



**Nkwazi Co-operative Savings
and Credit Society Ltd**



ANNUAL REPORT 2024



No.36, Senama Park, Ibex Hill, Lusaka, Zambia



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NOTICE

OF THE 27th ANNUAL GENERAL MEETING



Notice is hereby given for the 27th Annual General Meeting (AGM) of Nkwazi Co-operative Savings and Credit Society Limited to be held on Saturday 24th May, 2024 at Intercontinental Lusaka and virtually, at 08:00 hours to 14:00 hours.

The proposed Agenda for the meeting is as follows:

1. Opening remarks by the Chairperson.
2. Reading and adoption of the proposed Agenda.
3. Remarks by the Registrar of Co-operative Societies.
4. Reading and approval of prior AGM minutes.
5. To receive and consider the Chairperson's report.
6. To receive and consider the Treasurer's and Audited Financial statements for year ended 31st December 2024.
7. Adoption of the Reports.
8. Appointment of Auditors for the year to 31st December 2025.
9. Adoption and consideration of motions brought to the meeting. (Members are encouraged to send their motions and nomination forms in advance to the following email address: manager@nkwazicoop.com)
10. Pronouncement of retiring Board Members and Election of New Board Members.
11. Election of Chairperson, Vice Chairperson, Secretary and Treasurer.
12. Any other business.

By order of the Board,

joshuakashitala

Board Secretary

Plot. No. 36 Senama Park, Ibex Hill, Lusaka. www.nkwazicoop.com 095 679 7719

WHO WE ARE



Vision Statement



"To be a leading, preferred and reputable credit union"

Our Mission



"To promote and upgrade standards of its members with a bid to improve their livelihoods economically and socially"

Organisational Principles



1st Principle: Voluntary and Open Membership
Co-operatives are voluntary organisations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.

2nd Principle: Democratic Member Control
Co-operatives are democratic organisations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary co-operatives members have equal voting rights (one member, one vote) and co-operatives at other levels are also organized in a democratic manner.

3rd Principle: Member Economic Participation
Members contribute equitably to, and democratically control, the capital of their cooperative. At least part of that capital is usually the common property of the Cooperative. Members usually receive compensation, if any, on capital subscribed as a condition of membership. Members allocate surpluses for any or all of the following purposes: developing their cooperative, possibly by setting up reserves, part of which at least would be indivisible; benefiting members in proportion to their transactions with the cooperative; and supporting other activities approved by the membership.

4th Principle: Autonomy and Independence
Co-operatives are autonomous, self-help organisations controlled by their members. If they enter into agreements with other organisations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their Co-operative autonomy.

5th Principle: Education, Training and Information
Co-operatives provide education and training for their members, elected representatives, managers, and employees so they can contribute effectively to the development of their co-operatives. They inform the general public - particularly young people and opinion.

6th Principle: Co-operation among Co-operatives
Co-operatives serve their members most effectively and strengthen the cooperative movement by working together through local, national, regional and international structures.

7th Principle: Concern for Community
Co-operatives work for the sustainable development of their communities through policies approved by their members.



STANDING ORDERS

The board of directors in accordance with section 27.1 of the by-laws hereby provides the 27th AGM this year.

1. a) Members are required to stand when addressing the meeting.
 b) Speeches must be relevant to the subject before the meeting.
2. A member shall only address the meeting when called upon by the Chairperson, after which s/he shall immediately take his/her seat.
3. No member shall address the meeting except through the Chairperson.
4. A member shall not speak twice on the same subject except:
 - a) The Mover of the motion - who has the right to reply, or
 - b) S/He rises to object or explain (with the permission of the Chairperson).
5. The Mover of a procedural motion - (Adjournment lay on the table, Motion to Postpone) shall have no right to reply.
6. No speeches will be made after a "Question" has been put and carried or negated.
7. A member rising on a "Point of Order" shall state the point clearly and concisely.
8. a) A member should not "Call" another Member "To Order" but may draw the attention of the Chairperson to a "Breach of Order".
 b) In no event shall a member call the Chair to order.
9. A "Question" should not be put to a vote if a member desires to speak on it or move an amendment.
10. Only one amendment should be before the meeting at any one time.
11. When a motion is withdrawn any amendment to it falls away.
12. If a tie happens in a vote, the motion on the table will be subject to a second round of voting.
13. Provisions shall be made for protection by the Chairperson from vilification (Personal Abuse).
14. No member shall impute improper motives against another member.

THE BOARD OF DIRECTORS



Chibuna Muteto - Board Chairperson

A Chartered Accountant with over 19 years Financial Management and Accounting experience with good management and supervisory skills. A Fellow of ACCA and holds a Master's Degree in Economic Policy Management and a Bachelor of Accountancy Degree from CBU.

Leadership positions: Board Member-Set Apart International, Board Member-Living Hope Church. Currently works for USAID and serve on Nkwazi board as Chairperson.



Takudzwa Mwila - Board Vice Chairperson

Takudzwa has, over the years, displayed his leadership capabilities. He has strong moral code and capacity to listen and express opinions. He spent a number of years serving on State's locally engaged staff committee. He has more than 15 years of experience in the supply chain.

He holds a bachelor degree in business purchasing and Supply Chain Management from the University of Greenwich and Master of science in procurement, logistics, and Supply Chain Management.

He is currently working at CDC Zambia on Details as Acting Facilities Manager.



Simate Simate - Board Treasurer

Simate has two decades of Financial Management experience distilled from the Commercial, mining, non-profit and public sectors. He holds a Bachelor of Accounting degree from the Copperbelt University in Kitwe and a Master of Public Health degree from the University of Lusaka. He is currently working for CIRDZ and serve on Nkwazi board as treasurer.



Joshua Kashitala - Board Secretary

Joshua Kashitala is an agriculture and human resources entrepreneur. He holds a bachelor degree in development studies and a postgraduate degree in public health.

He currently serves on Nkwazi Board as a secretary as well as on NASCU Board.



Doreen Zulu Mwansa - Board Member

Doreen is a qualified Certified Chartered Accountant by profession (ACCA), a holder of Bachelor of Accountancy from the Copperbelt University and an MBA from London School of business post qualification. She is also a member of the Zambia institute of Chartered Accountants (ZICA).

Doreen is currently working as country Director at Meharry Medical College Global Health and HIV Clinical Services and serve on Nkwazi board as Head of Credit Committee.



Kashiya Chabala - Board Member

An Accountant by profession with 15 years' experience previously worked as Management Accountant at Macmillan Publishers (z) Ltd and Assistant Accountant at iSchool Zambia before Joining Nkwazi Co-operative Saving & Credit Society as an Administrator. She is currently Finance Officer at FHI360 and serve on Nkwazi board as credit committee member.



Dr Mphatso Mudenda - Board member

Mphatso Mudenda is a Health Informatics Expert working for Centers for Disease Control and Prevention (CDC) Zambia since 2015. She holds a PhD in Information Systems from University of Cape Town; a Master of Science Degree in Business Information Systems from the University of East London; and a Bachelor of Science degree in Computer Science and Demography from the University of Malawi. In addition, she is a certified project manager professional (PMP), she currently serve on Nkwazi board and is part of Education Committee.



Ms Mwape Zulu - Board member

Mwape Zulu holds a bachelor's degree in Business Administration from the Copperbelt University. She is a Mandela Washington Fellow, a preserve for distinguished Young African Leaders, with certification in Leadership for Public Management from Florida International University. Professionally, she is a seasoned economic crimes investigator and currently serving as Nkwazi Credit Committee Member.



Mr. Kamuchizya Mutambo - Board Member

Seasoned Human Resource practitioner with over 14 years of working in the profession. Prior to joining USAID, Mr Mutambo served in various organizations including Chemonics International and the private sector, this experience provided him first-hand knowledge of some of challenges that the Zambian workforce face and, the opportunities often underutilized/untapped. Kamuchizya is currently serving as Nkwazi Education Committee member.

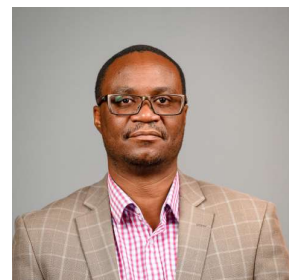
AUDIT AND SUPERVISORY COMMITTEE (ASC) UPDATE



Mr. Ferzio Mampwe
Committee Secretary



Mr. Isaac Simwase
Committee Chairperson



Mr. Richard Musukuma
Committee Member

Following the last AGM, members of the Nkwazi Savings and Credit Cooperative Society Limited elected a three-member Supervisory and Audit Committee (ASC) comprising Mr. Isaac Mwase, Mr. Richard Musukuma, and Mr. Ferzio Mampwe (Nominated by the Board). The ASC is mandated to provide independent, internal oversight and ensure compliance, transparency, and good governance across the Cooperative's operations.

Summary of reviews conducted in the period under review.

After undergoing induction and orientation, the ASC commenced its mandate with a focus on evaluating internal controls, financial reporting, and risk management systems. The ASC reviewed accounting and general policies, operational procedures, and management practices to assess compliance with cooperative by-laws, policies, and regulatory standards.

In response to an internal request and in line with due diligence on Bank of Zambia (BOZ) Circular No. 10/2021 (dated 18 June 2021), which mandates credit data submission by financial service providers, the ASC reviewed relevant Credit Reference Bureau (CRB) clauses. The ASC noted that while Nkwazi Cooperative Society has signed a CRB mandate, the facility is not fully utilized due to the Act's applicability to institutions under the Banking and Financial Services (BASf) Act, whereas Nkwazi is governed by the Cooperatives Act. However, in line with the Nkwazi Strategic Plan, this remains a key area for further exploration, especially as the Cooperative considers enhancing insurance coverage for its loan products.

Special attention was given to potential financial risks arising from the USAID reduction in force. Several scenario analyses were conducted, and mitigation recommendations were submitted to the Board. The ASC also reviewed the external auditor's Report and Financial Statements for the year ended 31st December, 2024, for accuracy, evaluated the budgeting process, and assessed fund utilization and detailed operating expenses to support prudent financial management.

Furthermore, the ASC examined governance and election processes from the previous AGM, identifying gaps and proposing measures to strengthen procedural integrity.

2025 Outlook and Strategic Focus Ahead

The ASC remains committed to promoting transparency, ethical conduct, and accountability. It will continue to evaluate and assess internal controls, investigate irregularities, and recommend corrective actions. Regular audit reports and actionable feedback will be submitted to the Board and presented at future AGMs to safeguard members' interests and support continuous improvement.



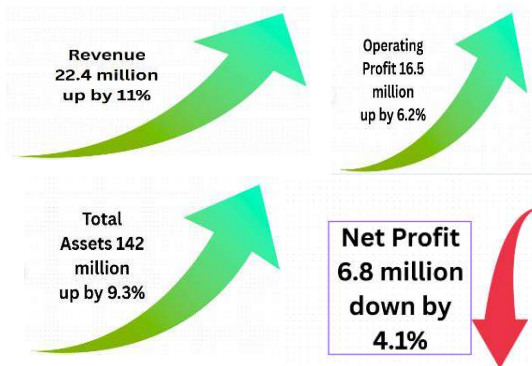
Timothy Ngoma

MBA-Fin, ACCA, AZICA, Cert IASBC,

GENERAL MANAGER

Joined the team in 2020

MANAGEMENT AND OPERATIONS UPDATE



1) Liquidity Management, Net Asset Valuation and Asset utilization: In the year under review, the Cooperative's overall liquidity position demonstrated significant improvement compared to the previous year (2023). This positive development was primarily driven by increased member deposits and higher income generated from financial investments. Additionally, a notable decline in loan uptake contributed to the strengthened liquidity position.

The Cooperative's net asset value calculated as total assets less liabilities owed to members rose by 12%, reflecting our continued commitment to sustainable financial growth. This improvement underscores Nkwazi Cooperative's robust financial health and its capacity to meet obligations as they fall due.

Total assets increased by 9.11%, accompanied by a 6.4% rise in operating profit. However, asset utilization declined slightly to 11.5% from 11.9% in 2023. This marginal decrease was primarily due to increased cash holdings in preparation for the launch of new loan products and the anticipated payout of interest on savings.

As we strive to enhance member value and financial efficiency, we are committed to addressing these areas of reduced performance and implementing targeted measures to improve asset utilization in 2025 and beyond.

2) Product Development and Innovation: The recently launched products both in the savings and loans categories were well received, with notable uptake recorded across all offerings. This positive response reflects the Cooperative's ability to design and deliver financial solutions that align with member needs and aspirations.

Looking ahead to 2025, we are excited to introduce a new wave of innovative products aimed at enhancing members' livelihoods and strengthening their connection to Nkwazi. These upcoming offerings will continue to reflect our commitment to meaningful, member-centred growth and development.

3) Human Capital Management: During the year under review, the Cooperative welcomed two new staff members: a Credit Officer and a Credit and Administration Assistant. Ms. Thembele Sefulo Kakoma joined as Credit Officer, replacing Ms. Caroline Mwila, who separated from the Cooperative after seven years of dedicated service. We extend our sincere appreciation to Ms. Mwila for her valuable contributions over the years.

The position of Credit and Administration Assistant was newly created to support the Cooperative's expanding operations. However, the appointed incumbent, Mr. Justin Sakala, resigned while still on probation. As a result, this position remains vacant and is scheduled to be filled during the course of 2025.

Despite these staffing changes, I am pleased to report that our overall staff turnover remains low. Our longest-serving employee has been with the Cooperative for 18 years, while the most recent has served for 1 year. On average, our employees have tenures ranging between 4 and 8 years, reflecting stability, institutional knowledge, and a strong commitment to our mission.

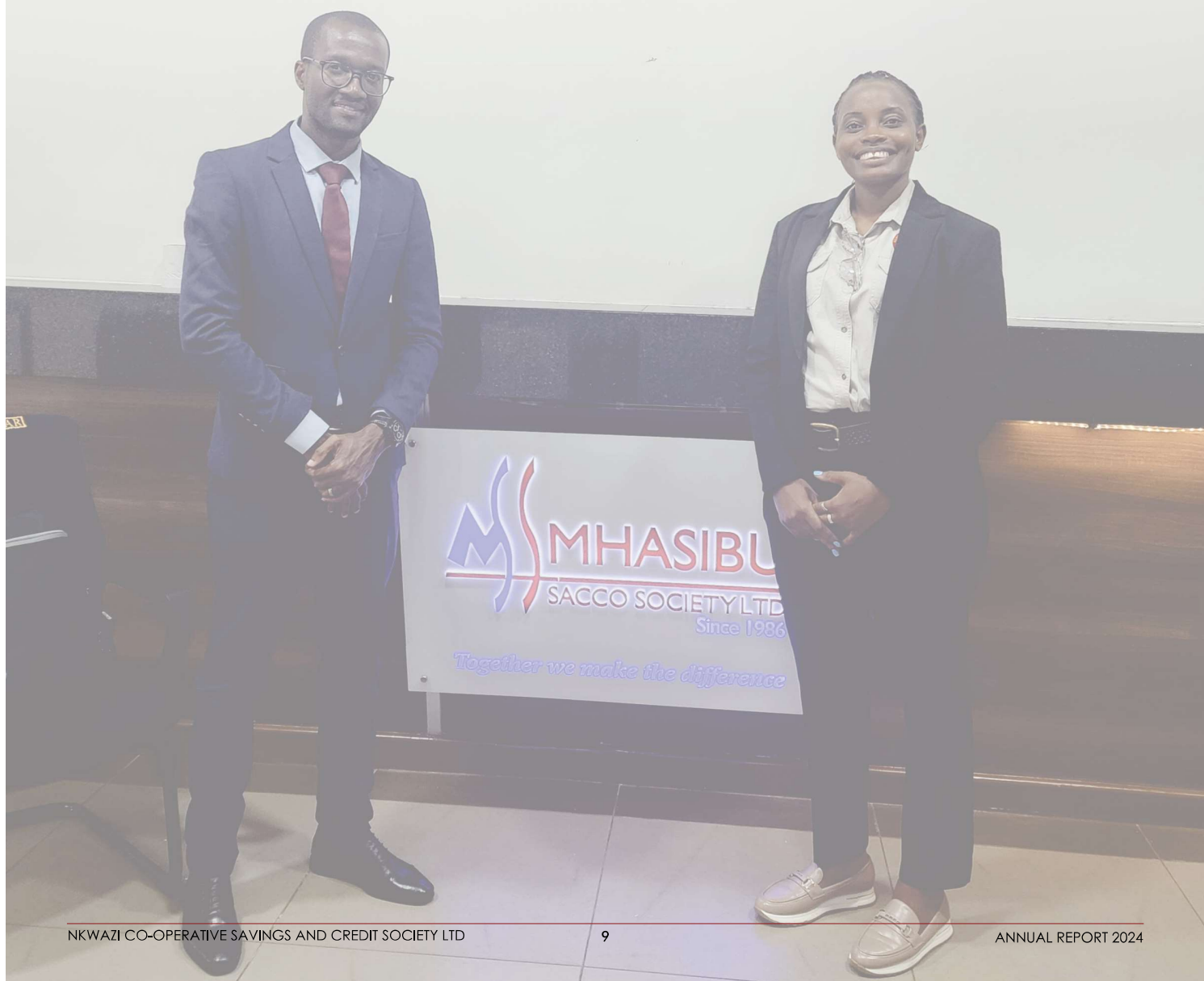
4) Cooperative Benchmarking: In line with our strategic objective to foster growth through collaboration and knowledge sharing, Nkwazi Cooperative successfully participated in an exchange program with two prominent Kenyan cooperatives MHASIBU SACCO, with a membership base of 26,000, and KMA SACCO, with 7,000 members. These engagements provided invaluable insights into operational excellence, member engagement, and innovative product development. This experience has further fuelled our ambition to position Nkwazi as a leading credit union in Zambia.

While in Kenya, Nkwazi was also proudly represented at the 2024 SACCA Congress organized by the African Confederation of Cooperative Savings and Credit Associations (ACCOSCA). This marked our first

participation in the event, with the General Manager and Senior Credit Officer in attendance. Their participation underscores our commitment to continuous learning and the promotion of SACCO philosophies within our member base.

Additionally, our visit coincided with the 50th anniversary celebrations of Stima SACCO an institution that now boasts a membership of 180,000. Their remarkable growth story served as a powerful inspiration, reinforcing the potential that lies ahead for Nkwazi as we continue to evolve and expand our impact.

5) Corporate Social Responsibility: The Corporate Social Responsibility (CSR) portfolio remained inactive during the year 2024. However, inspired by the insights gained during our recent exchange visits, we recognize the importance of structured community engagement as part of our broader mission. As a result, plans are underway to establish a dedicated CSR team tasked with developing, planning, and implementing impactful CSR initiatives. This strategic move reflects our renewed commitment to giving back to the community and reinforcing Nkwazi Cooperative's role as a socially responsible institution.



MEMBERS OF STAFF

Meet our friendly and dedicated team.



David Mwamba
Senior Accountant
Joined the nkwazi team in 2012



Malilwe Masole
senior credit officer
Joined the Nkwazi team in 2015



Audrey Bwalya
Accountant
Joined the Nkwazi team in 2021



Thembela Sefulo Kakoma
Credit Officer
Joined the Nkwazi team in 2024



Jane Malama Munangu
Customer Experience Advisor
Joined the Nkwazi team in 2021



Enock Mwata
General Service Assistant
Joined the Nkwazi team in 2008



Chibuna Muteto
Chairperson

CHAIRPERSONS'REPORT

Introduction

Dear Esteemed Members of Nkwazi Cooperative Savings & Credit Society Limited, It is with great honour and humility that I present to you my inaugural Chairman's report, having assumed the role of Board Chairperson in 2024 after proudly serving on the Nkwazi Board for three (3) years. I extend my heartfelt gratitude to all past Chairpersons and previous Board Members whose leadership has laid a strong foundation for our beloved Cooperative's continued growth and success.

The year 2024 marked the third year of implementing Nkwazi Cooperative's Five-Year Strategic Plan (2022–2026); I am delighted to be part of this journey of shaping the strategy and actively driving its implementation. I am pleased to present this report on our progress and performance of the Strategic Plan. I will also provide the planned strategic direction of the Cooperative due to the recent geopolitical and economic events that have affected our Cooperative in 2025.

True to our motto, *"Improving Livelihoods,"* Nkwazi Cooperative continues to make a meaningful difference in the lives of our members, not just in words, but through tangible actions. Through access to affordable financing and a suite of savings products tailored to members' financial goals, we remain steadfast in enhancing members' economic well-being. In May 2024, we launched five (5) new savings products and six (6) new loan products. While we look forward to broader member adoption of the said products, early uptake in the first seven months of 2024 for loan products, especially on the Buy-back Loan, has been promising and encouraging.

Operational Review of 2024

The Year 2024 presented a challenging macroeconomic environment. Our country grappled with rising inflation, liquidity constraints, and prolonged load-shedding, all exacerbated by the most severe drought Zambia has experienced in decades. Despite these headwinds, Nkwazi Cooperative demonstrated resilience and recorded commendable growth as detailed in the Treasurer's Report. In summary, we achieved 11% increase in revenue with a profit margin of 30%, a reflection of our strategic direction and commitment to sustainable growth.

Our vision remains to become one of Zambia's leading credit unions. Though our membership base may be modest, our strong balance sheet positions us as one of the country's most promising and well-managed Savings and Credit Cooperatives (SACCOs). I now turn to our strategic plan to report on our performance and progress.

Strategic Plan Progress Update

The Nkwazi Cooperative 2022–2026 Strategic Plan is our compass guiding the Board and Management in Nkwazi Cooperative's operations. I am pleased to report the progress and performance of our Strategic Plan across all six strategic pillars:

1. Membership Growth and Awareness

The target is to double our membership from 700 in 2022 to 1,400 by 2026. While this remains a stretch goal, we have made incremental progress despite external constraints. As of December 2024, our membership stands at 855, which is 60% of our 2026 envisioned target. The challenges the Cooperative encountered

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in meeting the target include limited signed Memoranda of Understanding (MOUs) with new organizations and the closure of donor-funded projects, leading to member attrition. However, efforts such as member referral programs, meet and greet interactions with human resource personnel, etc. aimed at onboarding new institutions have begun to bear fruit. The initiatives, with continued outreach plus the planned strategic pivot in 2025, give us confidence that we can still meet our 2026 target.

2. Business Growth and Quality Enhancement

In 2024, two senior staff members of Nkwazi Cooperative participated in the Savings and Credit Cooperatives Associations (SACCA) Congress in Naivasha, Kenya, under the auspices of the African Confederation of Cooperative Savings and Credit Associations (ACCOSCA). In addition to participating in the SACCA Congress, the staff also undertook valuable benchmarking visits to other SACCOs in Kenya that offered insight into robust governance practices and staff capacity building on member engagement strategies and IT systems that will guide innovation and improvement within our Cooperative.

The benchmarking exercise proved exceptionally timely as we work toward actualizing our longstanding strategic objective of establishing a microfinance institution, Nkwazi Finance, which remains a cornerstone of our growth strategy. As much as significant progress has been made in establishing Nkwazi Finance, work on it has temporarily been stopped pending a comprehensive assessment of the potential impact on our operations of the Pause in Foreign Assistance by the U.S government. Despite this pause, our commitment to establishing Nkwazi Finance remains unwavering. We are fully aligned and focused on achieving the registration and operationalization of Nkwazi Finance by the end of 2026.

3. Innovation and Market Penetration

To strengthen our asset base, we targeted a 10% (ZMW 9 million) and (ZMW 7.5 million) growth in our savings and loans portfolio respectively by 2026. In 2024, we achieved a 5% growth in the savings portfolio, which reached ZMW 94 million from ZMW 89 million recorded in 2023. However, the loan book declined by 2% to ZMW 73 million from ZMW 75 million in 2023. The decline was primarily due to limited lending opportunities and member withdrawals. Nevertheless, we remain

focused on reversing this trend through product refinement and market realignment.

As mentioned, we introduced several new loan products in 2024, many of which have shown good marketability, notably the Buy-Back Loan. With continued product awareness campaigns, we anticipate further positive responses from members across savings and loan offerings.

4. Governance and Leadership

Good governance remains central to our strategic objectives. In 2024, we conducted a comprehensive training program for the Board of Directors, the Supervisory & Audit Committee, and the Senior Management Team. Key outcomes included the development of a Board Charter, which has since been developed, and conducting quarterly board evaluations, which we aim to introduce by the end of 2025. These actions are instrumental in strengthening our leadership culture and ethical business practices.

5. Human Capital Development

We have prioritized staff welfare, engagement, and retention as key enablers of organizational success, and I'm glad to report that staff retention has remained stable overall. However, we recorded two staff separations in 2024, one due to separation after seven years of service to Nkwazi, and another due to separation during probation. While these movements were minimal, they underscore the need for robust Human Resources policies. We are finalizing our Human Resources Policy, which will respond to new organisational needs such as having an internal audit person to support the Audit and Supervisory Committee, a Business Development Officer, and an IT personnel. These additions mirror our business expansion plans and aim to contribute to a seamless workflow process. We believe that once the policy is finalised and implemented, it will enhance employee morale, reduce turnover, and support our long-term talent retention strategy.

6. Information and Communication Technology (ICT)

Our ICT systems have significantly improved the member experience. The WESE system, though not perfect, now offers real-time access to account information. While this marks a major achievement, we continue to address system vulnerabilities to make the platform fully audit-compliant. Our long-term vision is

continues

to provide members with a complete digital experience where savings and loan applications can be completed seamlessly online.

Key Achievements recorded in 2024

During the year under review, Nkwazi Cooperative recorded several notable achievements aligned with our strategic objectives. A few highlights are as follows:

a)Product Innovation and Uptake: The successful introduction of new loan products, particularly the Buyback Loan and Energy Solution Loan, yielded promising results demonstrating strong market potential. The positive response from members highlights the Cooperative's continued commitment to providing relevant, need-based financial solutions to our members.

b)Establishment of the Supervisory and Audit Committee: In alignment with our strategic objectives and the provisions of Nkwazi Cooperative By-laws, we successfully established the Supervisory and Audit Committee. The Committee is tasked with evaluating the effectiveness of our internal control systems, identifying potential risks facing the Cooperative, and ensuring appropriate risk mitigation measures are in place. Additionally, in collaboration with the Registrar of Cooperatives, the Committee plays a key role in facilitating board elections in accordance with our governing By-Laws.

c)Financial Performance and Member Benefits: The Cooperative experienced growth in revenue and profitability, which translated into enhanced value for members. As a result, the declared interest on savings increased to 9.7%, up from 8.45% recorded in 2023, resulting in a 15% increase.

d)Governance Enhancement – Board Charter Development: In our continued efforts to strengthen corporate governance, the Board successfully developed and adopted a Board Charter. This document serves as a guiding framework for the roles, responsibilities, and ethical standards expected of the Board, thereby enhancing transparency, accountability, and effective oversight.

e)Risk Mitigation through Loan Insurance: In a strategic move to safeguard member funds and mitigate loan

default risks, the Board and Management successfully negotiated affordable loan insurance premiums. This initiative will enhance financial security for both the cooperative and its members. Implementation of the insurance premiums is scheduled to commence in June 2025.

Key Challenges

a)Membership Growth: Despite deliberate efforts to increase membership, overall growth remained subdued. The Cooperative recorded 97 new members against 55 member exits, resulting in a marginal net growth. This stagnation is largely attributed to downsizing across several NGOs, which continues to impact our traditional member recruitment base. Going forward, we need to diversify our membership strategy by exploring new sectors and outreach approaches to sustain and expand our member base.

b)Information and Communication Technology (ICT): While substantial progress was made through the deployment of the WESE Core Banking System, some operational challenges persist. System glitches continue to affect the user experience and require ongoing refinement. Looking ahead, the Cooperative aims to enhance digital service delivery by introducing online loan and withdrawal applications as well as exploring future integration with mobile money platforms to improve convenience, accessibility, and overall member satisfaction.

2025 Outlook

The year 2025 began with unsettling events following global shifts in the Development Aid Policy; the Pause in Foreign Assistance Funding by the United States Government. The resultant project closures and job losses, particularly among USAID-funded organizations and the shutting down of USAID have had a direct impact on our members. The recent shutdown of USAID has led to the loss of employment for approximately hundred (100) of our members. This development is expected to have a direct impact on our operations, particularly in terms of reduced lending capacity to the affected members. In addition, contributions to member savings from the affected members are anticipated to decline in the short to medium term. Furthermore, should some of the affected members choose to close their accounts, this may further strain our liquidity management efforts.

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The above events prompted the Board of Directors to introduce painful interim risk mitigation measures. These changes are expected to temporarily affect our lending operations and savings inflows, especially in quarter one (Q1) of 2025. Nevertheless, our Cooperative remains financially stable and resilient. As shown by the Treasurer's Report, our diversified investment portfolio has cushioned us during this difficult period, validating our strategy of not relying solely on loan-based income. Though we anticipate reduced growth in the short term due to member employment losses, this is not expected to threaten the sustainability of our Cooperative. Like the eagle that symbolizes our organization, we will rise above the storm. We are already exploring new business avenues, and the Board will present strategic proposals to members during this meeting to drive growth in 2025.

Strategic Focus for 2025 – Enhancing Resilience and Business Continuity

To address the challenges outlined above, particularly those resulting from project closures and employment losses, the Cooperative will pursue several targeted strategies in 2025. These initiatives are designed to enhance resilience, sustain growth, and protect member value in the face of a shifting operational landscape.

Key strategies to be implemented include the following:

1) Loan Insurance Implementation: Effective June 2025, all loans issued by the Cooperative will be covered under a loan insurance scheme. This strategic measure is aimed at protecting the cooperative's loan portfolio from potential default risks, particularly in light of the ongoing uncertainties affecting the development aid sector. Under this policy, borrowers will incur an additional premium of approximately 1% of the loan principal, which will be factored into the cost of borrowing. While we acknowledge that this may be perceived by some members as an increase in loan expenses, it is a necessary safeguard to ensure the long-term protection of both member funds and the financial health of the cooperative. This proactive step toward risk mitigation reinforces our commitment to responsible financial management in a dynamic economic environment.

2) Introduction of a Medical Scheme Product: As part of our 2025 strategic interventions, the Cooperative has developed a medical scheme product designed to offer affordable health insurance coverage to members and their dependents. This initiative aligns with our commitment to improving members' overall well-being by providing access to essential healthcare services. The full details on this product are shown in the management report.

3) Extended Family General Membership Program (EFGMP): In line with our goal to foster inclusivity and promote a savings culture beyond our immediate membership, the Cooperative has introduced the Extended Family General Membership Program (EFGMP). Through this initiative, the Cooperative aims to reduce concentration risk, enhance sustainability, and create opportunities for organic growth. A comprehensive presentation on this initiative will be delivered to this august house during the meeting.

4) Diversifying Membership through Sector Expansion: Historically, Nkwazi Cooperative has focused on onboarding members primarily from non-governmental organizations and donor-funded agencies. However, in light of recent shifts in global aid policies and the resulting operational uncertainties, it has become necessary to reassess this model.

In 2025, the Cooperative will pursue a strategic realignment aimed at tapping into underexplored sectors, including government agencies and the private sector. These sectors present stable, long-term membership opportunities and are largely untapped by SACCO models. By expanding our outreach and strengthening partnerships beyond traditional channels, Nkwazi Cooperative is well-positioned to enhance its resilience, diversify its risk profile, and sustain membership growth.

5) Establishment of an Insurance Brokerage Firm: In response to emerging opportunities linked to the rollout of loan insurance and the upcoming medical scheme product, the Cooperative plans to establish an insurance brokerage subsidiary under a standalone business structure. This new entity will operate independently as a commercial arm of Nkwazi Cooperative, enabling us to directly manage insurance-related services and generate additional revenue streams.

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Conclusion

In closing, I want to again reassure each and everyone of you that Nkwazi Cooperative is financially stable and resilient. The Cooperative may experience reduced growth in the short term as a result of funding cuts due to the Pause in Foreign Assistance Funding by the United States Government; however, this is not expected to threaten the sustainability of our Cooperative. We will rise above the storm and just like many hurdles that the Cooperative experienced in the past, this too, shall pass. I therefore call upon you members of our beloved Nkwazi Cooperative to support the strategic proposals

that are meant to ensure continued growth and sustainability of Nkwazi Cooperative. Further, I wish to extend my heartfelt support to all members who have been and indeed who will be affected by job losses as a result of donor funding cuts. We stand with you during this difficult time. Remember, when one door closes, another opens. This is a season, and it too shall pass. *Aluta continua*. Thank you, and may God bless you all.





Simate Simate
Board Treasurer

TREASURER'S REPORT

ECONOMIC COMMENTARY

Global Performance

According to the OECD, the global economy in 2024 remained resilient despite notable differences in economic strength and activities across countries and sectors. In many economies, inflation was reined back to target levels by central banks but remained largely pervasive for a number of countries. The year also saw the easing of labor market tightness with global unemployment levels edging towards historical lows. In spite of the foregoing, headwind risks continued to cast a shadow over global economic performance. Notable among global risks include geopolitical tensions such as the war in Ukraine as well as heightened tensions in the Gaza Strip, persistent inflation, and a sharp repricing of risk in financial markets. Trade was a key driver of global growth, although trade benefits were not equitably shared by trading partners. Public debt remained at elevated levels with some emerging economies and low-income countries experiencing either debt distress or were at a high risk of debt distress. There were also increasing pressures from ageing populations in some economies which were amplified by energy transitions. This resulted in strained fiscal positions that jeopardized the ability of some countries to respond to future challenges. The subdued projected growth outlook along with a multiplicity of headwinds calls for decisive global policy action that will seek to safeguard and stabilize trade, mitigate debt vulnerabilities as well as combat climate change.

Local Economy

Inflation

According to the Bank of Zambia, the country's inflation in the fourth quarter of 2024 edged upwards to 16.3% up from 15.5% in the third quarter. Higher emergency electricity tariffs in November 2024 resulting from the 2023-24 drought drove a significant impact in non-food inflation which stood at 14.1% compared to 12.2% at the beginning of the fourth quarter. In addition, reductions in the supply of fish and vegetables contributed to higher food inflation. This, coupled with a deteriorating exchange rate of over 30% during the year under review, sustained a high trajectory for overall inflation. In the next two years, inflation is projected to remain well outside the 6-8% target range and is expected to average 14.6% in 2025.

Gross Domestic Product

Despite gloomy predictions for 2024 (1.2% GDP), which were mainly due to the drought and continued load shedding, the country's economic activity exhibited more resilience than expected. Preliminary GDP estimates indicate that the economy grew by 4% (5.4% in 2023). Mining production expanded by 12%, the first rise in three years on account of resumption of operations at Konkola Copper Mines (KCM), improvements at Mopani Copper Mines (MCM) and improved output for several other mining operations. The Information and Communication industry made the highest positive contribution (1.8%) to growth in GDP. In contrast, the Electricity Supply industry had the

largest negative impact (0.5%). This was coupled by observed growth in services and construction.

Local currency

A constrained supply of foreign currency in relation to demand in 2024 coupled with stalled debt restructuring resulted in depreciation of the local currency. The Kwacha plummeted 35.1% in the first half of 2024 and eventually settled at an average rate of ZMW 25.76 per \$1. This sharp decline brought to light the Kwacha's susceptibility to market pressures including but not limited to subdued Copper production, electricity imports and constrained foreign currency inflows. In the last six months of the year under review, the Kwacha declined a further 7% ending the year at ZMW 27.58 per \$1 due to high demand for the U.S. Dollar in relation to supply. This scenario prompted the central bank to inject close to \$231m into the market as an intervention to help stabilize the local currency.

Climate Change

Zambia continued grappling with significant food and energy deficits in 2024 because of climate change. These challenges continued to have adverse impacts on the economy and on the welfare of the country's population. Heavy reliance on hydro-electric power (85% of the country's electricity generation capacity)

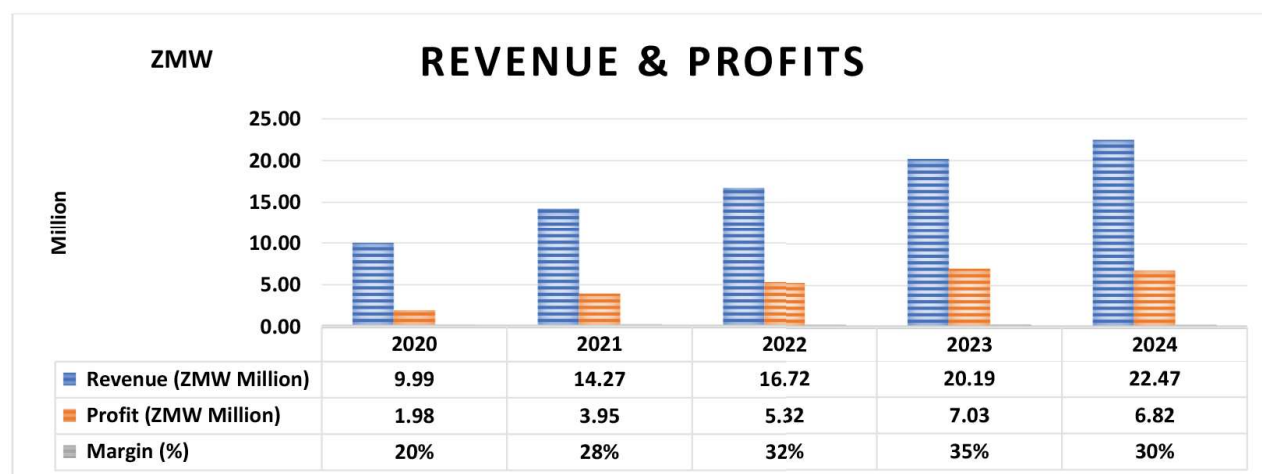
has been attributed to the country's pervasive energy crisis. The 2023-24 drought had compounded the situation by significantly reducing water levels in Lake Kariba and other key water reservoirs. The country's electricity generation capacity stood at slightly over 1,000 MW against a demand of 2,400 MW. This deficit resulted in continued load shedding and incidental power imports that impacted adversely on economic activity and agricultural production.

Credit Conditions

According to the Bank of Zambia Credit Conditions Survey, the country experienced relatively loose credit conditions. This was attributed mainly to high money market liquidity conditions for households towards the end of 2024. Credit to small and medium enterprises (SMEs) was, however, constrained on account of high default rates. In broad strokes, credit conditions for households and large corporates were expected to remain relatively loose at the end of the year on account of improved liquidity in the market. Demand for working capital remained high, driven by the need to procure and operate alternative sources of energy owing to persistent electricity shortages and a weaker exchange rate. During the year under review, the monetary policy rate (MPR) was revised upwards four times, closing the year at 14.0 percent.

Nkwazi Financial Performance

Figure 1: Revenue and Profits



(Source: Nkwazi Cooperative Society, 2025)

Figure 1 depicts the Cooperative's Revenue and Profits. In 2024, the Cooperative recorded revenue of ZMW 22.47 million, representing a 10.9% increase from the ZMW 20.2 million reported in 2023. This growth is primarily attributed to the successful expansion of the Cooperative's loan product portfolio and the ongoing diversification of its investment activities.

Despite the growth in revenue, the Cooperative's net profit declined slightly by 3%, decreasing from ZMW 7.0 million in 2023 to ZMW 6.8 million in 2024. This marginal reduction is primarily attributed to increased operational expenses and higher interest costs on member savings. Staff-related costs rose by 4.3%, while general and administrative expenses increased by 5%.

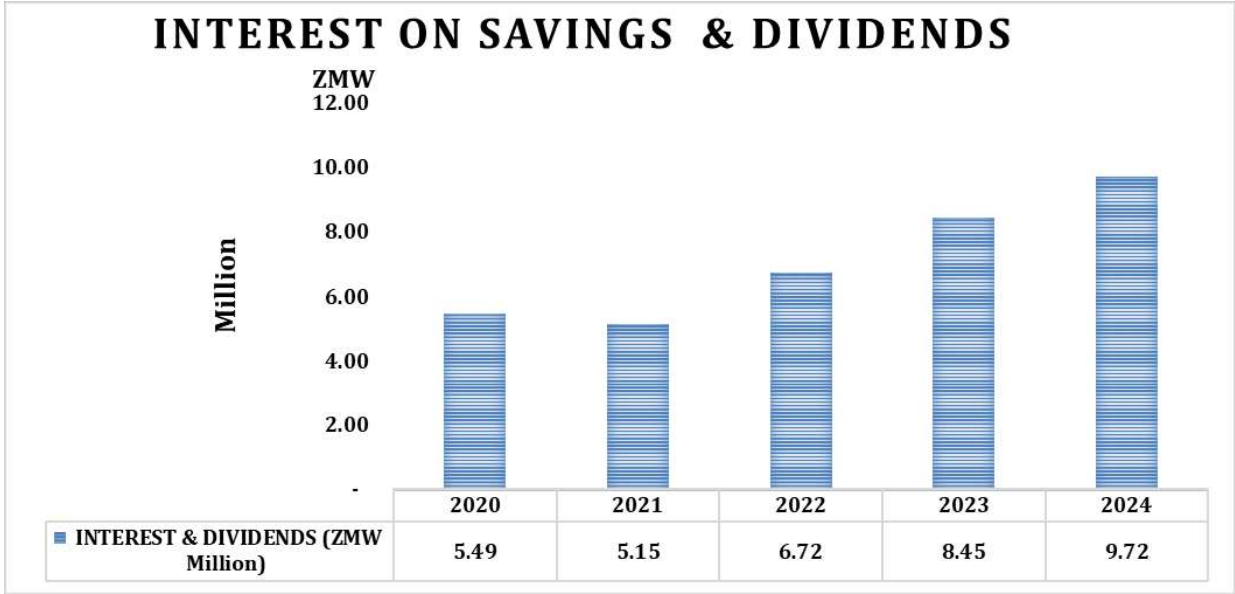
A key driver of operational cost escalation was the 14.9% increase in interest paid on members' savings, which grew from ZMW 8.45 million in 2023 to ZMW 9.7 million in 2024. Additionally, Board and Committee expenses rose significantly, influenced by the increased number of meetings held in connection with the launch

of new products, as well as honoraria paid to outgoing Board members at the 2023 Annual General Meeting. These costs were further impacted by the establishment of the new Audit and Supervisory Committee.

Further contributing to the overall increase in expenses was the rise in the provision for bad debts. Although this is a non-cash (book) entry, it is important to note that the provision is a mandatory requirement in compliance with applicable accounting standards and financial reporting frameworks.

Overall, total expenses accounted for 26% of revenue signifying greater operational efficiency and higher profitability, a level that remains within the monitoring scope of both the Board and Management. The Cooperative remains committed to prudent financial management and continues to implement measures aimed at ensuring operational efficiency and cost containment to safeguard long-term profitability and shareholders wealth

Figure 2: Interest on Savings and Dividends



(Source: Nkwazi Cooperative Society, 2025)

Figure 2 presents the Cooperative's interest and dividend payments. For the year ended 2024, total interest paid on members' savings amounted to ZMW 9.7 million, reflecting a 14.9% increase from the ZMW 8.45 million paid in 2023. This growth was primarily driven by an increased declared interest rate of 10.17%, along with an additional 3% incentive paid to pure savers, compared to the 9.5% interest rate declared in the previous year.

Another contributing factor was the expansion in the members' savings portfolio, which closed the year at ZMW 94 million, a 5.6% increase from ZMW 89 million recorded at the end of 2023.



Nkwazi Cooperative Historical Dividend payout ratio

Table 1

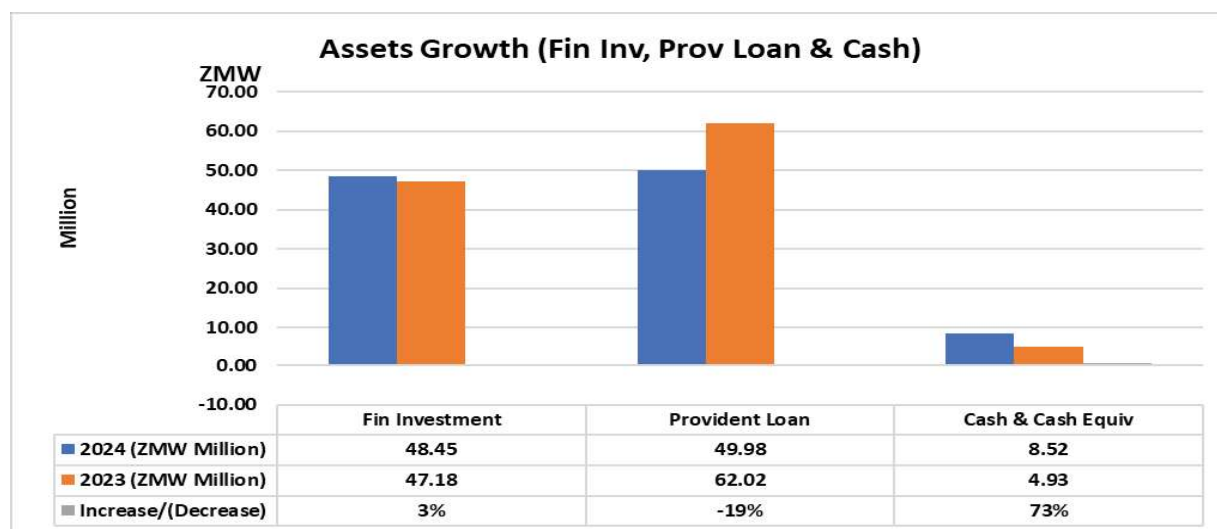
| Year | 2020 | 2021 | 2022 | 2023 | 2024 | Average 5 years |
|----------------------------------------|------|-------|-------|-------|------|-----------------|
| Revenue (ZMW Million) | 9.99 | 14.27 | 16.72 | 20.3 | 22.4 | 16.736 |
| Operating Profit (ZMW Million) | 7.47 | 9.4 | 11.9 | 15.55 | 16.5 | 12.164 |
| Dividends & Interest Pay (ZMW Million) | 5.49 | 5.15 | 6.87 | 8.45 | 9.7 | 7.132 |
| Dividend Pay-out Ratio (%) | 73% | 55% | 58% | 54% | 59% | 60% |
| Profit Retained Ratio (%) | 27% | 45% | 42% | 46% | 41% | 40% |

As illustrated in the above table, Nkwazi Cooperative has consistently demonstrated its dedication to delivering value to its members through the regular distribution of interest on savings and dividends, the Cooperative has rewarded members for their continued loyalty and commitment. On a five-year average, over ZMW 7.13 million has been paid out annually, representing a strong dividend payout ratio of 60%. This performance reflects our unwavering commitment to enhancing the financial well-being of our members.

Furthermore, 70% of the remaining 40% of annual surpluses is allocated to members through equity growth, an account that remains accessible upon closure of membership. This approach not only reinforces long-term financial security for our members but also underscores Nkwazi Cooperative's strategic focus on sustainable wealth creation and equitable value distribution.

Growth in Assets Under Management (AUM)

Figure 3: Assets Growth (Financial Investment, Provident Loan, Buy-Back Loan and Cash)



(Source: Nkwazi Cooperative Society, 2025)

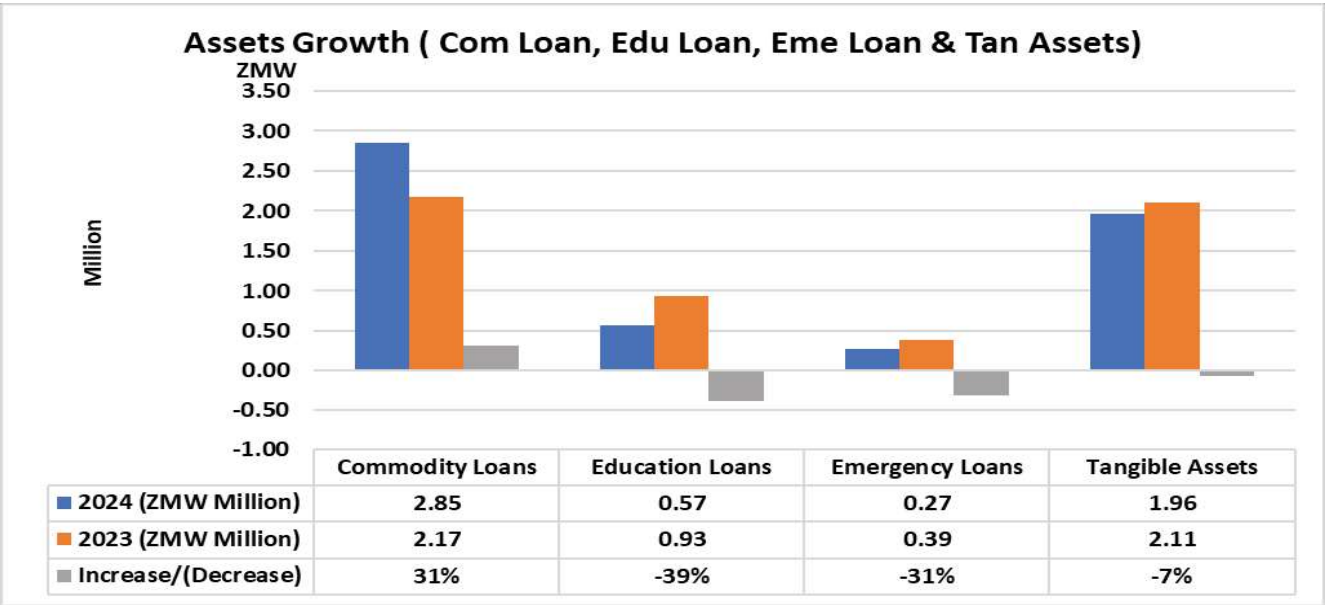
Figure 3 illustrates the percentage movements in the Cooperative's total assets. During the year, significant shifts were observed across key asset categories under management. Financial investments increased by 3%, driven by additional placements in Government securities and collective investment schemes. Cash balances also rose sharply by 73%, primarily in preparation for interest disbursements on member savings covering the period from July to December 2024.

The Provident loan portfolio recorded a 19% decline, largely due to the successful launch of the Buy-back loan product, which offers members a longer repayment period and has served as a viable alternative for those who previously relied on the Provident loan. Despite this shift, the Provident loan portfolio remained the Cooperative's largest single asset class, closing the year at ZMW 49 million, a testament to its continued relevance and demand among members.

As part of our strategic efforts to safeguard shareholder value and ensure long-term sustainability, the Cooperative continues to diversify its asset portfolio beyond traditional loan products. This diversification strategy is designed to mitigate risks associated with overexposure to a single asset class so that, in the event of underperformance in one area, other asset classes can help offset potential losses.

Given the capped interest rates on our loan products, the Board and Management remain proactive in appraising the performance of all asset categories. This ongoing evaluation ensures that member funds are optimally deployed, striking a balance between risk management, return on investment, and the overarching goal of meeting members' evolving financial needs.

Figure 4: Assets Growth (Commodity, Education, Emergency & Property)



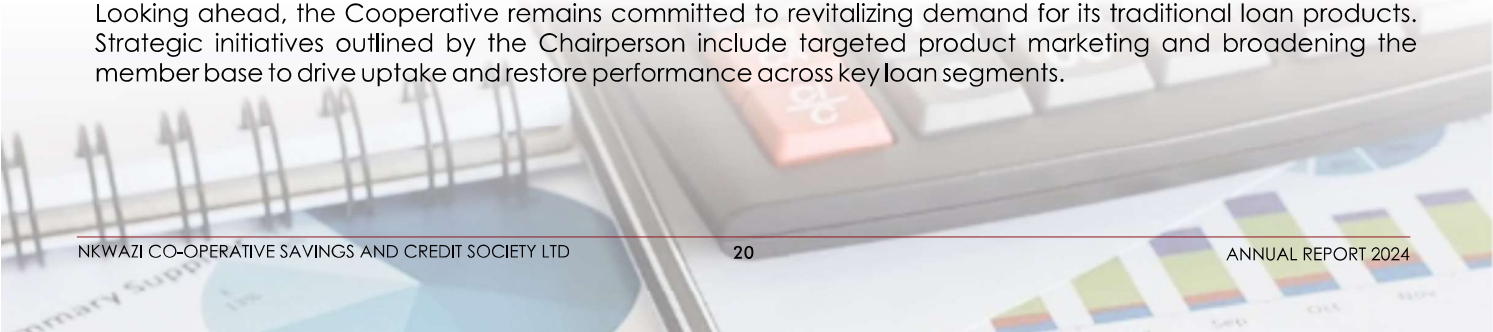
(Source: Nkwazi Cooperative Society, 2025)

As shown in Figure 4, the Commodity Loan portfolio recorded a 31% increase in uptake, a growth largely driven by the upward revision of the loan ceiling from ZMW 70,000 to ZMW 100,000. This adjustment enhanced the product's appeal, positioning it as a more attractive option compared to smaller loan offerings.

Conversely, the Education Loan portfolio experienced the most significant decline, dropping by 39%, while the Emergency Loan fell by 31%. These declines in traditional loan products may be attributed to two key factors: the introduction of new, substitute loan offerings and the possibility of members reaching their borrowing saturation point.

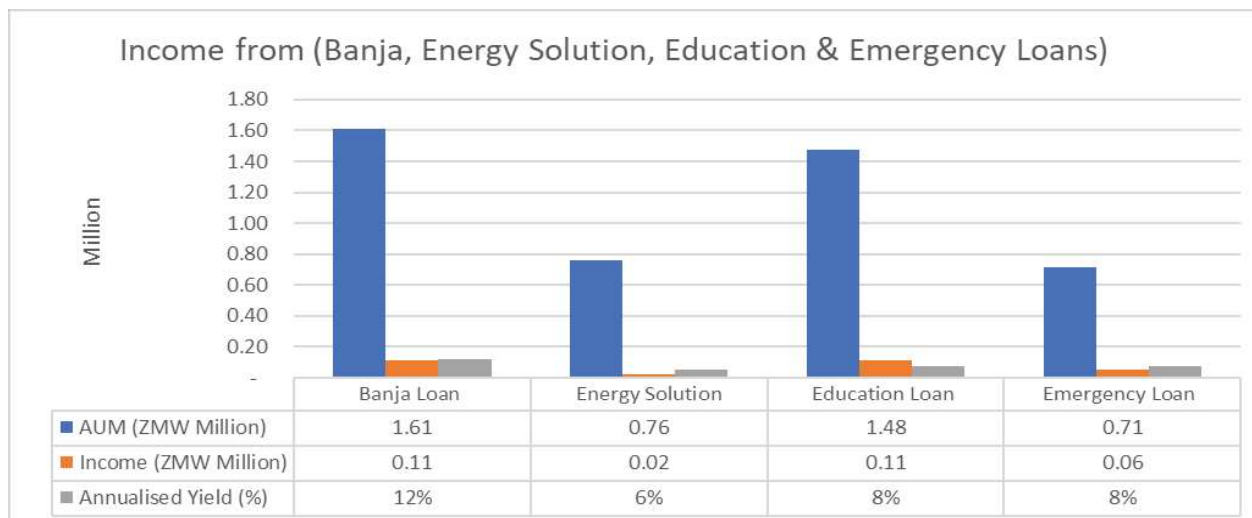
During the year under review, the Cooperative did not incur any major capital commitments, which contributed to a modest 7% decline in tangible assets. Additionally, the depreciation charge of ZMW 349,904 on these asset classes further contributed to the reduction.

Looking ahead, the Cooperative remains committed to revitalizing demand for its traditional loan products. Strategic initiatives outlined by the Chairperson include targeted product marketing and broadening the member base to drive uptake and restore performance across key loan segments.



Income Generated from Various Asset Classes

Figure 5: Income from (Banja, Energy Solution, Education & Emergency Loans)



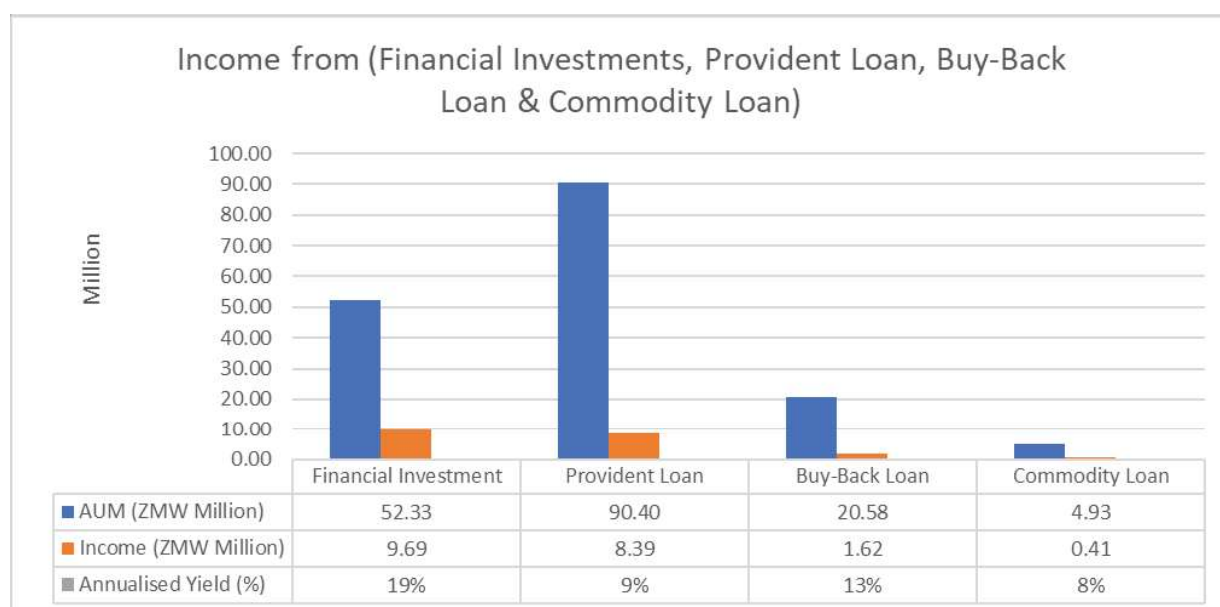
(Source: Nkwazi Cooperative Society, 2025)

Figure 5 presents the income generated from the Cooperative's loan assets. Among the various loan products, the Banja Loan delivered a bullish run among its peers in its first year, achieving an impressive annualized yield of 12%. This strong return is primarily attributed to the product's relatively higher interest rate, longer repayment tenor, and its classification as a higher-risk loan.

Meanwhile, the Energy Solution Loan recorded a 6% yield due to its low interest charge of 10% per annum, the shorter tenor recorded on this loan class further impacted the income generated. The other smaller loans recorded an annual yield of 8%, a figure consistent with both the Education Loan and Emergency Loan portfolios, which also delivered yields of 8% each.

These results highlight the varying risk-return profiles across the Cooperative's loan offerings and underscore the importance of maintaining a balanced, well-diversified lending strategy.

Figure 6: Income from (Financial Investment, Provident, Buy-Back & Commodity Loan)



(Source: Nkwazi Cooperative Society, 2025)

As illustrated in Figure 6, Financial Investments emerged as the top-performing asset in terms of income generation, achieving an impressive annualized yield of 19%. This strong performance was driven by accelerated returns from placements in government securities and collective investment schemes, underscoring the strategic value of diversifying beyond traditional loan products.

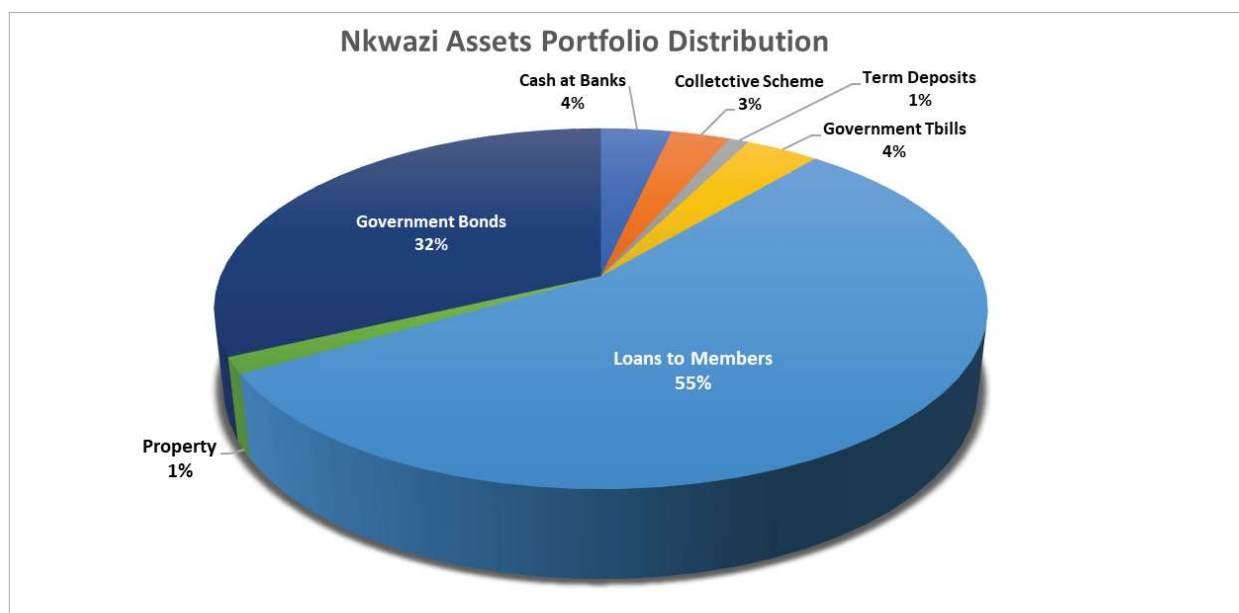
The newly introduced Buy-Back Loan also recorded a promising debut, generating a 13% yield in its first year. Despite its role as a competitive alternative to the Provident Loan, the Provident Loan retained its position as the Cooperative's leading asset class, closing the year with assets under management (AUM) of ZMW 90 million. However, its income-generating potential lagged behind, posting an annualized yield of 9%, primarily due to the capped interest rate applied to this loan product. The Commodity Loan recorded an annualized yield of 8%, rounding out the performance spectrum of the Cooperative's loan portfolio.

While loan products continue to represent a substantial portion of total assets under management, their income-generating capacity faces key constraints. These include market saturation, reflected in reduced member borrowing appetite, and the application of fixed interest rates, which limit upside performance. As a result, loan portfolio yields are expected to remain capped at a maximum of 15%, potentially underperforming conventional inflation benchmarks over time.

In light of these dynamics, the Cooperative remains focused on maintaining a well-balanced asset mix to optimize returns while preserving capital and delivering sustainable value to members.

Nkwazi Asset Allocation

Figure 7: Nkwazi Assets Portfolio Distribution



(Source: Nkwazi Cooperative Society, 2025)

Figure 7 provides a breakdown of the Cooperative's total assets under management (AUM), which stood at ZMW 142 million as of 31st December 2024. Loans to members remained the dominant asset class, accounting for 55% of the total AUM. Investments in government securities followed, with government bonds comprising 32% and treasury bills 4%. Cash at bank represented 4%, while collective investment schemes accounted for 3%. Term deposits and property each made up 1% of the portfolio.

This strategic allocation across diverse asset classes reflects the Cooperative's ongoing commitment to maintaining a balanced and resilient asset portfolio. By spreading investments across various instruments, the Cooperative is able to effectively manage concentration risk and ensure that underperformance in one asset

class can be offset by stronger returns in another. This diversification strategy not only protects the Cooperative against fund erosion but also aligns with our broader financial objective of maximizing long-term wealth for our members.

Strategic Positioning in Light of the 2025 Economic Outlook

According to the 2025 economic projections by PricewaterhouseCoopers, the year is expected to offer a more favorable macroeconomic environment compared to 2024, with improved rainfall patterns, stronger agricultural output, and enhanced electricity generation. Annual real GDP growth is forecast at 6.2%, underpinned by an anticipated rebound in the agriculture sector and gradual restoration of macroeconomic stability. For Nkwazi Cooperative, this outlook presents both opportunities and areas requiring strategic agility.

Opportunities for Positioning

1. Enhanced Support to Agricultural Value Chains

The expected recovery in the agriculture sector creates an avenue for Nkwazi to deepen its involvement in agricultural financing. Recognizing the lingering strain on farmers' capital due to the 2023–2024 season, the Cooperative can market its agriculture loan product and tailored savings products to help members who are into farming rebuild resilience.

2. Increased Loan Uptake and Diversification

With the overall improvement in GDP growth and investor confidence, there is potential for increased loan demand across sectors. Nkwazi should position its loan products particularly the Buy-Back and Commodity Loans to meet emerging credit needs, while exploring new loan products aligned with renewable energy (Energy solution loans)

3. Technology and Efficiency Improvements

With power deficits likely to persist, Nkwazi must invest in energy-efficient operations and digital platforms to minimize disruptions, ensure service continuity, and enhance member engagement across all regions.

Risk Mitigation

To navigate the residual challenges such as persistent energy costs and potential volatility in external capital flows Nkwazi will:

- Continue monitoring macroeconomic indicators closely to adjust investment strategies in real-time.
- Maintain a diversified asset base to buffer against sector-specific shocks.
- Strengthen internal risk management and credit assessment frameworks.
- Increase marketing to register a strong presence aimed at attracting new agencies.



CREDIT COMMITTEE REPORT



Introduction

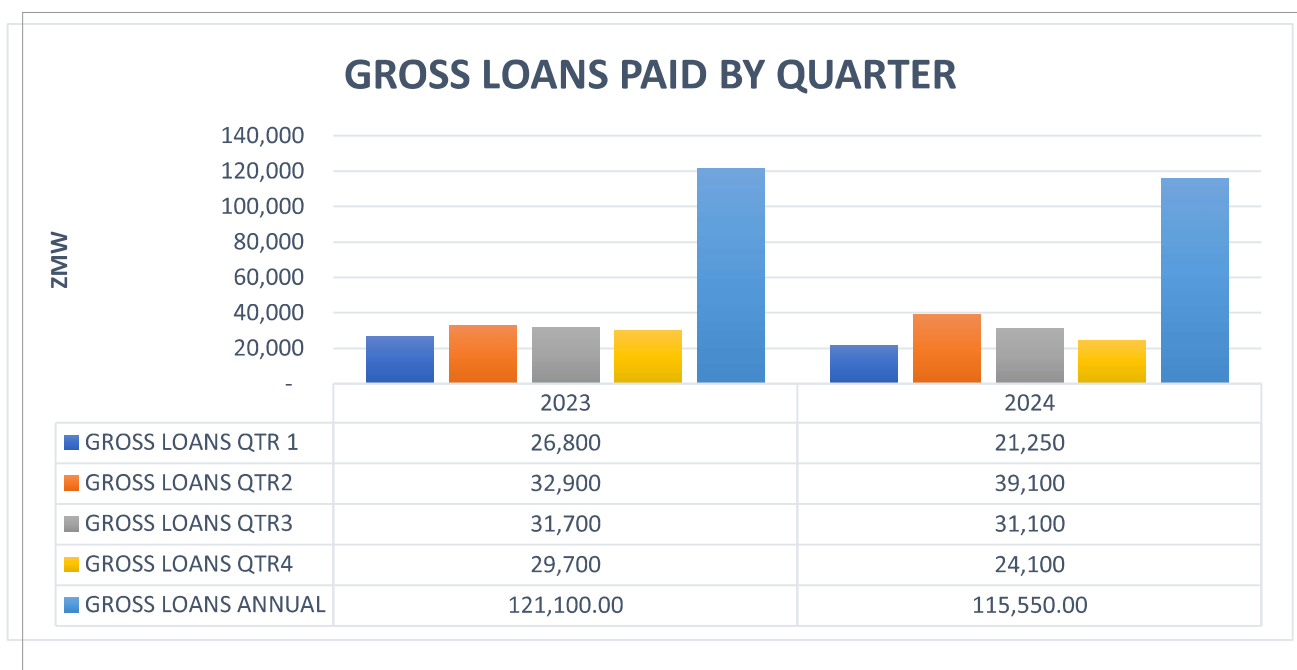
This report outlines the activities and performance of the Credit Committee for the financial year ended 31st December 2024. The Committee, composed of three board members, is tasked with overseeing the efficient processing and recovery of both loan disbursements and savings withdrawals. During the reporting period, the Committee was chaired by Ms. Doreen Zulu, supported by Ms. Kashiya Chabala and Ms. Mwape Zulu.

Throughout the year, the Cooperative continued to provide vital financial support to its members, enabling them to invest in diverse personal and economic ventures. In response to the prevailing national energy crisis, the Cooperative introduced new tailored financial solutions namely, the Energy Solution Loan and the Energy Relief Loan to meet emerging member needs during this period of electricity shortage, these products were accessed either by cash disbursement to the loan applicants or through product acquisition from trusted vendors.

Gross Loans Paid

As illustrated in graph (1) below, In 2024, total loan disbursements amounted to ZMW 115.6 million, representing a 5% decline from ZMW 121.1 million recorded in 2023. This decrease is primarily attributed to a shift in member preferences toward newly introduced loan products. Notably, the Buyback Loan replaced the traditional Provident Loan for many members, leveraging savings offsets and thereby reducing the gross loan portfolio. Additionally, an increased number of members chose to withdraw from their savings rather than apply for loans, contributing further to the decline in overall disbursements. This trend reflects a more cautious financial approach by members amid a challenging economic environment.

Graph 1



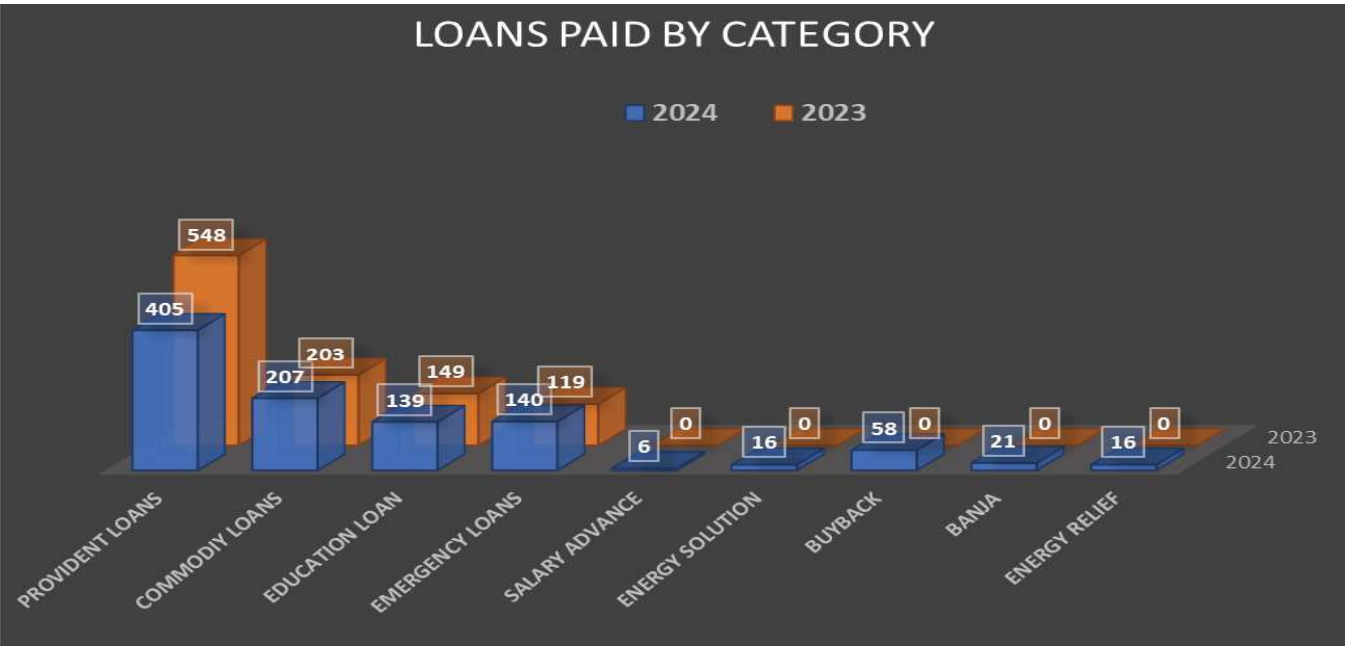
Total number of loans paid by category

The graph below provides a comparative overview of the number of loan products issued in 2024 against those issued in 2023. The analysis reveals a 26% decline in Provident Loan issuances, falling from 548 loans in 2023 to 405 loans in 2024. This decrease is primarily attributed to the introduction of alternative loan products and a rise in member savings withdrawals, as previously noted. Among the newly introduced products, the Buyback Loan demonstrated strong uptake, effectively competing with the Provident Loan due to its longer repayment period and reduced financial strain on monthly deductions. In contrast, uptake for Education, Commodity, and Emergency Loans remained relatively stable, each recording an average growth of approximately 4%.

Newly launched products such as the Salary Advance, Energy Solution, Banja, and Energy Relief Loans experienced modest adoption during their first year. While initial uptake was subdued, these products display encouraging signs of future growth potential and market relevance.

Within the overall portfolio, the Provident Loan remained the most utilized product, followed by the Buyback Loan, while the Salary Advance Loan held the smallest issuance. The Emergency Loan, in particular, reflected consistent member demand achieving a 17.6% increase in 2024 compared to 2023. This trend highlights a preference among members to maintain smaller, purpose-specific loans rather than consolidating them into a single facility.

Graph 2



New Loan Products overall performance

In May 2024, the Cooperative introduced seven new loan products as part of its strategic initiative to diversify credit offerings and better meet member needs. The performance analysis below excludes the Agriculture Loan and Vehicle Asset Finance Loan, which are still pending formal market rollout.

Among the newly launched products, the Buyback Loan exhibited outstanding performance, capturing significant market interest due to its extended 36-month repayment period and its ability to reduce monthly loan deductions. A notable number of members (58) opted to transition from the traditional Provident Loan to the Buyback Loan for these reasons.

Conversely, the Salary Advance Loan recorded the lowest uptake, likely due to limited product awareness and its short repayment term, which may have deterred potential borrowers. In terms of distribution, the Buyback Loan dominated the new product category, accounting for 87% of total disbursements. This was followed by the Banja Loan at 7%, while the Energy Relief and Salary Advance Loans accounted for just 2% and 1%, respectively.

The initial results demonstrate resilience and promising potential for the new products, particularly the Buyback Loan, while also highlighting areas where further marketing and member sensitization may enhance uptake.

Table 1

| NEW LOAN PRODUCTS | PRINCIPAL AMOUNT | INCOME | QUANTITY | WEIGHT |
|-------------------|----------------------|---------------------|------------|-------------|
| BUYBACK LOAN | 21,394,580.00 | 1,622,945.00 | 58 | 49.5% |
| BANJA LOAN | 1,670,000.00 | 111,446.00 | 21 | 17.9% |
| ENERGY SOLUTION | 661,640.47 | 24,902.00 | 16 | 13.7% |
| ENERGY RELIEF | 568,950.00 | 4,388.00 | 16 | 13.7% |
| SALARY ADVANCE | 223,900.00 | 8,286.00 | 6 | 5.1% |
| TOTAL | 24,519,070.47 | 1,771,967.00 | 117 | 100% |

Overall, the new loan products total income of ZMW 1.7 million contributed approximately 8.4% of total loan revenue as shown in the treasurer's report ZMW 21.4 million. When annualized, this figure projects to 14.45% of total loan income, indicating a strong start for products that are still in the early stages of their product lifecycle.

This performance reflects a healthy market response, particularly in the context of economic uncertainty. Moreover, the ongoing national energy crisis presents a unique opportunity to further scale the Energy Solution Loan, which aligns with the urgent needs of members and the broader environment.

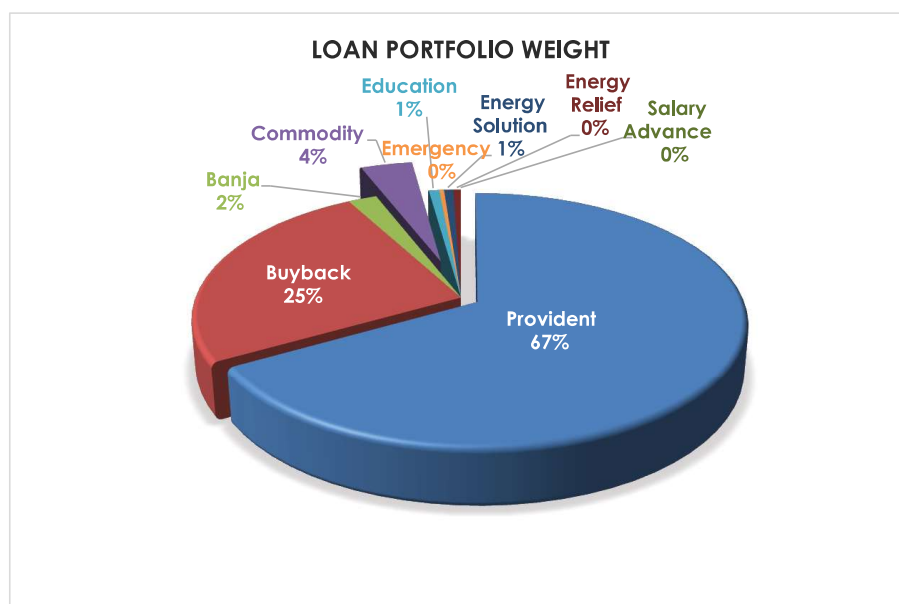
Looking ahead to 2025, the Cooperative anticipates continued growth in the uptake of these new loan products. Early indicators already position the Buyback Loan as a frontrunner among its peers, setting the tone for a competitive and dynamic loan portfolio in the coming year.

Loan Portfolio Weight

The chart below illustrates the proportional distribution of the Cooperative's loan portfolio across nine loan products as at 31st December 2024. The Provident Loan remained the most dominant, accounting for 67% of the total portfolio.

Notably, the Buyback Loan, despite being introduced mid-year, quickly gained traction and secured a 25% share, outperforming its fellow new entrants, the Commodity Loan came third at 4%, Banja Loan had a 2% share, while both the Education and Energy Solution Loans maintained equal portfolio weights of 1% each, reflecting steady member demand.

The remaining loan products including Energy Relief, Salary Advance and Emergency loan each accounted for less than 1% of the total loan portfolio, indicating growth potential pending further uptake and member engagement.

Chart 1

Outstanding Loans and Defaulters

As of January 2024, the Cooperative opened the year with a defaulted loan balance of ZMW 44,899.53, which rose to ZMW 316,070.53 by 31st December 2024. This increase was largely due to the separation of two members from employment at the U.S. Embassy, where loan recoveries were inadvertently omitted during the exit process. With the inclusion of these cases, the total number of members in default stood at eight (8) by year-end.

Despite the rise in defaults, positive recovery efforts yielded ZMW 42,600.99, demonstrating the Cooperative's commitment to improving collection efforts and safeguarding the loan portfolio. The Board and Secretariat continue to implement proactive measures aimed at maintaining a loan delinquency rate below 0.5% of the total loan book. Key strategies include:

- Professional valuation of collateral and registration of property caveats with the Ministry of Lands.
- Strengthening partnerships with Human Resource departments of member organizations to facilitate loan recovery at separation.
- Option to utilize the Credit Reference Bureau (CRB) for comprehensive borrower risk profiling and creditworthiness assessments.

Account closures and withdrawals from savings

As shown in Table 2 below, the year 2024 recorded a substantial increase in savings withdrawals, rising by 75% from ZMW 4,000,000 in 2023 to ZMW 7,049,500 as at 31st December 2024. This surge is largely attributed to increased cash demand and liquidity constraints brought about by rising commodity prices within the broader economic environment. Many members whose savings exceeded their outstanding loan balances opted to withdraw funds instead of applying for new loans.

In addition, account closures rose significantly from ZMW 1,013,000 in 2023 up to ZMW 2,368,300, in 2024 representing an increase of 130%. The increase was primarily driven by employment terminations and organizational restructuring particularly among members affiliated with USG and Peace Corps. A notable portion of closures also resulted from the unfortunate demise of some members.

Table 2

| Year | Withdrawals | No of Members | Account Closures | No of Members |
|------|-------------|---------------|------------------|---------------|
| 2023 | 4,000,000 | 268 | 1,013,000 | 47 |
| 2024 | 7,049,500 | 119 | 2,368,300 | 55 |

CONCLUSION

The Credit Committee remains committed to diligently monitoring the loan portfolio and strengthening the Cooperative's capacity to manage credit risk effectively. As the year 2025 commenced, the Cooperative experienced a notable increase in employment separations, primarily due to project closures resulting from foreign policy shifts by major NGO donors. In response, the Cooperative has accelerated efforts to introduce loan insurance as a key risk mitigation measure to safeguard both members and the institution.

Despite the prevailing economic volatility, marked by rising living costs and fluctuating fuel prices, the Board is confident in Nkwazi Cooperative's resilience and continued ability to meet the financial needs of its members. We encourage all members to save consistently, invest wisely, and borrow responsibly, as we collectively strive toward sustainable socio-economic empowerment and financial security.

EDUCATION COMMITTEE REPORT

The Education Committee comprises three Board members. During the year under review, the committee was composed of the following office bearers: Mr. Takudzwa Mwila (Vice Chairperson), Dr. Mphatso Mudenda, and Mr. Kamuchizya Mutambo.

The committee is tasked with overseeing publicity, education, and training initiatives. Its responsibilities also extend to the recruitment of new members, ensuring continued growth and engagement within the Cooperative.

Membership statistics

During the reporting period, the Cooperative welcomed 97 new members, marking an 11% increase compared to 87 new members in the previous year. This growth is largely attributed to intensified marketing efforts and successful member referral initiatives.

Conversely, the Cooperative experienced 55 member cessations, up from 47 in the prior year representing an increase of 17%. The rise in member account closures is primarily due to various project closures and employment-related challenges faced by some members.

In financial terms, total cash outflows related to account closures amounted to ZMW 2.3 million, a significant increase of 77% compared to ZMW 1.3 million recorded in 2023.

Despite the increase in member cessations, the Cooperative achieved a net membership growth of 42 members, closing the year with a total of 855 active members, as illustrated in the graph below.



In Memoriam

The Cooperative regrets to report the loss of four members during the period under review. We honor the memory of the following members who passed away:

- Mr. Petros Chilimanga
- Mr. Victor N'gandu
- Ms. Christine Muyawala
- Ms. Mwaba Mumba Chisala

We extend our heartfelt condolences to their families, friends, and colleagues. Their contributions to the Cooperative will be remembered and valued.

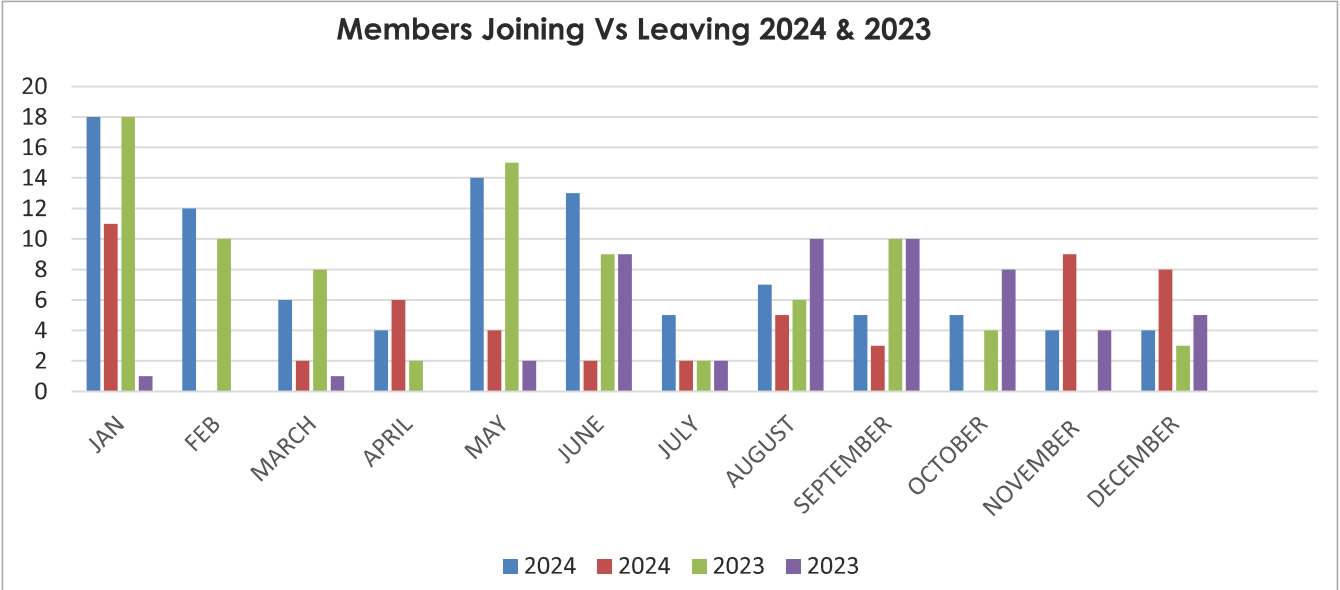
Membership Trend Analysis

Our membership onboarding efforts have yielded mixed results, as illustrated in the graph below. Over the past two years, the months of January, May, and June consistently emerged as peak periods for new

member enrollment. On average, January recorded approximately 18 new members joining the Cooperative, compared to an average of 8 members exiting. Similarly, May and June each recorded an average of 17 new members joining, with only 4 members leaving during the same period.

These peak months may be attributed to employment recruitment programs demonstrated across various organizations, which appear to have positively influenced membership growth.

Although the Cooperative experienced a net gain in membership in most months excluding April, November, and December, the overall growth has been relatively modest. This trend indicates that additional efforts are required to accelerate onboarding if we are to achieve our target of 1,600 active members by 2026, to assist in meeting our membership onboarding objective, the committee plans on increasing membership awareness for 2025.



New Savings products Performance

During the year under review, the Cooperative introduced five savings products aimed at promoting financial security and long-term planning among members. These products include the Emergency Fund, Vacation Fund, Retirement Savings Fund, Education Fund, and Money Market Fund.

Since their introduction, a total of 16 savings funds has been activated. These comprise 8 Money Market Funds, 4 Education Funds, 2 Emergency Funds, 1

Vacation Fund, and 1 Retirement Fund. The strong uptake of the Money Market Fund is largely attributed to members channeling gratuity payouts into the fund, coupled with an increased interest in long-term investment opportunities.

To enhance the performance and utilization of all savings products, there is a continued need to raise awareness through targeted member education initiatives, including webinars and ongoing sensitization campaigns.

Activities undertaken during the year 2024

| ITEM | ACTIVITY | RESULTS |
|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Newsletters | In place of traditional newsletters, the Cooperative adopted a more dynamic approach by distributing monthly bulletins across multiple platforms, including Facebook, WhatsApp, LinkedIn, and email. These bulletins focused primarily on financial literacy and current affairs, aiming to keep members informed, engaged, and empowered with relevant and timely information. | This multi-platform strategy significantly broadened the Cooperative's outreach, with key messages reaching a wider segment of the membership. As a result, there was a notable increase in interest from members in signing up for various savings products. The majority opted to open Money Market Savings Accounts, while uptake was lowest for the Vacation Savings Fund and the Retirement Savings Account. |

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| Website Updates | <p>As part of our commitment to improving member experience and service delivery, several new features were introduced on the Nkwazi Cooperative website during the year under review. These include the integration of an AI powered assistant to respond to member queries more efficiently, as well as the launch of a self-service login feature on the member portal, enabling members to access their information conveniently and securely.</p> | <p>There has been a noticeable reduction in the number of calls related to information about Nkwazi Cooperative as these queries are now handled by the AI chatbot, further account statements requests have also reduced, as some members are now able to navigate and retrieve this information independently through the online platform.</p> |
| Training and Development | <p>As part of our ongoing commitment to capacity building and professional development, two members of staff had the opportunity to represent Nkwazi Cooperative for the first time at the Savings and Credit Cooperatives Congress (SACCA), organized by the African Confederation of Cooperative Savings and Credit Associations (ACCOSCA). The conference was held in Naivasha, Kenya. The conference provided a valuable platform for learning, networking, and exposure to best practices in the cooperative sector across the continent.</p> | <p>Nkwazi Cooperative had the opportunity to benchmark with two high-performing SACCOs: MHASIBU SACCO and KMA SACCO. Both institutions have a membership base exceeding 7,000 and have demonstrated sustainable growth and innovation in service delivery.</p> <p>Valuable insights were drawn from these engagements, particularly in the areas of inclusivity, technology, and service diversification. Key takeaways included:</p> <ul style="list-style-type: none"> • Adoption of an open bond membership model, allowing for the inclusion of spouses and children. • Integration of insurance agency services to provide added value to members. • Implementation of robust ICT systems enabling seamless account linkage to mobile money platforms such as M-Pesa. • Capacity to onboard and serve members from the informal sector. • Effective use of diverse communication channels to enhance member engagement. |
| Surveys & Agency Meetings | <p>A survey was conducted to gather feedback on the newly launched savings and loan policies. Insights from this exercise have been instrumental in identifying areas for improvement and aligning products more closely with member expectations. In addition, the Cooperative conducted outreach visits to five agencies; American International School, The Nature Conservancy, Jhpiego, the U.S. Embassy, and PATH. To further enhance engagement, a "Meet and Greet" dinner was held with Human Resources personnel from all 23 agencies.</p> | <p>These events fostered stronger institutional relationships and allowed for meaningful dialogue to address member's concerns, promote Cooperative services.</p> <p>Overall, the responses indicated a high level of satisfaction with the new offerings. However, members also suggested the need for increased sensitization meetings to further raise awareness and understanding of the products available.</p> |

AGENCY RECRUITMENTS

During the period under review, the Cooperative successfully onboarded two new agencies Zambia Land Alliance (ZLA) and Innovation for Poverty Action Zambia (IPA) through the signing of Memorandum of Understanding (MOUs). These partnerships mark important progress in expanding the Cooperative's reach and member base.

Kids Alive Zambia and the Conservation Farming Unit remain promising prospects, with continued engagement planned in the year ahead.

Looking ahead to 2025, the Cooperative will place greater emphasis on strategic agency outreach. Insights gathered from the "Meet and Greet" session with Human Resources personnel highlighted the need for more proactive engagement. In particular, there was a strong call to enhance visibility and provide in-depth education on the Cooperative's offerings. As such, 2025 will see an intensified focus on agency visits, awareness campaigns, and targeted onboarding efforts to strengthen institutional partnerships and drive membership growth.

CONCLUSION

The Education Committee is pleased to report steady growth in membership, with total Cooperative membership increasing from 813 in 2023 to 855 as of 31st December 2024. This progress reflects ongoing efforts to strengthen member engagement and promote the Cooperative's offerings.

Looking ahead, the Committee remains committed to maximizing membership within both existing and newly onboarded agencies. The agency onboarding program will continue as a key focus area, supported by intensified outreach and awareness initiatives.

To further enhance member engagement, the Committee plans to introduce quarterly virtual interactions and regular surveys to gather feedback and foster dialogue. Additionally, the Cooperative will work to strengthen its public image through social responsibility initiatives, including donations and participation in national events.

The Education Committee remains dedicated to supporting the growth and visibility of Nkwazi Cooperative in 2025 and beyond.



MINUTES OF THE 27TH ANNUAL GENERAL MEETING



Location: : Radison Blu Hotel and Virtual

Type of meeting: 26th Annual General Meeting

Date: 18th March, 2024

Directors Present

1. Mrs. Eda M Lifuka
2. Mr. Takudzwa Mwila
3. Mr. Simate Simate
4. Mr. Chibuna Muteto
5. Ms. Doreen M Zulu
6. Mr. Joshua Kashitala
7. Ms. Getrude Mwenya
8. Ms. Kashiya M Chabala
9. Dr. Mphatso Mudenda

- Chairperson
- Vice Chairperson
- Treasurer
- Secretary
- Board Member
- Board Member
- Board Member
- Board Member
- Board Member

Absentees

1. Nil

Secretariat Personnel Present

1. Mr. Timothy Ngoma
2. Mr. David Mwamba
3. Ms. Audrey N Bwalya
4. Ms. Malilwe M Mulendema
5. Ms. Caroline Mwila
6. Ms. Jane M Malama
7. Mr. Enock Mwata

- General Manager
- Senior Accountant
- Accountant
- Senior Credit Officer
- Credit Officer
- Customer Experience Advisor
- General Service Assistant

Invited Guests

1. Mr. Evans Kapekele
2. Mr. Kennedy Mbuizi
3. Mr. Fabian Mubuyaeta
4. Mr. Ngosa Mumba
5. Ms. Njaame Kalililo

- Registrar of Cooperatives
- Official-Ministry of SME
- Chief Executive Officer-NASCU
- Finance Manager-NASCU
- Official-Ministry of SME & Cooperative

Members Present

Attached addendum (I)

Agenda

1. Opening remarks by the Chairperson.
2. Reading and adoption of the proposed Agenda.
3. Remarks by the Registrar Societies.
4. Reading and approval of prior Annual General Meeting (AGM) minutes.
5. To receive and consider the Chairperson's report.
6. To receive and consider the Treasurer's report and Audited Financial Statements for Year Ended 31st December 2023.
7. Adoption of the Reports.
8. Appointment of Auditors for the year 31st December 2024.
9. Adoption and consideration of motions brought to the meeting.
10. Pronouncement of retiring Board members and Election of the Chairperson, Vice Chairperson, Treasurer and Secretary.
11. Any other Business.
12. Adjournment.

1. Convening of meeting and opening remarks

The Secretary, Mr. Chibuna Muteto officially called the meeting to order at 09:30 hrs. The Secretary welcomed everyone in attendance acknowledging the presence of the Registrar of Cooperatives Mr. Evan Kapekele, Nkwazi Cooperative Chairperson Mrs. Eda M Lifuka, the representatives from the Ministry of Small and Medium Enterprise & Cooperatives, representatives from Apex Body NASCU, representatives from invited Cooperatives and all distinguished guests.

2. Reading and adoption of the proposed agenda

Mr. Muteto proposed the meeting agenda for adoption. This was seconded by a member from the floor. Upon adoption of the agenda. Mr Muteto invited the Board Chairperson to offer her welcome remarks to the members. The Chairperson, Mrs. Eda Lifuka, in her welcoming remarks thanked everyone attending the meeting both physically and virtually and encouraged everyone to participate in the deliberations.

3. Remarks by the Registrar of Co-operatives

Mr. Evans Kapekele, the Registrar of Cooperatives extended his gratitude for the invitation and thanked everyone for attending the AGM. He further stated that he was delighted to officially grace the Nkwazi Cooperative AGM since his appointment as Registrar of Cooperatives. He appreciated the consistency and resilience demonstrated by the Nkwazi Cooperative for being among the best performing cooperatives in the country. Mr. Kapekele recognized the Nkwazi Cooperative financial book value which he said was in a better shape compared with other SACCOS who had more members. He added that the size of the Nkwazi Cooperative financial book value showed potential for the cooperative to expand its investments for the benefit of its members. He then advised Nkwazi Cooperative to recruit more members because there were more advantages than disadvantages. He referenced the Nkwazi Strategic Plan recruitment of 1400 members by 2026 and urged that the Cooperative should achieve the objective within the year 2025.

The registrar went on to recognize the achievement of Nkwazi Cooperative in areas such as increased revenue, increased payout of dividends, increased digital space and real-time access to savings statements by members, as well as amending and updating the By-Laws. He further acknowledged the interest demonstrated by Nkwazi Cooperative members in participating in the cooperative governance process through aspiring for board positions as evidenced by twelve (12) members contesting for six (6) elective positions compared to three(3) board members who were elected unopposed during the prior AGM. The Registrar added that Nkwazi Cooperative should have thirty (30) members aspiring for elective board positions in the next AGM. He urged Nkwazi Cooperative to look to the future with optimism and determination to overcome any challenges that lie ahead.

In his closing remarks, the Registrar reminded members of the pivotal role that cooperatives play in society. He stated that cooperatives provide an affordable source of finance and also contribute in developing a culture of savings, of which for many years has been a foreign language to a lot of people. He concluded his speech by reminding members of the Nkwazi Cooperative motto which is "Save Regularly, Borrow Wisely and Pay Promptly".

4. Reading And Approval Of Prior AGM Minutes

The Secretary reminded members that minutes of the prior AGM were circulated in advance of the 26th AGM. He offered apologies to members for the absence of hard copies of the 26th AGM Annual report. He explained that the absence of the hard copies was due to loadshedding that affected the vendor (Evergreen). He then led the members in reviewing the 25th AGM minutes page by page starting from page 25 of the annual report.

Mr Chembe Sinkala pointed out a correction on page 28 indicating that item number 6, "To receive and consider treasurer's report" should have read, "To receive and consider the Treasurer's report. Mr Tom

Sakala pointed out two matters that were omitted on agenda item number 11 (any other business); firstly being a query from a female member who wanted to find out what would happen in an event of death of a member; whether the shares would be transferable to the member's siblings and, secondly; being an omission of a query raised by himself (Mr Sakala) who wanted to find out if the cooperative had plans of acquiring movable or immovable property.

In responding to Mr. Sakala's query, the Secretary said that the queries raised were matters related to the extraordinary general meeting and not the prior annual general meeting. However, Mr. Sakala further submitted that he was certain the matters related to the prior annual general meeting and not the extraordinary general meeting. He also added that it was the same prior AGM meeting where he suggested that online members' votes should be shown on the screen as they were being received. In response, the Secretary acknowledged

the submission and guided the meeting that the submission was taken note of for inclusion in the minutes.

Mr. Innocent Chabala raised a point of correction that the word "an opposed" on page 33 should be corrected to read "unopposed". Ms. Rose Lungu raised a point of correction that the name no. 72 on the attendance list was misspelt as "Lungnu" and should be corrected to read "Lungu". Further, Ms. Kabungo Kachelo raised a point of correction that the institution indicated as State on page 34 no.85, should be corrected to indicate "CDC".

Mr Miliyoni Lungu, raised a point of correction that the name 'Milion' on page 34, no. 84 on the attendance list was misspelt and therefore, should be corrected to read "Miliyoni". Mr. Lungu further pointed out that the name "Ferzio Mamapwe" on page 34 item no 83 of the attendance list should be corrected to read "Ferzio Mampwe".

Mr.Tom Sakala raised a point of correction that names numbered 48 and 49 on the attendance list were duplicated and therefore, the duplicates should be removed.

Having received the corrections submitted to the meeting, the Secretary proposed for the minutes to be adopted as a true and fair record of the proceedings that transpired during the previous AGM. This was seconded by Mr. Joseph Mukomba.

5. to receive and consider the Chairperson's report.

In her report, the Chairperson, Mrs. Eda M Lifuka recognized the presence of representatives from the Ministry of Small and Medium Enterprise (SME); Ms. Njaame Kalililo and Mr. Kennedy Mbuji, the Registrar of Cooperatives; Mr Evans Kapekele, past board members of Nkwazi Cooperative, invited guests from

First National Bank and Standard Chartered Bank, auditors from D&G Audit Firm, representatives from the National Association of Savings and Credit Union (NASCU) and all other representatives from other Savings and Credit Cooperatives (SACCOs), distinguished members of Nkwazi Cooperative, the Board of Directors of Nkwazi Cooperative and, the Staff of Nkwazi Cooperative.

Mrs. Lifuka informed the meeting that this was her last report as Chairperson for Nkwazi Cooperative. She noted that during her 12 years as a board member, she had contributed immensely to the strides achieved by Nkwazi Cooperative together with other board members. She further hoped that more new members who are passionate about Nkwazi Cooperative endeavour to join the board and become part of the think tank bringing in new ideas and innovations that will keep the Cooperative soaring higher.

The Chairperson provided a brief summary on both global and economic commentaries. She referenced the report by the Organization for Economic Cooperation and Development (OECD) that stated that despite the impact of tighter financial conditions and other unfavourable events such as the Russian Ukraine war and the developing Middle East conflict, global growth in 2023 maintained an annual increase of 3%. She further informed the meeting

that locally, Zambia's GDP growth in 2023 was 5.8% which was higher than the 5.2 % growth recorded in 2022. Mrs. Lifuka informed the meeting that the growth was driven by strengthened mining policies, improved macroeconomic environment and improved electricity supply. She further added that the new dawn administration had made efforts to ensure the IMF bailout deal was finalized in as much as the outcome still faced a counter impasse. The Chairperson noted that the uncertainty created anxieties in the local market resulting in mixed market performance of the local currency. Another challenge that Mrs. Lifuka alluded to was the government's decision to maintain monthly reviews of fuel pump prices which exacerbated woes in the local economy as crude oil prices demonstrated much resilience post COVID 19.

In concluding her economic commentaries, Mrs. Lifuka informed the meeting that Zambia's inflation closed the year at 13.10% far above set targets of 6%-8% compared to the prior year 2022 when inflation closed at 9.9%. She stated that despite the economic pressure surrounding the savings and credit cooperative business, Nkwazi Cooperative managed to weather storms and recorded some achievements. Mrs. Lifuka proceeded to present to the meeting key highlights of the successes and challenges of Nkwazi cooperative for the reporting period under review which were as follows:

Key Achievements

- Completed the revision of Nkwazi Cooperative By-Laws
- Product development-Approved five (5) new savings and six (6) loan products
- Increased Financial Performance-Recorded a 19.7% revenue growth from ZMW 16.7 million in 2022 to ZMW 20 million in 2023.
- Shareholder benefits-Declared dividends and paid interest on savings to members amounting to ZMW 8.4 million compared to ZMW 6.6 million for the previous year 2022.

Challenges

- Slowed membership growth due to the limited number of agencies and institutions from which membership is drawn from.
- Withdrawals from member savings was relatively high compared to the previous year 2022 (ZMW 4 million 2023, compared with ZMW3.2 million in 2022)
- Delayed system migration to the new core banking system due to integration & development glitches.
- Accommodating members who changed employment to organisations Nkwazi has no memorandum of understanding with. This remained a challenge as loans could only be allowed up to the amount the member had saved.

The Chairperson concluded her report by stating that the Cooperative looked forward to yet another business environment that will offer an opportunity for the Cooperative to serve its members in the best possible way. She added that the new products introduced will position

Nkwazi Cooperative in serving members' needs and provide some form of relief in pressing economic times. She further informed the meeting that the Cooperative was anticipating an increase in loan uptake and withdrawals owing to the negative outlook on the macroeconomic environment, not only in the country but the world at large. In closing, the Chairperson stated that she was confident that the Secretariat working with the Board was ready and equal to the task and will deliver positive results going into 2024.

6. To receive and consider the Treasurer's report and Audited Financial Statements for the Year Ended 31st December 2023

The Treasurer, Mr. Simate Simate presented his report beginning with a comment on both the global and local economic performance. He highlighted that global GDP growth for the third year in a row had declined and was projected to continue to decline even in 2024. He referenced the IMF outlook report that indicated that global growth of 3.2% estimated in 2023 was expected to be in the same range for both 2024 and 2025. He further went on to mention that the IMF expected the troubled property sector in China to hurt

trading partners' economies and that high government debt in many economies could result in many global economies returning to tax hikes and spending cuts. The Treasurer further informed the meeting that geo economic tensions could intensify barriers to the flow of goods and capital.

On the local economy, Mr. Simate informed the meeting that inflation rose from 11% in Quarter 3 of 2023 to 13.1 % at the end of quarter 4 of the same year. He added that the increase in inflation was a deviation from the 6 - 8% target range that the Government of the Republic of Zambia had set and that the persistent depreciation of the local currency had been the major driver of inflation. He further highlighted that the Zambian government had projected a 4.2% growth in GDP in 2024, which was underpinned by the anticipated recovery of the mining sector, service sector as well as in manufacturing. The Treasurer highlighted a report by ZAMSTAT GDP projection that showed that the Zambian economy expanded by 5.1 % in quarter 3 of 2023 compared to 7.5 % in the same period in 2022 which resulted in a decline of 2.4% in growth. He also highlighted the performance of the local currency that faced severe pressure between January to December 2023 resulting in a 35% decline in value during the period trading at ZMW 25 to 1 USD. Mr. Simate attributed the decline of the local currency to the low supply of foreign exchange on the market due to depressed mining output as well as excess foreign exchange demand for essential import purchases.

Mr. Simate also informed the meeting on credit conditions highlighting the Bank of Zambia Lending Condition Survey report that showed positive lending conditions for individuals, small and medium sized business and large organizations. Based on the report, he therefore concluded that permissive credit conditions will continue in the first quarter of 2024. He also pointed out that high operational costs due to the depreciation of the Kwacha, increases in fuel pump prices, electricity tariffs and power rationing (load shedding) will lead to high demand for working capital by SMEs and large corporations. The Treasurer informed the meeting that lending interest rates saw an

increase following the Bank of Zambia adjustment of the monetary policy rate from 11% in Nov 2023 to 12.5% in Feb 2024.

The Treasurer summarized the performance of Nkwazi Cooperative as follows:

- Revenue increased to ZMW 21.19 million in 2023 compared to ZMW 16.7 million in the prior year representing a 21 % growth. The growth was attributed to continued diversified investments which included Government Securities and Fixed Term deposits.
- Profit increased to ZMW 7.03 million in 2023 from ZMW 5.32 million posted in 2022. The increase was attributed to accelerated yields obtained from

investments in Financial Instruments.

- Increased rate for interest on savings of 9.5 % was declared translating to ZMW 8.5 million interest on savings & dividends. This represented an increase of 26% compared to ZMW6.87 million recorded in 2022.
- Asset weight stood at 55% Loans, 39% Financial Investments, 4% Cash and 2% office Building. Total assets under management stood at ZMW 129 million, a growth of 14 % compared with ZMW113.0 million recorded in 2022.

Independent Auditor's report-D&G Management Consultants

The audit opinion on the audited financial statements of Nkwazi Cooperative was presented by Dr. Clement Mugala, a partner at D&G Management Consultants. Dr. Mugala stated that the Audit firm D & G undertook an audit of the financial statements of Nkwazi Cooperative set out on pages 40 to 66 of the 2023 annual report. He stated that the audit report consisted of the statement of Financial Position as at 31st December 2023, Statement of Profit or Loss and Other 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.

Dr. Mugala informed the meeting that in their opinion, the Financial Statements presented fairly in all material respects the financial position of Nkwazi Cooperative Savings and Credit Society Limited as at 31st December 2023, its financial performance and cash flow for the year then ended and were prepared in accordance with international reporting standards and the requirements of the Cooperative Act of Zambia.

The basis for the auditor's opinion was based on the auditor's responsibilities for the audit of financial statements which was 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 their opinion.

This included:

- To Identify and assess the risk of material misstatement of financial statements
- Obtain an understanding of internal controls relevant to the audit
- Evaluate the appropriateness of accounting policies used and reasonableness of accounting estimates
- Conclude on the appropriateness of directors' use of the going concern basis of accounting and based on audit evidence obtained
- Evaluate the overall presentation, structure and content of the financial statements

The Auditor also reported on other legal and regulatory requirements which in their opinion was that

Nkwazi Cooperative had complied with relevant provisions in accordance with the Societies Act.

After the auditor's report was presented, members requested clarity on their concerns with the Auditor on matters that were raised during the 2022 AGM in relation to the ownership status of the Audit Firm, its clientele, office address and location. In response, Dr Mugala provided feedback on D&G audit work in Zambia which spanned a period of 10 years with clients in various industries that included NGOs and Government. He further informed the meeting that the firm's operation office was located at 18 Kombe Road, Civic Centre area. Dr. Mugala further informed the meeting that the audit firm was duly registered with the Zambia Institute of Chartered Accountants.

Credit Committee Report

The Credit Committee report was presented by Mrs. Kashiya Mwanda Chabala. She informed the meeting that in 2023, gross loan disbursement increased by 14 % to ZMW 121.1 million from ZMW 106.7 million recorded in 2022. She further stated that the Provident loan product had continued to outperform other loan products due to its higher accessible loan amount and repayment period. Mrs. Kashiya also reported that in 2023, the committee witnessed a significant increase in fund withdrawals increasing to ZMW 4.0 million from ZMW 3.2 million recorded in 2022. She informed the meeting that the increase was attributed to increased demand for cash in the business environment and members net saving increase rendering members access to high withdrawal amounts. Mrs. Chabala further informed the meeting that the committee noted a reduction in account closures to ZMW 1.01 million from ZMW 1.4 million in 2022 attributing the decrease to stability in the member agencies. She further added that, at the close of 2022, the outstanding debt from nonperforming loans was ZMW 148,827.24 of which ZMW 104, 268.71 was recovered during the year 2023 bringing the total of nonperforming loan balance to ZMW 44,558.53 as at 31st December 2023.

Mrs. Chabala informed the meeting that the board and management continued to be proactive to implement measures to mitigate loan exposures. The Credit Committee Chairperson explained that the measures instituted to mitigate loan exposures included accurate assessments of collateral by professional companies and property title caveating at the Ministry of lands. She also noted that the use of moveable assets as collateral remained an option to be explored which could be done with support from RTSA to avoid ownership transfer in the event of loan defaults. Mrs. Chabala further mentioned that the Credit Committee was still pursuing the implementation of the credit reference bureau for risk profiling and assessment as guided by the loans policy.

In her closing remarks, Mrs. Chabala informed the meeting that despite the volatile economic conditions

experienced, Nkwazi Cooperative will continue to rise to the occasion of serving members' financial needs. Further, she informed the meeting that the Credit Committee was delighted with the introduction of new loans and saving products that she believed will serve the members' needs.

Education Committee Report

The Education Committee report was presented by the Vice Chairperson, Mr. Takudzwa Mwila who informed the meeting that the Cooperative targeted to recruit a minimum of 140 new members by 31st Dec 2023. He stated that the Committee achieved 65% (91/140) of the targeted recruitment during the period under review. He further stated that the cooperative recorded a slight increase in membership closing the year with 813 members. Mr. Mwila informed the meeting on the death of five (5) members during the reporting period.

Mr Mwila further went on to inform the meeting on the successes recorded by the Committee. These were summarized as follows;

- Addition of AI feature to the Nkwazi Cooperative website to assist with automated responses regarding member queries.
- Relaunch of Nkwazi Cooperative Facebook page
- Attendance of customer care training by two members of staff to enhance customer relation skills.
- Participation in the ACCOSCA sponsored regional forum for SACCOs in Africa. Attendees were impacted with knowledge on SACCO growth strategies and also on knowledge on creating innovative products.
- Conducting surveys to get opinions and suggestions from members including feedback on the new products launched.
- Recruitment of two (2) agencies namely Compassion and WEEFFECT.

In his closing remarks, Mr. Mwila informed the meeting that the Education Committee was pleased with the recorded steady growth in membership over the years and would continue to work on means of maximizing members. He further said that the Committee would also focus on strengthening communication with members through quarterly virtual interactions and surveys as well as increasing Nkwazi Cooperative social image through social responsibility activities such as donation and participation in national events.

7. Adoption of Reports

The Secretary, Mr. Muteto informed the meeting that the Chairperson's report will be adopted together with the other reports namely, the Treasurer's report, the Credit Committee report and the Education Committee report. Having received and deliberated on the reports, the Secretary invited the Treasurer, Mr.

Simate to raise a motion to adopt the reports presented to the AGM.

The Treasurer raised a motion to adopt the Financial Statements presented before the house, this was seconded by Mr. Francis Saviour Mukolwe and Mr. Thomas Mupashi.

The Secretary then proceeded to call upon director Kashiya to raise a motion to adopt the Credit committee report and the Education committee report. Director Kashiya raised a motion to adopt the respective reports, this was seconded by Mr Abel Mufaya and another member from the floor.

8. Appointment of Auditors

The Vice Chairperson, Mr Takudzwa Mwila presented to the AGM the process that was followed to select new auditors for Nkwazi Cooperative. He reported that the procurement team identified five (5) Zambia Institute of Chartered Accountants (ZICA) accredited audit firms namely Abacus 360, Bakertily, Nolands, PKF Chartered Accountants and BDO Zambia) to respond to an expression of interest. Of the five (5) audit firms that were contacted, Mr. Mwila stated that three (Abacus360, Bakertily and Nolands) responded to the expression of interest. He further informed the meeting that the three audit firms were then subjected to a due diligence and evaluation process based on technical criteria that was set out beforehand. The meeting heard from Mr. Mwila that of the three audit firms, two (Abacus360 and Nolands) met the technical criteria. After presenting the selection criteria to the members, the Vice Chairperson called upon the Treasurer, Mr. Simate to present the price analysis and, also to lead the final process of selecting the auditors.

The Treasurer Mr. Simate presented the price analysis for the two audit firms. Upon deliberations on the vendor bid selection process and price analysis of available options, the meeting resolved to engage Nolands as Auditors for Nkwazi Cooperative for the year 2024.

Questions Arising from the Annual General Meeting

a) Membership growth - Emeritus Chairperson Mr. Richard Musukuma, indicated that he wanted to raise a thought-provoking consideration. Mr. Musukuma stated that he observed the desire to grow the membership and wanted to find out the reasons for the objective. He stated that he was comfortable with the current Nkwazi membership and the profits the cooperative was making and thus, he did not see the need to grow membership. Mr. Musukuma, making reference to the comments earlier made by the Registrar mentioned that there were some cooperatives that had huge membership totalling over 18,000 but were not profitable. He therefore posed a question as to what Nkwazi Cooperative would be looking for in increasing their membership.

Mr Musukuma further mentioned that there was a need to introduce a record tracker for resolutions passed at the AGM to ensure that resolutions are followed through and for enhanced accountability. He further indicated that some resolutions over the past had been abandoned hence the need to track and report on them. Mr Musukuma also commented that the deferment of mid-year interest on savings needed a wider consultation before it was considered.

In responding to Mr Musukuma's submissions, the Chairperson Mrs. Lifuka informed the meeting that she was concurrent with the submission regarding membership growth. However, she stated that there was a need to replace members who were leaving and had indeed left Nkwazi Cooperative. In agreeing with Chairperson Emeritus Musukuma, the Chairperson, Mrs. Lifuka further responded that there was indeed a need to have the tracker to help follow through agenda items. In concluding her responses to Mr Musukuma, Mrs Lifuka clarified that the deferment of mid-year interest on savings was neither an agenda item nor a proposal presented to the august house, however, it was only a thought of how to grow Nkwazi resources. She further indicated that the Nkwazi Cooperative had introduced webinar interactions with members that were aimed at obtaining wider member views. She added that such interactions would help foster strengthened member relations and help receive more divergent views to help better the Cooperative.

The Registrar, Mr. Kapekele took a moment to recognise the presence of senior government representatives Ms. Njaame Kalilio, and also Mr. Ngosa from NASCU before adding to the response that the Chairperson, Mrs. Lifuka provided to Mr. Musukuma. The Registrar then provided a scenario that demonstrated the value of numbers for the Cooperative Movement and thereafter posed a question to the floor on how much the cooperative had as capital from share subscription. He stated that if Nkwazi Cooperative with current membership of 800 has ZMW 8 million in share capital; the said amount assuming the membership had reached 18,000 would be ZMW 180 million; which was going to assist Nkwazi Cooperative to do much more. Mr. Kapekele added that there was a need for Nkwazi Cooperative to undertake exchange visits to other SACCOs in countries such as Kenya, to learn on some best practices and the value in numbers for cooperatives as SACCOs in Kenya have millions of people in membership.

b) Nkwazi Finance - Mr. Mlotha Damaseke raised a query regarding the establishment of a Microfinance Institution (MFI), Nkwazi Finance by Nkwazi Cooperative. Mr. Mlotha stated that MFIs interest rates on loans were very high compared to Nkwazi Cooperative interest rates on loans. He inquired of the detriment of establishing Nkwazi Finance on members adding that Nkwazi Cooperative interest rates have been very good benefiting the majority of the members. In response to Mr Mlotha's query, the Chairperson, Mrs. Lifuka informed the meeting that the establishment of Nkwazi Finance was not meant to transition Nkwazi Cooperative into a Microfinance Institution. However, Nkwazi Cooperative would be a majority shareholder of Nkwazi Finance and the two entities would exist independently. Mrs. Lifuka further informed the meeting that the registration process was still at the consultation stage and that members would be informed of every stage leading up to the registration.

c) Members Leaving the Cooperative - Mr. Lombe Mulenga inquired on the reasons why members were leaving the Cooperative. In response to Mr Mulenga's query, Mrs. Lifuka informed the meeting that the major reasons why members were leaving the cooperative

was due to employment losses. She further added that, while efforts are made to encourage members to continue with membership after employment separation, some members found it difficult to maintain their membership due to loss of income. Mrs. Lifuka further added that in a bid to encourage more members to maintain their accounts, the Cooperative had introduced more products to offer members a variety of options.

d) Loan Growth - Ms. Angela Zulu commented that she noticed the growth in the loan book recorded over the period under review. However, she was of the view that the recorded growth was not representative of the cooperative membership adding that the provident loan being the major loan acquired by the members had limitations (borrowing up to three times one's savings and a twenty-four (24) month repayment period). Ms. Zulu added that the aforementioned limitations had the ability to tempt other members to consider borrowing elsewhere at higher interest rates compared to what Nkwazi Cooperative was offering. She advised the board and management to relook into the loan products. In response to Ms. Zulu's comment, the Treasurer, Mr. Simate informed the meeting that every product has got a life cycle which

was introduction, growth, peak and decline. Mr. Simate added that some of the long-standing loan products were at decline stages and that was the reason why the board introduced new products with a bid of offering members a variety of options to consider. The Treasurer further encouraged members to look at the new loan policy and choose any product of interest.

e) D&G Initials - Mr Tom Sakala raised a query stating that since the Audit Firm representatives were present in the meeting, they could inform the meeting about who D&G Management Consultants were. He added that this query had been outstanding for the past two AGMs. He further stated that as per business practice, a vendor of service should have a profile detailing directors of that particular company and the services offered. In response to Mr Sakala's query, the audit partner Dr. Clement Mugala gave a brief background about D & G. He informed the meeting that he had been practicing accounting and financial management consultancy for over 40 years and that he had conducted audit services in different sectors while working for various audit firms such as Grant Thornton, AMG Global as well as practicing overseas. Dr. Mugala further added that D&G was a subsidiary of the Nexia Group of Chartered Accountants, a firm which had a global presence for many years. The meeting heard that in Zambia, the audit firm had been on the market for over 10 years. Dr. Mugala informed the meeting that the audit firm was located at 18 Kombe Road near Civic Centre. He further informed the meeting that D&G initials stood for Gabriel and Dan and that the firm had two additional shareholders. He further added that due to the passing on of Mr. Gabriel, the Zambia Institute of Chartered Accountants requested him to join the audit firm.

Mr. Chanda Musonda asked Dr. Mugala what the audit firm registration status was with ZICA. Mr. Musonda noted that the firm was not registered with ZICA as at 31st December 2022. In response, Dr. Mugala informed the meeting that D&G was operating under his licence; Clement Mugala, a registered professional consultant with ZICA. He further added

that owing to the demise of Gabriel, there was a delay in registering D&G at ZICA, but that was completed in February 2023.

f) Property Plant and Equipment - Mr Mubili Mathews

Mumbi, queried on the disparity on the figures shown on page 44 under non-current assets relating to 2022, which read 2,218.96, while the same was recorded as 2,218,969 on page 56 under carrying amount. Mr Mumbi wanted to know if that was a typo error and whether there was any effect on the financials presented due to the disparity. In response to Mr Mumbi's query, the Treasurer, Mr. Simate appreciated the query and informed the meeting that it was a typo which did not have any impact on the financials presented.

g) Due Diligence on Auditor Appointment - Mr. Aaron Mvula, raised a query regarding the appointment of D&G as auditors for Nkwazi Cooperative. Mr. Mvula wanted to find out if due diligence was carried out before the appointment of D&G Management Consultants as auditors for Nkwazi Cooperative. In response to Mr Mvula, the General Manager Mr. Timothy Ngoma said that D&G Management Consultants had been providing audit services to Nkwazi Cooperative for the past five years and that at the time of their engagement, there was due diligence conducted. He further added that during the 2022 Annual General Meeting, there was a proposal to consider changing the Auditors due to the increased period of service which could result in familiarity threats. However, the meeting was informed by Mr. Ngoma that the members requested for more information about the proposal and, it was agreed, the information would be presented at the 2023 AGM. Adding on to the response that was provided to Mr. Mvula, the Vice Chairperson; Mr Takudzwa Mwila stated that procurement policy lapses had been some notable challenges in the past, but he gave an assurance that the appointment for the auditors for the financial year 2024 would be different as was earlier presented.

h) Interest on Savings: Mr Ignatius Zulu commented that he heard a rumour that there would be no interest on savings payment during the year 2024. In response to Mr Zulu, the Treasurer, Mr. Simate stated that there was no such intention nor rumour. He further advised that members should only receive information through the official communication channels. He also added that he did not have any information that would prevent the payout of interest on savings.

i) Defaulting Members - Mr Kelvin Chola wanted to know how many members defaulted and what measures were put in place to minimise the default. In response to Mr Chola's query, Director Kashiya informed the meeting that there were 6 members who had

defaulted, she further added that as a mitigating measure the Cooperative was working with the Credit Reference Bureau to assist with member credit profiling.

Following up on the above query, Ms. Chola Chitente wanted to know why Nkwazi Cooperative had not considered insurance and what would happen in an event of death of a member with a loan exposure. Ms. Chitente stated that she had been a member for

over three years and had not received a tangible response as to why insurance for the loans was not considered. In response to the query, Director Doreen Mwansa said that insurance was being introduced on high-risk loans such as the Banja Loan. Mrs. Doreen explained that the Banja loan was not collateralized by one's savings, hence the need for insurance. She further stated that the other loans were covered by savings and additional collateral for members who had insufficient savings to cover exposed amounts. Mrs. Mwansa added that the savings and employee benefits would be used to liquidate any loan in an event of death.

j) Credit Reports - Mr Thomas Mupashi wanted to appreciate the value of the Credit Committee report and thus, inquired of the achievements obtained by the committee. In response to Mr Mupashi' query, Mrs. Doreen Mwansa said that the report highlighted progress made towards the recoveries on loans in default. In addition to Mrs. Mwansa's response, Mr. Takudzwa Mwila added that compared to the 2022 opening default balance figure of ZMW 400,000 which closed at ZMW 44,000 in 2023, the Credit Committee Report showed commendable efforts made towards loan recoveries.

k) Performance of members joining vs members leaving - Mr. Francis Mukolwe wanted to find out how the cooperative was doing in terms of member retention and the reasons why members were leaving. In response to Mr. Mukolwe's query, Mr. Takudzwa Mwila informed the meeting that the members joining slightly outweighed those leaving. Mr. Mwila further stated that reasons for members leaving were mostly attributed to job losses as earlier alluded to by the Chairperson, Mrs. Eda Lifuka.

l) Numbers in reports - Ms. Mercy Jila proposed that moving forward (future AGMs), the Education and Credit Committee reports should respectively show the numbers of: members leaving, members joining and

also for the members in default.

m) Investments Allocation - Ms. Mirriam Libingi wanted to know how much of the funds were invested by the Cooperative and whether the interest earned from loans was the only component of funds being invested by Nkwazi Cooperative. In response to Ms. Libingi's query, the Treasurer, Mr. Simate Simate said that Nkwazi By-Laws stipulated the appropriation of profits in the order of 10% investments, 20% reserves and 70% equity to the members. Mr. Simate further referenced Page 44 of the 2023 annual report and guided that ZMW 29 million of the funds were invested in GRZ bonds and ZMW 10 million was invested in Government Treasury Bills. He also stated that the investments were in accordance with internal investment guidelines.

9. Adoption and consideration of motions brought to the meeting.

The Secretary Mr. Chibuna Muteto informed the meeting that there were no motions received for consideration to the AGM.

10. Pronouncement of retiring Board members, and election of the Chairperson, Vice Chairperson, Treasurer and Secretary.

The Secretary, Mr. Chibuna Muteto invited the Registrar Mr. Evans Kapekele to lead proceedings for agenda item number 10 and 11. Before proceeding to lead proceedings on the aforementioned agenda items, Mr. Kapekele encouraged cooperatives to submit annual reports to the Ministry as part of publicity for the work being accomplished by cooperatives. The Registrar then informed the meeting that there were six positions available for elections. The Registrar added that two of the current directors were retiring and thus, were not eligible to contest for any position on the Board having served on the board for a maximum of two consecutive 3-year terms. The retiring directors were the Chairperson Mrs. Eda Lifuka and Mrs. Getrude Mwenya. The Registrar further informed the meeting that the other four directors qualified for re-election and had since been nominated for re-election. Mr. Kapekele outlined the names of the four directors as follows: Mr. Chibuna Muteto, Mr. Simate Simate, Mrs. Kashiya Mwanda Chabala and Mr. Takudzwa Mwila.

The Registrar, Mr. Kapekele, being the returning officer, outlined how the voting process would proceed based on the attendance status of members; either those voting virtually using Ventura platform or manually for those who were physically present. The Registrar then

provided guidance for members attending virtually on how they will vote through Ventura platform. He then informed the meeting that there was going to be three rounds of voting starting with voting for the full board, which was then going to be followed by voting for the positions of Chairperson, Treasurer and Secretary and lastly, voting for the Supervisory and Audit Committee members.

After providing instructions on how the voting process would be conducted, all aspiring candidates (Mr. Kelvin Mwantalasha, Mr. Micheal Ben Muchimba, Mrs. Kashiya Mwanda Chabala, Mr. Chibuna Mutelo, Ms. Mwape Zulu, Ms Doreen Muleya, Mr Kamuchizya Mutambo, Mrs. Mundi Salasini Mupeta, Ms. Shachibonde Kasanda, Mr. Takudzwa Mwila, Mr. Stanslas Zulu (absent), Mr. Simate Simate) pitched their manifestos before the AGM members. Each candidate was allocated 1.5 minutes to pitch their manifestos to the members. Upon receiving the candidate's manifestos, the Registrar opened the electronic voting polls. However, due to a technical glitch with the electronic voting system, members present proceeded to physically vote and, members

attending the meeting virtually were provided a cell number of an officer from the Ministry of Small and Medium Enterprise & Cooperatives to send their votes. After receiving the votes and closing of the voting polls, the meeting was adjourned to allow members to have their lunch thereafter, election results would be announced. Upon resumption of the meeting and having received all the voting results both physical and virtual, the registrar asked the house to choose between indicating votes obtained per nominee or to only call out successful nominees. The majority members of the house voted that only successful nominees be called out.

Upon clearance, the registrar proceeded to usher new board members based on highest votes obtained. The following successful nominees were called out to join the board.

- 1 Mr. Chibuna Muteto
- 2 Mr. Takudzwa Mwila
- 3 Mrs. Kashiya M Chabala
- 4 Mr. Simate Simate
- 5 Ms. Mwape Zulu
- 6 Mr. Kamuchizya Mutambo



| No. | Name | Votes | No. | Name | Votes |
|-----|------------------------|-------|-----|--------------------------|-------|
| 1 | Mr. Kelvin Mwantalasha | 60 | 7 | Mr. Kamuchizya Mutambo | 70 |
| 2 | Mr. Micheal B Muchinga | 42 | 8 | Mrs. Mundi S Mupeta | 28 |
| 3 | Mrs. Kashiya M Chabala | 82 | 9 | Mrs. Shachibonde Kasanda | 51 |
| 4 | Mr. Chibuna Muteto | 103 | 10 | Mr. Takudzwa Mwila | 95 |
| 5 | Ms. Mwape Zulu | 70 | 11 | Mr. Stanslas Zulu | 11 |
| 6 | Mrs. Doreen Muleya | 59 | 12 | Mr. Simate Simate | 74 |

New Board of Directors Constituted

The four board members (Mr. Chibuna Muteto, Mr. Simate Simate, Mr. Takudzwa Mwila and Mrs. Kashiya M Chabala) who were eligible for election and contested were all re-elected and there were two new members (Ms. Mwape Zulu and Mr. Kamuchizya Mutambo) who were elected to the board. The position of Chairperson went to Mr. Muteto, that of Secretary went to Mr. Kashitala while Mr. Simate was elected as Treasurer. It must be noted that the position of chairperson, secretary and treasurer went unopposed. Therefore, the new Board of Directors composition for Nkwazi Cooperative was as follows:

| No | Full Name | Board Position |
|----|------------------------|------------------|
| 1 | Mr. Chibuna Muteto | Chairperson |
| 2 | Mr. Takudzwa Mwila | Vice Chairperson |
| 3 | Mr. Simate Simate | Treasurer |
| 4 | Mr. Joshua Kashitala | Secretary |
| 5 | Ms. Mwape Zulu | Board Member |
| 6 | Ms. Kashiya M Chabala | Board Member |
| 7 | Ms. Doreen Zulu | Board Member |
| 8 | Mr. Kamuchizya Mutambo | Board Member |
| 9 | Dr. Mphatso Mudenda | Board Member |

11. Supervisory & Audit Committee

The Registrar informed the meeting of two positions that were open for election to the Supervisory and Audit Committee and that there were three members contesting for the two positions. The three contesting members were Mr Richard Musukuma, Mr Isaac Mwase and Mr. Chansa Katongo. After the voting process, Mr Richard Musukuma and Mr Isaac Mwase were voted to the Supervisory and Audit Committee.

The Registrar then presented the new Board of Directors to the membership and asked each board member to introduce themselves. He equally presented the elected members of the Supervisory and Audit Committee.

12. Any other business

There being no other business that was brought forward, the Registrar then proceeded to call upon the newly elected Chairperson to offer closing remarks and adjourn the AGM.

13. Adjournment

The newly elected Chairperson Mr. Chibuna Muteto, thanked everyone present and adjourned the meeting after concluding all AGM business on the agenda. The meeting was adjourned at 16:40hrs.

Minutes prepared by,



Joshua Kashitala
Board Secretary

Addendum (i) Prior Annual General Meeting Matters and Resolution Tracker

| Source | Matter | Action Point | Responsible | Status | Comment |
|-----------------------|--------------------|------------------------------------------------------------------------------------------|----------------------|----------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Prior AGM 2018 | Nkwazi Finance | To register a microfinance institution aimed at providing lending to the general public. | Board and Management | On going | <p>The process was started in 2023, legal opinion has since been obtained. After a staff level meeting with Bank of Zambia, the Board and Management deliberated and agreed to engage a specialised consultant to assist with the registration process.</p> <p>The board & management have since drafted expressions of interest to be advertised before the end of the year 2025.</p> |
| Prior AGM 2024 | Insurance of Loans | Consider insurance for loans issued by the cooperative. | Board and Management | On going | <p>Insurance quotations have been obtained from four Insurance companies namely ZSIC, Hollard, Madison Life insurance and Sanlam. The Board and management are still evaluating the best options to meet members needs as well as mitigate risks.</p> <p>The evaluation process will be completed by 30th June 2025 and the outcome communicated to the members.</p> |



ADDENDUM (I)

26th Annual General Meeting Attendance List



| No. | Name | Institution |
|-----|-----------------------|----------------------|
| 1 | Prisca Mutenge | U.S EMBASSY |
| 2 | Lydia Kisomo | U.S EMBASSY |
| 3 | Chibilika Danny | U.S EMBASSY |
| 4 | Kasonde Mwila | U.S EMBASSY |
| 5 | Tom Sakala | OTHERS |
| 6 | Esther Nachilima | AMERICAN INT. SCHOOL |
| 7 | Elizabeth Zulu | USAID |
| 8 | Kennedy Ndemena | JSI |
| 9 | Tito Njuka | U.S EMBASSY |
| 10 | Lloyd Chalwe | U.S EMBASSY |
| 11 | Fredrick Mwale | U.S EMBASSY |
| 12 | Kemmy Banda | U.S EMBASSY |
| 13 | Katwamba Moses | U.S EMBASSY |
| 14 | Mulenga Edward | U.S EMBASSY |
| 15 | Africa Sakala | U.S EMBASSY |
| 16 | Banda Gerald | U.S EMBASSY |
| 17 | Chibuna Muteto | USAID |
| 18 | Charles Namunji | U.S EMBASSY |
| 19 | Kelvin Liwakala | U.S EMBASSY |
| 20 | Nebert Mvula | OTHERS |
| 21 | Mambo N. Mwamainda | U.S EMBASSY |
| 22 | Justin Lubinda | MEHARRY |
| 23 | Kabungo Kachelo | CDC |
| 24 | Miliyoni Lungu | U.S EMBASSY |
| 25 | Boyd Mwale | U.S EMBASSY |
| 26 | Chellah Maybin | U.S EMBASSY |
| 27 | Innocent Chabala | OTHERS |
| 28 | Royd Katongo | U.S EMBASSY |
| 29 | Bianca Mupeta | U.S EMBASSY |
| 30 | Isaacimba | U.S EMBASSY |
| 31 | Emmanuel Mapulanga | U.S EMBASSY |
| 32 | Amos Nota | OTHERS |
| 33 | Moses Mbewe | U.S EMBASSY |
| 34 | Mwantalasha Kelvin | U.S EMBASSY |
| 35 | Bwalya Belinda | U.S EMBASSY |
| 36 | Shachibonda Kasanda | USAID |
| 37 | Patrick Nawa Simasiku | ZAM HEALTH |
| 38 | Joseph Kulanguluka | OTHERS |
| 39 | Hartley Khondiwa | U.S EMBASSY |
| 40 | Brenda Tasila Mwanza | PEACECORPS |

| No. | Name | Institution |
|-----|------------------------|-----------------------|
| 41 | Miriam Libingi | OTHERS |
| 42 | Isaac Mwase | USAID |
| 43 | Ngosa Mumba | NASCU |
| 44 | Rose lungu | UNC |
| 45 | Mavis Tembo | AMERICAN INT. SCHOOL |
| 46 | Obed Chiwawa | U.S EMBASSY |
| 47 | Paxina Koloko | U.S EMBASSY |
| 48 | Audrey Bwalya | NKWAZI |
| 49 | Jane M. Chimbini | NKWAZI |
| 50 | Caroline Mwila | NKWAZI |
| 51 | David Mwamba | NKWAZI |
| 52 | Malilwe Masole | NKWAZI |
| 53 | Timothy Ngoma | NKWAZI |
| 54 | Mwata Enock | NKWAZI |
| 55 | Kashiya Mwanda Chabala | USAID CHECK UP2 |
| 56 | Misheck Tembo | USAID RT2 PROJECT |
| 57 | Getrude Mwenya | U.S EMBASSY |
| 58 | Mwape Zulu | U.S EMBASSY |
| 59 | Anthony Mwamba | OTHERS |
| 60 | Geoffrey Munsongo | U.S EMBASSY |
| 61 | Mwami Mugala | U.S EMBASSY |
| 62 | Abayi Kaseke | U.S EMBASSY |
| 63 | Lombe Mulenga | JHPIEGO |
| 64 | Mufinta Zilindi | Marie Stopes |
| 65 | Joshua Kashitala | USAID DISCOVER HEALTH |
| 66 | Keith Mweebo | CDC |
| 67 | Chishimba Chikuni | AMERICAN INT. SCHOOL |
| 68 | Mubili Mathews Mumbi | U.S EMBASSY |
| 69 | Richard Musukuma | USAID |
| 70 | Stacey E. Nyendwa | U.S EMBASSY |
| 71 | Nelson Bada | OTHERS |
| 72 | Musonda Chitembo | MEHARRY |
| 73 | Eda Lifuka | DOD |
| 74 | Tomaida Mphepo | U.S EMBASSY |
| 75 | Michael Muchinga | U.S EMBASSY |
| 76 | Fraser Kaseya | PEACECORPS |
| 77 | Mundi S. Mupeta | JICA |
| 78 | Mukolwe Francis | WARMA |

ADDENDUM (I)

26th Annual General Meeting Attendance List



| No. | Name | Institution |
|-----|------------------------|-----------------------|
| 79 | Mercy Jila | U.S EMBASSY |
| 80 | Mpundu Joseph | U.S EMBASSY |
| 81 | Chenge Sindala | U.S EMBASSY |
| 82 | Sichilongo Kenneth | U.S EMBASSY |
| 83 | Doreen Phiri Muleya | USAID |
| 84 | Clement Chilufya | U.S EMBASSY |
| 85 | Bruce Mecha | U.S EMBASSY |
| 86 | Sanga Nkonge | U.S EMBASSY |
| 87 | Doreen M. Zulu | MEHARRY |
| 88 | Daniel Sichula | U.S EMBASSY |
| 89 | Sampa Helen | U.S EMBASSY |
| 90 | Phiri Linda | U.S EMBASSY |
| 91 | Mphatso Mudenda | CDC |
| 92 | Alfred Kapamba | U.S EMBASSY |
| 93 | Aaron Mvula | USAID |
| 94 | Angela Zulu | E.U |
| 95 | Alfred Phiri | PEACECORPS |
| 96 | Vivian Kalabi | PEACECORPS |
| 97 | Chola Chitente | U.S EMBASSY |
| 98 | Lastina Lwatula | JHPIEGO |
| 99 | Lizzie Ngosa | USAID DISCOVER HEALTH |
| 100 | Simate Simate | CIDRZ |
| 101 | Josephine M. Chikopa | AMERICAN INT. SCHOOL |
| 102 | Blandish Kambole | U.S EMBASSY |
| 103 | Mecha Mbewe | U.S EMBASSY |
| 104 | Cynthia Mwale | USAID DISCOVER HEALTH |
| 105 | Febian Mubuyaeta | NASCU |
| 106 | Roselyn Kasonde Zumani | U.S EMBASSY |
| 107 | James Phiri | USAID |
| 108 | Beatrice Mweene | USAID |
| 109 | Ignatius Zulu | U.S EMBASSY |
| 110 | Mukupa Malama | JICA |
| 111 | Tweleke Monta | USAID CHECK UP2 |
| 112 | Njaame Kalililo | MSMED |

| No. | Name | Institution |
|-----|---------------------|-------------------------|
| 113 | Karen Kakoma | U.S EMBASSY |
| 113 | Karen Kakoma | U.S EMBASSY |
| 114 | Elias Luwe | U.S EMBASSY |
| 115 | Mildred Muleba | OTHERS |
| 116 | Chisenga M. Chilomo | USAID |
| 117 | Chanda Musonda | USAID |
| 118 | Dorothy Ntengerenji | E.U |
| 119 | Mlotha Damaseke | USAID |
| 120 | Abel Mufaya | U.S EMBASSY |
| 121 | Stewart Kakoma | U.S EMBASSY |
| 122 | Geoffrey Cheeba | U.S EMBASSY |
| 123 | Ellen Mwiinga | FHI360 |
| 124 | Kasapo Mwenya | OTHERS |
| 125 | Fanny Chipeta | JHPIEGO |
| 126 | Obrien Luneta | MEHARRY |
| 127 | Sandra Banda | U.S EMBASSY |
| 128 | Mr. Evans Kapekele | REGISTRAR OF COOPS |
| 129 | Kennedy Mbuzi | OFFICE OF THE REGISTRAR |
| 130 | Chuma Nelson | U.S EMBASSY |
| 131 | Hlupe Sibamba | MEHARRY |
| 132 | Thomas Mupashi | U.S CDC |
| 133 | Cecilia Chitambala | U.S CDC |
| 134 | Yvonne Naluvwi | USAID |
| 135 | Shupa Ambulaya | FORMER U.S EMBASSY |
| 136 | Priscilla Nkandu | USAID |
| 137 | Geoffrey Miyanda | USAID |
| 138 | Lupinda Chimwasu | U.S EMBASSY |
| 139 | Biko Soko | U.S STATE DOD |
| 140 | Nicholus Zulu | USAID DISCOVER HEALTH |
| 141 | Kamuchizya Mutambo | USAID |
| 142 | Dawson Ngoma | USAID |
| 143 | Brilliant Muyunda | D&G Management |
| 144 | Joseph Mukomba | U.S EMBASSY |

DIRECTORATE AND CORPORATE INFORMATION

| | |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Country of registration | Zambia |
| Organisation Identity No | 419970003653 |
| Registration no | 3653 |
| Nature of business and principal activities | The principal activities of the cooperative is the provision of loan and saving products to its members. |
| Directors | Mr. Chibuna Muteto Mr. Takudzwa Mwila Mr. Simate Simate Mr. Joshua Kashitala Mrs. Doreen Zulu Ms. Kashiya Chabala Ms. Mwape Zulu Dr. Mphatso Mudenda Mr. Kamuchizya Mutambo |
| Registered office | Plot No 36, Selama Park, Ibex Hill Lusaka, Zambia. |
| Post address | P.O Box 50547 Lusaka Zambia. |
| Bankers | Stanbic Bank Zambia First National Bank Limited |
| Auditors | Nolands Zambia |
| Cooperative Secretary | Mr. Joshua Kashitala |



REPORT OF THE DIRECTORS

The Directors have pleasure in submitting to the shareholders, their annual report and the Audited Financial Statements of Nkwazi Co-operative Savings and Credit Society Limited (the "Co-operative") for the year ended 31 December 2024.

Activities

The Cooperative 's main activity is that of providing loan and saving products to its members.

Results for the year were:

| | 2024 ZMW | 2023 ZMW |
|----------------------------|-------------------|-------------------|
| Revenue | 11,409,306 | 9,917,958 |
| Other operating income | 11,078,151 | 10,353,079 |
| Total income | 22,487,457 | 20,271,037 |
| Profit for the year | 6,818,212 | 7,107,775 |

Dividends

The Co-operative had dividend payable in respect of the 2024 results of ZMW 154,800 (2023 ZMW 143,400).

Property, plant and equipment

During the year the Co-operative acquired property, plant and equipment amounting to ZMW 201,630 (2023: ZMW 426,552) and disposed of any property, plant and equipment of ZMW Nil (2023: ZMW 52,026).

Authorised and issued share capital

The Cooperative is owned by the employees of various non-governmental organizations in Zambia. The share capital of the Cooperative is as shown below

The Cooperative 's authorised share capital was held as follows;

| | 2024 ZMW | 2023 ZMW |
|----------------------------------------------------------------------|------------------|------------------|
| Issued and fully paid for share capital at ZMW 50 each | | |
| Fully paid-up members 2024: 772 (2023: 742) | 7,720,000 | 7,373,754 |
| Partially paid members 2024: 83 (2023:45) | 207,500 | 268,696 |
| Total share capital for a total membership of 855 (2023: 787) | 7,927,500 | 7,646,450 |

Staff

The average number of employees during the year was 8 (2023:7) and the total remuneration paid to staff was ZMW 3,017,958 (2023: ZMW 2,892,108).

Donations

The Co-operative did not make any donations in the year under review.

REPORT OF THE DIRECTORS

Auditors

The Auditors for the year under review was Nolands Zambia who were appointed as auditors of the Co-operative in 2024 for the 2024 financial year. A resolution to re-appoint Nolands Zambia as auditors will be proposed at the annual general meeting.

The total audit fee for the year under review is ZMW 88,706 (2023: ZMW 51,980).

Going concern

The financial statements of Nkwazi Co-operative Savings and Credit Society Limited have been prepared on a going concern basis which assumes the Co-operative will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Co-operative had a net profit of ZMW 6,818,212 (2023: ZMW 7,107,775) during the year ended 31 December 2024 and had accumulated earnings of ZMW 9,432,386 (2023: ZMW 14,639,631) as of 31 December 2024.

The Directors have assessed the financial position of Nkwazi Co-operative Savings and Credit Society Limited and are satisfied that the Cooperative remains financially sound. This assessment is supported by the continued financial backing of its shareholders, as well as the Cooperative's expected future income streams, which are considered sufficient to meet all foreseeable cash flow requirements.

In conducting this assessment, the Directors have taken into account the potential impact of Executive Order No.14169 re-evaluating and realigning united states foreign and have implemented appropriate mitigation measures to address any associated risks. Furthermore, the Directors confirm that, as at the date of this statement, there are no known instances of material non-compliance with statutory or regulatory obligations. Additionally, there are no pending legislative or regulatory changes identified that are expected to have a material adverse effect on the Cooperative's operations or financial position.

Based on this evaluation, the Directors are of the opinion that the Cooperative has adequate resources to continue operating as a going concern for the foreseeable future.

Directors and Secretary

The names and details of the directors who held office during the year ended 31 December 2024 were as follows:

| Name | Position | Committee | Nationality |
|------------------------|------------------|---------------------|-------------|
| Mr. Chibuna Muteto | Chairperson | Executive committee | Zambian |
| Mr. Takudzwa Mwila | Vice chairperson | Education committee | Zambian |
| Mr. Simate Simate | Treasurer | Executive committee | Zambian |
| Mr. Joshua Kashitala | Secretary | Executive committee | Zambian |
| Mrs. Doreen Zulu | Board member | Credit committee | Zambian |
| Mrs. Kashiya Chabala | Board member | Credit committee | Zambian |
| Ms. Mwape Zulu | Board member | Credit committee | Zambian |
| Dr. Mphatso Mudenda | Board member | Education committee | Zambian |
| Mr. Kamuchizya Mutambo | Board member | Education committee | Zambian |

The director's remuneration (allowance) during the year amounted to ZMW 562,533 (2023: ZMW 158,557).

STATEMENT ON CORPORATE GOVERNANCE

The Cooperative continues to commit itself to achieving high standards of corporate governance by adhering to the two key elements of supervision or monitoring and ensuring accountability.

The Board consists of nine Non-Executive Directors. The General Manager who is the head of management at the Cooperative is an ex-official of the Board. The roles of Chairman of the Board and General Manager are clearly defined.

The Board of Directors confirms that the Co-operative has complied with established internal control procedures and governance practices in line with sound corporate governance principles. While the Cooperative does not have an internal audit department due to its size, oversight of internal control systems is exercised through a functioning Audit and Supervisory Committee.

The Board further affirms that effective internal controls are in place, including appropriate segregation of duties over credit approvals, accounting, and payment processes. These controls help ensure the integrity of financial transactions and support the Cooperative's risk management framework.


The Board meets at least four times a year and concerns itself with key matters and the responsibility of implementing the Co-operative's strategy is delegated to management. There is open communication between management and board members.

The financial statements have been prepared in accordance with the international Financial Reporting Standards (IFRS) and comply with the Co-operative Act of 1998.

The Board understands its role and relationship with the members of the Cooperative. It acknowledges that its role is to promote the interests of members and recognizes that it is accountable to the members for the performance of the Co-operative.

By order of the Board



Director

Director

DIRECTORS' RESPONSIBILITY STATEMENT

Directors' responsibilities in respect of the preparation of financial statements

Responsibility of directors

The Cooperative 's directors are responsible for the preparation and fair presentation of the financial statements of Nkwazi Co-operative Savings and Credit Society Limited, comprising the statement of financial position as at 31 December 2024, and statement of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of material accounting policies and other explanatory notes, in accordance with the International Financial Reporting Standards and the Co- operative Act of 1998.

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

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

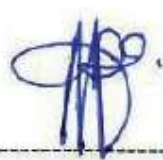
The directors have made an assessment of the Co-operative 's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

Approval of the financial statements

The financial statements of the Co-operative as indicated above were approved by the directors on

19/05/25, and are signed on its behalf by:


Director


Director

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NKWAZI CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Nkwazi Co-operative Savings and Credit Society Limited set out on page 10 to 36, which comprise the statement of financial position as at 31 December 2024, 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 material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of Nkwazi Co-operative Savings and Credit Society Limited as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Cooperative Act of 1998.

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 Cooperative in accordance with the Independent Regulatory Board of Auditors Code of Professional Conduct for Registered Auditors ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Going Concern Basis of Accounting

The Co-operative's financial statements have been prepared using the going concern basis of accounting. Management is responsible for assessing the Cooperative's ability to continue as a going concern, including whether the use of the going concern basis of accounting is appropriate. The use of the going concern basis of accounting is appropriate unless management either intends to liquidate the Co-operative or to cease operations or has no realistic alternative but to do so. Management is also responsible for disclosing in the financial statements a material uncertainty of which management becomes aware related to events or conditions that may cast significant doubt on the Cooperative's ability to continue as a going concern.

As part of our audit, we conclude regarding the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements in the context of the applicable financial reporting framework. We also conclude, 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, we are required to draw attention in the auditor's report to the disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on information available to us at the date of the auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.

Information Other than the Financial Statements and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the Report of the Directors and the Director's Responsibility Statement, which we obtained prior to the date of this report. Other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NKWAZI CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED Report on the Audit of the Financial Statements

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Zambia Co-operative Act of 1998 and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Co-operative's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the director either intend to liquidate the Co-operative or to cease operations, or have no realistic alternative but to do so. The directors are also responsible for overseeing Nkwazi Co-operative Savings and Credit Society Limited financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Nkwazi Co-operative Savings and Credit Society Limited internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Co-operative's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a Co-operative to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NKWAZI CO-OPERATIVE SAVINGS AND CREDIT SOCIETY LIMITED Report on the Audit of the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

Other Matter

The Co-operative's financial statements for the year ended 31 December 2023 expressed an unmodified opinion on 25th March 2024.

Report on Other Legal and Regulatory Requirements

As required by the Co-operative Societies Act No. 20 of 1998 (as amended) we report to you, based on our audit. The Co-operative Societies Act No. 20 of 1998 (as amended) requires that in carrying out our audit of Nkwazi Co-operative Savings and Credit Society Limited we report on whether:

- The society operated in accordance with its registered by-laws, especially in areas like use of funds, member benefits, surplus distribution, and borrowing.
- Whether a portion of the annual surplus was appropriately allocated to the reserve fund, as required under Section 32.
- Any surplus or dividends were distributed in accordance with the law and the society's by-laws (Section 31)

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

Nolands
Nolands Zambia
Chartered Accountants

The engagement partner on the audit resulting in this independent auditor's report is


Moses Nason Bwalya
Partner

2025
Lusaka

Practising certificate number: AUD/F000946

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | 2024 ZMW | 2023 ZMW |
|---------------------------------------|------|-------------------|-------------------|
| Revenue | 3 | 11,409,306 | 9,917,958 |
| Other operating income | 4 | 11,078,151 | 10,353,079 |
| Total income | | 22,487,457 | 20,271,037 |
| Operating and administration expenses | 5 | (4,285,517) | (4,009,521) |
| Board and committee expenses | | (562,533) | (158,557) |
| Provision for bad debts | 14 | (750,746) | (95,823) |
| Depreciation - PPE | 8 | (349,904) | (441,698) |
| Operating profit | 7 | 16,538,757 | 15,565,438 |
| Finance costs | 6 | (9,720,545) | (8,457,663) |
| Profit for the year | 16a | 6,818,212 | 7,107,775 |
| Other comprehensive income | | - | - |
| Total comprehensive profit | 16a | 6,818,212 | 7,107,775 |

Included in the profit of ZMW6, 818, 212 (2023:ZMW7,107,775) as
Distributed below:

| | | |
|------------------------------|--------------|--------------|
| Reserves -10% | 666,341.20 | 696,137.50 |
| Investment - 20% | 1,332,682.40 | 1,392,275.00 |
| Membership Equity Growth 70% | 4,664,388.40 | 4,872,962.50 |
| Dividend Payable | 154,800.00 | 146,400.00 |

The notes on pages 58 to 77 form part of these financial statements.

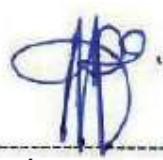
STATEMENT OF FINANCIAL POSITION

| | | 2024 | 2023 |
|--------------------------------------|---------------|--------------------|--------------------|
| | Note | ZMW | ZMW |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 8 | 1,959,683 | 2,107,957 |
| Government securities bonds | 9 | 42,328,620 | 33,053,621 |
| | | 44,288,303 | 35,161,578 |
| Current assets | | | |
| Trade and other receivables | 14 | 82,853,744 | 71,235,125 |
| Fixed deposits | 12 | 1,302,000 | 7,375,000 |
| Government securities-treasury bills | 10 | 4,815,185 | 10,746,637 |
| Collective investment schemes | 11 | 3,669,998 | 169,998 |
| Cash and cash equivalents | 13 | 4,632,189 | 4,764,333 |
| | | 97,273,116 | 94,291,093 |
| Total current assets | | 97,273,116 | 94,291,093 |
| Total assets | | 141,561,419 | 129,452,671 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | 16a | 7,927,500 | 7,646,450 |
| Reserves | 16 c, d and e | 23,017,920 | 11,914,275 |
| Retained earnings | 16f | 9,432,386 | 14,639,631 |
| Total Equity | | 40,377,806 | 34,200,356 |
| Non-current liabilities | | | |
| Member's deposit | 17 | 94,292,440 | 89,450,136 |
| | | 94,292,440 | 89,450,136 |
| Total non-current liabilities | | 94,292,440 | 89,450,136 |
| Current liabilities | | | |
| Trade and other payables | 18 | 6,891,173 | 5,802,179 |
| Total current liabilities | | 6,891,173 | 5,802,179 |
| Total equity and liabilities | | 141,561,419 | 129,452,671 |

These financial statements set out on page 54 to 77 were approved by the board of directors on

19/05/25 and signed on its behalf by:


Director


Director

The notes on pages 58 to 77 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

| | Share capital ZMW | Investment Funds | Equity Sharing | Reserve Fund ZMW | Retained Earnings ZMW | Total Equity |
|------------------------------------------|-------------------------|---------------------|-------------------|------------------------|-----------------------------|-------------------|
| Balance at 1 January 2023 | 7,438,696 | 1,666,962 | 5,281,753 | 1,706,401 | 7,531,856 | 23,625,668 |
| Profit for the year | - | - | - | - | 7,107,775 | 7,107,775 |
| Balance before capital movements | 7,438,696 | 1,666,962 | 5,281,753 | 1,706,401 | 14,639,631 | 30,733,443 |
| Capital movements during the year | | | | | | |
| Increase in share capital | 207,754 | - | - | -- | - | 207,754 |
| Increase equity growth fund | - | - | 3,722,081 | - | - | 3,722,081 |
| Payments for closed accounts | - | - | (462,922) | - | - | (462,922) |
| Balance at 31 December 2023 | 7,646,450 | 1,666,962 | 8,540,912 | 1,706,401 | 14,639,631 | 34,200,356 |
| Balance at 1 January 2024 | 7,746,450 | 1,666,962 | 8,540,912 | 1,706,401 | 14,639,631 | 34,200,356 |
| Profit for the year | - | - | - | - | 6,818,212 | 6,818,212 |
| Balance before capital movements | 7,746,450 | 1,666,962 | 8,540,912 | 1,706,401 | 21,457,843 | 41,018,568 |
| Capital movements during the year | | | | | | |
| Increase in share capital | 970,550 | - | - | - | - | 970,550 |
| Decrease in share capital | (689,500) | - | - | - | - | (689,500) |
| Payments for closed accounts | - | - | (778,412) | - | - | (778,412) |
| Dividends paid | - | - | - | - | (143,400) | (143,400) |
| Transfer between reserves 2023 | - | 1,063,452 | - | - | 1,063,452 | - |
| Transfer between reserves 2024 | - | 1,406,992 | 4,924,471 | 4,487,142 | (10,818,605) | - |
| Balance at 31 December 2024 | 7,927,500 | 4,137,406 | 12,686,971 | 6,193,543 | 9,432,386 | 40,377,806 |

The notes on pages 58 to 77 form part of these financial statements.

STATEMENT OF CASH FLOWS

| | Note | 2024 ZMW | 2023 ZMW |
|------------------------------------------------------------------|------|--------------------|--------------------|
| Cash flows from operating activities | | | |
| Profit before taxation | 16a | 6,818,212 | 7,107,775 |
| Adjustments to reconcile loss before tax to net cashflows | | | |
| Depreciation and amortisation | 8 | 349,904 | 441,698 |
| Gains on foreign exchange | 4 | (39,940) | (297,074) |
| Finance cost | 6 | 9,720,545 | 8,457,663 |
| Other non-cash items | | - | 466,521 |
| Provision for bad debts | 14 | 750,746 | 95,823 |
| Operating loss before working capital changes | | 17,599,467 | 16,272,406 |
| (Increase) in trade and other receivables | 14 | (8,182,548) | (14,718,483) |
| (Decrease)/increase in trade and other payables | 18 | 1,111,310 | 1,355,569 |
| Cash (used in)/generated from operations | | 10,528,229 | 2,909,492 |
| Finance cost | 6 | (9,720,545) | (8,457,663) |
| Foreign exchange gain | 4 | 39,940 | - |
| Net cash (outflows)/inflow from operating activities | | 847,624 | (5,548,171) |
| Outflow from investing activities | | | |
| Acquisition of property, plant and equipment | 8 | (201,630) | (382,712) |
| Proceeds from disposal of property, plant and equipment | 8 | - | 52,026 |
| Investment in government bonds | 9 | (13,267,150) | (1,332,373) |
| Investment in collective investment schemes | 11 | (3,716,981) | (92,850) |
| Proceeds/(Investments) in fixed deposits | 12 | 6,073,000 | (7,395,134) |
| Proceeds from treasury bills | 10 | 5,931,452 | - |
| Net cash inflows/(outflows) investing activities | | (5,181,309) | (9,151,043) |
| Cash flows used in financing activities | | | |
| Issue of ordinary shares | 16a | 970,550 | 207,754 |
| Repayment of borrowings | | - | 297,074 |
| Payment of closed accounts-share capital | 16a | (689,500) | - |
| Payment of closed accounts-equity sharing | 16d | (778,412) | - |
| Increase in members deposit | 17 | 4,842,303 | 7,216,269 |
| Dividends paid | 16 | (143,400) | - |
| Net cash outflow for the year | | (132,144) | (6,978,117) |
| Analysis of movements in cash and cash equivalents | | | |
| Net cash and cash equivalent at 1 January | 13 | 4,764,333 | 11,742,450 |
| Net cash and cash equivalents at 31 December | 13 | 4,632,189 | 4,764,333 |

The notes on pages 58 to 77 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2024
ZMW

1. Principal activities

The Cooperative is a limited Co-operative incorporated and domiciled in Zambia, and its principal activities continues to be that of the provision of loan and saving products to its members. The principal registered address is disclosed on page 1.

2. Material accounting policies

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

2.1 Basis of preparation

The financial statements of Nkwazi Co-operative Savings and Credit Society Limited have been prepared on a going concern basis which assumes the Co-operative will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Co-operative had a net profit of ZMW 6,818,212 (2023: ZMW 7,107,775) during the year ended 31 December 2024 and during the year the Co-operative had accumulated profit of ZMW 9,432,386 (2023: ZMW 14,639,631) as of 31 December 2024.

The Directors have assessed the financial position of Nkwazi Co-operative Savings and Credit Society Limited and are satisfied that the Cooperative remains financially sound. This assessment is supported by the continued financial backing of its shareholders, as well as the Cooperative's expected future income streams, which are considered sufficient to meet all foreseeable cash flow requirements.

In conducting this assessment, the Directors have taken into account the potential impact of Executive Order No.14169 re-evaluating and realigning united states foreign and have implemented appropriate mitigation measures to address any associated risks. Furthermore, the Directors confirm that, as at the date of this statement, there are no known instances of material non-compliance with statutory or regulatory obligations. Additionally, there are no pending legislative or regulatory changes identified that are expected to have a material adverse effect on the Cooperative's operations or financial position. Based on this evaluation, the Directors are of the opinion that the Cooperative has adequate resources to continue operating as a going concern for the foreseeable future.

2.2 Foreign currencies

Items included in the financial statements of the Co-operative are measured in the currency of the primary economic environment in which the Co-operative operates (the "functional currency"). The functional currency of the Co-operative as determined in accordance with IFRS is the Zambian Kwacha because this is the currency that best reflects the economic substance of the underlying events and circumstances of the Co-operative. The financial statements are presented in Zambian Kwacha, as the Co-operative has chosen the Zambian Kwacha as its presentation currency. Transactions in currencies other than the functional currency are converted at the exchange rate ruling at the transaction date. At the reporting date, foreign currency monetary assets and liabilities are converted at the rate of exchange ruling at that date.

2. Material accounting policies (Continued)

2.2 Foreign currencies (Continued)

Resulting exchange differences, from the translation of monetary assets and liabilities and settlement of foreign denominated monetary assets and liabilities are recognised in the profit and loss for the period. Foreign exchange gains and losses resulting from the translation at reporting period end of non-monetary assets and liabilities that are denominated in foreign currencies are recognised in the profit or loss for the period.

2.3 Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2024
ZMW

The rates of depreciation used are based on the following useful lives:

| | |
|------------------------|--------|
| Buildings | 5% |
| Office equipment | 25% |
| Computer equipment | 25% |
| Furniture and fittings | 33.33% |
| Motor vehicle | 25% |

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the de-recognition of an item of property, plant and equipment is included in the profit or loss when the item is derecognised. The gain or loss arising from the de-recognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

2.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale (a qualifying asset) are capitalised as part of the cost of the respective assets.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are invested for short term out of money borrowed specifically to finance a project, the income generated from the temporary investment of amounts is deducted from borrowing cost.

2. Material accounting policies (Continued)

2.5 Tax

Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of VAT except where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable.

Receivables and payables are stated with the amount of VAT included. The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.6 Revenue recognition

IFRS 15 requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Co-operative identified the following revenue streams that are in the scope of IFRS 15: The rendering of service. The output of the service rendered is generally a single performance obligation, and the Co-operative has determined that this is satisfied at the point in time when control transfers.

2.7 Financial Instruments

a) Financial assets

Initial recognition and measurement

Trade receivables that do not contain a significant financing component or for which the Co-operative has applied the practical expedient for contracts that have a maturity of one year or less, are measured at the transaction price. In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2024
ZMW

The Co-operative 's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Co-operative commits to purchase or sell the asset.

2. Material accounting policies (Continued)

2.8 Financial Instruments (continued)

a) Financial assets (Continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments).
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).
- Financial assets at fair value through profit or loss.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Cooperative 's financial assets at amortised cost include trade and other receivables.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Co-operative commits to purchase or sell the asset.

The Cooperative 's financial assets include cash and short-term deposits, trade and other receivables, loans and other receivables while financial liabilities compromise trade and other payables and bank overdrafts.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loans and receivables assets are subsequently carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process. Loans and receivables are included in current assets if they are expected to mature within 12 months of the reporting date.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2024
ZMW

2.0 Material accounting policies (Continued)

2.8 Financial Instruments (continued)

a) Financial assets (Continued) Subsequent measurement (Continued)

Amounts due from/to related parties

These include loans to and from holding Companies, fellow subsidiaries and associated and are recognised initially at fair value plus direct transaction costs. Loans to group companies are classified as loans and receivables. Loans from group companies are classified as financial liabilities measured at amortised cost. Loans to shareholders, directors, managers and employees are classified as loans and receivables.

De-recognition of financial assets and liabilities

A financial asset is derecognised where the contractual rights to receive cash flows from the asset has been transferred or has expired or when substantially all the risks and rewards of ownership have passed. Financial assets are derecognised on disposal or when no future economic benefits are expected from their use. A financial liability is derecognised when the relevant obligation has either been discharged or cancelled or has expired.

Impairment of financial assets

The Co-operative recognises an allowance for ECLs for all loan and receivable not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Co-operative expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Co-operative applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Co-operative does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date. The Co-operative has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. For any other financial assets carried at amortised cost (which are due in more than 12 months), the ECL is based on the 12-month ECL.

The 12-month ECL is the proportion of lifetime ECLs that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Co-operative considers reasonable and supportable information that is relevant and available without undue cost or effort.

2.0 Material accounting policies (Continued)

2.8 Financial instruments (Continued)

a) Financial assets (Continued)

Impairment of financial assets (continued)

This includes both quantitative and qualitative information and analysis, based on the Co-operative's historical experience and informed credit assessment including forward-looking information.

The Co-operative considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Co-operative may also consider a financial asset to be in default when internal or external information indicates that the Co-operative is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Co-operative. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the Co-operative assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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2.9 Provisions

Provisions represent liabilities of uncertain timing or amount. Provisions are recognised when the Co-operative has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

Provisions represent liabilities of uncertain timing or amount. Provisions are recognised when the Co-operative has a present legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made for the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where the effect of discounting is material, provisions are measured at their present value using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks for which future cash flow estimates have not been adjusted. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.10 Dividend distribution

Dividend distribution to the Co-operative's shareholders is recognised as a liability in the period in which the dividends are ratified at the Annual General Meeting.

2. Material accounting policies (Continued)

2.11 Impairment for non-financial assets

The Co-operative assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Co-operative estimates the asset's recoverable amount. Recoverable amount is the higher of an asset's fair value less costs of disposal and value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the asset is tested as part cash generating unit to which it belongs.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In calculating value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account.

The Co-operative bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each individual asset.

Impairment losses of continuing operations, including impairment of inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

2.12 Significant accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and judgements. Estimates and judgements are continually evaluated and are based on historical factors coupled with expectations about future events that are considered reasonable. The resulting accounting estimates will seldom equal the related actual result. In the process of applying the Cooperative's accounting policies, management has made the following judgements (that have the most significant effect on the amounts recognised in the financial statements) and estimates that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities within the next year.

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2. Material accounting policies (Continued)

2.12 Significant accounting judgements and estimates

a) Judgements

Measuring recoverable amounts for non-financial assets

The Cooperative assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Cooperative estimates the asset's recoverable amount. The key assumption that has a significant effect on the carrying amounts of non-financial asset is the estimation of value in use. In determining recoverable amount management is required to estimate the value in use, using estimated future cash flows that are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Depreciation rates

The Co-operative depreciates its property, plant and equipment on a straight-line basis over their estimated remaining useful lives, after taking into account residual values. The depreciation method reflects the pattern in which economic benefits attributable to the asset flows to the entity. The useful lives and residual values of assets are reassessed on an annual basis to determine whether the original period continues to be appropriate. The estimation of the useful life and residual values of an asset is a matter of judgement based on the past experience of the entity with similar assets. The actual lives of these assets can vary depending on a variety of factors, including but not limited to technological obsolescence, maintenance programs, refurbishments and product life cycles.

Provisions

Where the Co-operative has a legal or constructive obligation as a result of a past event that will result in an outflow of economic benefits from the entity, provisions are recognised. The amount recognised, as a provision is the best estimate of the expenditure required to settle the obligation at the reporting date. The Co-operative has made significant judgements and estimates relating to provision for rehabilitation costs.

2. Material accounting policies (Continued)

2.13 New standards and interpretations

A number of new standards, amendments to standards and interpretations are mandatory for the year ended 31 December 2024, and have been adopted by the Co-operative where relevant to the Cooperative's operations.

a) New standards and interpretations effective in 2024

Many standards or amendments became effective for the first time in the current financial year.

The nature and the impact of the standards and amendments that are applicable to the financial statements of the Co-operative are described below:

IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information

IFRS S1 sets out overall requirements with the objective to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to the primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S1 was issued in June 2023 and applies to annual reporting periods beginning on or after 1 January 2024

IFRS S2 Climate-related Disclosures

IFRS S2 sets out the requirements for identifying, measuring and disclosing information about climate-related risks and opportunities that is useful to primary users of general-purpose financial reports in making decisions relating to providing resources to the entity.

IFRS S2 was issued in June 2023 and applies to annual reporting periods beginning on or after 1 January 2024.

NOTES TO THE FINANCIAL STATEMENTS

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Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)

The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

Applies to annual reporting periods beginning on or after 1 January 2024.

2. Material accounting policies (Continued)

2.13 New standards and interpretations (Continued)

a) New standards and interpretations effective in 2024 (continued)

Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendment clarifies how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale.

Applies to annual reporting periods beginning on or after 1 January 2024.

Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendment clarifies how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability.

Applies to annual reporting periods beginning on or after 1 January 2024.

b) New standards and interpretations not yet effective in 2024

IFRS 18 Presentation and Disclosures in Financial Statement

IFRS 18 includes requirements for all entities applying IFRS for the presentation and disclosure of information in financial statements.

Applicable to annual reporting periods beginning on or after 1 January 2027.

Lack of Exchangeability (Amendments to IAS 21)

The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not.

Applicable to annual reporting periods beginning on or after 1 January 2025

Amendments IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments

The amendments address matters identified during the post-implementation review of the classification and measurement requirements of IFRS 9 Financial Instruments.

Applicable to annual reporting periods beginning on or after 1 January 2026

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2024
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3. Revenue

Revenue represents income earned by the Cooperative from its core financial services activities. Revenue is primarily derived from the provision of loans and savings products to members.

Revenue comprises:

Interest income on loans advanced to members, which is recognised using the effective interest rate method over the term of the loan.

Fees and charges associated with loan processing, account maintenance, and other related services, which are recognised as income when the related service is rendered or when the Cooperative becomes entitled to the fee.

| | 2024 ZMW | 2023 ZMW |
|--------------------------------------|-------------------|------------------|
| Interest income | | |
| Banja loan interest income | 111,446 | - |
| Energy solution loan interest income | 24,902 | - |
| Salary advance loan interest income | 8,286 | - |
| Buy back loan interest income | 1,622,945 | - |
| Provident loan interest income | 8,389,335 | 8,481,999 |
| Education loan interest income | 114,009 | 128,889 |
| Energy relief loan interest income | 4,388 | - |
| Emergency loan interest Income | 56,462 | 49,444 |
| Commodity loan interest Income | 414,183 | 393,001 |
| Total interest income | 10,745,956 | 9,053,333 |
| Fees income | | |
| Banja loan fees | 4,400 | - |
| Energy solution loan fees | 3,050 | - |
| Salary advance loan fees | 1,200 | - |
| Buy back loan fees | 14,600 | - |
| Provident loan fees | 446,100 | 684,388 |
| Education loan fees | 41,650 | 44,965 |
| Energy relief loan fees | 3,200 | - |
| Emergency loan fees | 27,850 | 23,800 |
| Commodity loan fees | 78,800 | 85,872 |
| Mandatory shares loan fees | 18,200 | 800 |
| Ordinary savings fees | 24,300 | 24,800 |
| Total fees income | 663,350 | 864,625 |
| Total revenue | 11,409,306 | 9,917,958 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2024
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4. Other operating income

| | 2024 ZMW | 2023 ZMW |
|---------------------------------|-------------------|-------------------|
| Membership fees | 30,592 | 11,800 |
| Loan administrative fees | - | 400 |
| Income on financial investments | 9,935,660 | 9,970,988 |
| Foreign exchange gains | 39,940 | 297,074 |
| Write offs-general expenses | 1,013,959 | 72,817 |
| Profit on disposal | 58,000 | - |
| | 11,078,151 | 10,353,079 |

5. General and administrative expenses

| | 2024 ZMW | 2023 ZMW |
|-----------------------|------------------|------------------|
| Salaries and wages | 2,060,069 | 2,102,382 |
| Statutory obligations | 127,149 | 122,257 |
| Other staff cost | 830,740 | 667,469 |
| Expenses (appendix) | 1,267,559 | 1,117,413 |
| | 4,285,517 | 4,009,521 |

6. Finance cost

| | 2024 ZMW | 2023 ZMW |
|---------------------|------------------|------------------|
| Interest on savings | 9,720,545 | 8,457,663 |
| | 9,720,545 | 8,457,663 |

Interest expense represents the cost incurred by the Cooperative for funds deposited by members under its savings products. The Cooperative pays interest on member savings in accordance with the terms and conditions of each savings product.

7. Cash used in operations

| | 2024 ZMW | 2023 ZMW |
|----------------------------------------|-------------------|------------------|
| Profit before tax adjusted for; | | |
| Board expenses | 486,370 | 158,557 |
| Finance cost | 9,720,545 | 8,457,663 |
| Provision for bad debts | 750,746 | 95,823 |
| Audit fees | 88,706 | 51,980 |
| | 11,046,367 | 8,764,023 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2024
ZMW

8. Property, Plant and Equipment

| 2024 | Buildings | Furniture and fittings | Motor Vehicle | Office equipment | Total |
|---------------------------------------|------------------|------------------------|----------------|------------------|------------------|
| Cost | | | | | |
| At 1 January | 1,628,504 | 221,495 | 672,706 | 1,101,909 | 3,624,614 |
| Additions | - | 16,725 | - | 184,905 | 201,630 |
| At 31 December Depreciation | 1,628,504 | 238,220 | 672,706 | 1,286,814 | 3,826,244 |
| | | | | | |
| At 1 January | 249,024 | 188,918 | 232,383 | 846,332 | 1,516,657 |
| Charge for the year | 70,138 | 24,888 | 138,047 | 116,831 | 349,904 |
| At 31 December Carrying amount | 319,162 | 213,806 | 370,430 | 963,163 | 1,866,561 |
| At 31 December 2024 | 1,309,342 | 24,414 | 302,276 | 323,651 | 1,959,683 |
| At 31 December 2023 | 1,379,480 | 32,577 | 440,323 | 255,577 | 2,107,957 |

9. Government bonds and securities

| | 2024 ZMW | 2023 ZMW |
|----------------------------|-------------------|-------------------|
| At first January | 33,053,621 | 33,053,621 |
| Additions | 10,275,000 | - |
| Change in fair value | 5,400 | - |
| Maturities during the year | (1,005,401) | - |
| | 42,328,620 | 33,053,621 |

The maturity profile of government securities is as follows

| | | |
|-------------------------------|-------------------|-------------------|
| Two-year government bonds | 1,100,000 | 1,000,000 |
| Three-year government bonds | 15,644,595 | 13,144,570 |
| Five-year government bonds | 6,675,000 | - |
| Six-year government bonds | 1,924,719 | 1,924,719 |
| Seven-year government bonds | 14,012,897 | 14,012,923 |
| Fifteen-year government bonds | 2,971,409 | 2,971,409 |
| Balance as at 31st December | 42,328,620 | 33,053,621 |

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for the year ended 31 December, 2024
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10. Government securities-T-bills

At first January 2024

Additions during the year

Change in fair value

Maturities during the year

The maturity profile of T-bills is as follows

Three hundred- and sixty-four-days treasury bills

11. Collective investment schemes

Banc ABC unit trust

Movements for the year is as follows;

At first January 2024

Additions during the year

Change in fair value

Maturities during the year

12. Fixed term deposits

First national bank-fixed term deposit

Stabic bank-fixed term deposit

| 2024 ZMW | 2023 ZMW |
|------------------|-------------------|
| 10,746,637 | 3,997,080 |
| 4,815,185 | 10,746,280 |
| 1,426,568 | 598,277 |
| (12,173,205) | (4,595,000) |
| 4,815,185 | 10,746,637 |
| | |
| 4,815,185 | 10,746,637 |

| 2024 ZMW | 2023 ZMW |
|------------------|----------------|
| 3,669,998 | 169,998 |
| 3,669,998 | 169,998 |
| | |
| 169,998 | 1,865,194 |
| 3,500,000 | - |
| - | 339,996 |
| - | (2,035,192) |
| 3,669,998 | 169,998 |

| 2024 ZMW | 2023 ZMW |
|------------------|------------------|
| 1,302,000 | 4,000,000 |
| - | 3,375,000 |
| 1,302,000 | 7,375,000 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2024
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13. Cash and cash equivalent

Cash at bank

First national bank operations account
First national bank main
Stanbic bank main
First national bank dollar account

Cash on hand

Petty cash
Total cash and cash equivalent

| 2024 ZMW | 2023 ZMW |
|------------------|------------------|
| 98,268 | 186,741 |
| 3,857,517 | 3,560,802 |
| 182,359 | 480,935 |
| 492,346 | 533,862 |
| 4,630,490 | 4,762,340 |
| 1,699 | 1,993 |
| 4,632,189 | 4,764,333 |

14. Trade and other receivables

Trade receivables
Less: Impairment provision (Note 15.1)
Net trade receivables
Prepayments
Income receivable
Salary advances

Total trade and other receivables

| 2024 ZMW | 2023 ZMW |
|-------------------|-------------------|
| 74,212,374 | 65,515,223 |
| (1,865,307) | (1,114,561) |
| 72,347,067 | 64,400,662 |
| 236,652 | 141,749 |
| 10,261,625 | 6,682,558 |
| 8,400 | 10,156 |
| 82,853,744 | 71,235,125 |

Income receivables includes accrued income from investments in Government Bonds, Treasury Bills, Fixed Deposits, and Collective Investment Schemes, as well as interest receivable on loans advanced to members

14.1 Allowance for impairment of receivables

The movement in impairment of receivables are presented below:

At 1 January
Write off against receivables
At 31 December

| 2024 ZMW | 2023 ZMW |
|------------------|------------------|
| 1,114,561 | 1,018,738 |
| 750,746 | 95,823 |
| 1,865,307 | 1,114,561 |

NOTES TO THE FINANCIAL STATEMENTS

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15. Trade and other receivables (continued)

Nkwazi Co-operative applies the IFRS 9 simplified approach to calculate expected credit losses (ECL) on trade receivables using lifetime ECL.

Due to system limitations, the Co-operative cannot generate a detailed month-by-month age analysis. As a result, a simple weighted average default rate was used based on available ageing data for the year ended 31 December 2024. This approach is considered appropriate for the following reasons:

- **Low Default Risk:** Most loans are payroll-backed, meaning repayments are deducted directly from salaries, reducing the risk of non-payment.
- **Savings Deduction:** If a member defaults, the outstanding amount is deducted from their savings, which ensures recovery.
- **Peer Pressure:** As a member-based co-operative, social accountability encourages members to repay on time.
- **Stable Historical Performance:** The Co-operative has experienced minimal defaults over the past year.

Given these factors, the use of a simple weighted average rate is reasonable and fits the Co-operative's operations and data availability.

Age analysis of trade receivables

| | Expected loss rate % | Carrying amount (ZMW) | ECL (ZMW) |
|----------------------|-------------------------|--------------------------|------------------|
| 2024 | | | |
| Total loan portfolio | 0.704% | 73,205,036 | 515,417 |
| Specific | 100% | 1,007,338 | 1,007,550 |
| Specific | 100% | - | 342,340 |
| Total | | 74,212,374 | 1,865,307 |

At 31 December 2023, the ageing analysis profile of trade receivables indicating current and past dues receivables and the information about the life time expected credit loss provision on the Cooperative's trade receivables is disclosed below:

| | Expected loss rate % | Carrying amount (ZMW) | ECL (ZMW) |
|----------------------|-------------------------|-----------------------------|------------------|
| 2023 | | | |
| Total loan portfolio | 1.696% | 65,515,223 | 1,114,561 |
| Total | | 65,735,843 | 1,114,561 |

NOTES TO THE FINANCIAL STATEMENTS

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ZMW

16. Share capital and reserves

a) Reconciliation of profit during the year

Movement in share capital and reserves
Increase in equity fund during the year
Decrease in equity fund during the year (closed accounts)
Increase in share capital
Decrease in share capital (closed accounts)
Dividend paid

Profit for the year

b) Share capital
Opening balance
Additions during the year
Closures during the year

c) Investment fund

Opening balance
Transfer from retained earnings 2023
Transfer from retained earnings 2024

d) Equity sharing

Opening balance
Additions during the year
Closure during the year

e) General reserves

Opening balance
Addition during the year

f) Retained earnings

Opening balance
Profit for the year
Transfer to Investment fund (2023)
Transfer to Investment fund (2024)
Transfer to equity sharing (2024)
Transfer to reserves (2024)
Dividends paid

| 2024 ZMW | 2023 ZMW |
|-------------------|-------------------|
| 6,177,450 | 10,574,688 |
| - | 3,722,081 |
| 778,412 | (462,922) |
| (970,550) | 207,754 |
| 689,500 | - |
| 143,400 | - |
| 6,818,212 | 7,107,775 |
| 7,646,450 | 7,438,696 |
| 970,550 | 207,754 |
| (689,500) | - |
| 7,927,500 | 7,646,450 |
| 1,666,962 | 1,666,962 |
| 1,063,452 | - |
| 1,406,992 | - |
| 4,137,406 | 1,666,962 |
| 8,540,912 | 5,281,753 |
| 4,924,471 | 3,722,081 |
| (778,412) | (462,922) |
| 12,686,971 | 8,540,912 |
| 1,706,401 | 1,706,401 |
| 4,487,141 | - |
| 6,193,543 | 1,706,401 |
| 14,639,631 | 7,531,856 |
| 6,818,212 | 7,107,775 |
| 1,063,452 | - |
| 1,406,992 | - |
| 4,924,471 | - |
| 4,487,142 | - |
| (143,400) | - |
| 9,432,386 | 14,639,631 |

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ZMW

17. Member deposits

| | 2024 ZMW | 2023 ZMW |
|-------------------------|-------------------|-------------------|
| Opening balance | 89,450,137 | 82,233,868 |
| Deposit during the year | 4,842,303 | 7,216,268 |
| | 94,292,440 | 89,450,136 |

18. Trade and other payables

| | 2024 ZMW | 2023 ZMW |
|-----------------------------|------------------|------------------|
| Other payables | 606,349 | 171,132 |
| Statutory obligations | 103,957 | 114,891 |
| Provision for gratuity | 320,841 | 429,879 |
| Audit fees | 44,353 | 51,980 |
| Dividend's payables | 154,800 | 146,800 |
| Interest on savings accrued | 5,660,873 | 4,887,497 |
| | 6,891,173 | 5,802,179 |

18. 1 Dividend payable

Dividends represent appropriations from revenue reserves for distribution to shareholders based on their shareholding in the Cooperative. Dividends may not be issued when revenue reserves are in negative or when there is negative equity. The movements during the year were as follows:

| | 2024 ZMW | 2023 ZMW |
|-----------------------------------|----------------|------------------|
| At the beginning of the year | 146,800 | 143,400 |
| Dividend declared during the year | 151,400 | 143,400 |
| Paid during the year | (143,400) | (140,000) |
| | 154,800 | (146,800) |

19. Capital commitments

At 31 December 2024 the Co-operative had spent a total of nil (2023: ZMW nil) in capital expenditure.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2024
ZMW

20. Capital Management

The Co-operative's objectives when managing capital are to ensure its long-term sustainability, safeguard members' savings, and continue providing affordable loan products and other financial services to its members. The aim is to maintain financial stability and build member confidence while supporting the growth and development of the Co-operative.

The capital structure of the Co-operative consists primarily of member savings, retained surpluses, and borrowings where applicable. This includes members' deposits, loans payable (if any), trade and other payables, and accumulated reserves as disclosed in the statement of financial position.

| | 2024 ZMW | 2023 ZMW |
|---------------------------------------|--------------------|--------------------|
| Total borrowings | | |
| Member deposits | 94,292,440 | 89,450,136 |
| Trade and other payables | 6,891,173 | 5,802,179 |
| Total debt | 101,183,613 | 95,252,315 |
| Less: Cash and cash equivalent | (4,632,189) | (4,764,333) |
| Net debt | 96,551,424 | 90,487,982 |
| Total equity | 40,377,806 | 34,200,356 |
| Capital employed | 136,929,230 | 124,688,338 |
| Net debt to capital ratio | 70.51% | 72.57% |

21. Risk management

Financial risk management objectives

The Cooperative 's activities in the ordinary course of business expose it to variety of financial risk: market risk (including currency risk, fair value interest rates risk and cash flow risk), credit risk and liquidity risk. The Co-operative manages the risk by maintaining, monitoring relationship with suppliers and continuously monitoring forecast and actual cash flow and matching maturity profile of financial assets and liabilities.

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21. Risk management (Continued)

Market risk

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

At 31 December 2024

| | Loans and Receivables | Assets at fair value through Profit and Loss | Assets at Amortised cost | Total |
|-------------------------------|--------------------------|-------------------------------------------------------|--------------------------------|--------------------|
| | ZMW | ZMW | ZMW | ZMW |
| Financial assets | | | | |
| Trade and other receivables | 82,617,092 | - | - | 82,617,092 |
| Cash and cash equivalents | 4,632,189 | - | - | 4,632,189 |
| Government securities bonds | - | - | 42,328,620 | 42,328,620 |
| Collective investment schemes | - | - | 3,669,998 | 3,669,998 |
| Fixed deposit | - | - | 1,302,000 | 1,302,000 |
| Government securities-T-bills | - | - | 4,815,185 | 4,815,185 |
| | 87,249,281 | - | 52,115,803 | 139,365,084 |
| Financial liabilities | | | | |
| Members deposit | - | - | 94,292,440 | 94,292,440 |
| Trade and other payables | - | - | 6,891,173 | 6,891,173 |
| | - | - | 101,183,613 | 101,183,613 |
| Financial assets | | | | |
| Trade and other receivables | 71,093,376 | - | - | 71,093,376 |
| Cash and cash equivalents | 4,764,333 | - | - | 4,764,333 |
| Government securities bonds | - | - | 33,053,621 | 33,053,621 |
| Collective investment schemes | - | - | 169,998 | 169,998 |
| Fixed deposit | - | - | 7,375,000 | 7,375,000 |
| Government securities-T-bills | - | - | 10,746,637 | 10,746,637 |
| | 75,857,709 | - | 51,345,256 | 127,202,965 |
| Financial liabilities | | | | |
| Members deposit | - | - | 89,450,136 | 89,450,136 |
| Trade and other payables | - | - | 5,802,179 | 5,802,179 |
| | - | - | 95,252,315 | 95,252,315 |

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2024
ZMW

Risk management (Continued)

Interest rate risk

Interest rate risk refers to the potential impact of changes in market interest rates on the Society's financial performance. The Society's exposure to interest rate risk arises primarily from its financial assets and liabilities, including member loans, investments in government securities, collective investment schemes, fixed-term deposits, and any borrowings undertaken.

To mitigate interest rate risk, the Society employs several strategies. These include aligning the interest rate profiles of assets and liabilities to minimize mismatches (asset-liability matching), diversifying investments across fixed and variable rate instruments, and continuously monitoring interest rate trends to adjust the investment and lending portfolios accordingly.

As at 31 December 2024, an increase/decrease of 500 (2023:500) basis points would have resulted in (decrease)/Increase in post-tax profit of ZMW 340,910 (2023: ZMW 355,389).

Liquidity risk

Liquidity risk is the risk that the Co-operative has insufficient funds available to fulfil its existing and future cash flow obligations. The Co-operative minimises its liquidity risk through an ongoing review of future commitments and credit facilities.

The table below summarises the maturity profile of the Cooperative 's financial liabilities at 31 December 2024.

| At 31 December 2024 | Carrying amount | Contractual cash flow | Current | 1-2 Years | 2-5 Years |
|--------------------------|--------------------|-----------------------|-------------------|-------------------|-------------------|
| | ZMW | ZMW | ZMW | ZMW | ZMW |
| Members deposits | 94,292,440 | 94,292,440 | 14,243,119 | 21,473,526 | 58,575,796 |
| Trade and other payables | 6,891,173 | 6,891,173 | 6,891,173 | - | - |
| | 101,183,613 | 101,183,613 | 21,134,292 | 21,473,526 | 58,575,796 |
| At 31 December 2023 | | | | | |
| Members deposits | 89,450,136 | 89,450,136 | 8,555,811 | 28,002,841 | 52,891,484 |
| Trade and other payables | 5,778,891 | 5,778,891 | 5,778,891 | - | - |
| | 95,229,027 | 95,229,027 | 14,334,702 | 28,002,841 | 52,891,484 |

Credit risk

Credit risk refers to the potential financial loss to the Society resulting from a member's or counterparty's failure to meet their contractual obligations. The Society's exposure to credit risk arises primarily from:

- Member Loans: Loans extended to members, which are the principal source of credit risk.
- Investments: Investments made on behalf of members, including government securities, collective investment schemes, and fixed-term deposits.
- Bank Balances: Cash and cash equivalents held with financial institutions.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2024
ZMW

21. Risk management (Continued)

Credit risk (Continued)

To mitigate credit risk, the Society has implemented the following measures:

- Savings-Based Lending: Loans are granted based on the member's savings, ensuring that credit exposure is supported by existing deposits.
- Credit Assessment: Loan applications are evaluated using the 5 Cs Character, Capacity, Capital, Collateral, and Conditions to determine creditworthiness.
- Credit Committee Oversight: A dedicated committee reviews and approves loans, ensuring adherence to lending policies.
- Monitoring: Loan performance is regularly monitored, with prompt action taken on delinquent accounts.
- Provisioning: Adequate provisions are maintained for potential loan losses, in line with regulatory requirements.

While the Co-operative generally does not hold collateral for its credit exposures, it does obtain collateral from members who are no longer in formal employment but remain active members of the Co-operative. This collateral serves as additional security for outstanding obligations from such members. The amount that best represents the Cooperative's maximum exposure to credit risk at 31 December 2024 is the carrying value of trade and other receivables (excluding non-financial assets), investments at amortised cost and bank balances as follows:

| Financial assets | 2024 | 2023 |
|---------------------------------------|--------------------|--------------------|
| | ZMW | ZMW |
| Trade and other receivables (note 14) | 82,617,092 | 71,093,376 |
| Cash and cash equivalents | 4,632,189 | 4,764,333 |
| Government securities bonds | 42,328,620 | 33,053,621 |
| Collective investment scheme | 3,669,998 | 169,998 |
| Government securities T-bills | 4,815,185 | 10,746,637 |
| | 138,063,084 | 119,827,965 |

Analysis of credit quality of financial assets are reflected in note 14.

Investments and Bank Balances:

The Society invests in government securities, collective investment schemes, and fixed-term deposits, and holds cash and cash equivalents with reputable banks to minimize counterparty risk.

Trade receivables

The Co-operative does not grade the credit quality of trade receivables. All receivables that are performing are within the approved credit limits, and no receivables have had their terms renegotiated.

As of 31 December 2024, trade receivables of ZMW 74,212,374 (2023: ZMW 65,515,223) were past due but not impaired. These relates to a number of independent customers for whom there is no history of default.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2024
ZMW

21. Risk management (Continued)

Foreign exchange risk

The Co-operative has minimal exposure to foreign charge risk although foreign exchange risk does arise from commercial transactions, recognised assets and liabilities. The Co-operative reviews its foreign currency exposure, including commitments on an on-going basis. The Co-operative expects its foreign exchange contracts to hedge exchange exposure.

22. Contingent assets and liabilities

The Co-operative had no legal matters pending resolution. There were no material contingent liabilities as at 31 December 2024. ZMW Nil (31 December 2023: ZMW Nil).

23. Events after the reporting period

No material events or circumstances have arisen between the accounting date and the date of this report which materially affects the financial position of as reflected in this financial statement.



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