework. The Credit Risk Governance Standard sets out the principles under which the bank is prepared to assume credit risk. Responsibility for credit risk resides with the bank's business segments, supported by the bank's Risk/Credit Function and with oversight, as with other risks, by the bank's risk committees and ultimately the Board.

The principal executive management committee responsible for overseeing credit risk is the Credit Risk Management Committee (CRMC). The credit committees for Personal and Private Banking (PPB), Business and Commercial Banking (BCB) and Corporate and Investment Banking (CIB) reports directly to CRMC and indirectly to the Board Credit Committee (BCC) – the committee delegated by the main Board to oversee credit risk-related matters.

CRMC is responsible for making credit risk decisions. The Board approved it as the designated committee for approving key aspects of the credit rating systems for BCB, Personal and Private Banking (PPB) and CIB as required by other regulations relating to banks. The CRMC recommends the approval of all counterparty large exposures and insider lending transactions to the extent RBM regulations require. The bank's Board grants all such approvals.

The BCC is the principal board committee responsible for the oversight of credit risk, with CRMC having oversight responsibility for reviewing credit impairment adequacy.

## Impairment Policy

Expected credit losses (ECL) are recognised on debt financial assets classified as either amortised cost or fair value through other comprehensive income (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 involves forward-looking information available without undue cost or effort at that date about past events, current conditions, and forecasts of future economic conditions. The measurement basis of the ECL, as set out in the following table, is the unbiased, probability-weighted amount determined by evaluating a range of possible outcomes, the time value of money and forward-looking information.

<b>Stage 1</b>	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
	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.
<b>Stage 3 (Credit Impaired Assets)</b>	A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. The following criteria are used in determining whether the financial asset is impaired: <ul style="list-style-type: none"> <li>• default</li> <li>• significant financial difficulty of borrower and/or modification</li> <li>• probability of bankruptcy or financial reorganisation</li> <li>• disappearance of an active market due to financial difficulties.</li> </ul>

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

<b>Significant Increase In Credit Risk</b>	At each reporting date the group assesses whether the credit risk of its exposures has increased significantly since initial recognition by considering the change in the risk of default occurring over the expected life of the financial asset. Credit risk of exposures which are overdue for more than 30 days would also be considered to have increased significantly.
<b>Low Credit Risk</b>	Exposures are generally considered to have a low credit risk where there is a low risk of default, there is strong capacity to meet contractual cash flow obligations and adverse changes in economic and business conditions may not necessarily reduce the ability to fulfil contractual obligations.
<b>Default</b>	The group's definition of default has been aligned to its internal credit risk management definitions and approaches. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets: <ul style="list-style-type: none"> <li>• significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower)</li> <li>• a breach of contract, such as default or delinquency in interest and/or principal payments</li> <li>• disappearance of active market due to financial difficulties</li> <li>• it becomes probable that the borrower will enter bankruptcy or other financial reorganisation</li> <li>• where the group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the group would not otherwise consider.</li> </ul>

<p><b>Forward-looking information</b></p>	<p>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.</p>
<p><b>Write-off</b></p>	<p>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.</p>

**ECLs are recognised within the statement of financial position as follows:**

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

**Table 4: Total credit exposures as per IFRS 7 – 31<sup>st</sup> December 2025**

	Gross Carrying amount MKm	SB 1 - 12		SB 13 - 20		SB 21- 25		Default		Total gross carrying amount of default exposures MKm	Securities and expected recoveries on default exposures MKm	Interest in suspense on default exposures MKm	Balance sheet expected credit loss on default exposures MKm	Gross default coverage %	Non-performing exposures %
		Stage 1 MKm	Stage 2 MKm	Stage 1 MKm	Stage 2 MKm	Stage 1 MKm	Stage 2 MKm	Stage 3 MKm	Purchased /originated credit impaired MKm						
<b>Loans and advances at amortised cost</b>															
<b>BCB and- PPB</b>	<b>368,370</b>	<b>9,274</b>	<b>-</b>	<b>309,333</b>	<b>3,150</b>	<b>-</b>	<b>28,379</b>	<b>18,234</b>	<b>-</b>	<b>18,234</b>	<b>2,533</b>	<b>2,250</b>	<b>13,451</b>	<b>86%</b>	<b>5%</b>
Mortgage loans	7,053	-	-	5,033	-	-	1,106	914	-	914	144	198	572	84%	13%
Vehicle and asset finance	24,708	-	-	23,035	-	-	1,262	416	-	416	78	74	269	81%	2%
Other loans and advances	336,609	9,274	-	281,270	3,150	-	26,011	16,904	-	16,904	2,311	1,983	12,518	86%	5%
Overdrafts	19,395	9,274	-	1,104	3,150	-	5,739	128	-	128	-	36	92	100%	1%
Term loans	317,214	-	-	280,161	-	-	20,272	16,776	-	16,776	2,311	1,947	12,523	86%	6%
<b>CIB</b>	<b>567,769</b>	<b>31,594</b>	<b>-</b>	<b>198,092</b>	<b>-</b>	<b>325,153</b>	<b>12,452</b>	<b>478</b>	<b>-</b>	<b>478</b>	<b>274</b>	<b>-</b>	<b>204</b>	<b>43%</b>	<b>-</b>
Corporate	163,184	31,594	-	115,576	-	3,084	12,452	478	-	478	274	-	204	43%	-
Bank and other financial institutions	404,585	-	-	82,516	-	322,069	-	-	-	-	-	-	-	-	-
<b>Gross carrying amount</b>	<b>936,139</b>	<b>40,868</b>	<b>-</b>	<b>507,425</b>	<b>3,150</b>	<b>325,153</b>	<b>40,831</b>	<b>18,712</b>	<b>-</b>	<b>18,712</b>	<b>2,807</b>	<b>2,250</b>	<b>13,655</b>	<b>85%</b>	<b>2%</b>
Less: Interest in suspense	(2,250)														
Less: Total expected credit losses for loans and advances	(35,490)														
<b>Net carrying amount of loans and advances measured at amortised cost</b>	<b>898,399</b>														
<b>Financial investments measured at amortised cost</b>															
Sovereign	590,324	-	-	-	-	41,680	548,644	-							
<b>Gross carrying amount</b>	<b>590,324</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>41,680</b>	<b>548,644</b>	<b>-</b>							
Less: total expected credit loss for financial investments	(30,412)														
<b>Net carrying amount of financial investments measured at amortised cost</b>	<b>559,912</b>														
Sovereign	81,894	-	-	81,799	-	-	95	-							
<b>Gross carrying amount</b>	<b>81,894</b>	<b>-</b>	<b>-</b>	<b>81,799</b>	<b>-</b>	<b>-</b>	<b>96</b>	<b>-</b>							
Add: Fair value reserve relating to fair value adjustments (before the ECL balance)	(12)														
<b>Total financial investment at fair value through OCI</b>	<b>81,882</b>														
<b>Off-balance sheet exposures</b>															
Letters of credit and banker's acceptances	57,639														
Guarantees	217,277														
<b>Total exposure to off-balance sheet credit risk</b>	<b>274,916</b>														
Expected credit losses for off-balance sheet exposures	(1,098)														
<b>Net carrying amount of off-balance sheet exposures</b>	<b>273,818</b>														
Other financial assets	16,495														
Expected credit losses for other financial assets	(1,041)														
<b>Net carrying amount of other financial assets</b>	<b>15,454</b>														
<b>Total exposure to credit risk on financial assets subject to an expected credit loss</b>	<b>1,829,465</b>														
<b>Add the following other banking activities exposures:</b>															
Cash and balances with the central bank	247,173														
Derivative assets	319														
Trading assets	50,501														
<b>Total exposure to credit risk</b>	<b>2,127,458</b>														

Note: The figures presented in the table above are inclusive of accrued interest as per IFRS requirements.

**Table 5: Total credit exposures as per IFRS 7 – 31<sup>st</sup> December 2024**

	Gross Carrying amount MKm	SB 1 - 12		SB 13 - 20		SB 21- 25		Default		Total gross carrying amount of default exposures MKm	Securities and expected recoveries on default exposures MKm	Interest in suspense on default exposures MKm	Balance sheet expected credit loss on default exposures MKm	Gross default coverage %	Non-performing exposures %	
		Stage 1 MKm	Stage 2 MKm	Stage 1 MKm	Stage 2 MKm	Stage 1 MKm	Stage 2 MKm	Stage 3 MKm	Purchased/originated credit impaired MKm							
Loans and advances at amortised cost																
<b>BCB and PPB</b>	<b>232,269</b>	<b>6,988</b>	-	<b>181,935</b>	-	-	<b>20,011</b>	<b>23,335</b>	-	<b>23,335</b>	<b>7,216</b>	<b>2,082</b>	<b>14,037</b>	<b>69%</b>	<b>10%</b>	
Mortgage loans	7,576	-	-	5,659	-	-	1,019	898	-	898	345	100	453	62%	12%	
Vehicle and asset finance	16,293	-	-	14,349	-	-	373	1,571	-	1,571	158	526	887	90%	10%	
Other loans and advances	208,400	6,988	-	161,927	-	-	18,619	20,866	-	20,866	6,713	1,456	12,697	68%	10%	
Overdrafts	28,077	6,988	-	12,424	-	-	4,180	4,485	-	4,485	-	180	4,305	100%	16%	
Term loans	180,323	-	-	149,503	-	-	14,439	16,381	-	16,381	6,713	1,276	8,392	59%	9%	
<b>CIB</b>	<b>405,392</b>	<b>43,201</b>	-	<b>103,088</b>	<b>9,843</b>	<b>236,256</b>	<b>12,966</b>	<b>38</b>	-	<b>38</b>	-	-	<b>38</b>	<b>100%</b>	-	
Corporate	174,689	43,201	-	103,088	9,843	5,553	12,966	38	-	38	-	-	38	100%	-	
Bank	230,703	-	-	-	-	230,703	-	-	-	-	-	-	-	-	-	
<b>Gross carrying amount</b>	<b>637,661</b>	<b>50,189</b>	-	<b>285,023</b>	<b>9,843</b>	<b>236,256</b>	<b>32,977</b>	<b>23,373</b>	-	<b>23,373</b>	<b>7,216</b>	<b>2,082</b>	<b>14,075</b>	<b>69%</b>	<b>4%</b>	
Less: Interest in suspense	(2,082)															
Less: Total expected credit losses for loans and advances	(26,613)															
<b>Net carrying amount of loans and advances measured at amortised cost</b>	<b>608,966</b>															
<b>Financial investments measured at amortised cost</b>																
Sovereign	415,716	-	-	-	-	413,027	2,689	-								
Gross carrying amount	415,716	-	-	-	-	413,027	2,689	-								
Less: total expected credit loss for financial investments	(21,834)															
Net carrying amount of financial investments measured at amortised cost	393,882															
Sovereign	314	-	-	-	-	-	314	-								
<b>Gross carrying amount</b>	<b>314</b>	-	-	-	-	-	<b>314</b>	-								
Add: Fair value reserve relating to fair value adjustments (before the ECL balance)	348															
<b>Total financial investment at fair value through OCI</b>	<b>662</b>															
<b>Offbalance sheet exposures</b>																
Letters of credit and banker's acceptances	23,432															
Guarantees	199,488															
<b>Total exposure to offbalance sheet credit risk</b>	<b>222,920</b>															
Expected credit losses for off-balance sheet exposures	(1,299)															
<b>Net carrying amount of off balance sheet exposures</b>	<b>221,621</b>															
<b>Total exposure to credit risk on financial assets subject to an expected credit loss</b>	<b>1,225,131</b>															
<b>Add the following other banking activities exposures:</b>																
Cash and balances with the central bank	196,951															
Derivative assets	2,772															
Trading assets	36,862															
Other financial assets	13,545															
<b>Total exposure to credit risk</b>	<b>1,475,261</b>															

Note: The figures presented in the table above are inclusive of accrued interest as per IFRS requirements.

**Table 6: Geographical distribution of loans and advances to customers**

Region	2025		2024	
	MKm	Percentage Concentration	MKm	Percentage Concentration
North and Central	328,566	62%	227,007	56%
South	202,988	38%	179,951	44%
	<b>531,554</b>	<b>100%</b>	<b>406,958</b>	<b>100%</b>

Geographically, the North and Central regions accounted for 62% of the bank's total loans and advances to customers, compared with 56% in the prior year.

**Table 7: Distribution of exposures to customers by industry**

	2025		2024	
	MKm	Percentage Concentration	MKm	Percentage Concentration
Agriculture, forestry, fishing and hunting	118,058	22%	95,990	24%
Construction	28,077	5%	25,052	6%
Electricity, gas, water and energy	4,011	1%	7,985	2%
Finance and other business services	560	0%	717	0%
Manufacturing	56,844	11%	46,407	11%
Mining and quarrying	1,041	0%	1,325	0%
Transport, storage and communications	41,876	8%	40,217	10%
Wholesale and retail trade	50,440	9%	32,862	8%
Restaurants and Others	9,601	2%	3,415	1%
Community, social and personal services	218,164	41%	150,519	37%
Real Estate	2,882	1%	2,469	1%
	<b>531,554</b>	<b>100%</b>	<b>406,958</b>	<b>100%</b>

In 2025, Community, Social, and Personal Services accounted for 41% of the bank's total loans and advances to customers, up from 37% in December 2024. The Agriculture, Forestry, Fishing, and Hunting sector followed, with its share declining to 22% from 24% in the prior year. The contraction in the agriculture sector was largely attributable to client repayments on facilities.

**Table 8: Residual contractual maturity of credit exposures**

Maturity	2025							2024						
	Up to 1month MKm	>1-3months MKm	>3-12 months MKm	Over 1 Year MKm	Undated MKm	Total MKm	RWA MKm	Up to 1month MKm	>1-3months MKm	>3-12 months MKm	Over 1 Year MKm	Undated MKm	Total MKm	RWA MKm
Sovereign or Central Bank	279,806	281,170	224,131	72	-	785,179	-	65,560	127,136	257,405	3,312	-	453,413	-
Public sector entities	41	138	353	14,381	-	14,913	10,475	1,626	-	203	15,170	-	16,999	13,129
Exposure to banks and other financial institutions	117,967	-	-	172,871	-	290,838	118,596	188,963	37,683	-	-	-	226,646	154,865
Corporate	24,966	15,240	89,138	18,568	-	147,912	111,995	25,858	33,880	76,167	20,333	-	153,916	93,493
Retail other	18,938	41,686	32,625	261,578	-	354,827	284,501	31,549	5,357	30,192	154,518	-	223,938	176,214
Retail mortgages	-	-	55	6,943	-	6,998	3,115	-	-	-	7,511	-	7,511	2,580
Other assets	370,707	-	-	-	-	370,707	122,701	317,280	-	-	-	-	317,280	120,050
Off balance sheet exposures	48,366	48,065	147,508	106,796	-	350,735	165,186	77,415	43,290	127,026	40,620	-	288,351	139,244
<b>Total Credit risk exposures</b>	<b>860,791</b>	<b>386,299</b>	<b>493,810</b>	<b>581,209</b>	<b>-</b>	<b>2,322,109</b>	<b>816,569</b>	<b>708,251</b>	<b>247,346</b>	<b>490,993</b>	<b>241,464</b>	<b>-</b>	<b>1,688,054</b>	<b>699,575</b>

Note: Accrued interest on the exposure amounts for public sector entities, corporates, retail other and retail mortgages listed in the table above has been included in other assets, except for sovereign or central bank exposures and exposures to banks and other financial institutions, in accordance with the guidelines of the Reserve Bank of Malawi.

As of 31st December 2025, the bank's lending portfolio remained heavily concentrated in short-term facilities, with approximately 75% of credit exposures maturing within one year. Sovereign and Central Bank counterparties represented the single largest component of these short-term exposures.

**Table 9: Classification of loans and advances to customers by sector**

Sector	2025				2024			
	Stage 1 MKm	Stage 2 MKm	Stage 3 MKm	Total MKm	Stage 1 MKm	Stage 2 MKm	Stage 3 MKm	Total MKm
Agriculture, forestry, fishing and hunting	108,478	6,718	437	115,633	92,523	2,707	130	95,360
Mining and quarrying	153	883	-	1,036	1,320	-	-	1,320
Manufacturing	56,481	49	569	57,099	45,018	401	967	46,386
Electricity, gas, water and energy	2,152	391	1,160	3,703	6,170	376	1,243	7,789
Construction	18,293	1,097	7,729	27,119	10,566	1,462	11,957	23,985
Wholesale and retail trade	46,804	5,552	1,168	53,524	26,467	4,205	1,631	32,303
Restaurants and Others	3,369	6,050	1	9,420	2,654	707	2	3,363
Transport, storage and communications	24,421	12,820	429	37,670	17,689	20,739	1,100	39,528
Financial services	215	335	-	550	590	117	-	707
Community, social and personal services	198,282	10,521	7,219	216,022	133,294	9,520	6,343	149,157
Real estate	2,891	-	-	2,891	132	2,333	-	2,465
Less: Expected credit losses	(4,511)	(14,957)	(13,654)	(33,122)	(3,829)	(8,629)	(14,075)	(26,533)
<b>Total</b>	<b>457,028</b>	<b>29,459</b>	<b>5,058</b>	<b>491,545</b>	<b>332,594</b>	<b>33,938</b>	<b>9,298</b>	<b>375,830</b>

Note: In accordance with the guidelines of the Reserve Bank of Malawi, the amounts presented in the table above exclude accrued interest of MK6,887mn (2024:MK4,594mn). The amount above also excludes interest in suspense of MK2,250mn (2024:MK2,085mn).

As of 31<sup>st</sup> December 2025, Stage 1 classification accounted for up to 93% of the bank's gross loans and advances to customers, while Stage 2 and Stage 3 classifications accounted for 6% and 1%, respectively.

**Table 10: Distribution of non-performing loans, Stage 3 expected credit losses and interest in suspense**

Sector	2025			2024		
	Non-Performing Loans MKm	Stage 3 expected credit losses MKm	Interest in suspense MKm	Non-Performing Loans MKm	Stage 3 expected credit losses MKm	Interest in suspense MKm
Agriculture, forestry, fishing and hunting	437	378	12	130	113	17
Manufacturing	569	408	27	967	809	157
Electricity, gas, water and energy	1,160	255	215	1,243	225	41
Construction	7,729	5,385	897	11,957	5,524	767
Wholesale and retail trade	1,169	828	20	1,631	1,410	114
Restaurants and hotels	-	-	-	2	2	-
Transport, storage and communications	429	371	72	1,100	804	161
Community, social and personal services	7,219	6,030	1,007	6,343	5,188	825
<b>Total</b>	<b>18,712</b>	<b>13,655</b>	<b>2,250</b>	<b>23,373</b>	<b>14,075</b>	<b>2,082</b>

In 2025, the Construction sector accounted for 41% of non-performing loans, down from 51% in 2024. This was followed by Community, Social, and Personal Services, which represented 39%, up from 27% in 2024.

**Table 11: Reconciliation of changes for impaired loans and advances to customers and charge-offs during the period**

	2025 MKm	2024 MKm
Impaired loans and advances to customers as at 1 <sup>st</sup> 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)
<b>Impaired loans and advances to customers as at 31<sup>st</sup> December</b>	<b>18,712</b>	<b>23,373</b>

**Table 12: Reconciliation of changes in expected credit losses (ECL)**

	2025 MKm	2024 MKm
<b>Loans and advances to customers expected credit losses (Stage 1 and 2)</b>		
Opening balance at 1 <sup>st</sup> January	12,458	9,539
Total transfers between stages	(298)	(8,088)
ECL on new exposure raised	4,276	3,056
Subsequent changes in ECL	4,695	8,749
Change in ECL due to derecognition	(1,664)	(814)
Other movements	-	16
	<b>19,467</b>	<b>12,458</b>
<b>Loans and advances to customers expected credit losses (Stage 3)</b>		
Opening balance at 1 <sup>st</sup> January	14,075	7,505
Total transfers between stages	7,099	8,088
ECL on new exposure raised	3,443	-
Subsequent changes in ECL	(4,354)	176
Change in ECL due to derecognition	(159)	1,213
Other movements	-	-
Write-offs	(6,449)	(2,907)
	<b>13,655</b>	<b>14,075</b>
<b>Financial investments expected credit losses (Stage 1 and 2)</b>		
Opening balance at 1 <sup>st</sup> January	21,834	9,154
Total transfers between stages	21	-
ECL on new exposure raised	37,591	25,098
Subsequent changes in ECL	(6,454)	(3,416)
Change in ECL due to derecognition	(22,580)	(9,001)
Other movements	-	(1)
	<b>30,412</b>	<b>21,834</b>
<b>Loans and advances to banks expected credit losses (Stage 1 and 2)</b>		
Opening balance at 1 <sup>st</sup> January	80	124
Total transfers between stages	-	-
ECL on new exposure raised	2,054	13
Subsequent changes in ECL	243	(54)
Change in ECL due to derecognition	(9)	(3)
Other movements	-	-
	<b>2,368</b>	<b>80</b>
<b>Off-balance sheet credit losses (Stage 1 and Stage 2)</b>		
Opening balance at 1 <sup>st</sup> January	1,299	1,642
Total transfers between stages	-	-
ECL on new exposure raised	208	90
Subsequent changes in ECL	101	(462)
Change in ECL due to derecognition	(532)	(13)
Other movements	22	42
	<b>1,098</b>	<b>1,299</b>
<b>Expected credit losses as at 31<sup>st</sup> December</b>	<b>67,000</b>	<b>49,746</b>

*Note: The numbers in the table above do not include interest in suspense.*

**Table 13: Off-balance sheet items**

	2025 MKm	2024 MKm
Guarantees	217,277	199,488
Letters of Credit	57,639	23,432
Foreign exchange and interest related contracts	10,274	29,975
Unutilised commitments	65,546	35,456
<b>Total</b>	<b>350,736</b>	<b>288,351</b>

## Physical Collateral

The bank ensures that physical collateral possess the following qualities:

- Must be capable of identification and must be documented.
- The location of any such assets must be known or, for movable assets such as vehicles, traceable within a reasonable period.
- Rights of access must be preserved.
- Any third-party used to control assets must be able to identify assets which provide collateral.
- Insurance must be in place at all times, covering all appropriate risks.

## Types of guarantees and indemnities involved in bank's credit risk mitigation

The bank ensures that guarantees and indemnities should have the following qualities:

- **Explicit:-** must be a documented obligation, explicitly referenced to specific exposures or a pool of exposures, so that the extent of the cover is clearly defined and incontrovertible.
- **Direct:-** the obligation must represent a direct claim on the protection provider.
- **Irrevocable:** there are no determinants that the protection provider can amend.
- **Unconditional:-** obligation of the protection provider to pay immediately when conditions as set in the commitment regarding the third-party obligation are met.
- **Complete:-** such commitments must cover the full principal of the guaranteed credit facility plus interest, fees and all other costs and must include all types of payments the underlying obligor is expected to make under the documentation governing the transaction.

## Counterparty credit risk

- Counterparty risk is the risk of loss to the bank due to failure by a counterparty to meet its financial and/or contractual obligations to the bank. It has three components:
- Primary credit risk which is the exposure at default (EAD) arising from lending and related banking product activities, including the underwriting of such products;

- Pre-settlement credit risk which is the EAD arising from unsettled derivative transactions, arising from the default of the counterparty to the transaction and measured as the cost of replacing the transaction at the current market rates; and
- Issuer risk which is the EAD arising from traded credit and equity products, and including the underwriting of such products.

## Valuation of collateral

The bank uses the following minimum requirements to value collateral:

- All items proposed as collateral are valued using agreed valuation methodologies and/or evaluators with appropriate expertise, prior to accepting items as collateral.
- The assessors/evaluators of collateral must be independent of the business originators and providers of collateral.
- All collateral is marked to market and revalued at a frequency appropriate to that collateral, taking into account the value and nature of collateral, the ease and cost of valuation and the volatility of the collateral's value.

## Monitoring of collateral

The bank uses the following minimum requirements on monitoring of collateral;

- Controls are put in place to monitor the collateral and ensure appropriate action is taken whenever developments may negatively impact its value.
- Annual reviews of collateral performance are conducted to ensure that collateral types remain relevant and that acceptance terms remain appropriate.
- Updates to changes in market and economic conditions are performed at pre-determined intervals.
- Updates to reflect new and existing legislation are performed regularly.
- Collateral is realised in accordance with the delegated authority after all efforts to rehabilitate the customer have been made.
- The Collateral Management Unit maintains a systematically driven, shared diary to ensure that collateral credit events are timeously actioned.

## Financial collateral

Where the collateral is not denominated in the same currency as the exposure, an adequate margin for currency fluctuations is set appropriate to the potential currency volatility. The maturity of any collateral is set equal to or greater than the repayment period of the underlying exposure, unless documentation and operational procedures are such that adequate rights and controls are in place to ensure the collateral's value remains available throughout the tenure of the approved facility.



**MARKET  
RISK**

**05**

The bank defines market risk as the risk of a change in market value, actual or effective earnings or future cash flows of a portfolio of financial instruments, including commodities, caused by adverse moves in market variables such as equity, bond and commodity prices, currency exchange rates and interest rates, credit spreads, recovery rates, correlations and implied volatilities in all of these variables.

The bank's market risk management framework is based on the Market Risk Standard and Policy approved by the Board.

The market risk management unit is independent of trading operations and accountable to ALCO for monitoring market risk exposures due to trading and banking activities.

The market risk portfolios that the bank manages consist of the trading book as well as the banking book:-

## **Trading book market risk**

A trading book is a collective term for assets held with the intent to trade in the short term; the asset classes included in this category are instruments with tenors not exceeding one year. Market risk in this book arises from adverse price changes (exchange rates or interest rates), which would affect the translation of trading activities when the bank acts as a principal for clients in the market. The bank's policy is that all trading activities are conducted within its trading operations. The exposures are marked to market, and changes in their respective fair value are reflected in profit and loss.

## **Foreign exchange risk**

The bank's primary exposures to foreign currency risk arise from the currency translation effect on its net open positions. The bank is mandated to trade thirteen currencies.

## **Interest rate risk in the trading book**

For the Money Markets Trading book (MMT), risk emanates from the sensitivity of the book's positions to fluctuations in market interest rates.

## **Interest rate risk in the banking book**

This risk arises from the structural interest rate risk caused by marking-to-market (MTM) in line with IFRS 9, which requires revaluation of assets and liabilities in the banking book. The bank constantly updates the banking book positions to reflect current market prices. The intent in this categorisation is holding to maturity, though paper can be sold in exceptional circumstances, such as liquidity stress and a bearish interest rate environment.

**Table 14: Trading portfolio values**

Normal VaR	2025 USD ('000)				2024 USD ('000)			
	High	Mean	Low	Actual	High	Mean	Low	Actual
Foreign Exchange Trading	306	83	5	105	117	72	39	98
Money Markets Trading	15	7	2	13	7	5	2	6
Money Markets Banking	-	-	-	-	-	-	-	-
Bankwide	304	84	10	109	117	72	40	99

Stress VaR	2025 USD ('000)				2024 USD ('000)			
	High	Mean	Low	Actual	High	Mean	Low	Actual
Foreign Exchange Trading	142	95	62	114	142	92	67	79
Money Markets Trading	219	128	69	116	219	142	69	120
Money Markets Banking	49	3	1	49	2	1	1	1
Bankwide	221	125	73	111	221	146	86	115

Utilisation of value at risk (VaR) numbers, both normal and stress, was within limit and reduced from the prior period mainly on account of foreign exchange liquidity challenges.

**Table 15: Trading securities and derivative assets**

	2025				2024			
	Nominal value MKm	Carry value MKm	Mark to market MKm	Fair value gain/(loss) MKm	Nominal value MKm	Carry value MKm	Mark to market MKm	Fair value gain/(loss) MKm
Trading securities	54,652	50,501	50,501	-	40,026	36,862	36,862	-
Derivatives assets	-	-	319	319	-	-	2,772	2,772
<b>Total</b>	<b>54,652</b>	<b>50,501</b>	<b>50,820</b>	<b>319</b>	<b>40,026</b>	<b>36,862</b>	<b>39,634</b>	<b>2,772</b>



# NON-FINANCIAL RISK

06

Non-Financial risk is a broad term that is usually defined by exclusion, referring to all risks other than the traditional financial risks of market, credit, and liquidity. NFR includes operational risk. Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Non-financial risk types include business resilience risk, compliance risk, conduct risk, cyber risk, financial crime risk, information risk, legal risk, people risk, third party risk, transaction execution risk, technology risk, tax risk, financial accounting risk, environmental, social governance (ESG) risk, model risk, and physical assets, safety and security risk. While strategic, reputational, and business risks are excluded from the definition, the reputational effects of non-financial risk events are considered for management information.

Non-Financial risk is thus categorised as follows:

- Process risk: the risk of loss arising from failed or inadequate processes. This includes the design and operation of the control framework.
- People risk: the risk of loss arising from issues involving personnel within the bank.
- Systems risk: the risk of loss arising from failed or inadequate systems, security breaches, inadequate systems investment, development, implementation, support and capacity.
- External event risk: the risk of loss arising from external events. This is generally limited to events that impact the operating capability of the group (i.e. it does not include events that impact the areas of market risk, credit risk, or country risk etc.). It also includes risks arising from suppliers, outsourcing, and external system failures.

Non-Financial risk arises in all parts of the bank. Therefore, all senior management are responsible for consistently implementing and maintaining policies, processes and systems for managing non-financial risk in all of material products, services, activities, processes and systems. The ultimate responsibility for establishing, approving and periodically reviewing the Non-Financial Risk Framework however, lies with the Board. The Board oversees senior management to ensure that the framework is implemented effectively at all decision levels.

Non-Financial risk is managed to acceptable levels by continuously monitoring and enforcing compliance with relevant policies and control

procedures. The Board has an approved risk appetite statement for non-financial risk – both in quantitative and qualitative statements and Level III metrics – that provides guidance on acceptable levels of risk and summary reporting and escalation requirements in the event that risk tolerances are breached. The Board has also approved the “Third Party Risk Management policy”; this is meant to ensure that there is an alignment of the outsourcing arrangements with the bank’s business objectives, potential risks from third parties addressed, costs and benefits evaluated, responsibilities clearly understood, and regulatory requirements complied with. The bank uses the newly adopted Change Risk Management process in order to address the identification and assessment of risks associated with new and/or amended business, products or services. Other major frameworks are the Business Resilience Management Framework, Information Security Management Framework, Conduct Risk Management Framework and Technology Risk Management Framework.

The practice of non-financial risk management in the bank is overseen by an independent Non-Financial Risk function which performs incident recording, management and analysis, the risk and control self-assessment process, scenario analysis, inter alia. Independent assurance on the management of non-financial risk is further provided by Group Internal Audit.

**Table 16: Non-Financial risk profile**

KRI	Limit	2025	2024
Irrecoverable losses (% of gross income), total bank	1%	0.23%	0.34%
Repeat unsatisfactory audit reports, YTD	Nil	-	-
Repeat audit findings, YTD	Nil	-	7
Overdue audit action, total bank >30 days	Nil	4	-
Risk rating		Amber	Amber

The operational loss ratio continued to improve, declining by 0.11% to 0.23% and remained within approved 1% threshold. Audit performance also improved, with no repeat unsatisfactory audit ratings, all audit reports issued were rated satisfactory, without repeat audit findings, reflecting the effectiveness of proactive risk management measures, including the enhanced use of risk assessments and mitigation. However, there was an increase in overdue audit actions to four as at 31<sup>st</sup> December 2025. Remedial actions are being taken to address the lapses, with oversight from the Board.



# INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

07

IRRBB is the exposure of the bank's financial condition to adverse movements in interest rates. This arises mainly due to a maturity mismatch/different repricing characteristics between the bank's assets and liabilities. Accepting this risk is a normal part of banking as it can be an important source of profitability and shareholder value. However, excessive interest rate risk can pose a serious threat to a bank's earnings and capital base.

Changes in interest rates affect the bank's earnings by changing its Net Interest Income (NII) and fair value banking book profit.

The most important sources of interest rate risk are re-pricing risk, yield curve risk, basis risk, optionality risk and endowment risk.

**Table 17: Impact of parallel rate shock on NII (FCY)**

2025						2024				
Rate Change	Bps Change	NII	NII Change	NII Change		Rate Change	Bps Change	NII	NII Change	NII Change
%		USD'000	USD'000	%		%		USD'000	USD'000	%
(1.00)	(100)	938	30	3.33		(1.00)	(100)	2,131	121	6
-	-	908	-	-		-	-	2,010	-	-
1.00	100	800	(108)	(11.90)		1.00	100	1,774	(236)	(11.73)

**Table 18: Impact of parallel rate shock on NII (LCY)**

2025						2024				
Rate Change	Bps Change	NII	NII Change	NII Change		Rate Change	Bps Change	NII	NII Change	NII Change
%		MKm	MKm	%		%		MKm	MKm	%
(3.50)	(350)	287,643	(25,460)	(8.13)		(3.50)	(350)	181,467	(16,326)	(8.25)
-	-	313,103	-	-		-	-	197,793	-	-
5.00	500	342,752	29,649	9.47		5.00	500	217,010	19,216	9.72

As at end December 2025, the foreign currency NII sensitivity results exceeded policy limits. A 100bps upward shock on the foreign currency balance sheet generated an NII change of 11.90% surpassing the limit of 10% of the 12-month NII forecast. ALCO

condoned the breach noting that the probability of an upward shock in the US Fed rate was remote given the prevailing market sentiments. There were no NII sensitivity breaches on the local currency.



## 08 CONCLUSION

This disclosure document has been prepared in accordance with the regulatory capital framework prescribed in the guidelines on market disclosures. It is intended to provide background information on the bank's approach to risk management as related to maintaining and preserving the bank's capital position. It also includes detailed information about asset and capital calculations under Pillar 1.

For further clarification regarding the disclosures, interested parties are encouraged to submit written inquiries through the bank's official communication channels or contact the Risk Management and Finance offices via the details provided on the bank's website: <https://www.standardbank.co.mw>.

ALCO	Asset and Liability Committee
AT1	Additional Tier 1 Capital
BCB	Business and Commercial Banking
BCC	Board Credit Committee
BCP	Business Continuity Planning
BIA	Basic Indicator Approach
BIC	Business Indicator Component
BIS	Bank for International Settlements
CAR	Capital Adequacy Ratio
CET1	Common Equity Tier 1
CIB	Corporate and Investment Banking
CRM	Credit Risk Mitigation
CRMC	Credit Risk Management Committee
EAD	Exposure at Default
ECL	Expected Credit Losses
ESG	Environmental, Social and Governance
FCY	Foreign Currency
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
KRI	Key Risk Indicator
IRRBB	Interest Rate Risk in The Banking Book
LCY	Local Currency
MK	Malawi Kwacha
MK <sub>m</sub>	Malawi Kwacha (Millions)
MMT	Money Markets Trading
MTM	Mark-to-Market
NFR	Non-Financial Risk
NII	Net Interest Income
OCI	Other comprehensive income
PPB	Personal and Private Banking
RBM	Reserve Bank of Malawi
Rwa/RWAs	Risk Weighted Assets
SBM	Standard Bank Plc (Malawi)
SICR	Significant Increase in Credit Risk
TCAR	Total Capital Adequacy Ratio
TSA	The Standardised Approach
USD	United States Dollar
VaR	Value-at-Risk

# 10

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**Standard Bank Public Limited Company**

**Registration No. COYR-JY51ZL**

**Incorporated in the Republic of Malawi**

**Registered office**

**African Unity Avenue, Standard Bank Centre**

**Lilongwe 3, Malawi**

**P.O Box 30380, City Centre, Lilongwe**

**Chief Finance and Value Management Officer**

**John Mhone**

**Email: [John.Mhone@standardbank.co.mw](mailto:John.Mhone@standardbank.co.mw)**

**Chief Risk Officer**

**Kondwani Mlilima**

**Email: [Kondwani.Mlilima@standardbank.co.mw](mailto:Kondwani.Mlilima@standardbank.co.mw)**

