

Annual Report **2025**

2025

***“STEADFAST IN PURPOSE,  
BOLD IN PROGRESS”***













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# Introduction

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## ► ABOUT THIS REPORT



This Annual Report provides a comprehensive overview of the Public Service Microfinance Company's (PSMFC) strategic, operational, and financial performance for the period January 1, 2025, to December 31, 2025. It is designed to offer stakeholders, including the Government of the Republic of Zambia, our clients, and our strategic partners, a transparent look at how we are fulfilling our mandate to provide affordable financial products and services to the public service workforce.



### 1. The Preparation Process

The development of the 2025 Annual Report was a cross-functional effort led by the Executive Management team, involving several key stages:

#### **Data Collection & Validation:**

Information was gathered from all core departments, including Finance, Operations, Information Computer Technology, Legal and Compliance, Human Resource and Administration. Each department provided verified data points to ensure the "Service to Enterprise" impact was accurately captured.

#### **Stakeholder Engagement:**

Feedback from key stakeholders, including the Ministry of Finance and National Planning and our public service clients, was integrated to ensure the report addresses the issues most

material to our audience.

#### **Internal Audit Review:**

The Internal Audit department conducted a preliminary review of the narrative disclosures to ensure consistency with the company's internal records and the ZMW 982 million loan book achievement.

#### **Board Approval:**

The final draft underwent a rigorous review by the Board of Directors to ensure the report accurately reflects the strategic direction and governance standards of the institution.



### 2. Reporting Frameworks

PSMFC utilizes a combination of local and international frameworks to maintain high standards of corporate reporting:

**Integrated Reporting (<IR>) Framework:** We have moved toward an integrated approach, showing the connectivity between our financial capital, human capital, and social/relationship capital. This helps stakeholders understand how PSMFC creates value over the short, medium, and long term.

#### **International Financial Reporting Standards (IFRS):**

The financial statements have been prepared in strict accordance with IFRS to ensure global comparability and transparency.

#### **Zambian Legal Compliance:**

The report adheres to the Companies Act No. 10 of 2017, the Banking and Financial Services Act, and all other relevant legislation.

#### **8th National Development Plan (8NDP):**

Our strategic goals are mapped against the 8NDP, specifically focusing on the pillars of "Economic Transformation and Job Creation" and "Environmental Sustainability."

#### **Global Sustainable Development Goals (SDGs):**

As a socially conscious lender, we report on our contributions to SDGs 1 (No Poverty), 7 (Affordable and Clean Energy), and 8 (Decent Work and Economic Growth).

## Report Preparation and Governance Framework

The preparation of this report is governed by the principles of accuracy, transparency, and strategic alignment. It is designed not only to meet statutory requirements but to provide an integrated view of how PSMFC creates value within the Zambian economy.

### Data Aggregation and Analytical Rigor

The reporting process began with the systematic collection of quantitative and qualitative data from all core functional areas, including Operations, Finance, ICT, Human Resources, and Legal.

#### Methodology:

Data was extracted from the Company's primary system and analyzed against established Key Performance Indicators (KPIs).

#### Contextual Analysis:

Beyond the numbers, a deep-dive analysis was performed to understand the "Service to Enterprise" impact, ensuring that loan disbursement figures were linked to real-world socio-economic outcomes across all 116 districts.

### Multi-Layered Internal Quality Control

To ensure the integrity of the narrative and the data, the report underwent a robust internal review process:

#### Executive Management Review:

The leadership team reviewed the document to ensure strategic consistency and alignment with the 8th National Development Plan (8NDP).

#### Board Audit & Risk Committee:

The committee provided final oversight, ensuring that the report fairly represented the company's risk profile and financial health.

### Reporting Standards and Regulatory Alignment

PSMFC adhered to internationally recognized frameworks to ensure its reporting was comparable, consistent, and transparent:

#### IFRS:

Financial statements were prepared in accordance with International Financial Reporting Standards.

#### The <IR> Framework:

The Company utilized the Integrated Reporting framework to show the connectivity between its various capitals (Financial, Human, Intellectual, and Social).

### Independent External Assurance

The financial data within the report was subjected to an independent external audit.

#### Scope:

The external auditors provided an opinion on whether the financial statements gave a true and fair view of the financial position of PSMFC as of December 31, 2025.

#### Accountability:

This independent assurance provided an extra layer of confidence for shareholders and partners, confirming that the achievement of the ZMW 982 million loan book was supported by verified financial records.



## ► Theme of the Year: **“STEADFAST IN PURPOSE, BOLD IN PROGRESS”**



As PSMFC navigates an evolving economic landscape, our theme serves as both an anchor and an engine, balancing our foundational commitment to public servants with an aggressive pursuit of modernization and scale.



In 2025, Public Service Micro Finance Company Limited remained unwavering in its core mandate to serve and empower Zambia's public service workers. Against a backdrop of persistent macroeconomic headwinds, including the lingering effects of the national drought and energy deficit, PSMFC demonstrated the resilience that had come to define its character.

Yet steadfastness was not the only story of 2025. The Company moved with deliberate boldness, deepening partnerships with

MSMEs to expand the reach of financial empowerment, pivoting strategically toward enterprise and productive-asset lending, and laying the critical digital foundations that would power its transformation in the years ahead.

**“Steadfast in Purpose, Bold in Progress”** captured the Company, as it knew who it served and where it was going, holding firm to its values while embracing the evolution required to remain relevant, trusted, and impactful in an ever-changing environment.



Our portfolio grew steadily over the preceding five years, reaching ZMW 982 million in 2025.

| Loan Book Growth                                                                        | Net Profit Margin                                                                       | Asset Quality                                                                                                                                                                                                                                                                                 |
|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Loan book grew by 13% in 2025 to a gross amount of ZMW 982 million from ZMW 866 million | Net profitability stood at ZMW 34.4 million representing 30% of the total income earned | While the portfolio had scaled significantly, the risk profile remained strictly managed with a consistent NPL ratio of below 10%. This was through integrated vetting, robust credit assessments and structured collection management, that ensured the sustainability of the revolving fund |



# About PSMFC

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## ► About PSMFC

The PSMFC is more than a financial institution; it is a strategic vehicle for national development. Established by the Government of the Republic of Zambia, PSMFC was created to address the specific financial challenges faced by public service workers, providing a stable and affordable alternative to the high-interest commercial lending market.



### Why We Exist

PSMFC exists to provide a social and economic safety net for Zambia's civil servants. We recognize that a motivated, financially secure public service is the backbone of national progress. By offering low-interest credit, we protect our clients from predatory lending and empower them to build sustainable wealth that lasts far beyond their years of government service.

### Our Values

Our culture is anchored on five core principles that guide every decision we make:

- ✍ **Innovation:** Constantly seeking better ways to serve our clients through new ideas and technology.
- ✍ **Dependability:** Being a partner our clients can trust in every season.
- ✍ **Teamwork:** Leveraging our collective expertise to achieveValues are not attached to specific target or achievement. The milestone should be deleted to just state "our goals"..
- ✍ **Adaptability:** Evolving with the changing economic and regulatory landscape.
- ✍ **Hard Work:** Committing to excellence in the service of those who serve the nation.





### Our Vision

To be the leading provider of affordable and innovative financial solutions that enhance the livelihoods of public service employees and contribute to national prosperity.

### Our Mission

To be the leading provider of affordable and innovative financial solutions that enhance the livelihoods of public service employees and contribute to national prosperity.





## What We Offer (Our Products)

Our product suite is designed to move clients from “borrowing for consumption” to “investing for production.”

| Product                                        | Purpose & Strategic Impact                                                                                                                                                                                                              |
|------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Public Service Agricultural Asset Plus</b>  | Provides financing for high-value equipment such as tractors, center pivots, and hammer mills. This product is key to transitioning our clients from subsistence gardening to commercial-scale agribusiness. Also inputs and livestock. |
| <b>Public Service Renewable Energy Loan</b>    | Focuses on sustainability by financing solar home system, solar irrigation pumps, and backup power solutions. It empowers clients to achieve energy autonomy and reduce their carbon footprint.                                         |
| <b>Public Service Motor Vehicle Loan</b>       | Designed to facilitate reliable mobility. Whether for personal use or to support logistical needs in a burgeoning family business, this loan provides accessible financing for vehicles.                                                |
| <b>Public Service Building Materials Loan</b>  | Supports the national goal of affordable housing. This loan allows public servants to procure high-quality materials to build or renovate their homes, creating permanent family assets.                                                |
| <b>Bring Your Own Device (BYOD)</b>            | A tech-forward initiative that finances laptops, tablets, and smartphones. This ensures our clients stay connected and have the digital tools necessary for modern professional and educational demands.                                |
| <b>Public Service Domestic Tourism Loan</b>    | Encourages civil servants to explore and support Zambia’s hospitality industry. By financing local travel, we contribute to the growth of the national tourism sector while promoting employee wellness.                                |
| <b>Public Service Household Furniture Loan</b> | Enables clients to improve their living standards by financing high-quality home furnishings, ensuring comfort and dignity in their home environments.                                                                                  |
| <b>Public Service Personal Loan</b>            | A versatile, low-interest facility designed for general welfare, from financing life achievements to managing significant family expenses without the burden of high commercial rates.                                                  |
| <b>Public Service Short Term Cash Solution</b> | Provides immediate, flexible liquidity for urgent or unexpected financial needs, serving as a reliable safety net with a quick turnaround time.                                                                                         |



## How We Add Economic Value

We create a “Multiplier Effect” in the Zambian economy through:

✍ **Wealth Creation:** Empowering public service workers through salary-backed loans while supporting MSMEs as partners to ensure wealth is retained and circulated within the local economy.

✍ **National Stability:** By maintaining our 5-15% interest rate, we increase the disposable income of civil servants, which directly stimulates local markets in all 116 districts.

✍ **Job Creation:** Public service workers are empowered to start businesses using the assets or products accessed through PSMFC. Such businesses provide employment to the community whilst public service worker is focused on their main employment in the government.

✍ **Climate Leadership:** Our focus on renewable energy loans promotes sustainable energy practices.





## Our Stakeholders

We operate within a vibrant ecosystem of partners who make our work possible:

✍ **The Government (GRZ):** As our shareholder, providing the mandate and capital for the revolving fund.

✍ **Public Service Employees:** Our clients and the reason for our existence.

✍ **Strategic Partners:** We collaborate with approved dealers to distribute fuel and streamline the customer journey.

# Performance Highlights

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## Cost Management Excellence

The management asserted that PSMFC's profit performance in 2025 reflected an institution in its strongest-ever financial position. a key pillar of the strategy had been the optimization of operational costs relative to income. PSMFC demonstrated exceptional cost management by significantly improving the Cost-to-Income (CTI) ratio.

| Efficiency Gains                                                                                                                                  | Energy and Infrastructure Savings                                                                                                                                                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Over the past five years, PSMFC has consistently ensured that revenue growth outpaces cost growth, as evidenced by a cost-to-income ratio of 65%. | Investments such as the 100kW Solar Installation at the Head Office had not only provided operational resilience but had also contributed to long-term cost avoidance in energy expenditure. |

## Profit Performance

The management asserted that PSMFC's profit performance in 2024/2025 reflected an institution in its strongest-ever financial position.

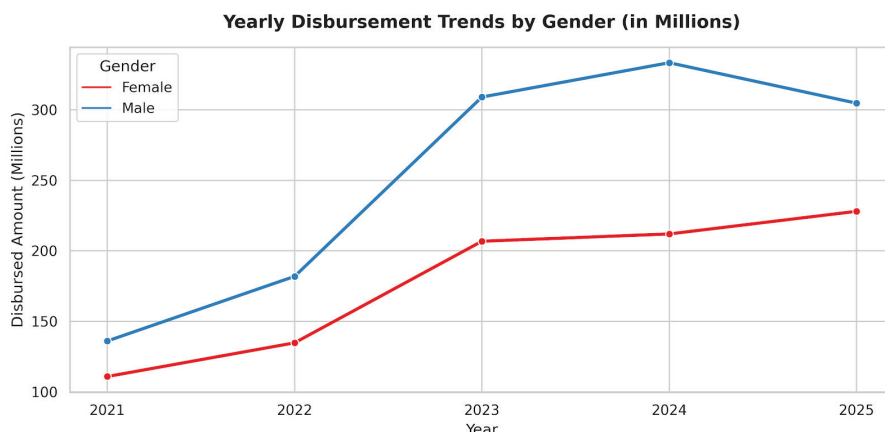
| Operating Income                                                                                                                                                           | Profit Before Tax (PBT)                                                                                                                                                                                       |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Operating income grew by 12% between FYE2024 and FYE2025 to reach ZMW 109 million, reflecting sustained growth in demand for the company's products and in its operations. | PSMFC's operations delivered a profit before tax of ZMW 34.4 million in the 2025 reporting year, a result that reflects the company's commitment to balancing service delivery with financial sustainability. |

## Reach and Social Impact

Our impact was measured not just in Kwacha, but in the number of lives transformed and the geographic reach of the Company's services.

| Total Beneficiaries                                                                                                                                                   | Institutional Coverage                                                                                                                                                                                                                               |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| In 2025, over 7,000 public service workers benefited from the products offered by PSMFC, spanning a diverse range of ages, genders, and locations across the country. | The leadership team affirmed that PSMFC maintained a presence across all 116 districts in Zambia, serving all MPSAs (Ministries, Provinces, and Spending Agencies) and ensuring that no public servant was left behind regardless of their location. |

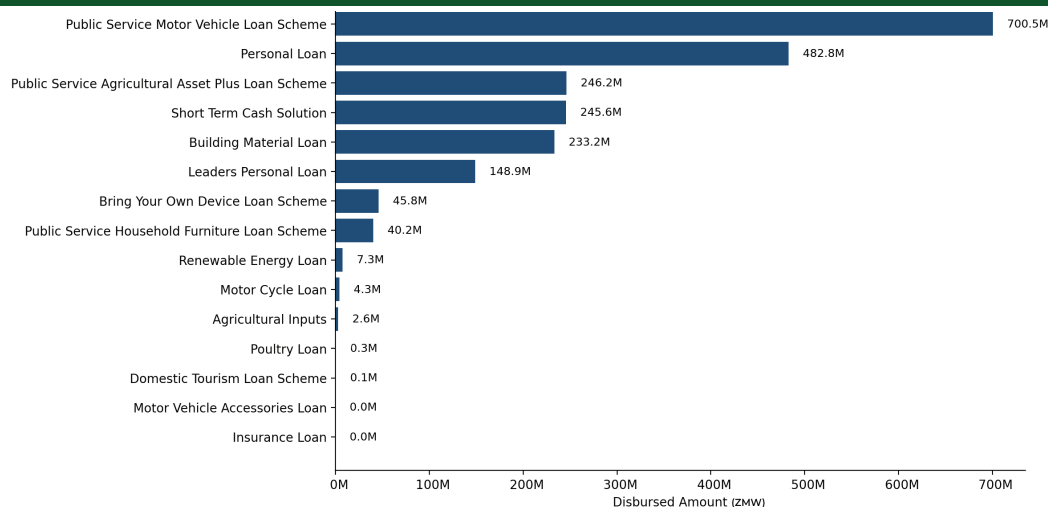
## Graph 1: Total Disbursed by Gender



Both demographics experienced substantial, steady growth between 2021 and 2025. For example, disbursements to male clients rose from roughly ZMW 136 million to ZMW 333 million during this window. Male clients consistently received a higher total volume of funding compared to

female clients across all recorded years. In 2025, there was a noticeable plateau or slight decline in demand from male clients, while funding for female clients continued on a modest upward trajectory to reach ZMW 228 million.

## Graph 2: Total Disbursed by Product

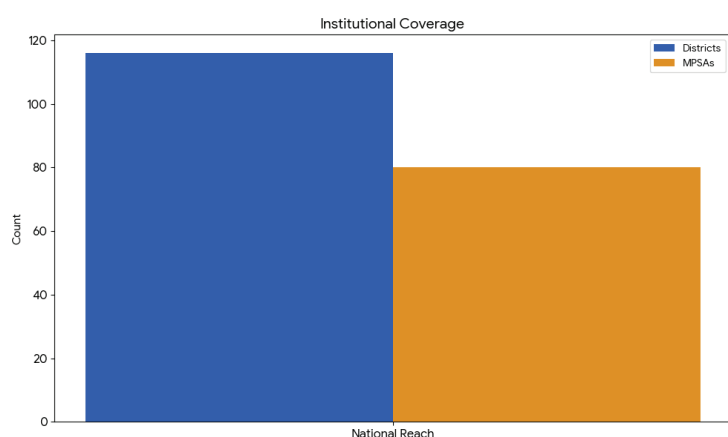


This indicator broke down the total capital allocated across various loan portfolios, noting that asset-backed schemes and core personal loans dominated the lending activity while specialized niche lines represented smaller portions.

- They detailed the portfolio allocation as follows:
- Public Service Motor Vehicle Loan Scheme: ZMW 700.5M
- Public Service Personal Loan: **ZMW 482.8M**
- Public Service Agricultural Asset Plus Loan Scheme: **ZMW 246.2M**
- Public Service Short Term Cash Solution: **ZMW 245.6M**
- Public Service Building Materials Loan Scheme: **ZMW 233.2M**
- Bring Your Own Device Loan Scheme: **ZMW 45.8M**
- Public Service Furniture Loan Scheme: **ZMW 40.2M**
- Public Service Renewable Energy Loan: **ZMW 7.3M**
- Public Service Motor Cycle Loan: **ZMW 4.3M**
- Public Service Agricultural Inputs: **ZMW 2.6M**
- Public Service Poultry Loan: **ZMW 0.3M**
- Public Service Domestic Tourism Loan Scheme: **ZMW 0.1M**
- Motor Vehicle Accessories / Insurance Loan: **ZMW 0.0M** (Negligible)



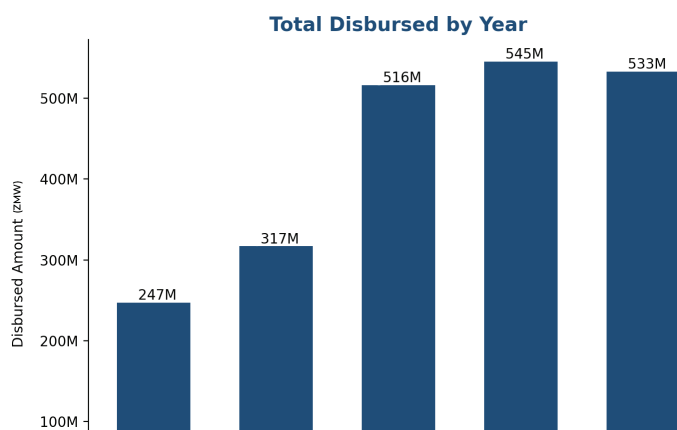
### Graph 3: Total Disbursed by Province



This indicator measures the geographical distribution of disbursements across provinces. Economic and administrative hubs represent the vast majority of capital allocation, leading to a highly centralized portfolio distribution.

- Lusaka : **ZMW 513.6M**
- Copperbelt : **ZMW 191.5M**
- Central : **ZMW 107.7M**
- Southern : **ZMW 96.2M**
- Eastern : **ZMW 50.3M**
- Muchinga : **ZMW 44.7M**
- North-Western : **ZMW 40.9M**
- Luapula : **ZMW 40.0M**
- Northern : **ZMW 38.9M**
- Western : **ZMW 34.1M**

### Graph 3: Total Disbursed by Year



This metric displays the year-over-year trajectory of credit extension from 2021 through 2025. The data demonstrates rapid operational expansion from 2021 to 2023, followed by a stabilization period in 2025 and a slight consolidation in 2025.

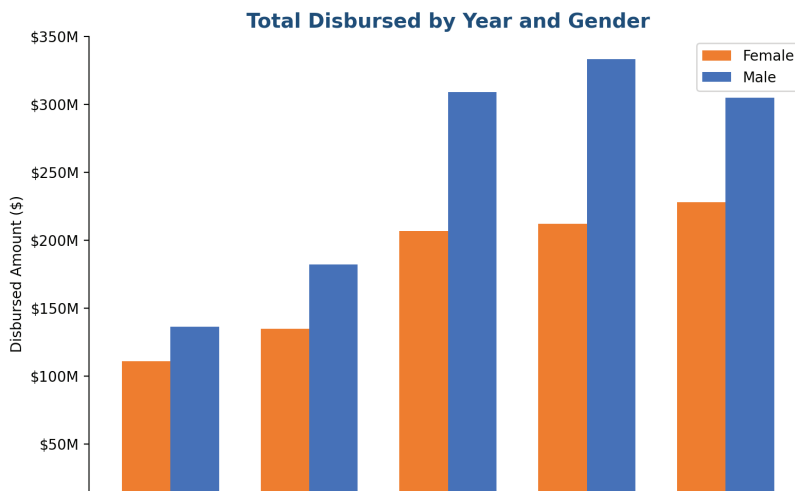
- 2021 : **ZMW 247M**
- 2022 : **ZMW 317M**
- 2023 : **ZMW 516M**
- 2025 : **ZMW 545M**
- 2025 : **ZMW 533M**



## Graph 4: Total Disbursed by Year and Gender



This multi-variable indicator cross-references historical annual growth with gender demographics.



**Gender Disparity:** In every fiscal year from 2021 to 2025, capital disbursed to male recipients consistently exceeded amounts disbursed to female recipients.

**Growth Patterns:** Disbursements to female clients experienced a continuous, steady upward climb each year. In contrast, disbursements to male clients drove the rapid market expansion seen through 2025 before pulling back slightly in 2025, serving as the primary driver behind the overall portfolio peak.



Table 1: Number of Clients by Product

| Product Name                                       | Beneficiaries |
|----------------------------------------------------|---------------|
| Public Service Short Term Cash Solution            | 16,297        |
| Public Service Personal Loan                       | 9,041         |
| Public Service Bring Your Own Device Loan Scheme   | 4,532         |
| Public Service Building Material Loan              | 3,001         |
| Public Service Agricultural Asset Plus Loan Scheme | 2,627         |
| Public Service Motor Vehicle Loan Scheme           | 1,937         |
| Public Service Household Furniture Loan Scheme     | 1,739         |
| Public Service Leaders Personal Loan               | 152           |
| Public Service Renewable Energy Loan               | 127           |
| Public Service Motor Cycle Loan                    | 107           |
| Public Service Agricultural Inputs                 | 62            |
| Public Service Motor Vehicle Accessories Loan      | 6             |
| Public Service Domestic Tourism Loan Scheme        | 4             |
| Public Service Poultry Loan                        | 4             |
| Public Service Insurance Loan                      | 1             |





An aggregated analysis of the historical data across product lines, geographical regions, and gender demographics revealed the following strategic insights for the portfolio up to 2025:

**Growth Trajectory and Stabilization:**

Total annual disbursements experienced aggressive growth over a multi-year period, jumping 120.6% from ZMW 247 million in 2021 to a peak of ZMW 545 million in 2024. In 2025, the portfolio entered a stabilization and minor consolidation phase, micro-adjusting down by 2.2% to ZMW 533 million.

**Pronounced Geographic Centralization:**

Portfolio distribution was heavily concentrated in a single province, Lusaka, which was the primary driver of credit absorption, accounting for ZMW 1,513.6 million—nearly ZMW 1.32 billion higher than the next largest region, the Copperbelt (ZMW 191.5 million). Rural and distant provinces (such as Northern and Western) reflected minimal portfolio penetration, averaging under ZMW 40 million each.

**Core Product Dominance:**

Out of 15 distinct loan products, the portfolio's performance relied heavily on its top tier. The Public Service Motor Vehicle Loan Scheme (ZMW 700.5 million) and standard Personal Loans

(ZMW 482.8 million) together commanded the vast majority of capital allocation. Conversely, specialized social and environmental lines, such as the Renewable Energy Loan (ZMW 7.3 million) and Domestic Tourism Loan Scheme (ZMW 0.1 million), remained underutilized.

**Persistent Demographic Gaps:**

Demographic analysis indicated a persistent gender gap in capital access. Total historical funding heavily favored male clients (ZMW 1,265 million) over female clients (ZMW 893 million). While annual disbursements to women had risen steadily year-over-year, the broader peaks and recent contractions in the portfolio had been primarily driven by fluctuations in lending to male clients.



# Leadership Reflects

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## ► Chairman's Statement



### Overview of a Achievement Year

On behalf of the Board of Directors, it is my distinct honor to present the Annual Report for PSMFC for the financial year ended December 31, 2025.

This year has been profoundly defined by the dual philosophy of our corporate theme: **“STEADFAST IN PURPOSE, BOLD IN PROGRESS.”** Our steadfast commitment to our core foundational mandate has culminated in a singular, historic achievement: Achieving an active loan book of ZMW 982 million.. This achievement is not merely a staggering financial statistic; it represents the immense scale of trust that the Zambian public service workforce has placed in us. With this achievement, we have irrefutably proven that a state-backed microfinance institution can achieve bold, commercial-scale success while remaining unyieldingly anchored in its social mission.



*We remain steadfast  
in serving the public  
servant and bold in  
building the Zambian  
entrepreneur.*

### Strategic Pivot: From Consumption to Production

The global and local economic landscapes are shifting dynamically, and PSMFC has evolved accordingly. In 2025, we recognize that to truly enhance and uplift the livelihoods of our clients, we must look beyond providing credit for immediate short-term needs. Instead, we must boldly provide the tangible tools for long-term wealth creation.

Our focus on Productive Asset Financing, specialized professional tools, and renewable energy solutions, building materials, is intentionally designed to transform civil servants into active entrepreneurs and sustainable employers. This bold strategy directly fuels the execution of Zambia's 8th National Development Plan (8NDP) by accelerating economic transformation right at the household level.



## Governance, Integrity, and Compliance

Rigorous corporate governance remains the unwavering bedrock of our daily operations, ensuring that we remain entirely steadfast in our ethical obligations to the nation. In 2025, the Board took deliberate, proactive steps to ensure the institution remains remarkably resilient within a complex regulatory environment:

✍ **Performance Excellence:** We successfully participated in the review of the State Owned Enterprises draft bill and commenced talks with the shareholders on the Board of Directors' performance contract. The Board also ensured that its strategic oversight was strictly result-oriented and directly measured against the long-term goals of the institution.

✍ **Risk and Compliance:** In light of evolving judicial precedents and strict data protection laws, we directed the immediate implementation of a robust Marketing Opt-In framework.

✍ **Energy Security:** The Board's bold decision to commission the 100kW Solar Power System at our Lusaka Head Office was a masterful strategic move to safeguard our digital core. This clean-energy investment guarantees that our processing capabilities remain completely steadfast and uninterrupted, even during periods of intense national power deficits.

## Sustainability and Social Impact

As Chairman, I am exceptionally proud of our steadfast commitment to the United Nations Sustainable Development Goals (SDGs). By resolutely maintaining our core interest rate at an affordable 5%, we have shielded our clients from the volatile, predatory lending cycles of the commercial market. In tandem,

our bold focus on scaling green energy loans and deploying sustainable solar infrastructure demonstrates that PSMFC is no longer just a financial partner, but a visible leader in Zambia's national transition toward a green economy.

## Looking Ahead: The Digital Future

The foundational spadework laid throughout 2025 has positioned us for a highly transformative 2026. The Board remains completely committed to a bold digital **"Go-Live"** phase, which will imminently see the launch of our modernized enterprise resource planning and customer relationship

management platforms. This digital leap is a bold progress marker that will entirely redefine our customer experience, making PSMFC more accessible, highly efficient, and transparent than at any point in our history.

## Appreciation

I wish to extend my profound gratitude to the Ministry of Finance and National Planning (The Treasury) for their unwavering governance, guidance, and critical capital backing. I also sincerely thank my fellow Board members for their strategic foresight, and the Executive Management team, led by our CEO, for their exceptional operational execution in turning the Billion-Kwacha

milestone into a imminent reality. Most importantly, I extend my gratitude to the public service workers of Zambia. You are the very heart of this institution. We pledge to remain permanently STEADFAST IN PURPOSE, BOLD IN PROGRESS as we build a more prosperous, asset-backed, and productive Zambia together.

**Kufanga A. Imataa**

Chairman of the Board

Public Service Microfinance Company Limited

## ► CEO's Statement



“

*PSMFC did not merely reach its targets; it shattered them by achieving a **ZMW 982 million** loanbook, deepening financial inclusion for Zambia.*

### Performance Overview

I am incredibly proud for PSMFC, 2025 was a year defined by BOLD PROGRESS mapped onto our foundational “Scale and Stability”. I am incredibly proud to report that our operational strategies culminated in the achievement of the an active loanbook of ZMW 982 million, with the promising trajectory of hitting the K1 billion landmark in 2026. This historic 20% year-on-year growth was achieved while remaining completely **STEADFAST IN PURPOSE**, maintaining the lowest interest rate in the Zambian market at 5%. We have boldly proven to the market that a socially responsible lending model can thrive at scale without compromising affordability. Our primary focus throughout the year was ensuring that capital was not just “**spent**” but strategically “**invested**”.

### Operational Excellence and National Reach

Remaining steadfast in our mandate of absolute inclusivity, we strengthened our presence across all 116 districts in 2025. Our centralized operations in Lusaka were bolstered by a series of bold progressive upgrades:

- ✍ **Enhanced Vetting Protocols:** Strategic integrations with TransUnion, RTSA, and the Ministry of Lands have allowed us to process higher volumes of loans with increased precision and security.
- ✍ **Fund Velocity:** By robustly improving our collection and recovery mechanisms, we successfully increased the “velocity” of our revolving fund. This efficiency allowed us to redeploy capital faster, serving more public service workers within the same fiscal cycle.
- ✍ **Energy Autonomy:** The commissioning of our 100kW Solar Power System was a critical, bold operational win. It has effectively insulated our loan processing and data management system from national power deficits, ensuring zero downtime for our clients and keeping us steadfast in our service delivery.





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## Product Performance: The Engines of Growth

Our diversified product portfolio was the primary driver behind ZMW 982 million loanbook. Each line has been tailored to balance our steadfast purpose with bold economic expansion:

### 📌 **Public Service Agricultural Asset Plus:**

This emerged as our fastest-growing line, as more teachers, nurses, and police officers utilized loans to procure tractors, investock inputs hammer mills, and solar irrigation kits to transform their smallholdings into enterprises.

📌 **The New “Trade Tools” Scheme:** We saw significant uptake in financing for professional equipment, enabling public servants to boldly monetize

their expertise, such as healthcare professionals procuring diagnostic tools for private clinics.

📌 **Consumer-to-Asset Shift:** While our Personal and Building Materials loans remain popular for improving baseline living standards, 2025 witnessed a 15% shift in volume toward productive assets, reflecting a boldly growing entrepreneurial mindset among our clients.



## Digital Transformation: The Readiness Phase

The 2025 financial year served as the “foundational year” for our digital leap. While remaining steadfast in protecting the business core, my office oversaw the start of a bold procurement process for a world-class Enterprise Management System (EMS) and CRM suite:

### 📐 Data Integrity:

We successfully migrated and cleaned our legacy data, ensuring that our new system will launch on an unshakeable, solid base.

### 📐 Security First:

We implemented advanced Identity and Access Management (IAM) protocols, ensuring that as we progress toward a digital-first model, our clients’ data remains protected by enterprise-grade cybersecurity.



# Strategy and Leadership

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## 1. Our Strategic Framework (2022–2026)

Management defined this pillar as matching operational growth to financial sustainability, as evidenced by consistent yet carefully managed growth in revenue, costs, and ultimately the loan book.

| Pillar 1: Financial Sustainability & Scale                                                                                                                                                                                                             | Pillar 2: Customer-Centric Innovation                                                                                                                                                                                            | Pillar 3: Operational Resilience                                                                                                                                                                                                                       |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The executive team defined this pillar's objective as growing the revolving fund while maintaining a fixed, affordable interest rate. They identified breaching the ZMW 982 million active loan book as the primary metric of success for this pillar. | They explained that this pillar involved transitioning from manual processes to a digital-first ecosystem, highlighting the 2025 Readiness Phase and the 2026 Go-Live Phase for their Enterprise Management System (EMS) system. | Finally, the leadership team noted that this pillar aimed to ensure the institution could withstand external shocks, citing the 100kW solar installation at the head office as the flagship project to mitigate the risks of national energy deficits. |





## Leadership Structure

The CEO leads six directorates, each headed by a director responsible for the daily execution of the Board's strategy and for bridging the gap between high-level vision and operational delivery. Each directorate is in turn supported by a manager and technical staff.

These directorates are:

- Operations
- Finance
- Human Resource and Administration
- Audit and Risk
- Legal and Compliance
- Information, Communication and technology.



## 3. Ethical Leadership and Compliance

Leadership at PSMFC is defined by integrity. In 2025, our leaders spearheaded the response to the changing regulatory landscape regarding data protection. By championing the “Marketing Opt-In” protocol from the top down, the leadership team demonstrated a commitment to “Service with Honor,” ensuring that we respect the rights of the public servants we serve.

- **Strategy Spotlight:** The “Billion-Kwacha” Roadmap
- **The Strategy:** Diversify into Agricultural and Trade Asset financing.
- **The Result:** Year-on-year growth and presence in 116 districts.
- **The Next Step:** Leveraging the 2026 Digital Go-Live to reach ZMW 1.5 Billion.

## Senior Management Team



 **Mubanga Mwiko**

**Chief Executive Officer**



Mr. Mubanga Mwiko is the Chief Executive Officer of Public Service Micro Finance Company (PSMFC), a position he has held since his appointment on 19 April 2013. He brings over 21 years of expertise in financial management spanning both the government and commercial sectors, including senior experience in banking. Prior to leading PSMFC, he served as Chief Accountant at the Ministry of Finance. Under his leadership, PSMFC has grown into a key vehicle for the economic empowerment of Zambia's public service

workers, providing affordable, payroll-based loans and innovative financial solutions to civil servants across the country and at Zambian diplomatic missions abroad. He has championed the expansion of PSMFC's product offering and has been instrumental in extending the Company's reach to public service workers and the defence forces.

Mr. Mwiko is a Chartered Accountant and holds a Master of Business Administration specialising in Finance.



 **Clement Lwandamina**

**Chief Financial Officer**



Mr. Lwandamina joined the leadership team in February 2023, bringing with him a strong foundation in public financial management gained through his prior role as Senior Accountant within the Central Government.

He is a Chartered Global Management Accountant (CIMA – CGMA) and holds a Master of Business Administration specialising in Finance.



 **Kamona Akapelwa**

### Director Legal and Compliance

A seasoned legal, compliance, and governance executive, Ms. Akapelwa joined the company in early 2016. She has been instrumental in establishing and leading the Legal, Compliance, and Governance department. With extensive experience in corporate law, regulatory compliance, risk management, and governance frameworks, she provides strategic oversight to ensure the company operates in accordance with legal, regulatory, and ethical standards.

Prior to joining the company, Ms. Akapelwa built years of experience in banking and finance with Standard Chartered Bank (Z) PLC and gained significant litigation expertise at Simeza Sangwa and

Associates and as a Senior State Advocate. As a business partner to the company's core business, she is highly conversant in leading and managing legal issues, corporate governance structures, compliance programs, board affairs, regulatory engagement supporting sustainable business growth and effective organizational oversight.

Ms. Akapelwa is a qualified legal practitioner who holds both a Bachelor of Laws (LL.B.) and a Master of Laws (LL.M.) and is a Chartered Secretary with a strong track record of strengthening governance, enhancing compliance cultures, and providing trusted legal counsel at executive and board levels.



 **Paul Haambote**

### Acting Chief Information Officer

Mr. Haambote was appointed to the Company in 2016, initially to lead business development. He brings a strong technical foundation with over 11 years of experience in software and process design, complemented by product management

experience gained at the Zambia National Building Society. In 2025, Mr Haambote was pivotal to PSMFC's marketig function which role was handled with diligence and commitment.





 **Sydney Siluonde**

### **Director Operations**

Mr. Siluonde was appointed to his current role in October 2020, following six years of distinguished service as Director of Audit, Risk, and Compliance. He brings over 20 years of progressive experience in audit and risk management, including a senior tenure as Principal Internal Auditor at the

Ministry of Finance.

Mr. Siluonde holds a Master of Business Administration (Finance) from Copperbelt University and is a Chartered Accountant with specialist certifications in Fraud Investigation and Risk Management.



 **Patson Banda**

### **Acting Director Audit and Risk**

Mr. Patson Banda has been with Public Service Micro Finance Company since 2014, bringing over 16 years of broad experience across accounting, audit, and risk management in both the private and public sectors. His career spans a diverse range of institutions, including lecturing at Lusaka Business and Technical College, accounting at World Vision International, and internal audit roles at the Ministry of Health

and the Ministry of Agriculture.

Mr. Banda holds a Master of Science in Economics and Finance from the University of Lusaka (UNILUS), a Bachelor of Accountancy degree from Copperbelt University, and a Postgraduate Certificate in Risk Management. He is a Fellow of the Association of Chartered Certified Accountants (ACCA – UK) and holds a ZICA Audit Practising Certificate



 **Musoli Kanganja**

### **Director Human Resource and Administration**

Ms. Musoli W Kanganja is a seasoned Human Resources and Administration professional with over a decade of experience in people strategy, organisational development, and corporate services.

As Director, she provides strategic oversight of human capital management, talent development, employee relations, and administrative operations, ensuring alignment

with the Company's mission and long-term objectives.

Her leadership is characterised by integrity, collaboration, and a deep understanding of the evolving workplace, qualities that enable her to build high-performing teams and cultivate resilient organisational cultures.

# People, Culture & Workplace

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The year under review unfolded against a backdrop of continued macroeconomic headwinds, including the lingering effects of the national drought and an associated energy deficit that tested the resilience of businesses across Zambia. True to the spirit of the Company's guiding theme, Steadfast in Purpose, Bold in Progress, the Human Resource and Administration function remained anchored in its commitment to people, culture, and operational excellence, ensuring that PSMFC's human capital foundation remained strong and fit for purpose throughout the period.



## WORKFORCE OVERVIEW

As at 31 December 2025, PSMFC maintained a total workforce of thirty eight (38) members of staff, structured as follows:

- Executive Management: The Chief Executive Officer supported by six (6) Directors.
- Middle Management: Four (4) Managers providing operational leadership across departments.
- Technical and Support Staff: Twenty-seven (27) employees at various levels supporting the delivery of the Company's mandate.

In terms of employment terms, fourteen (14) members of staff are engaged on contract terms, whilst twenty-five (25) serve on permanent and pensionable terms of employment. During the year, the Company

recruited one (1) additional member of staff to support operational requirements and recorded two (2) separations arising from disciplinary dismissals. Overall, workforce stability was well maintained throughout the period.

The Company is proud of the diversity embedded within its workforce, which spans a broad range of ages, gender representation, and professional backgrounds. This diversity is considered a strategic asset, providing the varied perspectives and complementary skills that drive innovation and sound decision-making across the institution.



## KEY ACHIEVEMENT: STAFF RETENTION

A particularly noteworthy achievement during the financial year was a staff retention rate of 92%, reflecting the effectiveness of the Company's people management practices and the strength of its organisational culture.

In an environment where talent mobility continues to increase, this level of retention is indicative of an engaged and committed workforce, a cornerstone of PSMFC's ability to deliver consistently on its mandate.

## RECRUITMENT AND TALENT MANAGEMENT



### Recruitment



PSMFC continued to leverage its established partnerships with leading professional bodies, including the Zambia Institute of Chartered Accountants (ZICA), the Zambia Institute of Purchasing and Supply (ZIPS), and the ICT Association of Zambia (ICTAZ), to strengthen the integrity and technical rigour of its recruitment processes. These partnerships ensure that candidate assessment is informed by current industry standards and professional benchmarks, enabling the Company to attract individuals who are not only technically competent but also aligned with the institution's values.

### Talent Development

Talent development during the year was anchored in providing practical, on-the-job growth opportunities for junior employees. Through structured acting appointments and targeted assignment rotations, employees were exposed to higher-level responsibilities, building both their technical competencies and their institutional knowledge. These initiatives reflect the Company's belief that meaningful development is best achieved through experience, mentorship, and deliberate exposure to broader organisational challenges.

### Succession Planning



The Company has taken a deliberate step towards formalising its approach to leadership continuity. A structured succession planning framework is currently being developed and is scheduled for full implementation in the 2026 financial year. This initiative will systematically identify high-potential employees, map critical roles, and establish clear pathways for internal talent advancement, ensuring that PSMFC remains well-positioned to manage leadership transitions effectively.



## EMPLOYEE ENGAGEMENT AND ORGANISATIONAL CULTURE

### Engagement and Wellness Initiatives



The Company continued to prioritise the health and wellbeing of its employees as a foundation for sustained productivity and morale. On-site facilities, including a gymnasium and cafeteria, were maintained to support physical health and nutrition, providing employees with convenient access to wellness resources during the working day. The Company also continued its support of staff participation in community wellness

events, including the ABSA and Eagles Marathon, reinforcing a culture of active living and team solidarity.

An employee engagement survey is planned for the second quarter of the 2026 financial year, the outcomes of which will inform targeted interventions to further strengthen the employee experience and address areas of opportunity.

### Organisational Culture



The culture observed across PSMFC during the year under review was characterised by innovation, dependability, and teamwork, three values that have become defining features of the institution's identity. These were further reinforced by a collective spirit of

adaptability and diligence, as the workforce navigated the broader environmental challenges of the period. The Company remains committed to nurturing a culture that is purposeful, performance-oriented, and grounded in integrity.





## ADMINISTRATION AND OPERATIONAL EFFICIENCY



Administrative operations were sustained at a high standard throughout the financial year, with a focus on maintaining a conducive and well-functioning physical work environment for all staff. Facilities management remained a priority, ensuring that the workplace infrastructure continued to support productivity and employee comfort. On the compliance front, the department maintained its collaborative engagement with the in-house Legal and Audit teams to ensure adherence to applicable labour laws and workplace regulations. No significant policy changes were necessitated during the period under review.

Looking ahead, the Company is poised to undergo a significant administrative transformation through the institution wide implementation of an Enterprise Management System (EMS) in the 2026 financial year. This will automate many currently manual processes within the department, delivering improved efficiency, accuracy, and service delivery across HR and administrative functions. The rollout will be undertaken in close collaboration with the ICT Department, and appropriate change management strategies will be deployed to ensure a smooth transition for all staff.

## OUTLOOK

The Human Resource and Administration function enters the 2026 financial year with clear strategic priorities: the launch of the formal succession planning programme, the rollout of the Enterprise Management System (EMS) digital platform, and the conduct of the employee engagement survey. Together, these initiatives will advance the Company's people agenda and position PSMFC with the organisational capabilities required to remain

steadfast in purpose and bold in progress in the years ahead.

The department expresses its sincere appreciation to all members of staff for their dedication, professionalism, and resilience during what has been another demanding but rewarding year. It is the people of PSMFC who remain our greatest asset and our most enduring source of competitive strength.



# Digital Transformation:

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## Bold Steps Forward

The financial year of 2025 marked a pivotal chapter in PSMFC's technology journey, one defined not by the fanfare of large-scale deployments, but by the disciplined and deliberate work of building the digital foundations upon which the Company's future transformation will stand. Aligned with the corporate theme of Steadfast in Purpose, Bold in Progress, the ICT function channelled its energies into structural, architectural, and governance preparation, ensuring that when the moment for implementation arrives, the institution is ready.

## TECHNOLOGY STRATEGY AND ALIGNMENT

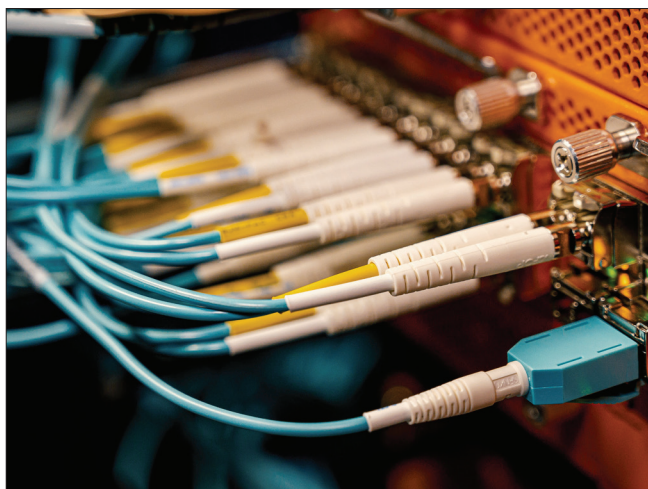
The ICT strategy for the year was anchored in three interlocking imperatives: institutional readiness, operational resilience, and scalability. Each initiative undertaken during the period was evaluated against its contribution to these objectives, ensuring that technology investments remained purposeful and aligned with the Company's broader organisational goals.

Strategic focus areas included the preparation of core system platforms for

future modernisation, infrastructure planning and procurement initiation, enhancement of security controls, and governance-driven improvements across ICT operations. This approach reflects a mature understanding that sustainable digital transformation is a structured, phased endeavour, and that the quality of foundational work determines the success of what follows.

## KEY ICT INITIATIVES IN 2025

The year's most significant ICT activities were concentrated in the following areas:



### System and Architecture Preparation



Substantial progress was made in finalising the business and system requirements necessary to support upcoming core platform upgrades. Requirements definition exercises were completed in collaboration with relevant business units, providing a well-structured basis for subsequent procurement and implementation activities. This work ensures that future system deployments are grounded in clearly articulated institutional needs rather than technology-led assumptions.



### Infrastructure Modernisation Readiness



Infrastructure planning and procurement processes were formally initiated during the year, with a focus on enhancing the performance, reliability, and scalability of the Company's technology environment. Preparatory measures were also put in place to ready the hosting infrastructure for future core platforms, including architectural refinements that improve system stability and support long-term growth.



## Backup and Recovery Controls



The reliability of the Company's data backup and recovery capabilities was significantly strengthened during the period. Backup validation practices were enhanced and redundancy considerations were incorporated into infrastructure planning, ensuring that the organisation's data assets and operational continuity are protected against disruption. These measures are foundational to any credible digital transformation programme.

## Identity and Access Management



Enhancements were made to the Company's identity and access management mechanisms, reinforcing the security of system, data, and user authentication processes. These improvements reflect an identity-centric approach to cybersecurity, one that is increasingly recognised as the most effective safeguard against contemporary threat vectors.



## CYBERSECURITY AND RISK MANAGEMENT

Cybersecurity remained a standing priority throughout the financial year. The department is pleased to report that no materially disruptive cybersecurity incidents were recorded during the period under review. This outcome is a testament to the effectiveness of the Company's layered security controls and the continuous monitoring and refinement of its preventative safeguards.

Key cybersecurity measures implemented during the year included:

- Strengthening of access management controls and identity security mechanisms.
- Infrastructure-level safeguards to protect against availability and integrity risks.
- Alignment of ICT governance practices

with applicable security and regulatory expectations.

- Technology risk mitigation targeting system availability, data protection, and infrastructure stability.

Compliance with data protection and technology-related regulatory requirements remained integral to ICT operations. All planning, control enhancements, and policy considerations were guided by applicable regulatory, security, and data governance principles.



## OPERATIONAL RESILIENCE AND REMOTE WORK ENABLEMENT

The ICT department sustained secure and reliable remote access capabilities throughout the year, supporting the Company's hybrid work arrangements without compromise to security or performance standards. Remote connectivity is primarily facilitated through IPsec VPN infrastructure, which provides staff with encrypted, authenticated access to institutional system from approved remote locations.

Preventative maintenance programmes, redundancy planning, and backup reliability improvements further reinforced operational continuity, ensuring that service disruptions remain minimal and recoverable within acceptable timeframes.

## STAKEHOLDER COLLABORATION AND USER ENABLEMENT

The ICT function maintained active cross-departmental engagement throughout the year, working closely with business units on system planning, requirements definition, workflow alignment, and operational support. This collaborative model ensures that technology decisions are driven by business needs rather than purely technical considerations, and that solutions are fit for the institutional context in which they will operate.

User enablement activities continued to support staff in adapting to existing system and preparing for upcoming technology enhancements. Guidance was provided on system usage best practices, and security-awareness initiatives helped reinforce

a culture of digital responsibility across the organisation.

Vendor and technology partner relationships were managed with a focus on long-term strategic fit, reliability, and compliance. Engagements with technology partners were aligned with the Company's modernisation roadmap, ensuring that external relationships support rather than constrain institutional objectives.

Preventative maintenance programmes, redundancy planning, and backup reliability improvements further reinforced operational continuity, ensuring that service disruptions remain minimal and recoverable within acceptable timeframes.

## SUSTAINABILITY IN ICT



ICT practices during the year incorporated efficiency and resource optimisation as guiding principles, consistent with the organisation's commitment to responsible and sustainable operations. Efforts emphasised infrastructure efficiency, the reduction of manual process dependencies, and greater reliance on digital workflows, all of which contribute to a lower operational footprint and improved environmental sustainability. These practices will be further embedded as the Company transitions towards a more fully digitised operating model.





## OUTLOOK

The 2026 financial year will mark a decisive transition from foundational enablement to structured implementation. Building upon the preparatory work undertaken during the year under review, the ICT department's priorities for the period ahead include:

- Infrastructure deployment and core platform modernisation.
- Expansion of analytics and reporting capabilities to support evidence-based management decision-making.
- Security strengthening, including the continued evolution of identity-centric and monitoring-led cybersecurity frameworks.
- Integration of digital workflows as part of the institution-wide Enterprise Management System (EMS) rollout, in close collaboration with the HR & Administration and other business departments.
- Continued governance strengthening to ensure that technology adoption remains

disciplined, compliant, and strategically aligned.

The ICT department remains vigilant to the evolving cybersecurity landscape and the risks associated with technology obsolescence. Preparedness strategies will continue to emphasise proactive risk management, infrastructure resilience, and governance discipline.

The foundational work of 2025 was not merely preparatory, it was purposeful. Every requirement defined, every control strengthened, and every planning achievement reached has brought PSMFC meaningfully closer to a digital future that is secure, scalable, and strategically sound. The ICT function looks ahead with confidence, grounded in the progress already made and bold in its ambitions for what lies ahead.

# **Legal & Regulatory Compliance**

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The Legal and Compliance function was central to PSMFC’s ability to operate as a trusted, responsible, and well-governed financial institution. In a year guided by the theme **Steadfast in Purpose, Bold in Progress**, the department remained focused on managing legal risk, strengthening compliance practices, and ensuring that the Company’s operations remained within the bounds of applicable laws and regulations. This report presented the key legal developments, compliance findings, risk mitigation activities, and strategic priorities for the financial year ended 31 December 2025.



LEGAL AND REGULATORY DEVELOPMENTS

Case Law: Charles Mwila v NATSAVE [2025] ZMHC 155

The most significant legal development affecting the Company during the financial year was the High Court judgment in Charles Mwila v NATSAVE [2025] ZMHC 155. The Court held that where an individual had opted out of marketing communications, the continued transmission of unsolicited marketing messages to that individual constituted trespass, and the Plaintiff was awarded K30,000.00 in damages.

This judgment carried direct implications for PSMFC’s marketing practices. Although the Company had previously implemented a marketing opt-in framework for clients, in response to this ruling, the marketing team was formally reminded of its strict obligation to engage clients with promotional material only where explicit, documented opt-in consent had been obtained. This proactive measure ensured the Company’s continued compliance with evolving jurisprudence on consumer communications and privacy rights.

“ While the Company was bold in expanding its digital frontiers, it remained unshakeably steadfast in upholding the legal and regulatory frameworks that protected its clients and the nation.

Broader Regulatory Environment

No new legislative or regulatory changes were introduced during the financial year that materially altered the Company’s core compliance obligations. The regulatory environment remained stable, and the Company maintained constructive engagement with its principal regulators, including the Bank of Zambia, the Competition and Consumer Protection Commission (CCPC), the Financial Intelligence Centre (FIC), and other relevant authorities.





## LEGAL AND COMPLIANCE RISKS

### Complaints Handling



The absence of a formalised complaints-handling procedure was identified as the most prominent legal and reputational risk during the year. The lack of a clear, transparent process for managing client complaints resulted in client frustration and escalations to external bodies, including the Competition and Consumer Protection Commission (CCPC) and the Office of the Public Protector. The Company recognised that accessible and effective complaints resolution was a fundamental expectation of any client-

centred financial institution and was also core to treating customers fairly.

The development of a Service Charter and formal Complaints Procedure was actively underway. Once implemented, these instruments would provide clients with a clear and predictable pathway for raising and resolving concerns, and would equip the Company with the governance structures required to manage complaints systematically and in accordance with regulatory expectations.





A notable matter handled during the year involved a claim arising from a fraudulent loan application. The outcome of this case provided an important institutional learning point: where internal policies and procedures were not diligently followed, the Company could

face adverse legal consequences even where third-party fraud was a contributing factor. This case reinforced the critical importance of policy adherence across all client-facing processes and informed the ongoing policy review and staff awareness programme.

## Regulatory Interactions

Regulatory engagements during the year involved the Competition and Consumer Protection Commission, the Anti-Corruption Commission, and the Zambia Police Service, and required mandatory responses to

their respective inquiries. The Company approached all such engagements with full transparency and in a spirit of constructive cooperation, consistent with its obligations as a regulated microfinance institution.

## COMPLIANCE EFFECTIVENESS

The Legal and Compliance Department continued to strengthen the Company's contract management practices through several targeted initiatives during the year:

- Development and deployment of pre-approved template agreements for common third-party arrangements, including cleaning and security services, which reduced legal risk in routine contracting and improved processing efficiency.
- Implementation of a formalised contract workflow, initiated by end-user departments and cascading through

the procurement unit to legal review and execution, which provided structure, accountability, and a clear audit trail for all contractual commitments.

- Introduction of automated triggers and alerts for contract renewal achievements, which mitigated the risk of lapsed or unmanaged contractual obligations.

These improvements laid the groundwork for a more robust and institutionally sound contracting environment, and were slated to be further enhanced by the deployment of the Company's upgraded Enterprise Management System (EMS) in the period ahead.

## AML, DATA PROTECTION AND FINANCIAL CRIME COMPLIANCE

The Company maintained full compliance with its obligations under the Anti-Money Laundering regulations, the Financial Intelligence Centre Act, and the Data Protection Act throughout the financial year. The existing compliance framework in these areas remained adequate and operational, and no additional measures were required to be implemented during the period.

Looking ahead, data protection and privacy compliance is emerging as a heightened

risk area for the 2026 financial year. The increasing prevalence of Artificial Intelligence tools, which are inherently susceptible to generating inaccurate or misleading outputs, introduces novel dimensions of data integrity, confidentiality, and institutional liability that the department will monitor closely. Appropriate policy and governance responses will be developed to address these risks proactively.



## COMPLIANCE MONITORING

Compliance monitoring during the financial year was primarily conducted through random compliance checks. The absence of a formal compliance register remains the principal structural gap in the Company's compliance monitoring framework, as noted by both the Internal Audit function and the Legal and Compliance Department.

The procurement process for the development of a comprehensive compliance register

and accompanying training programme is currently underway. Once in place, the compliance register will provide the department with a systematic, evidence-based tool for monitoring adherence to regulatory and internal governance requirements across all departments, significantly strengthening the Company's overall compliance posture.



## WHISTLEBLOWING

The Company currently does not have a formal whistleblower mechanism in place. The establishment of such a mechanism is recognised as an important governance gap, and the development of a whistleblowing policy and secure reporting channel is planned for the 2026 financial year. This will provide employees and other stakeholders with a safe, confidential means of raising concerns about misconduct, fraud, or non-compliance, strengthening the institution's ethical reporting infrastructure and its overall culture of accountability.

## OUTLOOK

The Legal and Compliance function enters the 2026 financial year with a focused and strategically grounded agenda. Key priorities include:

- Development and deployment of a comprehensive Compliance Policy and Compliance Register, providing the institutional backbone for systematic compliance monitoring and reporting.
- Completion and launch of the Service Charter and Complaints Procedure, addressing a critical client-facing governance gap.
- Upskilling of departmental staff in compliance, data protection, and emerging legal risk areas, with particular emphasis on the implications of the Data Protection Act and AI-related liability.
- Establishment of a formal whistleblowing mechanism as part of the Company's

ethics and accountability framework.

- Alignment of compliance practices with ESG principles, planned for formal integration during the 2026 financial year.
- Leveraging the upgraded Enterprise Management System (EMS) system to enhance contract management, compliance tracking, and legal workflow efficiency.

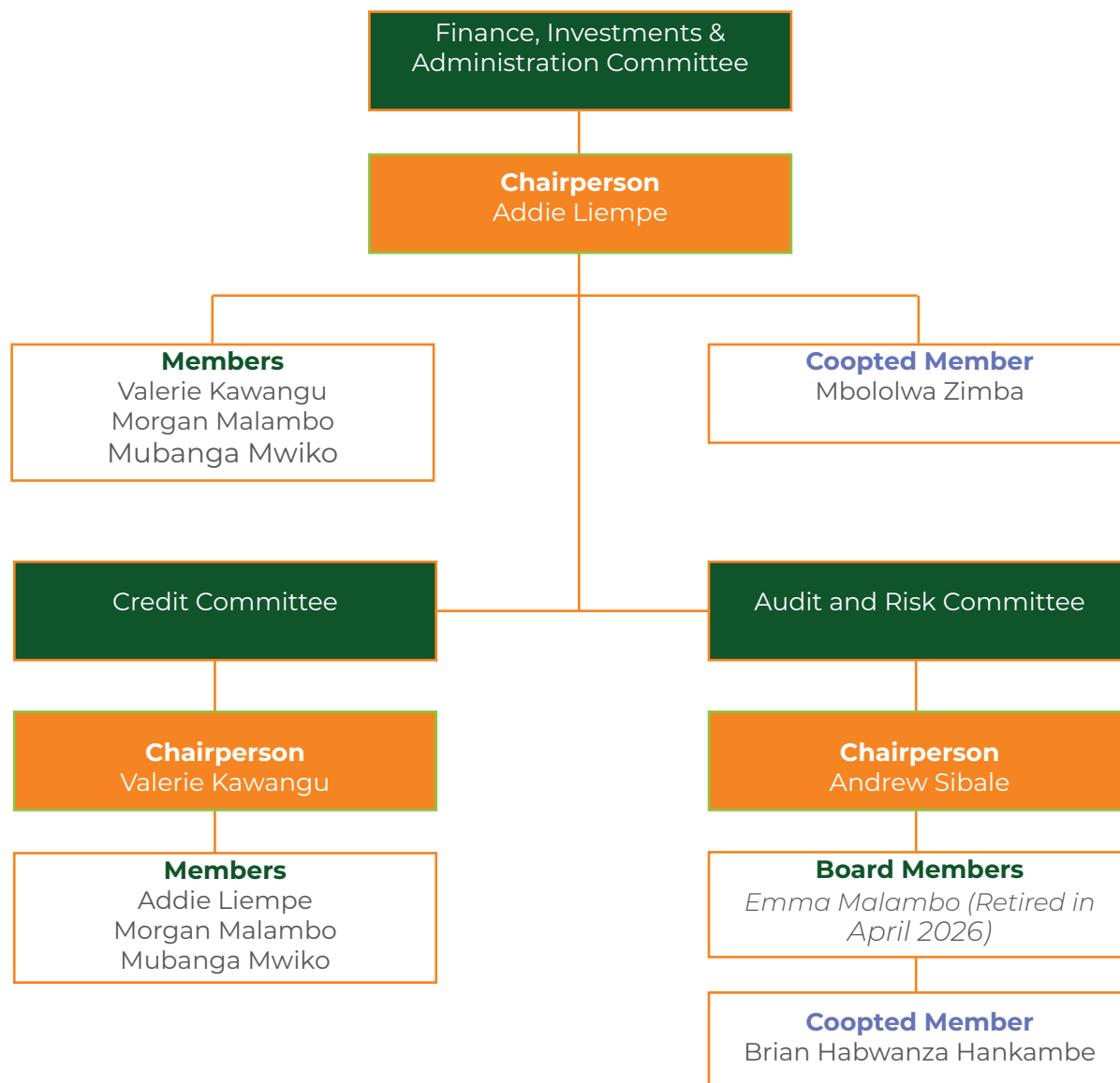
The Legal and Compliance function remains committed to its role as a trusted guardian of the Company's legal integrity and regulatory standing. As PSMFC continues to grow and evolve, the department will ensure that its boldness of progress is always underpinned by a compliance foundation that is robust, responsive, and worthy of the trust placed in the institution by the public service workers it proudly serves.

# Governance

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BOARD OF DIRECTORS



**Chair:**

- Anold Kufanga Imaata

**Members:**

- Emma Malawo (Retired April 2025)
- Mubanga Mwiko (Executive Director)
- Valerie Kawangu
- Addie Liempe
- Andrew Sibale
- Morgan Malambo

**Legend:**

- Board / Committees
- Chairpersons
- Members
- Coopted Members



## 1. Finance, Investments and Administration Committee (FIA)

|                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|----------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chairperson          | Addie Liempe                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Members              | Valerie Kawangu, Morgan Malambo, Mubanga Mwiko                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Coopted Member       | Mbololwa Zimba                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Mandate              | The Finance, Investments and Administration Committee assists the Board in its oversight of PSMFC's financial reporting, investment portfolio, and administrative governance. The committee ensures that the company's financial affairs are conducted prudently and that all its resources are managed and utilised efficiently.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Key Responsibilities | <ul style="list-style-type: none"> <li>• Review and recommend approval of the annual budget, quarterly financial statements, and management accounts to the full Board</li> <li>• Oversee the investment strategy, ensuring deployment of surplus funds in line with the Board-approved investment policy.</li> <li>• Monitor liquidity ratios, capital adequacy, and compliance with regulatory financial limits.</li> <li>• Review and approve the finance and administration policies, including procurement and asset management frameworks.</li> <li>• Receive and review reports on fixed asset management, including disposals and capital expenditure proposals.</li> <li>• Ensure the adequacy of management information systems supporting financial reporting.</li> <li>• Oversees the stewardship of human capital, ensuring the organisation is supported by a competent, adequately resourced, and high-performing workforce commensurate with its strategic objectives</li> </ul> |

## 2. Credit Committee

|                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chairperson          | Valerie Kawangu                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Members              | Addie Liempe, Morgan Malambo, Mubanga Mwiko                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Mandate              | The Credit Committee provides Board-level oversight of PSMFC's core lending function. It ensures that credit is extended responsibly, that the loan book remains healthy, and that the company's credit risk exposure is managed within Board-approved thresholds. As a microfinance institution serving civil servants, the committee has particular regard to affordability, indebtedness levels, and regulatory ceilings on lending.                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Key Responsibilities | <ul style="list-style-type: none"> <li>• Review and recommend to the Board the credit and related policies, including eligibility criteria, loan limits, interest rate structures, and repayment terms.</li> <li>• Oversee the performance of the loan portfolio, including delinquency trends, non-performing loans (NPLs), and recovery rates.</li> <li>• Review and approve credit proposals above the delegated authority thresholds of management.</li> <li>• Monitor Expected Credit Loss (ECL) provisions in accordance with IFRS 9 and assess the adequacy of the loan loss reserve.</li> <li>• Review concentration risk within the loan book by employer, loan product, and geographic profile.</li> <li>• Receive and assess reports on loan recoveries, legal actions, and write-off recommendations.</li> <li>• Review and recommend approval of new loan products prior to launch.</li> </ul> |

| 2. Credit Committee  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Chairperson          | Andrew Sibale                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Members              | Emma Malawo (retired April 2025)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Coopted Member       | Brian Habwanza Hankambe (Coopted)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Mandate              | The Audit and Risk Committee supports the Board in discharging its responsibilities in relation to financial integrity, internal controls, risk management, and compliance. The committee acts as the primary interface with both the internal audit function and the external auditors, ensuring the reliability of financial reporting and the robustness of PSMFC's risk framework.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Key Responsibilities | <ul style="list-style-type: none"> <li>• Oversee the internal audit function, reviewing the internal audit charter, annual audit plan, and all internal audit reports and management responses.</li> <li>• Serve as the liaison between the Board and the external auditors; review the external audit plan, management letter, and audited financial statements before Board approval.</li> <li>• Assess the adequacy and effectiveness of PSMFC's internal controls, risk management systems, and compliance frameworks.</li> <li>• Oversee the enterprise risk management (ERM) framework, including the risk register, key risk indicators, and the risk appetite statement.</li> <li>• Review regulatory examination findings and monitor management's implementation of remediation actions.</li> <li>• Oversee anti-money laundering (AML), counter-financing of terrorism (CFT), and fraud prevention controls.</li> <li>• Assess the independence, performance, and competence of both the internal and external audit functions.</li> <li>• Review and recommend approval of the risk management policy and the compliance monitoring programme.</li> </ul> |





## **Mr. Kufanga A. Imataa**

### Board Member



Mr. Kufanga A. Imataa is a governance and financial management specialist with over 20 years of experience in finance, audit, and management advisory. He is a Fellow Member/Audit Practitioner of the Zambia Institute of Chartered Accountants (ZICA), a Full Member of the Association of Certified Chartered Accountants (ACCA – UK), and holds a Master of Science in Project Management from the University of Bolton (UK) and a Bachelor of Laws (LLB) from the University of Zambia. Mr. Imataa is the Senior Partner and Co-founder of PBIK Corporate Consultancy Limited, a ZICA-registered firm providing audit, tax,

business advisory, risk management, and financial consultancy services. He has served clients across a broad range of sectors including corporate organisations, international and local NGOs, and government institutions. His public sector experience includes roles as Principal Internal Auditor at the Ministry of Health & Provincial Administration (Southern Province) and as Accountant at the University of Zambia (UNZA) and the Cabinet Office. He is a Member of the Institute of Directors Zambia and brings strong expertise in governance, internal controls, financial reporting, and compliance.



## **Mr. Morgan Malambo**

### Board Member



Mr. Morgan Malambo is a human resources and public administration professional with extensive experience in the Zambian public service. He holds a Master of Science in Peace, Leadership and Conflict Resolution from the University of Zambia (in conjunction with the University of Zimbabwe), a Bachelor of Arts Degree in Public Administration and Development Studies from the University of Zambia, and is a Member of the Zimbabwe Institute of Human Resource Management (ZIHRM). Mr. Malambo currently serves as Director – Recruitment and Placement at the Public Service Management Division (PSMD) of the Cabinet

Office, where he oversees the recruitment, selection, placement, and performance management of personnel across the Zambian Civil Service. He has previously held roles including Assistant Director at the Ministry of Information & Broadcasting Services and teacher at the Ministry of Education. He brings strong competencies in organisational management, human resources policy formulation, conflict management, industrial relations, and public sector governance, providing valuable oversight on people management and institutional accountability.





 **Mr. Addie Liempe**

**Board Member**



Mr. Addie Liempe is an experienced banker, consultant, and entrepreneur with over 30 years experience in commercial banking, development finance, financial services, risk management, and business development. He holds a Master of Business Administration (MBA) from Edinburgh Business School, Heriot-Watt University (UK), and is an Associate Member of the Chartered Institute of Bankers (ACIB) UK and a Fellow Member of the Zambia Institute of Banking and Financial Services (AZIBFS).

Mr. Liempe currently serves as a Consultant for the World Bank Group (IDA/IBRD/IFC), where he has supported major financial sector initiatives, including the Zambia Movable Asset Based Lending (MABL) project; the Agribusiness Trade Project (ZATP-2); the Women Entrepreneurs Finance Initiative (We-Fi); the Zambia Credit Guarantee Scheme review; the formulation of

National Financial Inclusion Strategy II; and financial sector reforms with the Ministry of Finance, Bank of Zambia, Securities and Exchange Commission, and the Pensions and Insurance Authority (PIA). He is also a Co-founder and Managing Partner of Enel Capital Solutions Limited, a financial services consultancy firm.

His earlier career includes senior positions at the Development Bank of Zambia (Chief Risk Officer); Zambia National Commercial Bank PLC (Head of Special Assets Management and Head of Credit); and Stanbic Bank Zambia Limited and Barclays Bank of Zambia PLC, where he served in various senior roles. He brings exceptional expertise in risk management, portfolio management, due diligence, financial sector development, and MSME financing.





## Ms. Valerie Kawangu

### Board Member



Ms. Valerie Kawangu is an accomplished legal practitioner with over 15 years of post-qualification experience, having been admitted to the Zambian Bar in 2010. She holds a Bachelor of Laws Degree and a Master of Laws Degree (LLM) from the University of Zambia, as well as a Postgraduate Diploma in Teaching Methodology (Advanced Legal Education) from the University of Lusaka. Ms. Kawangu is a Fellow of the Chartered Institute of Arbitrators (Zambia and UK) and is trained as both a Commercial Mediator and an Adjudicator. She brings extensive expertise in alternative dispute resolution, corporate governance, regulatory and compliance matters, legal advisory, arbitration, mediation, and board governance. She currently serves as Board

Secretary and Legal Counsel at the Zambia National Public Health Institute (ZNPHI) and previously founded and managed her own legal practice, Valerie & Partners. She has also served as Legal Counsel for the Pan African Building Society and as a Research Advocate at the Judiciary of Zambia. Ms. Kawangu served as a Council Member of the Law Association of Zambia from 2022 to 2026 and as a member of the Audit and Risk Committee of Lake Road PTA School from 2022 to 2025 and is a Member of the Audit and Risk Committee of the Competition and Consumer Protection Commission of Zambia. She Volunteers her time with a not-for-profit organisation called action against hunger and other charities.





## Andrew Sibale

### Board Member

Mr. Sibale currently serves as Director of Internal Audit in the Internal Audit Division of Zambia's Ministry of Finance and National Planning, where he oversees audit operations across government institutions and provides strategic leadership in governance, risk management, compliance, and internal controls. Prior to this role, he served as Head of Internal Audit at the Zambia Credit Guarantee Scheme, where he played a key role in developing internal audit charters, annual risk-based audit plans, and comprehensive audit manuals.

Over the course of his career, Mr. Sibale has served on

various Audit Committees and has been actively involved in developing audit policies and governance frameworks, including the Audit Committee Handbook for both Central Government and Local Authorities. He possesses extensive expertise in public financial management, risk-based auditing, fraud and corruption prevention, and institutional capacity building for internal audit functions. His distinguished career reflects a strong commitment to accountability, transparency, and strengthening governance systems within Zambia's public sector.



## Mbololwa Walusiku Zimba

### Coopted Member

Mbololwa Walusiku Zimba is a banking and financial services executive with over 35 years of experience, including more than 12 years in senior leadership. She is currently Head of Premier Banking at First Capital Bank, having previously served as Director – Investment at the Citizens Economic Empowerment Commission (CEEC).

She holds an MBA in Management Strategy from the University of Zambia, a BSc in Financial Services from the University of Manchester, and several professional banking and financial services qualifications.

she has led initiatives that promote financial inclusion, including products and programs supporting women, rural communities, and the Zambian diaspora. She also serves on several governance boards, contributing to financial oversight and institutional development.

Recognized for her strategic leadership, financial expertise, and customer-focused approach, Mbololwa has built a distinguished career driving growth, innovation, and sustainable impact in Zambia's banking and financial sector.

Throughout her career,





## **Brian Habwanza Hankambe**

### **Co opted Board Member**



Mr. Brian Hankambe is a seasoned risk management professional with over a decade of experience in the banking sector, having served within Risk Directorates across several financial institutions since 2010. He holds both a Bachelor's Degree and a Master of Science (MSc) in Business Administration, and is professionally certified in ACL Data Analytics, Operational Risk (Chase Cooper LLP, UK), Certified Enterprise Risk Management, and the Institute of Operational Risk (UK).

Mr. Hankambe has successfully led risk and oversight portfolios spanning financial

markets and securities, IT and operations, business continuity, and investment analysis.

Mr. Hankambe contributes strong expertise in enterprise risk management, governance, and regulatory compliance to the Committee. His extensive expertise in enterprise risk management, governance, and regulatory compliance strengthens the Committee's ability to uphold robust oversight, enhance organizational resilience, and maintain sound risk management practices.



Good corporate governance is the bedrock upon which PSMFC's credibility, accountability, and institutional sustainability are built. In a year defined by the theme Steadfast in Purpose, Bold in Progress, the Company reaffirmed its commitment to the highest standards of governance, strengthening board structures, enhancing accountability frameworks, and deepening the institutional knowledge that

enables sound, ethical decision-making at every level of the organisation.

This report presents the governance activities, board engagements, and strategic governance priorities of the Company for the financial year ended 31 December 2025.



## GOVERNANCE FRAMEWORK AND OVERSIGHT

PSMFC's governance framework is designed to ensure that the Company is directed and controlled in a manner that is transparent, accountable, and aligned with the interests of its shareholder, the Government of the Republic of Zambia, and the public service workers it serves. The Company Secretary's office plays a central role in administering this framework, providing the Board and Executive Management with the governance

infrastructure, documentation, and advisory support necessary to fulfil their respective responsibilities.

Throughout the financial year, the governance function maintained its focus on three core pillars: board effectiveness, management accountability, and institutional compliance with governance best practice.

## BOARD PERFORMANCE CONTRACTS

A significant governance achievement progressed during the financial year was the rollout of performance contracts for the Board of Directors. This framework formalises the performance expectations of Non-Executive Directors, establishing clear accountability benchmarks against which individual and collective board performance can be measured and assessed.

The implementation of board performance contracts represents a meaningful step

towards a more structured and outcome-oriented board governance model, one that moves beyond attendance and procedural compliance towards a genuine culture of director accountability and value delivery. The rollout was ongoing during the period under review, and full implementation is expected imminently. This initiative is expected to strengthen the Board's overall effectiveness and enhance stakeholder confidence in the institution's leadership.

## BOARD ENGAGEMENT AND GOVERNANCE SUPPORT

### Governance Materials and Advisory Support

The Company Secretary's office continued to provide the Board of Directors and the Executive Management Team with comprehensive governance materials throughout the year, including regulatory updates, legal briefings, policy summaries, and board packs prepared to the standard

required for informed and effective decision-making. These materials ensured that directors and senior management were consistently equipped with the information they needed to discharge their fiduciary duties with confidence and competence.

### Strategic Planning Engagement

The Board and Executive Management Team actively participated in a strategy session relating to the Company's Strategic Plan during the financial year. The Company Secretary's office facilitated the governance dimensions of this process, ensuring that the

strategic planning exercise was conducted within an appropriate governance framework and that the outcomes were properly documented and communicated to relevant stakeholders.

### Audit Committee

The Board and Executive Management Team actively participated in a strategy session relating to the Company's Strategic Plan during the financial year. The Company Secretary's office facilitated the governance dimensions of this process, ensuring that the

strategic planning exercise was conducted within an appropriate governance framework and that the outcomes were properly documented and communicated to relevant stakeholders.

## GOVERNANCE OF INFORMATION AND TECHNOLOGY

Recognising that technology governance was an increasingly critical dimension of institutional oversight, the Company invested in COBIT 19 foundations training for core members of the Audit, Legal and Compliance, and ICT departments during the financial year. COBIT 19 is a globally recognised framework for the enterprise governance of information and technology, providing organisations with the tools and principles needed to manage technology-related risks, opportunities, and performance effectively.

This training equipped the institution with a shared conceptual and practical language for technology governance, strengthening the ability of both oversight functions and operational teams to make sound, risk-aware decisions as PSMFC advanced its digital transformation agenda. It also demonstrated the Board and Management's commitment to building institutional governance capacity that was fit for a rapidly evolving technological environment. The Company committed to implementing COBIT 19 in 2026.



## STATUTORY REPORTING AND DISCLOSURE

The Company maintained its statutory reporting and disclosure obligations throughout the financial year in accordance with applicable legal and regulatory requirements. No significant changes to reporting processes or compliance filings were

necessitated during the period under review. The Company Secretary's office continued to ensure that all statutory deadlines were met and that the quality and completeness of disclosures remained consistent with the Company's governance standards.

## ETHICS AND CONDUCT

The promotion of ethical behaviour and a culture of integrity remained a foundational governance priority for PSMFC. Whilst formal ethics training or awareness campaigns were not conducted during the financial year, the department recommended the establishment of an Integrity Committee as a dedicated governance structure for overseeing ethical conduct and adherence to the Company's code of ethics. The establishment of this committee was planned for the period ahead

and was slated to provide the institution with a formal mechanism for monitoring, reporting, and responding to ethical concerns.

Additionally, the development of a formal whistleblowing policy and reporting channel was identified as a priority for the 2026 financial year, providing employees and other stakeholders with a safe and confidential means of raising concerns about misconduct or non-compliance.

## DIGITAL GOVERNANCE TOOLS

The procurement of a Board Management System was planned for the period ahead. Such a system was intended to significantly enhance the efficiency, security, and accessibility of board administration, providing directors with a secure platform for accessing board packs, recording decisions, managing meeting schedules, and maintaining a comprehensive institutional memory of governance activities.

This investment was slated to modernise the Company's governance infrastructure and was consistent with the broader institutional transition towards a digitally enabled operating model. The introduction of the digital system also meant that Board meetings would be paperless, which aligned with the Company's commitment to reduce its environmental footprint.





## OUTLOOK

The governance agenda for the 2026 financial year was ambitious and purposeful. Key priorities included:

- Full implementation of the Board Director performance contract framework, embedding a culture of measurable board accountability.
- Establishment of an Integrity Committee to provide dedicated oversight of ethical conduct and the Company's code of ethics.
- Development and launch of a formal whistleblowing mechanism, strengthening the institution's ethics reporting infrastructure.
- Governance training for Executive Management, deepening leadership understanding of fiduciary obligations and regulatory expectations.
- Procurement and deployment of a Board Management System to modernise and secure board administration.
- Alignment of governance practices with ESG principles, planned for formal integration in the 2026 financial year.
- Replacement of the retired Board member.

PSMFC's governance journey was one of continuous improvement, each year building upon the progress of the last, and each initiative reinforcing the institutional fabric that allowed the Company to pursue its mandate with confidence and integrity. The Company remained steadfast in its commitment to governance excellence as both a regulatory obligation and a mark of the trust placed in it by the public service workers and the nation it served.



# Pictoria, 2025



**Annual General Board Meeting**



**International Trade Fair**





## NAKOWA Visit



## Agriculture & Commercial Show 2025



## Farmers Expo 20





Livingstone Business Expo 2025



Mazabuka Expo 2025



Muchinga Expo 2025





## Solar Construction Works



## Veterinary Association Livingstone 2025



## End Of Year Celebration 2025



# Success Stories

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## Success Story

### ► The Story of Mr. Central Muhuman Bozi

Mr. Central Muhuman Bozi is a man of dual leadership. By day, he serves as the Head Teacher for H Pippo Secondary School in Central Province; by after-hours and weekends, he is the visionary behind a thriving five-hectare “Cosmo Farm”. His journey from rain-dependent struggle to a diversified “Service to Enterprise” success story serves as a blueprint for public servants across Zambia.



#### THE CHALLENGE

**The Limitations of Rain:** Before partnering with PSMFC, Mr. Bozi faced the common hurdles of traditional Zambian agriculture:

- ✍ **Climate Vulnerability:** Reliance on seasonal rainfall meant constant battles with droughts and unpredictable weather patterns.
- ✍ **Limited Land Utility:** On a small five-hectare plot, traditional crop cultivation like maize provided minimal returns.
- ✍ **Financial Pressure:** The uncertainty of seasonal harvests created a constant state of financial “pressure”.



#### THE TURNING POINT: A STRATEGIC PIVOT

When Mr. Bozi approached PSMFC, he initially intended to purchase a second-hand tractor. However, through professional consultation with PSMFC staff, he pivoted to a more lucrative asset combination: a Hammer Mill, a Dehuller, and a Water Pump.

***“I had a wonderful experience because they were so welcoming. Someone there advised me that a tractor may not be as helpful as a Hammer Mill and Dehuller would be. I bought that idea and applied. Within two weeks, I had the equipment.”*** Mr. Bozi



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“I had a wonderful experience because they were so welcoming. Someone there advised me that a tractor may not be as helpful as a Hammer Mill and Dehuller would be. I bought that idea and applied. Within two weeks, I had the equipment.” - Mr. Bozi

### The Multiplier Effect: Integrated Success

Mr. Bozi has leveraged his PSMFC loans to create a highly integrated, circular farming ecosystem:

**Drip Irrigation & Horticulture:** By moving away from rain-dependence, he currently manages 3,000 tomato plants. He estimates that while 500 plants yielded ZMW 15,000 in previous trials, his current scale will far exceed traditional maize returns.

**Productive Machinery:** His three-in-one milling shed (Hammer Mill, Dehuller, and Millimeter) generates consistent cash flow. During peak seasons (May–September), the equipment generates no less than ZMW 2,000 per week.

**Livestock Integration:** He uses the by-products from his Dehuller and Oil Pressing machine to create supplemental feed for his sheep, goats, cattle, and steers.

**Value Addition:** By adding an oil pressing machine, he produces sunflower cake, further reducing costs and increasing the health of his livestock.

#### Household & Social Impact

The investment has secured more than just a farm; it has secured a family's future:





✍ **Education Security:** Mr. Bozi supports six children, one at university and two at private schools, without financial “pressure,” paying fees on time through farm profits.

✍ **Legacy & Employment:** The farm employs three garden workers and two machinery operators. Crucially, his sons assist with

the activities, gaining entrepreneurial skills that safeguard them against a saturated job market.

✍ **Retirement Readiness:** Mr. Bozi views his farm as a “training ground.” By the time he receives his retirement package, he will already be an experienced commercial farmer.



Financial Snapshot of the Success

| Metric                | Detail                                                     |
|-----------------------|------------------------------------------------------------|
| Initial Loan          | Approx. ZMW 64,000 (2021/22)                               |
| Monthly Repayment     | Approx. ZMW 1,054                                          |
| Weekly Revenue (Peak) | Over ZMW 2,000/week from Milling                           |
| Productive Shift      | 500% increase in tomato plant capacity (from 500 to 3,000) |





*“We shouldn’t wait for the package.  
You have no energy then to work  
around and supervise people. Better  
when you still have energy... and  
when you are paying back, you don’t  
even feel it, because the interest rate  
is the lowest in the nation.”*





## ► *The Story of Mr. Kawewa Marumo*

Mr. Kawewa Marumo is a dedicated teacher at Kasenga Girls Secondary School and a passionate “desert farmer.” His journey is a testament to how the PSMFC Livestock Loan can serve as a “savior” and a financial catalyst for public service workers across Zambia.



### THE CHALLENGE

Before partnering with PSMFC, Mr. Marumo faced significant hurdles in expanding his agricultural ambitions:

**Financial Constraints:** He lacked the necessary capital and resources to grow his herd to a commercial scale.

**Reliance on Salary:** As a civil servant, he realized that depending solely on a monthly salary was insufficient for long-term sustainability.

**Market Barriers:** Traditional commercial banks offered high interest rates that would have made repaying a livestock loan nearly impossible over a short period.



### THE CHALLENGE

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**Market Barriers:** Traditional commercial banks offered high interest rates that would have made repaying a livestock loan nearly impossible over a short period.





### The Opportunity: A Strategic Blessing

Mr. Marumo's transformation began in 2023 when he encountered PSMFC officials during an Examinations Council of Zambia meeting. The real "game changer" came in 2025 when he witnessed the signing of a Memorandum of Understanding (MoU) between PSMFC and Siafwa Farms.

*"I considered that as a blessing. I felt God located me to attend that meeting... The paperwork only took about two weeks. The whole consignment was delivered within a space of two weeks,"* Mr. Marumo

### The Multiplier Effect:

Massive Increment and Integration  
By securing a head of 30 heifers and two pure Brahman bulls, Mr. Marumo has transformed his farm into a thriving enterprise:

#### Herd Expansion:

His herd has grown from approximately 25 animals to nearly 80 cattle. The 30 heifers he received arrived pregnant, leading to a massive increment in calves (24 calves currently on the farm).

#### Revenue from Milk:

The farm generates consistent income through milk sales. He estimates that with prudent management, the cattle are capable of raising up to ZMW 20,000 from milk alone, which helps cover loan repayments.

### Organic Support for Horticulture:

The cattle provide plenty of manure, which supports his irrigation scheme at Kasenga, creating a circular and sustainable farm model.

**High-Pedigree Breeding:** By acquiring pure Brahman bulls, he is improving the pedigree and market value of his future livestock.

Household & Social Impact  
The livestock loan has empowered Mr. Marumo's household and extended family:

**Financial Empowerment:** He no longer depends on his salary alone. He projects that in a single year, his enterprise could generate as much as ZMW 500,000 through the sale of heifers and milk.

**Family Wellbeing:** The income from milk sales ensures his nephews are well-cared for, looking "appealing and very smart."

**Sustainability:** The farm has become a sustainable source of strength, ensuring financial security for his family in the near future.

A Message to Fellow Public Servants  
Mr. Marumo views the PSMFC facility as a "giveaway" compared to the high-interest commercial market:





*“Imagine government through PSMFC giving an asset loan at only 9%... If I had acquired this from a commercial bank, it would have taken me 10 years to pay back. Here, I’ll be able to repay the loan within two or three years.”*



### Financial Snapshot of the Success

| Metric                   | Detail                                           |
|--------------------------|--------------------------------------------------|
| Asset Acquired           | 30 Heifers & 2 Pure Brahman Bulls                |
| Loan Interest Rate       | 9% (Market-low for asset loans)                  |
| Herd Growth              | From 25 to approx. 80 animals                    |
| Potential Annual Revenue | Up to ZMW 500,000 (Projected)                    |
| Repayment Status         | Very manageable through milk and livestock sales |

# Forward in Purpose: --- Operational Outlook



The 2025 financial year was defined by decisive action, purposeful growth, and an unwavering commitment to the welfare of Zambia’s public service workers. The PSMFC Operations has anchored its work in the strategic theme of the year, Steadfast in Purpose, Bold in Progress, translating that ambition into measurable outcomes across lending, service delivery, digital innovation, and stakeholder engagement.



## Operational Highlights

### Key Achievements



The 2025 financial year was one of historic achievements for PSMFC’s operations. The Company remained steadfast in executing its mandate, delivering a set of achievements that reflect both scale and impact:

- ✍ Active loan book surpassed the ZMW 982 million mark, a landmark threshold that underscores the confidence public service workers place in PSMFC.
- ✍ Launched the Professional and Trade Tools Loan Scheme, a new product enabling public service workers to acquire professional and trade tools for entrepreneurial activity, thereby supporting livelihood diversification.
- ✍ All agricultural input loan applications received during the season were processed on time, ensuring PSMFC’s beneficiaries could participate fully in rain-fed agriculture.
- ✍ All complete asset loan applications received were processed within the same quarter, demonstrating responsiveness and operational discipline.
- ✍ Expanded renewable energy financing in response to the national load management challenge arising from limited hydroelectricity generation capacity, a bold response to an extraordinary operating environment.

### Excellence



Two strategic collaborations significantly advanced the Company’s collections performance and broadened access to services:

- ✍ A formal partnership with TransUnion (Credit Reference Bureau) strengthened credit risk management and bolstered loan recovery efforts.
- ✍ Collaboration with the Road Transport and Safety Agency (RTSA) enhanced traceability and enforcement capacity in collections.

### Geographic Reach



PSMFC disbursed loans to public service workers across all 116 districts in Zambia, reinforcing its national footprint. While no new districts or provinces were established during 2025, the consistency of service delivery across existing locations demonstrated the Company’s capacity to sustain broad-based access without geographical gaps.

## 2. Product and Service Development

### New Offering: Professional and Trade Tools Loan Scheme

In 2025, PSMFC introduced the Professional and Trade Tools Loan Scheme, a product born from a clear recognition that public service workers have aspirations beyond their primary employment. The scheme enables beneficiaries to acquire the tools necessary to engage in skilled trades and small enterprises, directly supporting economic empowerment and improved household incomes.

The product is fully aligned with PSMFC's mandate: to enhance the livelihoods of public service workers through accessible, purpose-driven financial solutions. In a year characterised by economic headwinds, the launch of this product exemplified boldness in service of a steadfast purpose.

### Digital Transformation

PSMFC made meaningful strides in digitalising its client interface during 2025. Clients could engage with the Company through multiple digital channels including WhatsApp, Facebook, email, the company website, and bulk SMS. The most significant operational impact was the enablement of online application submissions, which reduced the time from form completion to submission by eliminating the need for

clients to travel to branch locations. Looking forward, the acquisition of a Customer Relationship Management (CRM) system was initiated during the year, an investment that will deepen PSMFC's ability to track, manage, and respond to client needs with greater precision and agility.

## 3. Service Delivery

### Efficiency Metrics

PSMFC maintained clear internal turnaround benchmarks for its key operational processes in 2025:

| Process                              | Lead Time     |
|--------------------------------------|---------------|
| Asset loan disbursements             | 21 days       |
| Collections / Recoveries             | Monthly cycle |
| Client onboarding (account creation) | 1 day         |

These metrics reflect a sustained effort to reduce friction across the client journey. Staff engagement initiatives and cross-departmental collaboration supported

improvements in process speed and accuracy. The initiated CRM acquisition will further enhance these metrics in the coming year.

### Capturing and Acting on Client Feedback

PSMFC employed a multi-channel approach to gathering client feedback, using suggestion boxes, Facebook, email, and WhatsApp. Critically, client feedback was

institutionalized as a standing agenda item at executive management meetings, ensuring that insights from the field consistently inform decision-making at the highest level.

## 4. Operational Challenges and Responses

Steadfastness in purpose demands honest acknowledgement of obstacles. In 2025, the Operations Department encountered the following challenges and responded with resolve:

### Liquidity Constraints

Demand for personal loans outpaced available funds during certain periods. The Department responded by intensifying collections efforts and engaging the

Company's shareholder to make partial payment of outstanding unpaid share capital, thereby broadening the lending base.

### Loan Recovery

A structured approach to loan recovery was implemented, including:

✍ Collaboration with TransUnion (Credit Reference Bureau) and RTSA for borrower tracing and enforcement support.

✍ Requirement for State-Owned Enterprises (SOEs) to submit payroll deductions by the 10th of the following

month.

✍ Introduction of interest charges on delayed remittances (excluding GRZ payrolls) to incentivise timely compliance.

## 5. Sustainability in Operations

### Environmental Stewardship

PSMFC took a forward-looking step toward reducing its environmental footprint by exploring the introduction of a Loans on Phone platform. This initiative, currently under consideration, aims to digitise the lending

process end-to-end, significantly reducing reliance on paper-based documentation and supporting the Company's commitment to sustainable operations.

### Governance and Regulatory Compliance

The Operations Department maintained full adherence to all applicable policy and regulatory documents throughout 2025. Compliance is subject to independent review by the Audit and Risk Department,

providing an additional layer of assurance to the Board and stakeholders that operations are conducted within an appropriate governance framework.





Operational risk identification, assessment, and mitigation followed the PSMFC Risk Management Framework. Key risks managed during the year included:

| Risk                  | Mitigation Measure                                                   |
|-----------------------|----------------------------------------------------------------------|
| Liquidity Risk        | Enhanced collections; shareholder engagement on unpaid share capital |
| Default / Credit Risk | Rigorous credit risk assessment; Credit Reference Bureau integration |
| Fraud Risk            | Strengthened Know Your Customer (KYC) processes                      |

## 6. Stakeholder Engagement

### Client Engagement and Outreach



PSMFC maintained an active presence in public fora to disseminate product information and deepen awareness of its services. Key outreach activities during 2025 included participation in:

- ✍ Radio and television broadcasts
- ✍ Trade and Investment Expos
- ✍ The Zambia International Trade Fair (ZITF)
- ✍ The Agricultural Consultative Forum of Zambia (ACSZ)
- ✍ A Back-to-School campaign promoting the Short-Term Cash Solution (STCS) loan via
- ✍ bulk SMS, targeting public service workers at a critical point in the school calendar.

### Community Impact



PSMFC's commitment to social responsibility was demonstrated through contributions made to Roma Girls Secondary School, reflecting the Company's belief that progress must be shared with the communities it serves.

| Province   | Primary Product Uptake                 | Strategic Economic Alignment             |
|------------|----------------------------------------|------------------------------------------|
| Lusaka     | BYOD / Professional Tools              | Digital Transformation & Service Economy |
| Copperbelt | Motor Vehicle / Personal Loans         | Trade, Logistics, and SME Support        |
| Central    | Agricultural Assets / Solar Irrigation | Agribusiness and Food Security           |
| Southern   | Livestock/Renewable Energy             | Climate-Resilient Agriculture            |
| Muchinga   | Building Materials / Hammer Mills      | Rural Infrastructure & Industrialization |
| Western    | Solar Pumps / Personal Loans           | Small-Scale Irrigation & Social Welfare  |

## 7. Future Outlook: 2026 and Beyond



### Operational Priorities for 2026

Building on the gains of 2025, the Operations Department has set ambitious and client-focused targets for 2026:

- ✍ Process and disburse all asset loan applications within the validity period of the relevant quotation.
- ✍ Process Short-Term Cash Solution (STCS) applications within 48 working hours.
- ✍ Process all client refund claims within 10 days of receipt. Achieve timely and consistent responses to client queries across all channels.

### Innovation Pipeline

PSMFC's boldness will be expressed through a pipeline of technology investments that will transform its operational architecture:

- ✍ **Core Banking System upgrade**, to enhance processing capability, data integrity, and reporting.
- ✍ **Loans on Phone**, a mobile lending solution designed to extend PSMFC's reach and reduce friction for clients in remote locations.
- ✍ **Customer Relationship Management (CRM) system**, to centralise client data, improve service tracking, and enable data-driven decision-making.

### Resilience and Business Continuity

PSMFC recognises that operational continuity is a governance imperative. The Department has Business Continuity Processes in place and is working toward establishing a formal partner arrangement that would allow

operations to continue uninterrupted in the event that the Company's primary offices become unusable.



*Our achievement of a **ZMW 982 million** loan book is not just a Lusaka success story; it is a story of 116 districts moving together toward economic independence.*

*Head of Operations.*





# Report and Financial Statements

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For The Year Ended 31st December 2025





REPORT OF THE DIRECTORS  
*Amounts in Zambian Kwacha*

The Board of Directors of Public Service Micro Finance Company Limited present their report together with the audited financial statements for the year ended 31<sup>st</sup> December 2025.

1. Principal Activities

Public Service Micro Finance Company was established in March 2013 with the exclusive focus to provide short, medium and long-term loans to the public service employees within the Republic of Zambia. It is wholly owned by the Government of the Republic of Zambia and is under the direct oversight of the Ministry of Finance. As a result of its ownership and focus, it is exempt from requiring registration and licensing by the Bank of Zambia ("BoZ").

The principal place of business is:

Plot No.441A/57,  
Zambezi Road, Roma Township  
P.O Box 50857  
Lusaka  
Zambia

2. Accounting Framework

Because the Company is government owned and controlled (a publicly accountable entity), and is a financial institution, it is ineligible to apply the *Zambian Financial Reporting Standard for Micro and Small Entities ("Zambian FRS for MSEs")* nor the IFRS for SMEs. The Company's management has therefore continued to apply the full IFRSs.

3. Capital and Resources

|                           | 2025          | 2024          |
|---------------------------|---------------|---------------|
|                           | ZMW           | ZMW           |
| Issued Share Capital      | 1,500,000,000 | 1,500,000,000 |
| Retained Earnings         | 97,441,894    | 66,864,808    |
| Government Grant Balances | -             | -             |

REPORT OF THE DIRECTORS (CONTINUED)  
Amounts in *Zambian Kwacha*

4. Key Results and Disclosures

|                                      | 2025        | 2024       |
|--------------------------------------|-------------|------------|
|                                      | ZMW         | ZMW        |
| <b>Operating Results</b>             |             |            |
| Operating Income                     | 109,742,938 | 97,690,136 |
| Profit Before Tax                    | 34,982,115  | 28,466,011 |
| Staff Costs                          | 43,671,189  | 41,122,007 |
| Charitable Donations                 | NIL         | NIL        |
| <b>Fixed Assets</b>                  |             |            |
| Acquisitions at Cost                 |             |            |
| Land & Buildings                     |             | -          |
| Office & Computer Equipment          | 4,737,581   | 1,046,970  |
| Furniture & Fittings                 | 156,561     | 83,265     |
| Capital Work in Progress (Additions) | -           | 22,196     |
| Capital Work In Progress (Transfers) | 9,033,368   | -          |
| Disposals (carrying amount)          | NIL         | NIL        |

5. Business Review

(a) *Activities*

The company is mandated to provide loans only to the public service employees (individuals). The customer base is exclusively public service employees.

(b) *Products*

Principally, the Company offers the following individual loan products:

- (i) **Personal Loan product:** Short to medium term loan facility. The applicable interest is 5% per annum amortised over the term of the loan, ranging from 6 to 60 months for loans from ZMW5,000 to ZMW80,000.
- (ii) **Public Service Housing Loan Scheme:** Long term secured loan facility. The product was taken over from the Zambia National Building Society ("ZNBS"), which had been acting on behalf of the GRZ. The property acquired under the scheme is mortgaged until full settlement of the sum advanced. The applicable interest rate is simple interest of 15% over the term of the loan. The term of the loan ranges from 5 to 20 years.



REPORT OF THE DIRECTORS (*CONTINUED*)  
*Amounts in Zambian Kwacha*

- (iii) **Short Term Cash Solution:** The product is designed to enable public service workers meet immediate short term financial needs. The loan facility ranges from K1,000 to ZMW150,000 with interest rates at 10% for 6 months.
- (iv) **Motor Vehicle Loan:** Designed to enable workers access duty-free brand-new motor vehicles of their choice, from renowned motor vehicle dealers. The interest rate per annum is at a competitive 15% and can be repaid up to seven (7) years
- (v) **Agricultural Asset Plus Loan Scheme:** Designed to enable public service workers access Agricultural assets. Interest rates are at 9% per annum and can be repaid up to seven (7) years
- (vi) **Bring Your Own Device Loan Scheme:** The product provides Public Service workers access to brand new devices of their choice from all renowned dealers. Interest rates are at 15% per annum and can be repaid up to three (3) years.
- (vii) **Building Materials Loan Scheme:** The loan scheme is targeted on the provision of finance facilities for Public Service workers looking to acquire building materials from reputable suppliers. Interest rates are at 15% per annum and can be repaid up to five (5) years.
- (viii) **Household Furniture Loan Scheme:** The product provides Public Service workers access to brand new household furniture of their choice from all renowned dealers. Interest rates are at 15% per annum and can be repaid up to three (3) years.
- (ix) **Domestic Tourism Loan Scheme:** The loan scheme enables Public Service workers access to loans to undertake tourism in various parts of the country. The Interest rates are at 12% per annum and can be repaid up to five (5) years.

(c) *Capital Management*

PSMFC is not required to comply with regulatory capital requirements of the Bank of Zambia ("BoZ") and maintains its capital in the ordinary manner prescribed for non-BoZ regulated entities.

(d) *Liquidity*

The liquidity pool held by the Company increased to ZMW84.270million as at 31<sup>st</sup> December 2025 from ZMW32.156million at the end of 2024.

(e) *Risk Factors*

The Company's future performance and results could be materially different from expected results depending on the outcome of certain potential risks and uncertainties. The reported results of the

**REPORT OF THE DIRECTORS (CONTINUED)**  
*Amounts in Zambian Kwacha*

Company are also sensitive to the accounting policies, assumptions and estimates that underlie the preparation of its financial statements. Details of the Company's critical accounting policies and key sources of accounting judgments are included in the Accounting Policies on Pages 22 to 37.

The Company's approach to risk management, including its financial risk management objectives and policies and information on the Company's exposure to price, credit, liquidity, and cash flow risk, is discussed in the Risk Management section in Statement 8 below.

**6. Going Concern**

The Company's business activities and financial position, the factors likely to affect its future development and performance and its objectives and policies in managing the financial risks to which it is exposed, and its capital are discussed in the Business Review above. The risk factors which could materially affect the Company's future results are set out in Business Review and in Statement 7 below. The Company's risks are detailed in Accounting Policy 9 and in Note 16. The funding and liquidity risk analysis in Note 19 describes the Company's funding and liquidity profile. Having reviewed the Company's profiles and other relevant evidence, the Directors are of the view that, based on results, asset qualities and support from GRZ, they have a reasonable expectation that the Company will continue in operational existence for the foreseeable future. Accordingly, the financial statements of the Company have been prepared on a going concern basis.

**7. Principal Risk Factors**

*(a) Loan Management System*

The loan application process is maintained with the Bankers Realm Core Banking System. This is a web-based banking system with an MSL SQL database backend that manages the loan management. It is fully integrated with the general ledger modules thereby ensuring single point of data update all the way to the general ledger. The system was deployed in February 2019 at which point all product data was migrated from the legacy systems Sage Evolution for the General Ledger and a custom-made Ubuntu loan Management System.

The risks that exist are the possible omission, overstatement, or understatement of loans due to the migration from the legacy systems as well as errors or omission in the administering of loans during the year.

*(b) Retail Credit, Liquidity and Operations Risk*

Details of credit risk, liquidity risk and operations risk are detailed in Note 19 to the financial statements.

REPORT OF THE DIRECTORS (*CONTINUED*)  
*Amounts in Zambian Kwacha*

(c) *Regulation and Supervision*

The Banking and Financial Services Act (“BFSA”) 2017 and Micro Finance Regulations (“MFR”) 2006 provide a permanent regime to allow the Bank of Zambia to supervise banking and micro-financial institutions in Zambia. The Company is however exempt from supervision by the BoZ due to its specific market focus and is thus not required to comply with both laws and regulations and various statutory instruments issued for supervision and regulation of the financial sector in Zambia.

8. Risk Management and Control

As explained in Statement 7 above, the Company, through its normal operations, is exposed to a number of risks, the most significant of which are credit, liquidity and operational risks.

The Directors have approved policies to mitigate the above risks by introducing controls that are designed to safeguard the Company’s assets. The Company’s risk management objectives, policies and strategies are disclosed in Accounting Policy 9 to the financial statements. Exposures are discussed in Note 19 to the financial statements.

9. Compliance

The Company has an Audit, Risk and Compliance Committee whose responsibility is to monitor compliance with the regulatory environment and the various internal control processes and procedures.

10. Operations and Human Resources

(a). Structure of Operations

The Company has 6 Departments which are headed by a director who reports directly to the Chief Executive Office:

Departments

- Finance
- Human Resource and Administration
- Operations
- Audit and Risk
- Legal Services and Compliance
- Information and Communication Technology



REPORT OF THE DIRECTORS (*CONTINUED*)  
*Amounts in Zambian Kwacha*

(b). Management

The Company is headed by the Chief Executive Officer and operations are overseen by heads of directorates and departments who report directly to the CEO.

| <u>Name</u>        | <u>Position</u>                                                                    |
|--------------------|------------------------------------------------------------------------------------|
| Mubanga Mwiko      | - Chief Executive Officer                                                          |
| Clement Lwandamina | - Chief Financial Officer ( <i>surrendered back to Public Service 27/02/2026</i> ) |
| Musonda A Masase   | - Acting Chief Financial Officer ( <i>acting from 27/02/2026</i> )                 |
| Musoli W Kanganja  | - Director - Human Resource and Administration                                     |
| Kamona Akapelwa    | - Director - Legal and Compliance                                                  |
| Sydney Siluonde    | - Director - Operations                                                            |
| Patson Banda       | - Acting Director - Audit and Risk                                                 |
| Paul C Haambote    | - Acting Chief Information Officer                                                 |

The directors report directly to the Chief Executive Officer and manage individual officers as described in the company organogram.

(c). Staff Costs

Total staff costs during the year were ZMW43.671million (2024: ZMW41.122million) (Note 4). Bonuses consisting of 13<sup>th</sup> cheques amounted to ZMW1.759million (2024: ZMW1.693million)

11. Directors

(a) *Identities*

The Company's Board of Directors during the financial year were as follows:

| <u>Name</u>     | <u>Constituency</u>                         |
|-----------------|---------------------------------------------|
| Addie Liempe    | - Banker                                    |
| Andrew Sibale   | - Ministry of Finance and National Planning |
| Valerie Kawangu | - Legal Practitioner                        |
| Kafunga Imataa  | - Accountant (Board Chairman)               |
| Emma M. Malawo  | - Ministry of Labour and Social Security    |
| Morgan Malambo  | - Public Service Management Division        |
| Mubanga Mwiko   | - Public Service Micro Finance Company      |

REPORT OF THE DIRECTORS (*CONTINUED*)  
*Amounts in Zambian Kwacha*

*(b) Directors' Interests*

No interests were held in the capital of the Company during the year to 31<sup>st</sup> December 2025 (2024: Nil).

*(c) Directors' Emoluments and Interests*

Board emoluments amounting to ZMW428,515 were paid during the year (2024: ZMW21,500).

12. Dividends

The Company declared and paid dividends amounting to ZMW3,987,071 (2024: ZMW745,761) to its shareholder the Government of the Republic of Zambia through the Ministry of Finance and Natural Planning.

13. Related Party Transactions

The Company has a common enterprise relationship with the Ministry of Finance of the Government of the Republic of Zambia. Other related party relationships and material balances that the Company has with its related parties are listed in Note 20 to the financial statements. There were no significant loans to insiders.

14. Post Balance Sheet Events

There has not arisen since the end of the year any transaction or event of a material and unusual nature likely, in the opinion of the Directors, to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial periods.

15. Auditors

In accordance with the provisions of the Articles of Association of the Company, the auditors, Messrs iABC Associates, will retire as auditors of the Company at the forthcoming Annual General Meeting. In terms of Section 257(3) of the Companies Act, iABC Associates are not eligible for reappointment, having served for a period of six years.

REPORT OF THE DIRECTORS (*CONTINUED*)  
*Amounts in Zambian Kwacha*

16. Acknowledgements

Thanks, and appreciations are extended to all our staff, service providers, public service workers, shareholders, and all stakeholders for their continued support in the realisation of the Company's corporate objectives, mission and vision.

On behalf of the Board:

Date: 10/06/2026

Chief Executive Officer: \_\_\_\_\_



Board Chairperson: \_\_\_\_\_







# iABC ASSOCIATES

## INDEPENDENT AUDIT REPORT

TO THE SHAREHOLDERS OF PUBLIC SERVICE MICRO FINANCE COMPANY LIMITED

### Opinion on Financial Statements

We have audited the financial statements of the Public Service Micro Finance Company Limited ('the Company' or 'PSMFC'), which comprise the statement of financial position as at 31<sup>st</sup> December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is the Companies Act and International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

In our opinion, the financial statements present fairly, in all material respects, the financial position of Public Service Micro Finance Company Limited ('the Company') as at 31<sup>st</sup> December 2025, and its financial performance and their cash flows for the year then ended.

### Separate Opinion in relation to IFRS as issued by the IASB

The Company has prepared Financial Statements that comply with IFRS as issued by the IASB. In our opinion, the Financial Statements comply with IFRS as issued by the IASB.

### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ('ISAs'). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity within the meaning of relevant ethical requirements and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

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

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Web: www.iabc.co.zm

Office: Lusaka

## INDEPENDENT AUDIT REPORT

| Key Audit Matter                                                                                                                                                                                                                                                                                                                            | How Our Audit Addressed the Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Loan Portfolio Quality and Credit Risk Management</b>                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <p>The loan portfolio quality and credit risk management are key matters in the audit of Public Service Microfinance Company Limited. The company's gross loan book amounts to ZMW982.358million, and there is key interest in the quality of the loan portfolio, recoveries, and effectiveness of the customer on-boarding procedures.</p> | <p><b>Loan portfolio assessment</b></p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the company's loan portfolio and reviewed the credit risk management policies and procedures in place.</li> <li>• We selected a sample of loans and assessed the quality of the loan portfolio by considering the loan terms, interest rates, repayment schedules, and the borrower's ability to repay.</li> <li>• We tested the accuracy and completeness of the loan portfolio by tracing the loan balances to the general ledger and supporting documentation.</li> <li>• We assessed the appropriateness of the loan loss provision by recalculating the expected credit loss (ECL) using our own models and comparing it to the amount recognized in the financial statements.</li> </ul> <p><b>Recoveries</b></p> <ul style="list-style-type: none"> <li>• We reviewed the company's policies and procedures for handling recoveries and assessed the adequacy of the provisions made for recoveries.</li> <li>• We tested a sample of recoveries to ensure that they were appropriately recorded, and supporting documentation was available.</li> <li>• We assessed the adequacy of the descriptions provided by customers when making transfers and whether they were sufficient to enable the company to identify and allocate the recoveries to the correct accounts.</li> </ul> <p><b>Loans with balances exceeding the amount disbursed.</b></p> <ul style="list-style-type: none"> <li>• We selected a sample of loans with balances exceeding the amount disbursed and investigated the reason for the excess balance.</li> <li>• We assessed whether the excess balances were due to interest accruals, fees, or any other valid reason.</li> </ul> |

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | How Our Audit Addressed the Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <ul style="list-style-type: none"> <li>We tested the accuracy of the balances by tracing them to the general ledger and supporting documentation.</li> </ul> <p>Loans with no recoveries</p> <ul style="list-style-type: none"> <li>We selected a sample of loans with no recoveries and investigated the reason for the lack of recoveries.</li> <li>We assessed whether the loans were still viable and whether any additional steps were required to recover the outstanding amounts.</li> <li>We tested the accuracy of the balances by tracing them to the general ledger and supporting documentation.</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Expected Credit Losses (ECL) on Loans and Advances to Customers</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <p>Public Service Microfinance Company Limited (PSMFC) offers salary-based loans primarily to public service workers in Zambia. The assessment of Expected Credit Losses (ECL) for these loans is a significant area of judgment, particularly given the manual nature of the loan application and ECL calculation processes, and, therefore, a key audit matter. PSMFC employs an ageing analysis of loans, incorporating macroeconomic factors to estimate ECL, in accordance with the simplified approach under <i>IFRS 9</i>. The Board holds the responsibility for approving the ECL models and underlying assumptions. The manual processes inherent in both loan application and ECL computation introduce potential risks of human error and inconsistencies, which could materially impact the financial statements</p> | <ul style="list-style-type: none"> <li>We assessed the appropriateness of PSMFC's ECL calculation methodology, ensuring its alignment with the simplified approach prescribed by <i>IFRS 9</i>. This involved evaluating the ageing analysis and the incorporation of relevant macroeconomic factors.</li> <li>We examined the historical loan performance data used in the ECL calculations to verify its accuracy and completeness. This included reconciling the data to source documents and assessing its relevance to current loan portfolios.</li> <li>We evaluated the macroeconomic factors considered in the ECL model, assessing their reasonableness and consistency with external economic forecasts. We also considered the sensitivity of the ECL estimate to changes in these factors.</li> <li>Given the manual nature of the loan application and ECL calculation processes, we tested the design and implementation of relevant controls to identify and mitigate risks of material misstatement due to human error. This included observing the processes, conducting walkthroughs, and testing a sample of loan applications and ECL calculations for accuracy and consistency.</li> </ul> |



## INDEPENDENT AUDIT REPORT

| Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | How Our Audit Addressed the Key Audit Matter                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <p>We performed detailed testing on a sample of loans to verify the accuracy of loan classifications, the application of the ageing analysis, and the appropriateness of the ECL calculations. This involved recalculating ECL for selected loans and comparing the results with the company's estimates.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Property Plant and Equipment Measured under the Revaluation Model</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <p>The valuation of property plant and equipment, including the assumptions and methods used, and the recognition and reasonableness of any impairment losses, is a key audit matter. This is because the carrying amount of the assets is based on their fair value, which is determined through periodic revaluations which requires significant judgement. Evaluation is required to determine the appropriateness of the valuations performed to ensure that the carrying amount of the assets does not differ materially from their fair value at the end of the reporting period. Additionally, evaluations are required to establish the appropriateness of the deferred tax recognized in accordance with IAS 12 Income Taxes, which is based on the revaluation of the assets recognized in other comprehensive income.</p> | <ul style="list-style-type: none"> <li>• We obtained an understanding of the accounting policies and procedures for the valuation and impairment of property plant and equipment.</li> <li>• We assessed the effectiveness of the company's internal controls over the valuation and impairment of property plant and equipment.</li> <li>• We evaluated the appropriateness of the valuation methods used to value the property plant and equipment, including the market approach and the cost approach.</li> <li>• We verified the accuracy and completeness of the information used to determine the fair value of the property plant and equipment, including appraisals, market data, and internal records.</li> <li>• We reviewed the reasonableness of the assumptions and estimates used by management in determining the fair value of the property plant and equipment.</li> <li>• We evaluated the adequacy of the disclosure related to the valuation and impairment of property plant and equipment in the financial statements.</li> <li>• We reviewed the carrying amount of the property plant and equipment for indications of impairment, including changes in market conditions, technological developments, and changes in the company's operations.</li> <li>• We tested the impairment assessment process, including the impairment test models, assumptions, and sensitivity analyses.</li> <li>• We confirmed that the deferred tax assets and liabilities related to the revaluation of property</li> </ul> |

| Key Audit Matter | How Our Audit Addressed the Key Audit Matter                                                                                                                                                                                                                                                           |
|------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                  | <p>plant and equipment are appropriately recognized in accordance with IAS 12.</p> <ul style="list-style-type: none"> <li>We evaluated the accuracy and completeness of the release of deferred taxes and revaluation reserve, ensuring it matches the revaluation portion of depreciation.</li> </ul> |

### Going Concern

The financial statements of the entity have been prepared using the going concern basis of accounting. The use of this basis of accounting is appropriate unless management either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so. As part of our audit of the financial statements, we have concluded that management's use of the going concern basis of accounting in the preparation of the entity's financial statements is appropriate.

Management has not identified a material uncertainty that may cast significant doubt on the entity's ability to continue as a going concern, and accordingly none is disclosed in the financial statements of the entity. Based on our audit of the financial statements of the entity, we also have not identified such a material uncertainty. However, neither management nor the auditor can guarantee the entity's ability to continue as a going concern.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with *IFRSs*, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board is responsible for overseeing the entity's financial reporting process. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of 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.

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error,

## INDEPENDENT AUDIT REPORT

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as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. 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 entity's internal control.
3. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the entity to cease to continue as a going concern.
4. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
5. Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the entity to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the entity audit. We remain solely responsible for our audit opinion.
7. We are required to communicate with the Board 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.
8. We are also required to provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### Report on Other Legal and Regulatory Requirements

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The Companies Act 2017 Section 259 requires that we as auditors report the following:

| <u>Requirement</u>                                                                                                          | <u>Our Report</u>                                                                                                 |
|-----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------|
| 1. Information as required by the auditing standards as prescribed by a body regulating the practise of auditing in Zambia. | We report that we have reported our audit report in accordance with International Standards on Auditing ("ISAs"). |
| 2. Whether there is a relationship, interest, or debt which the auditors have in the Company.                               | We report that the firm does not have any relationship, interest or debt in the Company.                          |



INDEPENDENT AUDIT REPORT

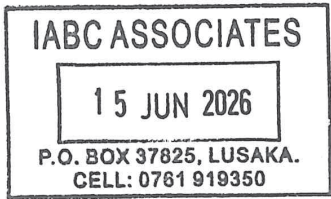
| <u>Requirement</u>                                                                     | <u>Our Report</u>                                                                                                                |
|----------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| 3. Whether there are serious breaches of corporate governance principles or practices. | We report that there were no instances of material breaches relating to corporate governance principles or practices identified. |

The engagement partner responsible for the audit resulting in this independent auditor's report is:

  
\_\_\_\_\_  
Kelvin Kaluba  
Certificate Number: AUD/F000293

15/06/2026  
Date

IABC ASSOCIATES  
iABC Associates



STATEMENT OF PROFIT OR LOSS

*Amounts are Stated in Zambian Kwacha*

|                                                | Note(s) | 31 December 2025    | 31 December 2024    |
|------------------------------------------------|---------|---------------------|---------------------|
| <b>Income</b>                                  |         |                     |                     |
| Net Interest Income                            | 1.      | 109,742,938         | 97,690,136          |
| <b>Other Operating Income</b>                  |         |                     |                     |
| Non-Operating Income                           | 2.      | 4,764,513           | 1,519,914           |
| <b>Expenditure</b>                             |         |                     |                     |
| Operating Expenses                             | 3.      | (30,508,320)        | (24,198,770)        |
| Employee Costs                                 | 4.      | (43,671,189)        | (41,122,007)        |
| Impairment Losses on Loans and Advances        | 8.      | (5,345,827)         | (5,423,262)         |
| <b>Total Expenditure</b>                       |         | <b>(79,525,336)</b> | <b>(70,744,039)</b> |
| <b>Earnings Before Taxation</b>                |         | <b>34,982,115</b>   | <b>28,466,011</b>   |
| Taxation                                       | 5.      | (517,618)           | (8,530,656)         |
| <b>Earnings for The Period</b>                 |         | <b>34,464,497</b>   | <b>19,935,355</b>   |
| <i>Total operating result attributable to:</i> |         |                     |                     |
| Controlling interests of the Company           |         | 34,464,497          | 19,935,355          |
| Non-controlling interests                      |         | -                   | -                   |
|                                                |         | <b>34,464,497</b>   | <b>19,935,355</b>   |

STATEMENT OF COMPREHENSIVE INCOME

*Amounts are Stated in Zambian Kwacha*

|                                                                             | Note(s) | 31 December 2025  | 31 December 2024  |
|-----------------------------------------------------------------------------|---------|-------------------|-------------------|
| Earnings for the year                                                       |         | 34,464,497        | 19,935,355        |
| <b>Other comprehensive income:</b>                                          |         |                   |                   |
| <u>Items that will not be subsequently reclassified to profit and loss:</u> |         |                   |                   |
| Amortisation of Revaluation                                                 |         | 69,762            | 69,762            |
| Release of Deferred Tax                                                     |         | 29,898            | 29,898            |
| <u>Items that may be subsequently reclassified to profit and loss:</u>      |         |                   |                   |
| -                                                                           |         | 99,660            | 99,660            |
| -                                                                           |         |                   |                   |
| <b>Total Comprehensive Income for Year</b>                                  |         | <b>34,564,157</b> | <b>20,035,015</b> |
| Total comprehensive income attributable to:                                 |         |                   |                   |
| Controlling interests                                                       |         | 34,564,157        | 20,035,015        |
| Non-controlling interests                                                   |         |                   |                   |
|                                                                             |         | 34,564,157        | 20,035,015        |



FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025

STATEMENT OF CHANGES IN FUNDS  
*Amounts are Stated in Zambian Kwacha*

|                                           | Share<br>Capital | Revaluation<br>Reserves | Revenue<br>Reserves | Total         |
|-------------------------------------------|------------------|-------------------------|---------------------|---------------|
| Balance at 31 December 2023               | 1,500,000,000    | 17,068,480              | 47,575,555          | 1,564,644,035 |
| Earnings for The Period                   | -                | -                       | 19,935,355          | 19,935,355    |
| <u>Comprehensive Income</u>               |                  |                         |                     |               |
| Revaluation Surplus on Land and Buildings |                  |                         |                     |               |
| - Land Revaluation Cost Adjustment        | -                | 338,866                 | -                   | 338,866       |
| Amortisation of Revaluation Reserve       |                  |                         |                     |               |
| - Buildings                               | -                | (69,762)                | 69,762              | -             |
| Release of Deferred Tax                   |                  |                         |                     |               |
| - Buildings                               |                  | -                       | 29,898              | 29,898        |
| Dividends Paid                            |                  |                         | (745,761)           | (745,761)     |
| Total Comprehensive Income for Year       | -                | 269,104                 | 19,289,254          | 19,558,358    |
| Balance at 31 December 2024               | 1,500,000,000    | 17,337,584              | 66,864,808          | 1,584,202,392 |
| Earnings for The Period                   | -                | -                       | 34,464,497          | 34,464,497    |
| <u>Comprehensive Income</u>               |                  |                         |                     |               |
| Amortisation of Revaluation Reserve       |                  |                         |                     |               |
| - Buildings                               | -                | (69,762)                | 69,762              | -             |
| Release of Deferred Tax                   |                  |                         |                     |               |
| - Buildings                               |                  | -                       | 29,898              | 29,898        |
| Dividends Paid                            |                  |                         | (3,987,071)         | (3,987,071)   |
| Total Comprehensive Income for Year       | -                | (69,762)                | 30,577,086          | 30,507,324    |
| Balance at 31 December 2025               | 1,500,000,000    | 17,267,822              | 97,441,894          | 1,614,709,716 |

STATEMENT OF CASH FLOWS

Amounts are Stated in *Zambian Kwacha*

|                                                                                               | Note(s) | 31 December 2025    | 31 December 2024    |
|-----------------------------------------------------------------------------------------------|---------|---------------------|---------------------|
| <b>Cash Flows from Operating Activities</b>                                                   |         |                     |                     |
| Earnings Before Taxation                                                                      |         | 34,982,115          | 28,466,011          |
| Depreciation on Plant and Equipment                                                           | 10.     | 4,422,321           | 6,711,532           |
| Amortisation of Intangible Assets                                                             | 12.     | 113,434             | 620,219             |
| Asset Write Off                                                                               | 12.     | 20,976              | -                   |
| Interest Received from Placements                                                             | 2.      | (2,079,417)         | (2,414,669)         |
| <b>Cash Flow from Operating Activities Before Changes in Operating Assets and Liabilities</b> |         | <b>37,459,429</b>   | <b>33,383,093</b>   |
| <b>Changes in Operating Assets and Liabilities</b>                                            |         |                     |                     |
| Increase in Loans and Advances                                                                | 8.      | (110,895,181)       | (169,600,140)       |
| Decrease in Unpaid Shares                                                                     | 9.      | 131,005,654         | 109,611,094         |
| Decrease/(Increase) in Other Assets                                                           | 9.      | (2,627,077)         | (22,686,967)        |
| Increase/(Decrease) in Other Liabilities                                                      | 13.     | 18,719,438          | 2,324,492           |
| Increase in Employee Benefit Provisions                                                       | 14.     | 8,476,920           | 2,901,345           |
|                                                                                               |         | <b>44,679,754</b>   | <b>(77,450,176)</b> |
| <b>Interest Received</b>                                                                      |         | <b>2,079,417</b>    | <b>2,414,669</b>    |
| <b>Net Cash from Operating Activities</b>                                                     |         | <b>84,218,600</b>   | <b>(41,652,414)</b> |
| <b>Tax Paid</b>                                                                               |         | <b>(14,189,734)</b> | <b>(3,228,419)</b>  |
| <b>Cashflow from Investing Activities</b>                                                     |         |                     |                     |
| Purchase of Property, Plant and Equipment                                                     | 10.     | (13,927,510)        | (1,152,431)         |
| Placements with Other Financial Institutions                                                  | 7.      | (23,676,254)        | 19,255,549          |
| <b>Net Cash on Investing Activities</b>                                                       |         | <b>(37,603,764)</b> | <b>18,103,118</b>   |
| <b>Cash Flows from Financing Activities</b>                                                   |         |                     |                     |
| Dividend Payment                                                                              |         | (3,987,071)         | (745,761)           |
| <b>Net Cash Outflow on Financing</b>                                                          |         | <b>(3,987,071)</b>  | <b>(745,761)</b>    |
| <b>(Decrease)/Increase in Cash and Cash Equivalents</b>                                       |         | <b>28,438,031</b>   | <b>(15,693,079)</b> |
| <b>Cash and Cash Equivalents at start of year</b>                                             |         | <b>19,783,996</b>   | <b>47,307,472</b>   |
| <b>Cash and Cash Equivalents at end of year</b>                                               |         | <b>48,222,027</b>   | <b>19,783,996</b>   |
| <b>Represented By</b>                                                                         |         |                     |                     |
| Bank Balances                                                                                 | 6.      | 48,222,027          | 19,783,996          |
| Cash Balances                                                                                 | 6.      | -                   | -                   |
|                                                                                               |         | <b>48,222,027</b>   | <b>19,783,996</b>   |

STATEMENT OF FINANCIAL POSITION  
*Amounts are Stated in Zambian Kwacha*

|                                              | Note(s) | 31 December 2025     | 31 December 2024     |
|----------------------------------------------|---------|----------------------|----------------------|
| <b>ASSETS</b>                                |         |                      |                      |
| Cash and Cash Equivalents                    | 6.      | 48,222,027           | 19,783,996           |
| Placements with Other Financial Institutions | 7.      | 36,048,037           | 12,371,783           |
| Loans and Advances                           | 8.      | 953,367,657          | 842,472,476          |
| Other Receivables and Prepayments            | 9.      | 566,275,480          | 694,654,057          |
| Property Plant and Equipment                 | 10.     | 65,344,460           | 55,826,972           |
| Investment Property                          | 11.     | 3,251,525            | 3,284,800            |
| Intangible Assets                            | 12.     | 103,981              | 217,414              |
| Deferred Tax Assets                          | 16.     | 8,667,270            | 7,063,522            |
| Income Tax Receivable                        | 15.     | 813,550              | -                    |
| <b>Total Assets</b>                          |         | <b>1,682,093,987</b> | <b>1,635,675,020</b> |
| <b>LIABILITIES AND EQUITY</b>                |         |                      |                      |
| <b>Current Liabilities</b>                   |         |                      |                      |
| Other Liabilities                            | 13.     | 38,251,281           | 19,531,842           |
| Employee Benefits                            | 14.     | 26,926,162           | 18,449,242           |
| Income Tax Payable                           | 15.     | -                    | 11,407,256           |
| <b>Total Current Liabilities</b>             |         | <b>65,177,443</b>    | <b>49,388,340</b>    |
| <b>Non-Current Liabilities</b>               |         |                      |                      |
| Deferred Tax Liability                       | 16.     | 2,206,828            | 2,084,288            |
| <b>Total Non-Current Liabilities</b>         |         | <b>2,206,828</b>     | <b>2,084,288</b>     |
| <b>Equity</b>                                |         |                      |                      |
| Retained Earnings                            |         | 97,441,894           | 66,864,808           |
| Revaluation Reserves                         |         | 17,267,822           | 17,337,584           |
| Share Capital                                |         | 1,500,000,000        | 1,500,000,000        |
| <b>Total Equity</b>                          |         | <b>1,614,709,716</b> | <b>1,584,202,392</b> |
| <b>Total Equity and Liabilities</b>          |         | <b>1,682,093,987</b> | <b>1,635,675,020</b> |

The financial statements were approved by the Board of Directors on 10/06/25 and signed on its behalf by:

  
\_\_\_\_\_  
Chief Executive Officer

  
\_\_\_\_\_  
Board Chairperson



## SUMMARY OF MATERIAL ACCOUNTING POLICIES

The basis of preparation and accounting policies used in preparing the financial statements are set out below:

### 1. Basis of Preparation

The financial statements for the year ended 31<sup>st</sup> December 2025 are prepared on a going concern basis and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board ("IASB") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB. The financial statements have also been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

The financial statements comprise a statement of profit or loss, a statement of comprehensive income, a statement of financial position, a statement of changes in equity, a statement of cash flows, and notes. Income and expenses, excluding the components of other comprehensive income, are recognised in the statement of profit or loss. Other comprehensive income is recognised in the statement of comprehensive income and comprises items of income and expense s (including reclassification adjustments) that are not recognised in the statement of profit or loss, as required, or permitted by IFRS. Reclassification adjustments are amounts reclassified to profit or loss in the current period that were recognised in other comprehensive income in the current or previous periods. Transactions with the owners of the Company in their capacity as owners are recognised in the statement of changes in equity.

The Company presents the statement of profit or loss using the classification by function of expenses. The Company believes this method provides more useful information to the users of its financial statements as it better reflects the way operations are run from a business point of view. The statement of financial position format is based on a current / non-current distinction.

### 2. Measurement Basis

The financial statements have been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g., certain financial instruments that are measured at fair value). Historical cost is generally based on the fair value of the consideration given in exchange for assets. 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. When measuring the fair value of an asset or a liability, the Company uses market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Company (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g., by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset / liability that market participants would take into account.

## SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety: Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities; Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs). Transfers between levels of the fair value hierarchy are recognised by the Company at the end of the reporting period during which the change occurred.

### 3. Statement of Compliance

The financial statements have been prepared in accordance with *International Financial Reporting Standards*.

### 4. Adoption of New and Revised International Financial Reporting Standards ("IFRSs")

The following provides high level summary of the new and revised IFRS that are effective for 2025 and beyond. Specifically, this section covers the following:

- An overview of the amendments to IFRS that are mandatorily effective for the year ending 31st December 2025; and
- An overview of new and revised IFRS that are not yet mandatorily effective (but allow early application) for the year ending 31st December 2025.

#### (a) Amendments to IFRS that are mandatorily effective for annual periods beginning on or after 1 January 2025

| Standard                                                                                                                                                                                  | Details                                                                                                                                                                                                                                                                                                                                                                                                                                     | Effective Date | Applicable |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------|
| Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates and IFRS 1 First-time Adoption of International Financial Reporting Standards<br>( <i>Lack of Exchangeability</i> ) | The amendments require an entity to apply a consistent approach in assessing whether one currency is exchangeable into another currency at a measurement date and for a specified purpose. Where exchangeability is lacking, the entity is required to estimate the spot exchange rate that would have applied in an orderly exchange transaction and disclose information that enables users of the financial statements to understand how | 1 January 2025 | Yes        |

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

| Standard | Details                                                                                                                                                                                                                                                                                                                                                                                                               | Effective Date | Applicable |
|----------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------|
|          | the lack of exchangeability affects, or is expected to affect, the entity's financial performance, financial position and cash flows. The amendments are relevant where the Company has material foreign currency transactions, balances or operations involving currencies for which exchangeability may be restricted. The amendments do not require restatement of comparative information on initial application. |                |            |

- (b) New and revised IFRSs that are not mandatorily effective (but allow early application) for the year ending 31 December 2025.

*Below is the list of new and revised IFRSs that are not yet mandatorily effective (but allow application) for the year ending 31st December 2025.*

| Standard                                                                                                                                                                       | Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Effective Date | Early Adoption |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
| Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures<br><i>(Amendments to the Classification and Measurement of Financial Instruments)</i> | These amendments clarify selected classification and measurement requirements under IFRS 9 and introduce related IFRS 7 disclosures. The amendments address, among other matters, the derecognition of financial liabilities settled through electronic payment systems, the assessment of contractual cash flow characteristics for financial assets with contingent features, including features that may be linked to environmental, social and governance targets, and enhanced disclosures for equity instruments designated at fair value through other comprehensive income and instruments with contractual terms that may change the timing or amount of contractual cash flows. The amendments may be relevant to entities with material loan portfolios, receivables, | 1 January 2026 | No             |



SUMMARY OF MATERIAL ACCOUNTING POLICIES (*CONTINUED*)

| Standard                                                                                                                                                | Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Effective Date | Early Adoption |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                                                                                         | electronically settled payables, or financial instruments with contingent features.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                |                |
| Annual Improvements to IFRS Accounting Standards - Volume 11                                                                                            | The annual improvements comprise limited-scope amendments intended to clarify wording, remove inconsistencies or correct minor unintended consequences in existing IFRS Accounting Standards. The affected standards include IFRS 1, IFRS 7 and its implementation guidance, IFRS 9, IFRS 10 and IAS 7. The amendments address matters such as hedge accounting by a first-time adopter, gain or loss on derecognition, disclosure examples under IFRS 7, derecognition of lease liabilities, the meaning of transaction price in IFRS 9, determination of a de facto agent under IFRS 10 and replacement of the term cost method with at cost in IAS 7. These amendments are not expected to create major recognition or measurement changes for most entities but should be reviewed against the Company's specific transactions. | 1 January 2026 | No             |
| Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures<br><i>(Contracts Referencing Nature-dependent Electricity)</i> | The amendments address financial reporting issues associated with contracts referencing electricity generated from nature-dependent sources, such as wind or solar power purchase arrangements. They clarify the application of the own-use requirements under IFRS 9 to relevant renewable electricity contracts, permit qualifying hedge accounting for specified contracts where the criteria are met, and introduce additional disclosures under IFRS 7 to help users understand the effects of such contracts on financial performance and cash flows. These amendments are likely to be relevant mainly to entities entering into material                                                                                                                                                                                    | 1 January 2026 | No             |

SUMMARY OF MATERIAL ACCOUNTING POLICIES (CONTINUED)

| Standard                                                       | Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Effective Date | Early Adoption |
|----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                | renewable electricity purchase or sale contracts.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                |                |
| IFRS 18 Presentation and Disclosure in Financial Statements    | IFRS 18 replaces IAS 1 Presentation of Financial Statements and introduces major changes to the presentation of financial performance. The standard requires additional defined subtotals and categories in the statement of profit or loss, introduces disclosure requirements for management-defined performance measures, and strengthens principles for aggregation and disaggregation in the primary financial statements and notes. IFRS 18 does not generally change recognition or measurement requirements, but it is expected to require significant changes to financial statement presentation, chart-of-account mapping, internal reporting classifications and note drafting. Entities should begin assessing the impact well before mandatory adoption. | 1 January 2027 | No             |
| IFRS 19 Subsidiaries without Public Accountability Disclosures | IFRS 19 permits eligible subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. A subsidiary is eligible only if it does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use and complying with IFRS Accounting Standards. The standard does not change recognition, measurement or presentation requirements in other IFRS Accounting Standards, but reduces the volume of disclosures for qualifying subsidiaries. It is not expected to be applicable to an entity                                                                                                                                                                    | 1 January 2027 | No             |

SUMMARY OF MATERIAL ACCOUNTING POLICIES (*CONTINUED*)

| Standard                                                                                                                                   | Details                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Effective Date | Early Adoption |
|--------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|----------------|
|                                                                                                                                            | that is publicly accountable or that does not meet the prescribed eligibility criteria.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                |                |
| Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates<br><i>(Translation to a Hyperinflationary Presentation Currency)</i> | These amendments introduce translation requirements for entities translating their financial statements, or the results and financial position of a foreign operation, from a functional currency that is the currency of a non-hyperinflationary economy into a presentation currency that is the currency of a hyperinflationary economy. The amendments are expected to be relevant only where an entity presents financial statements in, or translates foreign operations into, a hyperinflationary presentation currency. For entities whose functional and presentation currency is the Zambian Kwacha, and which do not translate into a hyperinflationary presentation currency, the amendment is not expected to have a material effect. | 1 January 2027 | No             |

5. Foreign Currencies

In preparing its financial statements, the Company's foreign currency transactions are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss.

6. Property, Plant and Equipment

(a) *Cost and Valuation*

Items of plant and equipment are stated at cost, as deemed cost, less accumulated depreciation (see 5(c) below) and impairment losses (see accounting policy 5(d)). The cost of property, plant and



SUMMARY OF MATERIAL ACCOUNTING POLICIES (*CONTINUED*)

equipment comprises its purchase price and any costs directly attributable to bringing it into working condition for its intended use.

Property is stated in the statement of financial position at its net book value.

(b) *Depreciation*

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives, using the straight-line method:

|                                                     |   |     |
|-----------------------------------------------------|---|-----|
| (i) Land                                            | - | 0%  |
| (ii) Land and Buildings                             | - | 2%  |
| (iii) Intangibles, Fixtures, Fittings and Furniture | - | 20% |
| (iv) Motor vehicles                                 | - | 25% |
| (v) Work in Progress                                | - | 0%  |

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

(c) *De-recognition*

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is de-recognised.

(d) *Impairment*

At each reporting date, the Company assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Company makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount. Recoverable amount is the higher of an assets or cash-generating unit's fair value less costs to sell and its value in use. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation, if no impairment loss had been recognised.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (*CONTINUED*)

7. Investment Property

Investment property comprises properties leased to individuals or organisations. Each of the leases contains an initial non-cancellable period of one year. Subsequent renewals are negotiated with the lessee. Property interests held under operating leases are classified as investment properties. No contingent rents are charged.

Investment property held to earn rentals and/or for capital appreciation or both and not occupied by the Company is measured under the Fair Value Model. The carrying amount of investment property is the cost less accumulated depreciation and any accumulated impairment losses.

8. Intangible Assets

The costs of purchasing major software licences are capitalised as intangible fixed assets, although ongoing software maintenance costs are written off in the period in which they are incurred. As permitted by IAS 38, intangible assets are carried at depreciated historic cost, which is a proxy for fair value as they are considered to have short useful lives or low value (three to five years).

9. Financial Instruments

(a) Financial Assets and Financial Liabilities

- (i) Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.
- (ii) Financial assets and financial liabilities are initially measured at fair value.
- (iii) Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.
- (iv) Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

(b) Financial Assets

The Company's financial assets are classified into the following specified categories: 'Available for sale', 'cash and equivalents' and 'receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (*CONTINUED*)

(i) Classification

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace. All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets:

- Instruments that meet the following conditions are measured subsequently at amortised cost: The financial asset is held within a business model whose objective is to hold financial assets 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.
- Instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI): The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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.
- By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL). Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset: The Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch

(ii) Financial Placements

Placements with Financial Institutions - Financial instruments with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as cash equivalents and are measured at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

(iii) Cash and Cash Equivalents

Cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents in the statement of financial position comprise cash at bank and in hand and short-term deposits.



SUMMARY OF MATERIAL ACCOUNTING POLICIES (*CONTINUED*)

Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. The Company maintains its bank accounts with major banks in Zambia of high credit standing.

(iv) Loans and Receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost, less any impairment. The Company's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position.

(v) Impairment

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

The Company recognises a loss allowance for expected credit losses on receivables and contract assets. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(vi) De-recognition

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt

SUMMARY OF MATERIAL ACCOUNTING POLICIES (*CONTINUED*)

instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

(c) Financial Liabilities

(i) Measurement

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Financial liabilities are classified according to the substance of the contractual arrangements entered into. Other payables and amounts due to related parties are stated at their nominal value. Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

(ii) Payables

Trade payables and accruals are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are not interest-bearing and are stated at amortised cost.

(iii) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(iv) Interest Bearing Borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

SUMMARY OF MATERIAL ACCOUNTING POLICIES (*CONTINUED*)

(v) Employee Benefits

- Retirement Benefit Obligations - The Organisation and employees contribute to the National Pension Scheme Authority (“NAPSA”) and the Public Service Pension Fund (“PSPF”), which is a defined contribution social security scheme. Contributions to NAPSA are recognised as an expense when employees have rendered service entitling them to the contributions.
- Other Entitlements - The estimated monetary liability for employees’ accrued gratuity pay entitlement at the reporting date is recognised as an expense accrual.

(vi) De-recognition

The Company derecognises financial liabilities when, and only when, the Company’s obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(d) Contingent Liabilities

Contingent liabilities are initially measured at fair value. At the end of subsequent reporting periods, such contingent liabilities are measured at the amount that would be recognised in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets.

(e) Offsetting

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

(f) Financial Risk Management

The Company’s activities expose it to a variety of financial risks. The most important types of risk are currency risk, credit risk, liquidity risk, market risk and other operational risk.

(i) Credit Risk

The Company takes on exposure to credit risk, which is the risk that a counterparty will cause a financial loss to the Company by failing to pay amounts in full when due. Credit exposures arise principally in lending and investment activities. There is also credit risk in off-balance sheet financial instruments, such as loan commitments. Credit risk management and control is vested in the Finance and Audit Committee, which reports regularly to the Board of Directors. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower. Exposure to credit risk is also managed in part by obtaining collateral on housing loans, which are secured by collateral in the form of charges over physical assets.



SUMMARY OF MATERIAL ACCOUNTING POLICIES (*CONTINUED*)

(ii) Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities as they fall due and to replace funds when they are withdrawn. The accounts and finance department monitor liquidity ratios on a daily basis. Note 24(d) presents the undiscounted cash flows payable by the Company under financial assets by expected maturity dates at the balance sheet date and from financial liabilities by remaining contractual maturities dates.

(iii) Market Risk

Market risk is the risk that changes in market prices, which include currency exchange rates and interest rates, will affect the fair value or future cash flows of a financial instrument. Market risk arises from open positions in interest rates and foreign currencies, both of which are exposed to general and specific market movements and changes in the level of volatility. Management is responsible for the development of detailed risk management policies and for the day to day implementation of risk management policies.

(iv) Currency Risk

Note 19(c) summarises the Company's exposure to US Dollar exchange rate risk at 31<sup>st</sup> December 2025.

(v) Interest Rate Risk

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. Note 18(d) summarises the Company's exposure to interest rate risks. Included in the analysis are the Company's assets and liabilities at carrying amounts, categorised by maturity dates. The Company does not bear any interest rate risk on off balance sheet items.

(g) Fair Values of Financial Assets and Liabilities

The carrying amounts of financial assets and liabilities are representative of the Company's position at 31<sup>st</sup> December 2025 and are in the opinion of the Directors not significantly different from their respective fair values due to generally short periods to maturity dates as set out above.

10. Grants

- (a) Grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.
- (b) Grants whose primary condition is that the Company should purchase or otherwise acquire non-current assets are recognised as deferred revenue in the statement of financial position and transferred to income on a systematic basis over the useful lives of the related assets. Other grants

SUMMARY OF MATERIAL ACCOUNTING POLICIES (*CONTINUED*)

are recognised as revenue over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis.

- (c) Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in income in the period in which they become receivable.
- (d) The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

11. Revenue

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

12. Interest Income and Expense

Interest income and expense for all other interest-bearing financial instruments are recognised within 'interest income' or 'interest expense' in the profit and loss account on the effective interest basis. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

13. Fees and Commission Income

- (a) Fees and commissions are generally recognised on an accrual basis when the service has been provided.
- (b) Loan commitment fees for loans that are likely to be drawn down are deferred (together with related direct costs) and recognised as an adjustment to the effective interest rate on the loan.

14. Income Tax

The income tax expense represents the sum of the tax currently payable and deferred tax.

- (a) Current tax: The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period. A provision is recognised for

SUMMARY OF MATERIAL ACCOUNTING POLICIES (*CONTINUED*)

those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

- (b) **Deferred tax:** Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.
- (c) **Current tax and deferred tax for the year:** Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

**15. Dividends**

Dividends are shown as a deduction from retained earnings in the statement of changes in equity.

**16. Capital Management**

The Company's objectives when managing capital are:

- (i) To safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- (ii) To maintain a strong capital base to support the development of its business.



SUMMARY OF MATERIAL ACCOUNTING POLICIES (*CONTINUED*)

Capital adequacy and use of regulatory capital are not monitored as the Company is exempted from regulation by the Bank of Zambia.

17. Critical Judgements in Applying Accounting Policies and Key Sources of Estimation Uncertainty

Many of the amounts included in the financial statements involve the use of judgement and/or estimation. Information about such judgements and estimation is contained in the accounting policies above and/or the notes to the financial statements on Pages 35 to 51. However, the key areas are summarised below.

(a) Areas of judgement that have the most significant effect on the amounts recognised in the financial statements are:

- (i). Estimation of asset lives
- (ii). Capitalisation of software costs
- (iii). Impairment losses on loans and advances.
- (iv). Provisions.
- (v). Current period accounting of deferred revenue grants.

(b) Key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- (i). Review of asset carrying values and impairment charges and reversals
- (ii). Estimation of liabilities for employee benefits
- (iii). Contingencies

18. Comparatives

Corresponding figures have been reclassified to conform to changes in the presentation of the current period.

NOTES TO THE FINANCIAL STATEMENTS

*Amounts are Stated in Zambian Kwacha*

|                                                                                             | 31 December 2025   | 31 December 2024  |
|---------------------------------------------------------------------------------------------|--------------------|-------------------|
| <b>1. Interest Income</b>                                                                   |                    |                   |
| An analysis of the Company's revenue for the year from continuing activities is as follows: |                    |                   |
| Interest on Loans and Advances                                                              | 107,663,521        | 95,275,467        |
| Interest on Fixed Deposits                                                                  | 2,079,417          | 2,414,669         |
| <b>Total interest Income</b>                                                                | <b>109,742,938</b> | <b>97,690,136</b> |
| <b>2. Non-Operating Income</b>                                                              |                    |                   |
| Loan Facility Fee                                                                           | 2,580,933          | -                 |
| Sundry Income                                                                               | 1,903,442          | 1,487,914         |
| Rental Income                                                                               | 256,000            | 32,000            |
| Insurance Claims                                                                            | 24,138             | -                 |
|                                                                                             | <b>4,764,513</b>   | <b>1,519,914</b>  |
| <b>3. Operating Expenses</b>                                                                |                    |                   |
| The following items are included within operating expenses:                                 |                    |                   |
| Assessment and OAG Expenses                                                                 | 149,602            | 32,918            |
| Audit Fees                                                                                  | 369,000            | 255,759           |
| Depreciation                                                                                | 4,422,321          | 6,711,532         |
| Other Operating Expenses                                                                    | 25,567,397         | 17,198,561        |
|                                                                                             | <b>30,508,320</b>  | <b>24,198,770</b> |
| <b>4. Employee Expenses</b>                                                                 |                    |                   |
| Bonuses                                                                                     | 1,759,064          | -                 |
| Gratuity                                                                                    | 16,801,577         | 15,461,305        |
| Human Resource and Recruitment Costs                                                        | 133,371            |                   |
| National Health Insurance                                                                   | 138,724            | 135,135           |
| Salaries and other Staff Costs                                                              | 24,123,770         | 24,792,332        |
| Leave Expenses                                                                              | 34,980             | 667               |
| Funeral Scheme                                                                              | -                  | 45,354            |
| Staff Wellness                                                                              | 236,950            | 242,300           |
| Group Life Cover                                                                            | 248,177            | -                 |
| Staff Training Costs                                                                        | 194,576            | 444,914           |
|                                                                                             | <b>43,671,189</b>  | <b>41,122,007</b> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Amounts are Stated in *Zambian Kwacha*

|                                                                                  | 31 December 2025  | 31 December 2024 |
|----------------------------------------------------------------------------------|-------------------|------------------|
| <b>5. Taxation</b>                                                               |                   |                  |
| Tax expense/(income) comprises:                                                  |                   |                  |
| Current tax expense                                                              | 12,371,607        | 10,896,226       |
| Current tax expense - Rental Tax                                                 | 8,080             | -                |
| Current tax expense - Prior Years                                                | (10,410,759)      | -                |
| Deferred taxation                                                                | (1,451,310)       | (2,365,570)      |
| <b>Total tax expense/(income)</b>                                                | <b>517,618</b>    | <b>8,530,656</b> |
| The total charge for the year can be reconciled to accounting profit as follows: |                   |                  |
| Earnings from continuing operations                                              | 34,982,115        | 28,466,011       |
| <b>Income tax expense/(income) calculated at 30% (2024: 30%)</b>                 | <b>10,494,635</b> | <b>8,539,803</b> |
| Effect of revenue not taxable under income tax                                   | (68,720)          | (9,600)          |
| Effect of Prior Year Taxes                                                       | (10,410,759)      | -                |
| Effect of expenses not deductible in determining taxable profit                  | 502,463           | 452              |
| <b>Income tax expense recognised in profit or loss</b>                           | <b>517,618</b>    | <b>8,530,656</b> |



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Amounts are Stated in *Zambian Kwacha*

|                                                           | 31 December 2025  | 31 December 2024  |
|-----------------------------------------------------------|-------------------|-------------------|
| <b>6. Cash and Cash Equivalents</b>                       |                   |                   |
| Zanaco - Salaries                                         | 4,995,300         | 2,627,946         |
| Zanaco - Operations                                       | 2,866,077         | 358,147           |
| Zanaco - Revolving                                        | 804,606           | 1,603,482         |
| Natsave - Revolving                                       | 164,731           | 164,731           |
| Natsave - Recovery                                        | (333)             | (333)             |
| Zanaco- Mortgage                                          | 541,390           | 387,504           |
| Zanaco- Motor Vehicle                                     | 17,835,507        | 7,231,387         |
| Zanaco- Short Term                                        | 3,633,232         | 3,311,466         |
| Zanaco- Personal                                          | 510,814           | 363,842           |
| Zanaco- Agro                                              | 2,037,866         | 688,029           |
| Zanaco - Furniture                                        | 466,359           | 1,330,652         |
| Zanaco - Leaders                                          | 5,219             | 5,219             |
| Zanaco - Domestic                                         | 60,803            | 100,971           |
| Zanaco - United States Dollar                             | 609,559           | -                 |
| Insurance Account                                         | 6,777             | 6,777             |
| Gratuity Account                                          | 3,552,983         | 1,143,712         |
| Project Account                                           | 10,131,137        | 460,464           |
|                                                           | <b>48,222,027</b> | <b>19,783,996</b> |
| <b>7. Placements With Other Financial Institutions</b>    |                   |                   |
| <u>Fixed Deposits</u>                                     |                   |                   |
| ZANACO – Zambian Kwacha                                   | 27,046,248        | 12,371,783        |
| ZANACO - United States Dollar                             | 9,001,789         | -                 |
|                                                           | <b>36,048,037</b> | <b>12,371,783</b> |
| <b>Total Placements with Other Financial Institutions</b> | <b>36,048,037</b> | <b>12,371,783</b> |

Investments with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as cash equivalents and are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Amounts are Stated in *Zambian Kwacha*

|                                                  | 31 December 2025    | 31 December 2024    |
|--------------------------------------------------|---------------------|---------------------|
| <b>8. Loans and Advances</b>                     |                     |                     |
| <b>(a) Net Loans and Advances to Customers</b>   |                     |                     |
| Gross Loans and Advances to Customers (c)        | 982,258,557         | 866,017,550         |
| Impairment Loss                                  | (28,890,900)        | (23,545,074)        |
| <b>(a) Net Loans and Advances to Customers</b>   | <b>953,367,657</b>  | <b>842,472,476</b>  |
| <b>(c) Gross Loans and Advances to Customers</b> |                     |                     |
| Personal Loans                                   | 175,725,678         | 201,124,679         |
| Motor Vehicle Loans                              | 344,308,235         | 286,201,414         |
| Agricultural Loans                               | 161,640,087         | 127,583,761         |
| Mortgage Loans                                   | 5,591,920           | 7,517,519           |
| Short Term Loans                                 | 25,612,943          | 21,927,605          |
| Building Materials Loans                         | 146,976,552         | 117,367,911         |
| Bring Your Own Device Loans                      | 15,357,733          | 20,007,934          |
| Furniture Loans                                  | 26,790,487          | 23,957,883          |
| Leaders Personal Loan                            | 65,789,355          | 60,323,938          |
| Domestic Tourism Loan                            | 47,614              | 4,906               |
| Motor Vehicle Accessories Loan                   | 22,784              | -                   |
| Agricultural Inputs Loan                         | 2,634,768           | -                   |
| Poultry Loan                                     | 256,459             | -                   |
| Renewable Energy Loan                            | 7,281,092           | -                   |
| Insurance Loan                                   | 46,726              | -                   |
| Motor Cycle Loan                                 | 4,176,124           | -                   |
| <b>Gross Loans and Advances to Customers</b>     | <b>982,258,557</b>  | <b>866,017,550</b>  |
| <b>Impairment Losses</b>                         |                     | <b>(23,545,074)</b> |
| <b>Closing Principal Balance</b>                 | <b>(28,890,900)</b> | <b>842,472,476</b>  |
| <b>(b.) Loan Loss Provision Movement</b>         |                     |                     |
| At the beginning of the Year                     | 23,545,074          | 18,121,812          |
| Charge for the Year:-                            |                     |                     |
| -General                                         | 5,345,827           | 5,423,262           |
| -Life Time ECL                                   | -                   | -                   |
| <b>Loan Loss At the End of the Year</b>          | <b>28,890,900</b>   | <b>23,545,074</b>   |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Amounts are Stated in *Zambian Kwacha*

|  | 31 December 2025 | 31 December 2024 |
|--|------------------|------------------|
|--|------------------|------------------|

8. Loans and Advances (Continued)

The Company's principal financial assets comprise loans and advances to public service employees, cash and cash equivalents, placements with financial institutions, and other receivables.

Credit risk represents the risk that a borrower or counterparty will fail to meet its contractual obligations, resulting in a financial loss to the Company. The Company's maximum exposure to credit risk at the reporting date is represented by the carrying amount of its financial assets recognised in the statement of financial position.

The Company manages credit risk through its credit approval processes, loan eligibility requirements, payroll-based recovery arrangements, portfolio monitoring procedures, and periodic assessment of expected credit losses in accordance with IFRS 9 Financial Instruments.

Loans and advances to customers are measured at amortised cost and are subject to impairment assessment using the Expected Credit Loss ("ECL") model prescribed by IFRS 9. The Company applies a provision matrix based on loan ageing, historical default experience, observed recovery patterns, and forward-looking economic information considered relevant to the public service lending environment.

The loan portfolio is categorised into risk grades based on repayment performance and ageing characteristics. Expected credit losses are calculated by applying Probability of Default ("PD"), Loss Given Default ("LGD"), and Exposure at Default ("EAD") assumptions to each category of loans. Management reviews the adequacy of the impairment allowance at each reporting date and adjusts assumptions where necessary to reflect current and expected future economic conditions.

The Company considers loans to be credit-impaired where there is objective evidence of impairment, including significant delinquency, prolonged non-recovery, adverse employment developments affecting the borrower, or other indicators that contractual cash flows may not be fully recoverable.

The Company writes off loans and advances when there is no reasonable expectation of recovery after all available recovery procedures have been exhausted. Write-offs are approved in accordance with the Company's delegated authority framework and do not relieve the borrower of any legal obligation to repay the outstanding balance where recovery actions remain available.

The table below sets out the credit quality and expected credit loss profile of the Company's loan portfolio at the reporting date.

| 2025                       | EAD                | PD x<br>LGD | ECL               |
|----------------------------|--------------------|-------------|-------------------|
| Ageing                     |                    |             |                   |
| Not Past Due               | 871,383,128        | 2%          | 18,996,173        |
| Substandard - 31 - 90 Days | 11,194,086         | 5%          | 559,704           |
| Doubtful - 91-180 Days     | 21,103,734         | 7%          | 1,477,261         |
| Loss Over 180 Days         | 78,577,609         | 10%         | 7,857,761         |
| <b>ECL</b>                 | <b>982,258,557</b> |             | <b>28,890,900</b> |



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Amounts are Stated in *Zambian Kwacha*

|                                                      | 31 December 2025 | 31 December 2024 |
|------------------------------------------------------|------------------|------------------|
| <b>8. Loans and Advances (Continued)</b>             |                  |                  |
|                                                      | <b>EAD</b>       | <b>PD x LGD</b>  |
| <b>2024</b>                                          |                  | <b>ECL</b>       |
| Ageing                                               |                  |                  |
| Not Past Due                                         | 771,951,281      | 2%               |
| Substandard - 31 - 90 Days                           | 18,840,660       | 5%               |
| Doubtful - 91-180 Days                               | 15,986,468       | 7%               |
| Loss Over 180 Days                                   | 59,239,142       | 10%              |
| ECL                                                  | 866,017,550      | 23,545,074       |
| <b>9. Other Assets</b>                               |                  |                  |
| Staff Loans and Advances                             | 12,368,397       | 12,238,315       |
| Benevolence Fund                                     | 12,500           | 12,500           |
| Collecting Agent Receivables (Recoveries Receivable) | 26,295,998       | 20,307,495       |
| Prepayments                                          | 675,510          | 790,450          |
| Receivables from Unpaid Shares                       | 519,650,720      | 650,656,374      |
| Rental Receivables                                   | 46,700           | (1,300)          |
| Other Receivables                                    | -                | -                |
| - Sundry                                             | 1,032,674        | 1,146,162        |
| - Other Loans                                        | 856,102          | 4,183,651        |
| Interbranch Receivables                              | 5,336,879        | 5,320,410        |
|                                                      | 566,275,480      | 694,654,057      |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Amounts are Stated in *Zambian Kwacha*

10. Property, Plant and Equipment  
Amounts in *Zambian Kwacha (ZMW)*

|                                         | Depreciation<br>Rate |                   | 31 December<br>2025               |                         | 31 December<br>2024            |            |
|-----------------------------------------|----------------------|-------------------|-----------------------------------|-------------------------|--------------------------------|------------|
| Carrying Amounts of:                    |                      |                   |                                   |                         |                                |            |
| Land & Buildings                        | 2%                   |                   | 49,796,008                        |                         | 50,672,254                     |            |
| Motor Vehicles                          | 25%                  |                   | 284,261                           |                         | 2,103,965                      |            |
| Office & Computer Equipment             | 20%                  |                   | 5,608,071                         |                         | 2,163,766                      |            |
| Furniture & Fittings                    | 20%                  |                   | 240,830                           |                         | 505,065                        |            |
| Capital Work in Progress                | 0%                   |                   | 9,415,290                         |                         | 381,922                        |            |
|                                         |                      |                   | 65,344,460                        |                         | 55,826,972                     |            |
|                                         |                      |                   |                                   |                         |                                |            |
|                                         | Land<br>Buildings    | Motor<br>Vehicles | Office &<br>Computer<br>Equipment | Furniture &<br>Fittings | Capital<br>Work in<br>Progress | Total      |
| Cost or Valuation                       |                      |                   |                                   |                         |                                |            |
| Balance as at 1 January 2024            | 52,972,833           | 13,290,551        | 6,431,471                         | 2,660,444               | 359,726                        | 75,715,025 |
| Additions                               |                      | -                 | 1,046,970                         | 83,265                  | 22,196                         | 1,152,431  |
| Revaluation Gain/ Impairment            | (48,300)             | -                 | -                                 | -                       | -                              | (48,300)   |
| Balance as at 1 January 2025            | 52,924,533           | 13,290,551        | 7,478,441                         | 2,743,709               | 381,922                        | 76,819,156 |
| Additions                               | -                    | -                 | 4,737,581                         | 156,561                 | 9,033,368                      | 13,927,510 |
| Disposals/Write Offs                    | -                    | -                 | (34,568)                          | -                       | -                              | (34,568)   |
| Balance as at 31 December 2025          | 52,924,533           | 13,290,551        | 12,181,454                        | 2,900,270               | 9,415,290                      | 90,712,098 |
| Accumulated Depreciation and Impairment |                      |                   |                                   |                         |                                |            |
| Balance as at 1 January 2024            | 24,700               | 8,390,214         | 4,187,387                         | 1,714,653               | -                              | 14,316,954 |
| Depreciation Charge for the Year        | 2,227,579            | 2,796,372         | 1,127,288                         | 523,991                 | -                              | 6,675,230  |
| Balance as at 1 January 2024            | 2,252,279            | 11,186,586        | 5,314,675                         | 2,238,644               | -                              | 20,992,184 |
| Depreciation Charge for the Year        | 876,246              | 1,819,704         | 1,272,300                         | 420,796                 | -                              | 4,389,046  |
| Eliminated on Disposal/Write Off        | -                    | -                 | (13,592)                          | -                       | -                              | (13,592)   |
| Balance as at 31 December 2025          | 3,128,525            | 13,006,290        | 6,573,383                         | 2,659,440               | -                              | 25,367,638 |
|                                         |                      |                   |                                   |                         |                                |            |
| Carrying amount as at 31 December 2025  | 49,796,008           | 284,261           | 5,608,071                         | 240,830                 | 9,415,290                      | 65,344,460 |
| Carrying amount as at 31 December 2024  | 50,672,254           | 2,103,965         | 2,163,766                         | 505,065                 | 381,922                        | 55,826,972 |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Amounts are Stated in *Zambian Kwacha*

|                                           | 31 December 2025 | 31 December 2024 |
|-------------------------------------------|------------------|------------------|
| <b>11. Investment Property</b>            |                  |                  |
| <b>At Depreciated Cost</b>                | <b>3,251,525</b> | <b>3,284,800</b> |
| <u>Cost</u>                               |                  |                  |
| At Start of Period                        | 3,430,000        | 3,025,000        |
| Gain or Loss on Revaluation of Property   | -                | 405,000          |
| Cost At End of Period                     | 3,430,000        | 3,430,000        |
| <u>Accumulated Depreciation</u>           |                  |                  |
| At Start of Period                        | 145,200          | 108,900          |
| Charge for the Period                     | 33,275           | 36,300           |
| Accumulated Depreciation At End of Period | 178,475          | 145,200          |
| <u>Carrying Amounts</u>                   | <u>3,251,525</u> | <u>3,284,800</u> |
| <b>12. Intangible Assets</b>              |                  |                  |
| <b>At Amortised Cost</b>                  | <b>103,981</b>   | <b>217,414</b>   |
| <u>Cost</u>                               |                  |                  |
| At Start of Period                        | 3,542,683        | 3,542,683        |
| Cost At End of Period                     | 3,542,683        | 3,542,683        |
| <u>Amortisation</u>                       |                  |                  |
| At Start of Period                        | 3,325,269        | 2,705,048        |
| Charge for the Period                     | 113,433          | 620,221          |
| Amortisation At End of Period             | 3,438,702        | 3,325,269        |
| <u>Carrying Amounts</u>                   | <u>103,981</u>   | <u>217,414</u>   |



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Amounts are Stated in *Zambian Kwacha*

|                                             | 31 December 2025  | 31 December 2024  |
|---------------------------------------------|-------------------|-------------------|
| <b>13. Other Liabilities</b>                |                   |                   |
| GRZ Payables                                | 550               | 550               |
| Motor Vehicle Insurance Liability           | 200,000           | 1,630,000         |
| NAPSA                                       | (64)              | (1)               |
| Insurance Payable on Loans                  | -                 |                   |
| - Insurance Payable                         | 2,808,678         | 2,941,029         |
| - Insurance Claims Received                 | 94,907            |                   |
| - Credit Life                               | 1,208,797         | 1,059,057         |
| Interbranch Payables                        | 4,621,844         | 4,620,091         |
| Public Service Fund                         | 9,766,198         | 867               |
| ZRA - PAYE                                  | 599,899           | 572,010           |
| Audit Fees Payable                          | 410,000           | 85,253            |
| Third Party Payroll Liabilities             | (65)              | (65)              |
| Motor Vehicle Refunds Payable               | 7,283,170         | 7,399,154         |
| Trade payables                              | 11,252,492        | 1,199,775         |
| Sundry Payables                             | 1,912             | 21,158            |
|                                             | <b>38,251,281</b> | <b>19,531,842</b> |
| <b>14. Employee Benefits and Provisions</b> |                   |                   |
| (a) Balances in Employee Benefits Provision |                   |                   |
| Gratuity Provision                          | 26,926,162        | 18,449,242        |
|                                             | <b>26,926,162</b> | <b>18,449,242</b> |
| (b) Analysis of Movements in Provisions     |                   |                   |
| Opening Balance                             | 18,449,242        | 15,547,897        |
| Charge for Period                           | 16,801,577        | 15,461,305        |
| Payments                                    | (8,324,657)       | (12,559,960)      |
|                                             | <b>26,926,162</b> | <b>18,449,242</b> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*Amounts are Stated in Zambian Kwacha*

|                                     | 31 December 2025 | 31 December 2024 |
|-------------------------------------|------------------|------------------|
| 15. Income Tax Payable (Receivable) |                  |                  |
| At start of year                    | 11,407,256       | 3,739,449        |
| Tax Charge                          | 12,371,607       | 10,896,226       |
| Rental Tax                          | 8,080            | -                |
| Taxes in Respect of Prior Years     | (10,410,759)     | -                |
| Tax Paid                            | (14,189,734)     | (3,228,419)      |
| Income Tax At end of year           | (813,550)        | 11,407,256       |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Amounts are Stated in *Zambian Kwacha*

16. Deferred Tax

|                                    | 31 December<br>2025 | 31 December<br>2024 |
|------------------------------------|---------------------|---------------------|
| <u>Deferred Tax Assets</u>         |                     |                     |
| Provisions                         | 8,667,270           | 7,063,522           |
| Total Deferred Tax Assets          | 8,667,270           | 7,063,522           |
| <u>Deferred Tax Liabilities</u>    |                     |                     |
| Property Plant and Equipment       | (903,988)           | (317,834)           |
| Revaluation Surplus on PPE         | 2,633,482           | 2,693,278           |
| Revaluation Surplus on Land        | 477,334             | 459,499             |
| Total Deferred Tax Liabilities     | 2,206,828           | 2,834,943           |
| Net Deferred Tax Asset (Liability) | 6,460,442           | 2,601,601.0         |

|                                                          | Provisions | Property<br>Plant and<br>Equipment | Revaluation<br>Surplus on<br>PPE | Revaluation<br>Surplus on<br>Land | Total     |
|----------------------------------------------------------|------------|------------------------------------|----------------------------------|-----------------------------------|-----------|
| At 1 January 2024                                        | 5,436,544  | 317,834                            | (2,693,278)                      | (459,499)                         | 2,601,601 |
| Charge to profit or loss                                 | 1,626,978  | 738,592                            | -                                | -                                 | 2,365,570 |
| Charge to other<br>comprehensive income                  | -          | -                                  | 29,898                           | (17,835)                          | 12,063    |
| Charge direct to equity                                  | -          | -                                  | -                                | -                                 | -         |
| Deferred Tax Asset<br>(Liability) At 1 January<br>2025   | 7,063,522  | 1,056,426                          | (2,663,380)                      | (477,334)                         | 4,979,234 |
| Charge/(credit) to profit<br>or loss                     | 1,603,748  | (152,438)                          | -                                | -                                 | 1,451,310 |
| Charge to other<br>comprehensive income                  | -          | -                                  | 29,898                           | -                                 | 29,898    |
| Charge direct to equity                                  | -          | -                                  | -                                | -                                 | -         |
| Deferred Tax Asset<br>(Liability) At 31<br>December 2025 | 8,667,270  | 903,988                            | (2,633,482)                      | (477,334)                         | 6,460,442 |



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Amounts are Stated in *Zambian Kwacha*

17. Properties Revaluation Reserve

The properties revaluation reserve arises on the revaluation of land and buildings. When revalued land or buildings are sold, the portion of the properties revaluation reserve that relates to that asset is transferred directly to retained earnings. Items of other comprehensive income included in the properties' revaluation reserve will not be reclassified subsequently to profit or loss.

Distributions from the properties' revaluation reserve can be made where they are in accordance with the requirements of the Company's Articles of Association and the Companies Act. Generally, there is no restriction on the payment of 'bonus shares' out of the properties' revaluation reserve. However, the payment of cash distributions out of the reserve is restricted by the terms of the Company's Articles of Incorporation. These restrictions do not apply to any amounts transferred to retained profits. The directors do not currently intend to make any distribution from the properties' revaluation reserve.

18. Banking Facilities

The list of bank accounts held by the Company is shown in Note 6.

The Company had no overdraft or other bank advanced facilities.

19. Financial Instruments

(a) Total Financial Instruments

The Company faces exposure to the following financial risks:

| 31 December 2025                                          |                          |                                               |                                                     |                      |
|-----------------------------------------------------------|--------------------------|-----------------------------------------------|-----------------------------------------------------|----------------------|
|                                                           | Loans and<br>Receivables | Assets at Fair<br>Value through<br>P & L      | Assets at<br>Amortised Cost                         | Total                |
| <b>Assets as per statement of financial position</b>      |                          |                                               |                                                     |                      |
| Loans and Receivables:                                    |                          |                                               |                                                     |                      |
| -Loans and other Receivables                              | 1,519,643,137            | -                                             | -                                                   | 1,519,643,137        |
| -Placements with Financial<br>Institutions                | -                        | -                                             | 36,048,037                                          | 36,048,037           |
| -Cash and Equivalents                                     | 48,222,027               | -                                             | -                                                   | 48,222,027           |
| <b>Total</b>                                              | <b>1,567,865,164</b>     | <b>-</b>                                      | <b>36,048,037</b>                                   | <b>1,603,913,201</b> |
|                                                           |                          | Liabilities at<br>Fair Value<br>through P & L | Other Financial<br>Liabilities at<br>Amortised Cost | Total                |
| <b>Liabilities as per statement of financial position</b> |                          |                                               |                                                     |                      |
| Other Financial Liabilities                               |                          | -                                             | 26,926,162                                          | 26,926,162           |
| Trade and Other Payables                                  |                          | -                                             | 38,251,281                                          | 38,251,281           |
| <b>Total</b>                                              |                          | <b>-</b>                                      | <b>65,177,443</b>                                   | <b>65,177,443</b>    |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Amounts are Stated in *Zambian Kwacha*

19. *Financial Instruments*

(a) *Total Financial Instruments (Continued)*

| 31 December 2024                                          |                          |                                               |                                                              |                      |
|-----------------------------------------------------------|--------------------------|-----------------------------------------------|--------------------------------------------------------------|----------------------|
|                                                           | Loans and<br>Receivables | Assets at Fair<br>Value through<br>P & L      | Assets at<br>Amortised<br>Cost                               | Total                |
| <b>Assets as per statement of financial position</b>      |                          |                                               |                                                              |                      |
| Loans and Receivables:                                    |                          |                                               |                                                              |                      |
| -Loans and other Receivables                              | 1,537,126,533            | -                                             | -                                                            | 1,537,126,533        |
| -Placements with Financial<br>Institutions                | -                        | -                                             | 12,371,783                                                   | 12,371,783           |
| -Cash and Equivalents                                     | 19,783,996               | -                                             | -                                                            | 19,783,996           |
| <b>Total</b>                                              | <b>1,556,910,529</b>     | <b>-</b>                                      | <b>12,371,783</b>                                            | <b>1,569,282,312</b> |
|                                                           |                          | Liabilities at<br>Fair Value<br>through P & L | Other<br>Financial<br>Liabilities<br>at<br>Amortised<br>Cost | Total                |
| <b>Liabilities as per statement of financial position</b> |                          |                                               |                                                              |                      |
| Other Financial Liabilities                               |                          | -                                             | 29,856,498                                                   | 29,856,498           |
| Trade and Other Payables                                  |                          | -                                             | 19,531,842                                                   | 19,531,842           |
| <b>Total</b>                                              |                          | <b>-</b>                                      | <b>49,388,340</b>                                            | <b>49,388,340</b>    |

(b) *Credit Risk*

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet.

| Category                  | Rating     | ECL                    | Gross<br>Carrying<br>Amount | Loss<br>Allowance   | Net Carrying<br>Amount |
|---------------------------|------------|------------------------|-----------------------------|---------------------|------------------------|
| <b>2025</b>               |            |                        |                             |                     |                        |
| Bank and Cash<br>Balances | Performing | 12-Month ECL           | 48,222,027                  | -                   | 48,222,027             |
| Fixed Deposits            | Performing | 12-Month ECL           | 36,048,037                  | -                   | 36,048,037             |
| Trade Receivables         | Performing | Simplified<br>Approach | 982,258,557                 | (28,890,900)        | 953,367,657            |
| Other Receivables         | Performing | Not credit impaired    | 566,275,480                 | -                   | 566,275,480            |
|                           |            |                        | <b>1,632,804,101</b>        | <b>(28,890,900)</b> | <b>1,603,913,201</b>   |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Amounts are Stated in *Zambian Kwacha*

19. *Financial Instruments (Continued)*

(d) *Liquidity Risk and Interest Rate Risk*

The Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The table below summarises the Company's exposure to interest rate risks. Included in the table are the Company's assets and liabilities at carrying amounts, categorised by maturity dates. The Company does not bear any interest rate risk on off statement of financial position items.

|                            | Weighted<br>Average<br>Effective<br>Interest<br>rate | Up to<br>1 Month | 1-3<br>Months | 4-12<br>Months | 1-5<br>Years | Total      |
|----------------------------|------------------------------------------------------|------------------|---------------|----------------|--------------|------------|
| <u>At 31 December 2025</u> |                                                      |                  |               |                |              |            |
| Non-Interest Bearing       | 0%                                                   | 5,431,454        | 16,294,361    | 43,451,629     | -            | 65,177,443 |
| <u>At 31 December 2024</u> |                                                      |                  |               |                |              |            |
| Non-Interest Bearing       | 0%                                                   | 4,115,695        | 12,347,085    | 32,925,560     | -            | 49,388,340 |



NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*Amounts are Stated in Zambian Kwacha*

19. *Financial Instruments (Continued)*

(e) Fair Value Estimation

The different levels of determining fair value, by valuation method, have been defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company had no financial instruments carried at fair value, by valuation method.

The fair values of the Company's financial assets and liabilities for both the current and comparative year do not differ materially from their carrying values.

20. Related Parties

(a) *Identity of Related Parties*

The Company has a common enterprise relationship with Government of the Republic of Zambia. Other related parties include the Board of Directors and Key Executive Management.

(b) *Control of the Company*

The Company is incorporated in Zambia under the PACRA. It has a common enterprise relationship with Ministry of Finance which owns 99% of its share capital. Supervision of its management and control of the affairs of the Company is vested in the Board of Directors. In the absence of the Board, supervision of Management was vested in Secretary to the Treasury and control of the affairs of the Company was vested in the CEO.

(c) *Management of the Company*

The key officers of the Company are shown on Page 5:

(d) *Transactions with Related Parties*

None of the Board Members, key management staff or parties related to them has undertaken any material transactions with the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Amounts are Stated in *Zambian Kwacha*

20. *Related Parties (Continued)*

(d) *Transactions with Related Parties (Continued)*

The list of related party transactions is given below.

|                                                  | 31 December 2025 | 31 December 2024 |
|--------------------------------------------------|------------------|------------------|
| (a). Transactions and Balances with Shareholders |                  |                  |
| (i) Revenue and Capital Grants From Shareholder  |                  |                  |
| Ministry of Finance and National Planning        | -                | -                |
| (ii) Deferred Revenue Grants From Shareholders   |                  |                  |
| Ministry of Finance and National Planning        | -                | -                |
| (iii) Contributions to Capital                   |                  |                  |
| Ministry of Finance and National Planning        | 131,005,654      | 109,611,094      |
| (b). Directors Remuneration and Compensation     |                  |                  |
| (i) Board Remuneration / Expenses                | 428,515          | 157,450          |
| (ii) Key Management Remuneration                 | 5,079,614        | 5,391,017        |
| (c). Balances due from or Owed to Key Management |                  |                  |
| (i) Due to Key Management                        |                  |                  |
| Gratuity                                         | 7,901,359        | 6,967,317        |
| (i) Due from Key Management                      |                  |                  |
| Loans                                            | 4,577,861        | 4,690,234        |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Amounts are Stated in *Zambian Kwacha*

21. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to controlling interests and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated balance sheet plus net debt. The gearing ratios at 31<sup>st</sup> December 2025 and 2024 were as follows:

|                                              | 2025          | 2024          |
|----------------------------------------------|---------------|---------------|
| Debt                                         | -             | -             |
| Other Financial Liabilities                  | -             | -             |
| Cash                                         |               |               |
| Cash and Cash Equivalents                    | (48,222,027)  | (19,783,996)  |
| Placements with Other Financial Institutions | (36,048,037)  | (12,371,783)  |
| Net Debt                                     | (84,270,064)  | (32,155,779)  |
| Equity                                       | 1,614,709,716 | 1,584,202,392 |
| Net debt to equity ratio                     | -5.22%        | -2.03%        |

22. Capital Commitments

The Company had no capital commitments as at the year-end.

23. Contingent Liabilities

No major contingent liabilities were identified at end of the year (2024: Nil).

24. Events Subsequent to Balance Sheet Date

There has not arisen since the end of the year any transaction or event of a material and unusual nature likely, in the opinion of management, to affect substantially the operations of the Company, the results of those operations or the state of affairs of the Company in subsequent financial years.



APPENDIX I-DETAILED STATEMENT OF INCOME AND EXPENDITURE

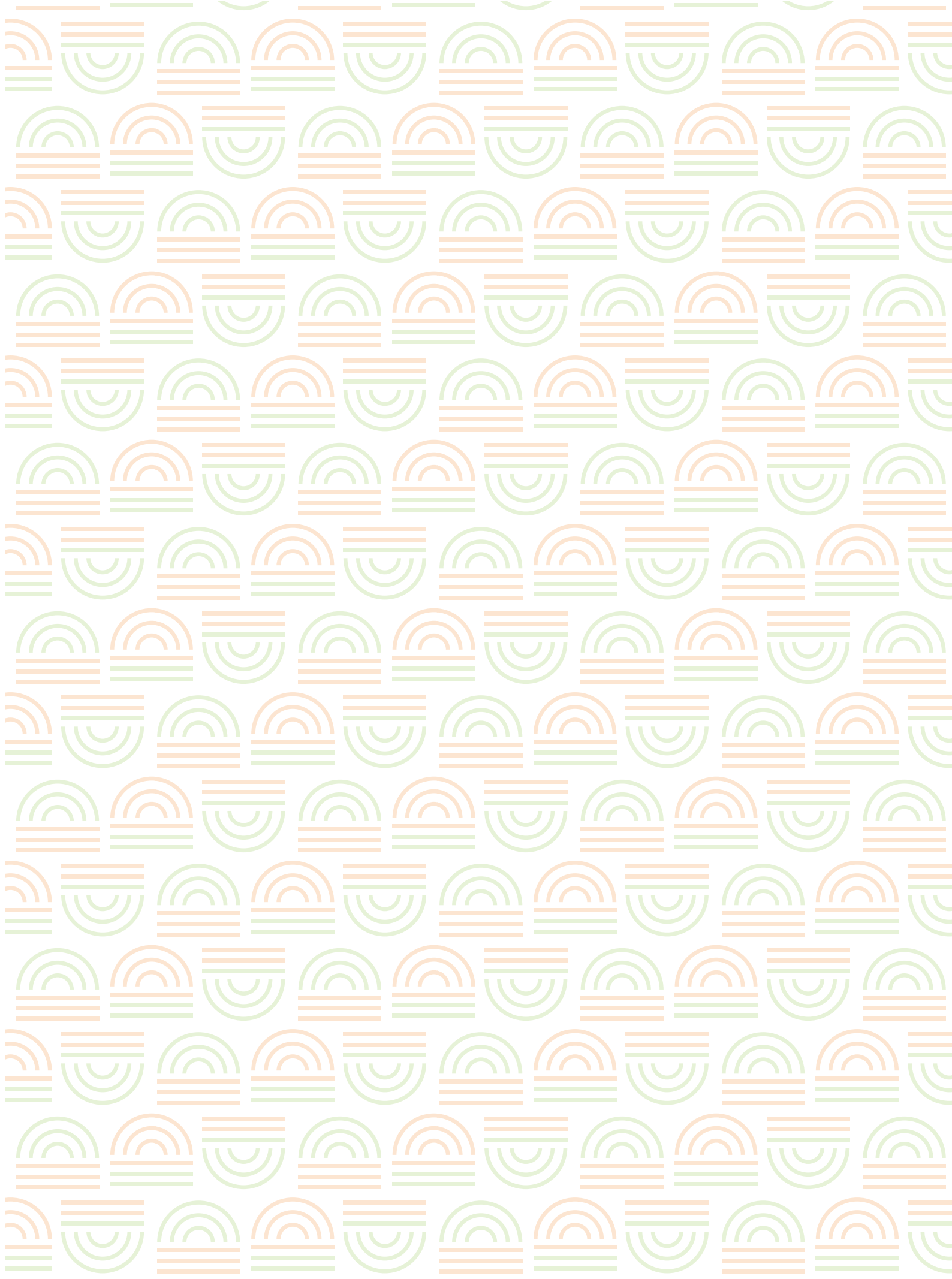
*Amounts are Stated in Zambian Kwacha*

|                                         | 31 December 2025   | 31 December 2024  |
|-----------------------------------------|--------------------|-------------------|
| <b><u>Interest Income</u></b>           |                    |                   |
| Interest Received                       |                    |                   |
| Loans and Advances                      | 107,663,521        | 95,275,467        |
| Fixed Term Deposits                     | 2,079,417          | 2,414,669         |
| <b>Total Interest Received</b>          | <b>109,742,938</b> | <b>97,690,136</b> |
| <b><u>Interest Expense</u></b>          | <b>-</b>           | <b>-</b>          |
| <b>Net Interest Income</b>              | <b>109,742,938</b> | <b>97,690,136</b> |
| <b><u>Non-Operating Income</u></b>      |                    |                   |
| Interest on staff loans                 | 313,869            | 249,117           |
| Insurance Claims                        | 24,138             | -                 |
| Loan Facility Fee                       | 2,580,933          | -                 |
| Sundry Income                           | 1,589,573          | 1,238,797         |
| Rental Income                           | 256,000            | 32,000            |
|                                         | <b>114,507,451</b> | <b>99,210,050</b> |
| <b><u>Costs</u></b>                     |                    |                   |
| Alternative Energy (Solar) Costs        | 257,542            |                   |
| Amortisation                            | 113,434            | 620,219           |
| Assessment and OAG Expenses             | 149,602            | 32,918            |
| Asset Write Offs                        | 20,976             |                   |
| Biometric Time Management System Costs  | 61,781             |                   |
| External Audit Fees                     | 369,000            | 255,759           |
| Advertising and Publicity               | 3,376,744          | 3,356,619         |
| Bank Charges and Commission             | 113,040            | 595,065           |
| Board Expenses                          | 428,515            | 157,450           |
| Communication Expenses                  | 91,892             | 169,837           |
| Computer Expenses                       | 2,509,953          | 1,655,996         |
| Covid Prevention and Mitigation Support | -                  | 23,200            |
| Emergency Preparedness and Prevention   | 4,640              |                   |
| Depreciation                            | 4,422,321          | 6,711,532         |
| Disaster Recovery Expenses              | 237,622            | 197,655           |
| Fines and Penalties                     | 1,674,875          | 1,508             |
| Insurance                               | 460,279            | 162,100           |
| Legal Costs                             | -                  | 102,435           |
| Loss on Foreign Exchange Differences    | 1,072,611          |                   |
| Maintenance and Repairs                 | 1,838,223          | 1,933,969         |
| Motor Vehicle Expenses                  | 858,799            | 865,942           |
| General Office Expenses                 | 2,449,207          | 3,048,228         |
| ICT Equipment                           | 52,028             | 2,250             |
| Prepaid Expenses                        | 790,450            | 1,270,481         |
| Prior Year Loan Adjustments             | 954,127            | 767,910           |
| Professional Expenses                   | 75,043             | 41,309            |
| Protective Clothing                     | 578,482            |                   |

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2025

|                                                  | 31 December 2025  | 31 December 2024  |
|--------------------------------------------------|-------------------|-------------------|
| Rent & Rates                                     | 60,227            | 8,319             |
| SACCO Costs                                      | 1,653,006         | 640,643           |
| Security                                         | 675,352           | 507,848           |
| Subscriptions                                    | 667,826           | 696,810           |
| Trade Fair and Show Stand                        | 529,374           | 42,000            |
| Utilities                                        | 27,930            | 5,931             |
| Workshops, Internal Meetings and Seminars        | 3,933,419         | 324,837           |
|                                                  | <b>30,508,320</b> | <b>24,198,770</b> |
| <b>Salaries and Related Costs</b>                |                   |                   |
| Bonuses                                          | 1,759,064         | -                 |
| Gratuity                                         | 16,801,577        | 15,461,305        |
| Human Resource and Recruitment Costs             | 133,371           |                   |
| National Health Insurance                        | 138,724           | 135,135           |
| Salaries and other Staff Costs                   | 24,123,770        | 24,792,332        |
| Leave Expenses                                   | 34,980            | 667               |
| Funeral Scheme                                   | -                 | 45,354            |
| Staff Wellness                                   | 236,950           | 242,300           |
| Group Life Cover                                 | 248,177           | -                 |
| Staff Training Costs                             | 194,576           | 444,914           |
|                                                  | <b>43,671,189</b> | <b>41,122,007</b> |
| <b>Total Operating Expenditure</b>               | <b>74,179,509</b> | <b>65,320,777</b> |
| <b>Operating Result Before Impairment Losses</b> | <b>40,327,942</b> | <b>33,889,273</b> |
| Impairment Loss                                  | 5,345,827         | 5,423,262         |
| <b>Operating Result for the Year</b>             | <b>34,982,115</b> | <b>28,466,011</b> |
| Taxation                                         | (517,618)         | (8,530,656)       |
| <b>Earnings After Tax</b>                        | <b>34,464,497</b> | <b>19,935,355</b> |

END OF REPORT









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