



Nkwazi Co-operative Savings
and Credit Society Ltd

Annual Report

20
25



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NOTICE OF THE 28th ANNUAL GENERAL MEETING

Notice is hereby given for the 28th Annual General Meeting (AGM) of Nkwazi Co-operative Savings and Credit Society Limited to be held on Saturday 18th APRIL, 2026 at Intercontinental Lusaka at 08:00 hours to 14:00 hours.

The proceedings will also be streamed live through a virtual platform using Corpserve Zambia Limited. A virtual registration link will be provided in due course.

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 Report and Audited Financial statements for year ended 31st December 2025.
7. Adoption of the Reports.
8. Appointment of Auditors for the year to 31st December 2026.
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,



Ms. Doreen M Zulu
Board Secretary

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 28th 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.

Board of Directors Election Process Guide

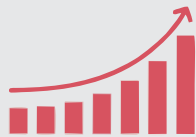


FINANCIAL HIGHLIGHTS

1

REVENUE

21.9 Million



2

PROFIT

6.6 Million



3

DIVIDENDS

7.6 Million



4

ASSETS

146.3 Million



THE BOARD OF DIRECTORS



Chibuna Muteto

Board Chairperson

A Chartered Accountant with over 20 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 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 16 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 US Embassy Lusaka, Zambia and serve on Nkwazi board as Vice Chairperson.



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.



Doreen Zulu Mwansa

Board Secretary

Doreen Mwansa Zulu is a Fellow of the Association of Chartered Certified Accountants (FCCA) with over 16 years of experience in the NGO and international development sector. She holds a Bachelor of Science in Accounting, a Global MBA in Accountancy, and is a PhD candidate (finalist), as well as a member of ZICA. She serves as Regional Director for Zambia & Malawi at Meharry Medical College Global Health and HIV Clinical Services. Has been a member of the Nkwazi Cooperative Board since 2022, previously as Chairperson of the Credit Committee and currently as Board Secretary, contributing to governance and strategic leadership.



Levi Mbulo

Board Member

Levi Mbulo has over 16 years experience in monitoring, evaluation and program management. He currently works for CDC Zambia as a Public Health Specialist.

Levi holds a MPH, BSc, Higher Dip IMIS, Post Grad Dip M&E, Cert. PMD Pro Project Management. He currently serve on Nkwazi board as Credit Committee Member.



Kashiya Chabala

Board Member

Kashiya is an Accountant by profession with 16 years experience, previously she worked as Management Accountant at Macmillan Publishers (Z) Ltd and Assistant Accountant at iSchool Zambia before Joining Nkwazi Co-operative Saving & Credit Society Ltd as an Administrator. She currently serve on Nkwazi board as Credit Committee Chair.



Kabungo Kachelo

Board Member

A passionate advocate for people's wellbeing with over 11 years of experience in customer service. Kabungo holds a bachelor of Law degree and combines her legal expertise with a strong service ethos. Kabungo is dedicated to enhancing community impact and service excellence, always brainstorming initiatives to improve stakeholder engagement and organizational responsibility. She currently serves on the Nkwazi board as Education Committee Member, focusing on member wellbeing and growth.



Mwape Zulu

Board Member

Mwape Zulu is an investigative and governance professional with many years of experience in financial investigations, risk management and strategic oversight. She currently serves as Investigator at the U.S. Embassy in Lusaka. She is a Board Member at National Savings and Credit Union and the National Olympic Committee of Zambia. She is a Certified Fraud Examiner, holds a bachelor's degree in business administration and advanced professional training public management.

She currently serve on Nkwazi board as Credit Committee Member.



Kamuchizya Mutambo

Board Member

Seasoned Human Resource practitioner with over 15 years of working in the profession. Prior to joining WaterAid, Mr Mutambo worked for USAID and other 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.



CHAIRPERSONS' REPORT



Chibuna Muteto

CHAIRPERSONS' REPORT

Introduction

Dear Esteemed Members of Nkwazi Cooperative Savings and Credit Society Limited, it is with profound honour and sincere gratitude that I present the Chairperson's Report.

Operational Review of 2025

The year 2025 marked a defining chapter in Nkwazi Cooperative's 28 years journey toward sustainable wealth creation and member empowerment. In a year characterised by economic headwinds and global policy shifts in donor aid, that resulted in the closure of the United States Agency for International Development (USAID) and Non-Governmental Organizations (NGOs) which were dependent on its funding. Nkwazi Cooperative demonstrated resilience, discipline, and collective strength in a challenging macroeconomic environment. I am delighted to report that despite the challenges we encountered, the Cooperative maintained a profit margin of 30% in two consecutive years, while assets showed a growth rate of 4% compared to the prior year performance.

Key developments during the year

As stated above, the USAID shut down resulted in an abrupt cut-off in donor funds. This impacted a significant number of our members resulting in job losses. The drastic closure brought about uncertainties and required the Cooperative to implement a structured strategy to maneuver through the unforeseen storms.

Among the most significant decisions undertaken during the year was the introduction of interim borrowing limits on loans. These measures were aimed at safeguarding member funds while at the same time preserving adequate liquidity to meet

anticipated withdrawals and account closures. This measure was particularly critical during a period marked by reduced deposits and increased withdrawals and account closures resulting from job losses, as previously noted. In addition, the Board resolved to defer payment of interest on savings and the declaration and payment of dividends from mid-year to year-end in accordance with the Society's By-laws.

While these measures were understandably unpopular, they were necessary and prudent steps taken to ensure the stability and long-term sustainability of the institution during a challenging period.

Strategic Plan Progress Update

As the current year 2026 marks the end of our five-year Strategic Plan, it is both timely and essential to reflect on the progress achieved, as well as the challenges encountered over the period under review. This appraisal will not only provide an opportunity to assess our performance against set objectives, but also establish a solid foundation for the formulation of the next Strategic Plan.

Our vision remains clear and unwavering: "to become Zambia's leading credit union". While our membership base remains relatively modest, our strong balance sheet underscores our resilience and positions the institution as one of the country's most promising and well-managed Savings and Credit Cooperatives (SACCOs) in Zambia.

1. Membership Growth and Awareness

As at December 2025, total membership stood at 831, reflecting limited growth relative to our strategic target of 1,600 members by 2026. Membership

continues

expansion remains one of the most challenging objectives within our Strategic Plan and calls for a refreshed and more deliberate approach.

To address this, there is a clear need to broaden our outreach by attracting new member organisations, thereby diversifying our membership base. This will help mitigate the risks associated with having members from one sector.

2. Business Growth and Quality Enhancement

Under the auspices of the African Confederation of Cooperative Savings and Credit Associations (ACCOSCA), Nkwazi Cooperative remains committed to fostering business growth through knowledge sharing and engagement in global SACCO forums, including the SACCA Congress. Key thematic areas such as digital transformation, governance and risk management, and membership growth through strategic partnerships inform the institution's strategic direction, particularly in the context of evolving global funding dynamics and increasing demand for digital innovation. The insights gained from attending such forums are expected to support the adoption of best practices to enhance performance and accelerate membership growth.

3. Innovation and Market Penetration

During the period, two innovative products were introduced to enhance member retention and attraction: a Medical Scheme product providing access to healthcare cover, and the Kickstart Loan, which offers new members immediate access to affordable financing to support onboarding and early financial inclusion.

4. Governance and Leadership

During the period under review, the Cooperative conducted a joint Board and Management training programme to strengthen corporate governance, address emerging developments in governance frameworks, and enhance professional capacity. This initiative aligns with the Cooperative's strategic mission to improve institutional effectiveness and reinforce the credibility of the cooperative model, with strong governance and leadership remaining central to organisational success.

5. Human Capital Development

Over the years, the Cooperative has consistently prioritised staff welfare, engagement, and retention as key drivers of organisational success. I am pleased to report that staff retention remained stable during the year under review, with no recorded staff exits.

At the beginning of 2025, plans to recruit additional

personnel were deferred due to the unprecedented operational disruptions arising from Executive Order 90. However, as the institution stabilises and adapts to the evolving environment, Management intends to revisit this decision. The proposed recruitment will be aimed at improving operational efficiency, reducing turnaround times, and supporting business growth through expanded market outreach.

6. Information and Communication Technology (ICT)

Despite the significant improvements made to the core banking system, the Cooperative has continued to experience intermittent system disruptions, largely attributable to reduced vendor support. In response, the Board and Management are actively exploring alternative solutions to ensure that the progress achieved in the ICT function is sustained and further enhanced.

Update on strategic focus for 2025

During the last AGM, the Board reported to the general membership on our strategic priorities for the year 2025. I now wish to present a summarized update highlighting the key achievements attained and the challenges encountered:

Key Achievements

- **Loan Insurance Implementation:** This initiative was successfully executed, with all qualifying loans issued on or after 1st July 2025 now fully insured, thereby strengthening the Cooperative's risk management framework and safeguarding members' interests.
- **Medical Scheme Product:** The Cooperative successfully developed and launched a medical scheme product aimed at providing affordable health insurance coverage to members and their dependents, marking a significant milestone in enhancing member welfare.
- **Insurance Brokerage Firm:** While notable progress has been made, a key achievement during the period was the successful registration of the brokerage entity with the Patents and Companies Registration Authority (PACRA). The Cooperative is, however, yet to secure the requisite operating licence from the Pensions and Insurance Authority, with efforts ongoing to fulfil all regulatory requirements and operationalise the firm.

Challenges

Despite targeted efforts to drive membership growth through sector diversification, overall expansion remained modest due to a slower-than-anticipated rate of new member admissions. The proposed Extended Family General Membership Programme (EFGMP), aimed at broadening the Cooperative's

membership by onboarding members through this approach, is pending the general membership approval.

2026 Outlook

The Cooperative anticipates short-term pressure on growth in 2026, driven by reduced member savings, increased withdrawals, and continued employment losses following the closure of USAID. To mitigate this, the focus will be on intensifying member onboarding and marketing efforts to enhance visibility, attract new organisations, and strengthen the membership and capital base. At the same time, the Cooperative will prioritise the operationalisation of its insurance brokerage firm to diversify revenue streams and support long-term value creation. Efforts to revitalise the Nkwazi Finance initiative will also be renewed, with a refined and strategic approach aimed at advancing its eventual establishment.

In addition, as the current strategic plan nears completion, the Cooperative has commenced the process of reviewing its strategy and formulating a new plan for the 2027-2031 period. This process will emphasise inclusive, member-driven development, with members encouraged to contribute proposals and recommendations to help shape a forward-looking strategy that responds to evolving needs and supports sustainable growth.

Conclusion

The year 2025 marked continued progress in the implementation of Nkwazi Cooperative's Strategic Plan, with meaningful strides made through collective effort and strong governance.

As I conclude my tenure as Chairperson, I do so with deep gratitude. Serving the Cooperative over the past two years has been a true honour, shaped by shared purpose and resilience. While I had anticipated serving longer, I have made the decision to step aside in line with our By-laws and personal commitments.

I sincerely thank our members for your trust and support, and my fellow Board Members, Management, and Staff for your dedication. Together, we have built a strong foundation for continued growth and success.

To the incoming Chairperson and Board, I wish you every success as you lead the Cooperative forward.

As I take my leave, I do so with pride and confidence in the future. Thank you for the opportunity to serve.





MANAGEMENT AND OPERATIONS UPDATE



Timothy Ngoma

MBA-Fin, ACCA, AZICA, Cert IASBC,

GENERAL MANAGER

MANAGEMENT AND OPERATIONS UPDATE

1) Liquidity Management, Net Asset Valuation and Asset utilization

During the 2025 financial year, the Cooperative demonstrated notable resilience despite operating within a challenging economic environment. Our liquidity position was deliberately strengthened to effectively meet both loan demand and member withdrawal obligations. As a result, cash and cash equivalents increased significantly to ZMW 10.5 million, compared to ZMW 4.6 million in the prior year, representing a 129% growth.

The Cooperative's net asset value, defined as total assets less current liabilities, recorded a second consecutive year of growth at 12%. This sustained upward trajectory reflects the Cooperative's strong capacity to meet its obligations as they fall due, thereby reinforcing member confidence and overall financial stability.

Asset utilisation, however, declined by 6%, in contrast to the 11.5% growth recorded in 2024, indicating a moderation in asset performance. This was primarily driven by a cautious investment stance adopted in response to the abrupt closure of several donor-funded organisations, which introduced heightened uncertainty in the operating environment. Consequently, the Cooperative maintained higher cash holdings and exercised a more conservative investment approach.

Management remains vigilant in monitoring this trend and is committed to implementing strategic measures aimed at improving asset efficiency and reversing the observed decline in performance.

2) Product Development and Member Support Initiatives

The introduction of the Medical Scheme product, designed to enhance members' access to a broad network of healthcare facilities, proved both timely and impactful. This initiative provided much-needed support to members, particularly those affected by employment reductions. The product remains active and accessible to all Nkwazi Cooperative members.

In addition, to stimulate membership growth and attract new entrants, the Cooperative launched the Kickstart Loan product towards the end of the year. While still in its early stages, the product is steadily gaining traction. Management anticipates increased uptake as targeted marketing efforts are intensified to raise awareness and position the Cooperative as a preferred financial partner.

3) Human Capital Management

The Cooperative maintained a stable workforce during the year under review, with no staff additions or separations recorded. This stability reflects a consistent operational environment and effective staff retention strategies.

Looking ahead, management is actively reviewing plans to strengthen the human resource base in 2026. The proposed recruitment of additional staff is driven by the Cooperative's growth outlook, particularly the need to enhance business development capacity and improve member service delivery, with a focus on reducing turnaround times.

I am pleased to report that staff turnover remains notably low. The longest-serving employee has dedicated 19 years of service, while the most recent staff member has served for 2 years. On average, employees have a tenure ranging between 4 and 8 years, underscoring a strong culture of commitment, continuity, and institutional knowledge within the organization.

4) Capacity Building through Training and Benchmarking

The Cooperative remained resolute in its commitment to capacity building as a key pillar of its growth strategy. During the year under review, deliberate efforts were made to enhance institutional knowledge and operational excellence through structured training initiatives and benchmarking engagements with peer cooperatives, both locally and internationally.

In this regard, the Cooperative successfully participated in the Savings and Credit Cooperative (SACCA) Congress organised by the African Confederation of Cooperative Savings and Credit Associations. This participation was facilitated through the sponsorship of the Cooperative's Senior Accountant, underscoring our commitment to investing in human capital development.

The Congress held in Accra Ghana, brought together hundreds of savings and credit cooperatives from across the continent. It provided

a valuable platform for knowledge exchange, exposure to global best practices, and strengthening strategic networks within the cooperative movement.

5) Benevolent fund and Corporate Social Responsibility

Benevolent Fund

In line with the Cooperative's by-laws and its commitment to member welfare, a total of ZMW 40,000 was disbursed during the 2025 financial year to support four bereaved families with funeral expenses following the loss of their loved ones. This support underscores the Cooperative's continued dedication to standing with its members during times of need.

Corporate Social Responsibility

The Cooperative did not undertake any formal Corporate Social Responsibility (CSR) activities during the year under review. However, plans are underway to initiate structured community engagement programmes, with a focus on supporting selected community schools in areas such as access to clean water, sanitation, and learning materials.

We recognise the importance of CSR as a key component of our broader mission and remain committed to embedding sustainable, impactful community initiatives that reinforce our role as a socially responsible institution.



MEMBERS OF STAFF

Meet our friendly and dedicated team.



David Mwamba

PG Dip (Accounting & Finance), BAF, ZICA, IASBC
Senior Accountant



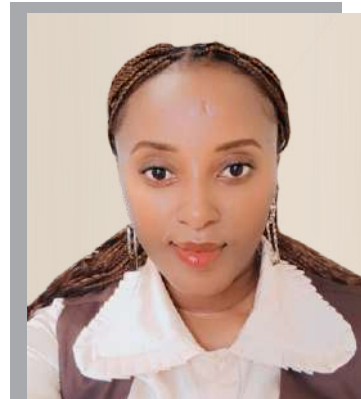
Mailwe Masole

ACCA II
Senior Credit Officer



Audrey Bwalya

CA Zambia
Accountant



Thembela Sefulo Kakoma

BAc Economics & Finance, ACCA I, MBA Finance - Ongoing
Credit Officer



Jane Malama Munangu

Ad. Dip Business Admin, B.A On going
Customer Experience Advisor



Enock Mwata

General Service Assistant



TREASURER'S REPORT



Simate Simate

TREASURER'S REPORT

ECONOMIC COMMENTARY

1. Global Performance in 2025

The global economy proved resilient in 2025, with real GDP expanding by 3.2%. Despite initial fears of trade policy shocks, the average effective US tariff rate settled at 17.5% following new trade agreements. Growth was bolstered by a weakening US dollar, fiscal support in China and the Euro area, as well as a surge in AI-related capital expenditure.

2. Local Economy in 2025

- **Inflation and Cost of Living:** Disinflation accelerated as headline inflation dropped from 16.8% (Feb) to 11.2% (Dec). Key drivers included a record 3.7 million metric tonne maize bumper harvest and a 25% Kwacha appreciation between May and October. However, with poverty rates near 60%, the cost of living remained a critical concern.
- **GDP Growth:** Real GDP grew by 5.2% (up from 3.8% in 2024). The Primary sector led the recovery with a 17.1% Q2 expansion. Major contributors included Agriculture, Mining and ICT.
- **Currency & Reserves:** The Kwacha strengthened due to mining-sector Foreign Exchange (FX) supply and IMF Special Drawing Rights (SDR) disbursements. Gross international reserves reached US\$5.5 billion by December, providing 4.3 months of import cover.
- **Credit & Production:** Monetary policy remained tight; the Bank of Zambia lowered the policy rate to 14.25% in November, the first cut in five years. Lending rates stayed high (29.0%), while utility costs and load management continued to pressure industrial margins.

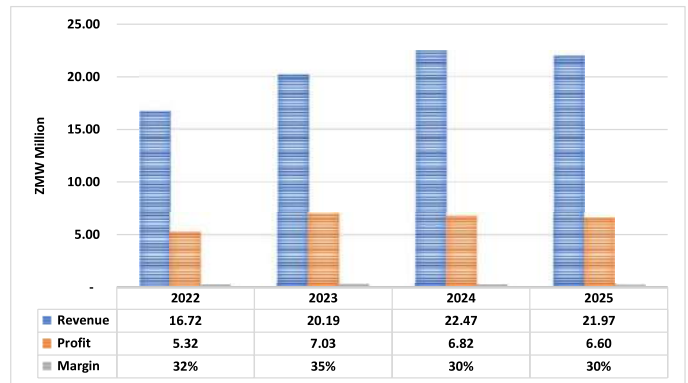
3. Outlook for 2026

Global: Growth is projected to moderate to 3.1%. However, the Iran war has introduced significant volatility. The closure of the Strait of Hormuz triggered the largest supply disruption in history, sending Brent crude oil past US\$120 per barrel. This energy shock threatens to trigger global stagflation and will likely lead to postponement of planned interest rate cuts by Central Banks.

Local: While the initial outlook was positive (5.8%-6.4% GDP growth), the conflict in Iran compromises the projected decline in inflation. Surging local fuel prices and disruptions to the fertilizer trade pose a significant risk to domestic price stability and agricultural input costs, threatening to push back inflation to above the 6-8% target range.

4. Nkwazi Financial Performance

Graph 1: Revenue and Profits

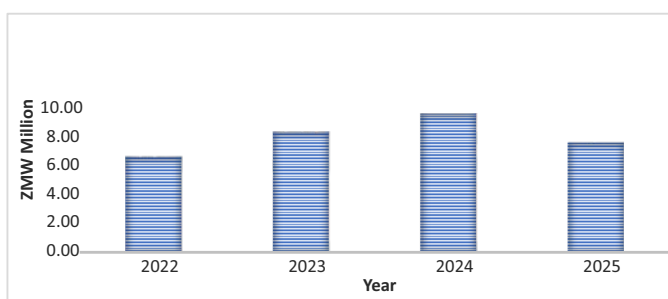


(Source: Nkwazi Cooperative Society, 2026)

Graph 1 depicts the Cooperative's Revenue and Profits. 2025 revenue declined 1.87% from ZMW 22 million recorded in 2024 to ZMW 21 million recorded in 2025. Despite this, net profit remained stable with a 30% margin (ZMW 6.60 million).

Operational efficiency improved, with total expenses accounting for 35% of revenue, driven by lower interest on Savings as well as an 18% reduction in Board costs. While the adoption of IFRS 9 increased non-cash provisioning expenses, the Cooperative continues to prioritize prudent cost containment to safeguard long-term shareholder value.

Graph 2: Interest on Savings & Dividends



(Source: Nkwazi Cooperative Society, 2026)

Graph 2 above illustrates payments for Interest on Savings and Dividends. In 2025, interest and dividends payments totalled ZMW 7.7 million following a declared 8.2% annual rate. Total interest on savings payments fell 21% as the members' savings portfolio contracted by 5.0%, closing at ZMW 89 million from ZMW 94 million at the end of 2024. This reduction in the savings portfolio occurred within the broader context of increased demand for cash for members impacted by Project closures.

Table 1: Nkwazi Cooperative Snapshot Historical Performance

Year	2021	2022	2023	2024	2025	Average 5 Years
Revenue (ZMW Million)	14.27	16.72	20.3	22.4	21.87	19.11
Operating Profit (ZMW Million)	9.4	11.9	15.55	16.5	14.17	13.50
Dividend & interest Pay	5.15	6.87	8.45	9.70	7.85	7.60
Dividend Pay - out Ratio (%)	55%	58%	54%	59%	55%	56%
Profit Retained Ration (%)	45%	42%	46%	41%	45%	44%

(Source: Nkwazi Cooperative Society, 2026)

Table 1 depicts the historical performance. The Cooperative achieved robust growth, with revenue rising from ZMW 14.27 million in 2021 to a ZMW 22.40 million peak in 2024, before moderating to ZMW 21.87 million in 2025. A five-year average of ZMW 19.11 million underscores a sustained upward trajectory in top-line performance. Furthermore, equity distribution of 70% of the remaining 44% annual surplus is allocated to members. This balance remains accessible upon member account closure and reinforces the Cooperative's commitment to sustainable wealth creation and equitable value distribution.

Growth in Assets Under Management (AUM)

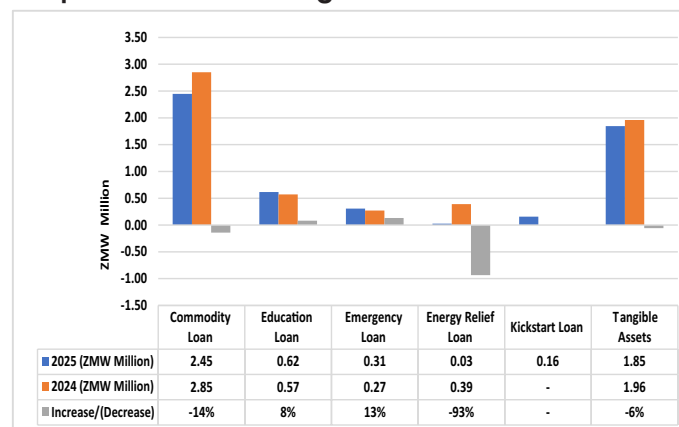
Graph 3: Loan & Cash Portfolio



(Source: Nkwazi Cooperative Society, 2026)

Graph 3 above illustrates movements in the Cooperative's total assets. Asset categories shifted significantly in 2025: financial investments grew 46% via increased placements in government securities and collective schemes, while cash balances rose 23% in preparation for year-end member interest payments. Conversely, the Provident Loan portfolio declined 34% to ZMW 32 million due to job losses and agency closures linked to Executive Order 90. Despite this contraction, it remains the Cooperative's largest asset class.

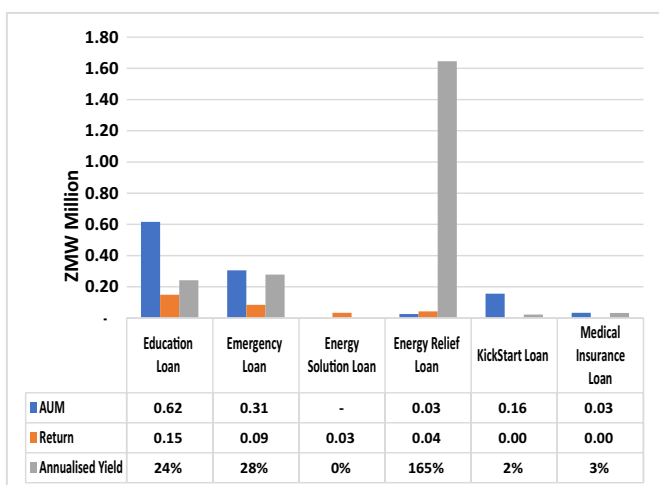
Graph 4: Loans and Tangible Assets



(Source: Nkwazi Cooperative Society, 2026)

Graph 4 depicts the Cooperative's Asset growth for Commodity, Education, Emergency, Kickstart Loans, and Tangible Assets. Commodity Loan portfolio declined by 14%, while the Energy Relief Loan fell 93%. Conversely, Emergency and Education loans grew 13% and 8%, respectively, as members migrated to smaller products following the interim suspension of larger loan facilities. Tangible assets contracted by 6%, further impacted by a depreciation charge as the Cooperative experienced limited capital commitments while monitoring the financial flow impacts of Executive Order 90.

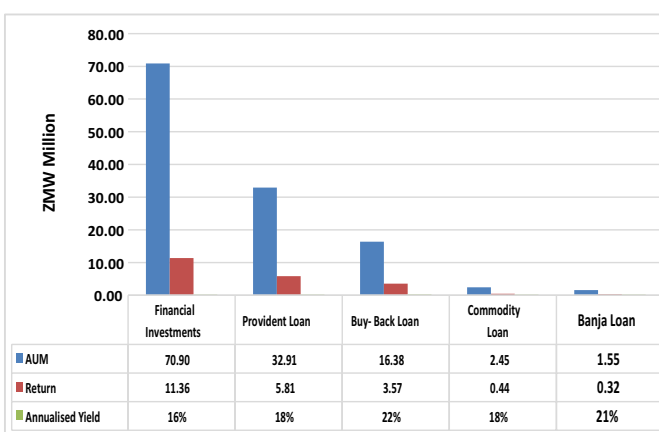
Income Generated from Loan Portfolio
Graph 5: Income from Short Tenure Loan



(Source: Nkwazi Cooperative Society, 2026)

Graph 5 above presents income generated from smaller loan assets. Education and Emergency loans led portfolio yields at 24% and 28%, respectively, driven by robust demand and effective pricing strategies. The Energy Solution Loan recorded a full run-off, while the newly introduced Kickstart Loan yielded 2% and the Medical Scheme Loan Yielded 3%. Such yield variance reinforces the necessity of portfolio diversification to navigate distinct risk-return profiles effectively within a tight credit environment.

Graph 6: Income from Long Tenure Loans & Financial Investments

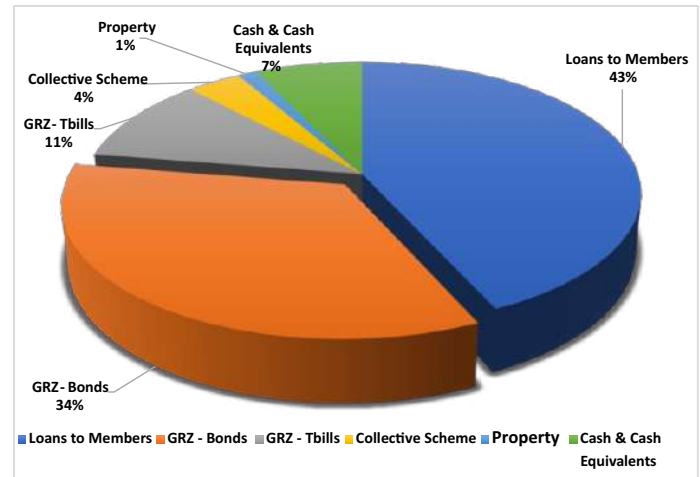


(Source: Nkwazi Cooperative Society, 2026)

Graph 6 is an illustration of Income from Financial Investments, Provident, Buy-Back, Commodity and Banja Loans. Buy-back and Banja loans led performance with 22% annualized yields, followed by Provident and Commodity loans at 18%. Financial investments yielded 16%, this was impacted primarily due to the revision of withholding tax on interest from government securities. To mitigate these constraints, the Cooperative remains committed to a balanced asset mix to optimize returns and protect member capital.

Nkwazi Asset Allocation

Chart 1: Nkwazi Assets Portfolio Distribution



(Source: Nkwazi Cooperative Society, 2026)

Chart 1 above is a presentation of the Cooperative's Asset Portfolio Distribution. As at December 31, 2025, the Cooperative's total Asset Utilization Management (AUM) reached ZMW 146 million. The portfolio is led by member loans (43%), government securities Bonds (34%), Treasury bills (11%). The remaining holdings comprise of cash at bank (7%), collective investment schemes (4%), and property (1%). This diversified allocation effectively manages concentration risk to safeguard long-term member value.

Conclusion

The Cooperative remained resilient in 2025, sustaining financial stability through portfolio diversification and prudent investment decisions despite a challenging macroeconomic environment characterised by tight liquidity and energy constraints. While external factors placed pressure on certain loan segments, a balanced risk-return approach was maintained.

Nkwazi Cooperative will continue its strategic focus on strengthening the investment portfolio to grow members' funds through increased allocation to high-performing and stable income-generating assets, including government securities, corporate bonds, and other diversified instruments, while preserving capital. The Board and management will prioritise portfolio optimisation, cost efficiency, and disciplined financial management to enhance returns, support sustainable growth, and safeguard long-term member value.

CREDIT COMMITTEE REPORT

Introduction

This report presents the activities and performance of the Credit Committee for the financial year ended 2025. The Committee, comprising three Board members, is mandated to oversee the efficient processing of loan disbursements and savings withdrawals, as well as to ensure effective loan recovery and portfolio quality management. During the period under review, the Committee was chaired by Ms. Kashiya Mwanda Chabala, with support from Ms. Mwape Zulu and Mr. Levi Mbulo, who collectively provided oversight and strategic guidance in the execution of the Committee's responsibilities.

Achievements

- Continued disbursement of loans despite the challenges experienced in 2025
- Recovery of loan amounts from former USAID staff
- Successful engagements with previously dormant defaulters
- Rollout of loan insurance
- Implementation of TransUnion checks for loans above K100,000.
- Introduction of a new loan application and mandate form

Challenges

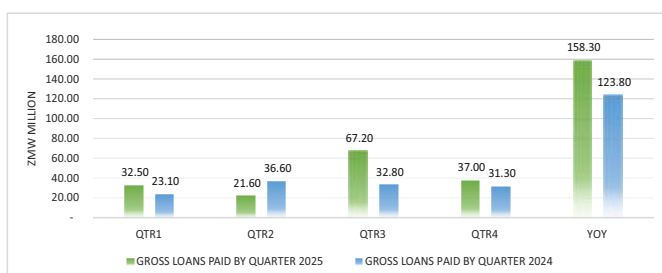
- The loan recoverability through DDACC was limited
- Terminal benefits competing with other financial obligations
- Limited loan officers, posing challenges to effective loan recovery

Gross loans paid

As illustrated in graph 7 below, total loans disbursed in 2025 amounted to K158.3 million, representing a 27.8% increase from K123.8 million recorded in 2024.

Despite the challenges experienced during the year, the Cooperative disbursed more loans compared to 2024. Most of this increase was recorded following the lifting of restrictions in the third quarter of 2025 and the maturing of new loan products for refinancing.

Graph 7: Gross Loans paid by Quarter



Loans Paid By Category

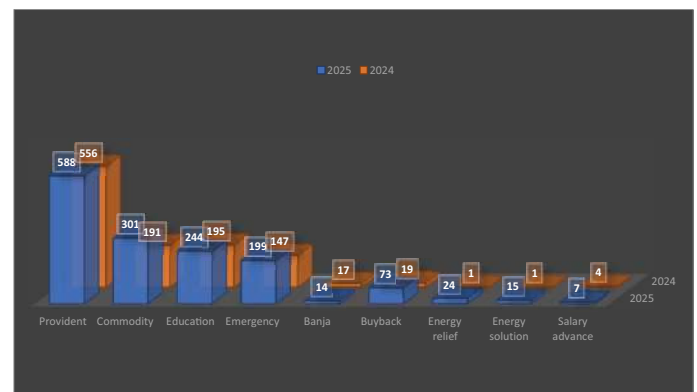
Graph 8 below provides a comparative overview of the number of loan products issued in 2025 against those issued in 2024.

The number of Provident loans increased to 588 in 2025 from 556 in 2024, indicating a higher preference for this product among members. This also suggests that more members reached the six-month qualifying period for loan applications.

The four traditional loan products generally recorded increases in volumes compared to 2024. Notably, the Buyback loan increased significantly from 19 in 2024 to 73 in 2025.

The Energy Relief Loan was decommissioned during the year. In addition, the Board and Secretariat introduced new products, namely the Medical Loan and the Kickstart Loan aimed at enhancing product relevance and addressing emerging member needs. The medical insurance product recorded a promising uptake registering 20 members in the last three months of the year, covering a total of 51 lives. This performance reflects a positive initial response and signals potential for further growth in subsequent periods.

Graph 8: Loans paid by Category

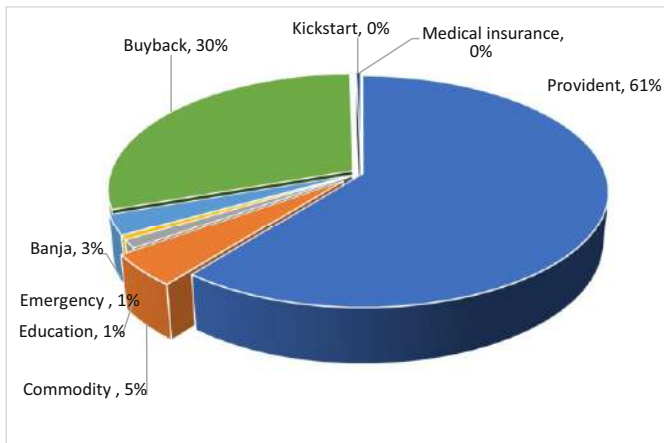


Loan Portfolio Weight

Chart 2 presents the proportional distribution of the Cooperative's loan portfolio across eleven loan products as at 31 December 2025.

The Provident Loan remained the most dominant product, accounting for 61% of the total loan portfolio, followed by the Buyback Loan at 30%. The remaining loan products collectively constituted 9% of the portfolio, indicating a relatively high concentration within the two leading products. This distribution is largely attributed to the longer tenures associated with these two loan categories, which continue to drive higher member preference compared to other available products.

Chart 2: Nkwazi Loans Portfolio Distribution



Loan Insurance

From the loans issued during the period under review, the Board and Management report that, out of total loans outstanding of K54,416,779, an amount of K37,390,000 was insured. The remaining K17,026,779, which is uninsured, is largely secured against members' savings, thereby mitigating potential exposure.

Benefits of Insurance

Loan insurance provides cover against risks such as death and permanent disability; however, it does not extend to employment loss arising from summary dismissal. In such instances, insurers require confirmation that all reasonable efforts have been undertaken to recover any gratuities or terminal benefits due to the member before a claim can be considered.

Outstanding Loans and Defaulters

At the beginning of the 2025 financial year, the Cooperative recorded a loan balance in default of K316,070, which increased to K1,248,275 as at 31 December 2025. This rise was largely attributed to abrupt project closures following Executive Order 90 issued in January 2025, which led to unanticipated member separations and disruptions in loan repayments.

Loan recovery efforts during the period were therefore constrained, with repayments continuing at a slower pace despite concerted efforts by the Secretariat. Notwithstanding these challenges, progress was achieved through targeted engagements with affected members, resulting in

the implementation of structured repayment arrangements, including standing orders and repayment mandates.

Recoveries from Former USAID Employees

The Board and Management also achieved full recovery of all outstanding loans related to former USAID employees, realizing K2,180,324 in cash and an additional K1,110,157 through offsets against members savings.

Account Closures and Withdrawals from Savings

As shown in table 2 below, total withdrawals and account closures in 2025 amounted to K13,237,193.59, compared to K9,417,800 in 2024, representing a 41% increase.

This rise was primarily driven by the effects of Executive Order 90, which led to increased member exits. Additionally, borrowing restrictions contributed to the trend, as some members opted to withdraw their savings amid heightened financial uncertainty and employment instability.

Table 2: Withdrawals and Account closures

Year	Withdrawals	No of members	Account closures	No of members	Total Withdrawals
2025	6,294,081.64	272	6,943,111.95	97	13,237,193.59
2024	7,049,500.00	119	2,368,300.00	55	9,417,800.00

Conclusion

The Credit Committee remains committed to strengthening credit risk management through enhanced monitoring of the loan portfolio and implementation of key measures, including TransUnion credit checks, DDAC mandates, and additional collateral requirements for high-risk accounts.

Despite the challenges experienced, the Board remains confident in the Cooperative's resilience and its ability to meet members' needs. Members are encouraged to save consistently, invest wisely, and borrow responsibly to support sustainable socio-economic growth and financial security.

EDUCATION COMMITTEE REPORT - 2025

During the year under review, the Committee comprised the following office bearers: Mr. Takudzwa Mwila, Ms. Kabungo Kachelo, and Mr. Kamuchizya Mutambo. The Education Committee is responsible for overseeing publicity, education, and training activities, as well as supporting member recruitment to ensure continued growth and engagement within the Cooperative.

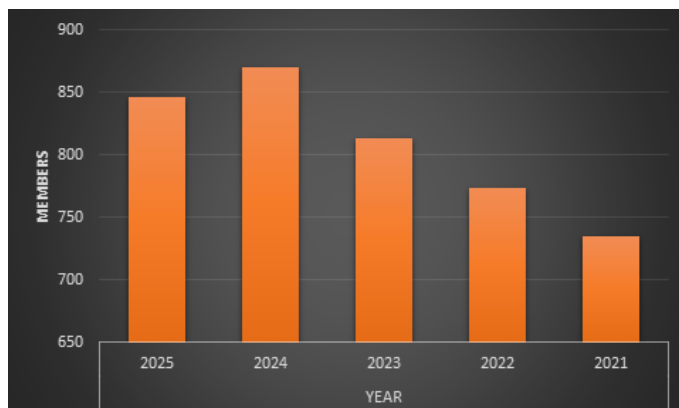
Member statistics

During the reporting period, the Cooperative welcomed 73 new members, representing a 24% decrease compared to 97 members recorded in the previous year. This decline was largely attributed to the anxieties and uncertainties faced by agencies throughout 2025 following the issuance of the Executive Order.

Member cessations increased significantly, rising to 97 from 55 in the previous year, representing a 56% increase. This was primarily driven by project closures and employment challenges affecting members, closing the year with a total of 831 members.

In financial terms, total cash outflows related to account closures amounted to ZMW 6.9 million, compared to ZMW 2.3 million recorded in 2024, reflecting a substantial increase.

Graph 9: Membership



Agency Partnerships and Growth

During the period under review, the Cooperative successfully onboarded six new agencies, namely: Kids Alive Zambia, Avencion, Conservation Farming Unit, FAO-UN, Population Media, and AMREF.

These partnerships represent significant progress in expanding the Cooperative's reach, strengthening institutional relationships, and growing the membership base. The addition of these agencies enhances visibility and positions the Cooperative for sustained growth.

Activities Undertaken During The Year

	ITEM	ACTIVITY	RESULT
1	Agricultural and Commercial Show	The Cooperative participated in an exhibition under the Ministry of Small and Medium Enterprise, coordinated by our apex body, NASCU. This platform provided an opportunity to engage with other cooperatives and identify potential partner agencies. The Board is pleased to report that the Secretariat successfully engaged and visited 33 potential agencies as part of this initiative.	The engagements highlighted the significant opportunity for increased awareness and outreach within the SACCO sector, which will inform and guide activities for 2026. Follow-up engagements were initiated with approximately seven organisations visited during the exhibition, and the Cooperative has since received calls and emails from additional interested organisations encountered at the event.
2	Day of the Cooperative	Nkwazi participated in its first-ever march past commemorating cooperatives nationwide under the theme "Cooperatives Build a Better Future for All."	Nkwazi engaged with other cooperatives, gaining valuable and practical insights into industry practices. The Cooperative also strengthened relationships through interactions with invited member agencies during the event.

Training and Development

The African Confederation of Cooperative Savings and Credit Associations hosted the 25th SACCA Congress in Ghana under the theme "Stronger Together: SACCOs Driving Global Progress in the International Year of Cooperatives 2025." As part of its commitment to capacity building and professional development, the Cooperative was represented at this important forum.

STRATEGIC INSIGHTS

Lessons & Implementation Outcomes

Lessons Learnt

Implementation Outcomes



New savings performance

Of the savings products introduced in 2024, a total of 24 were activated during the year under review. These included the Money Market Fund, Education Fund, Emergency Fund, and Retirement Fund, with a combined value of ZMW 1.264 million.

Notably, some members who exited the Cooperative opted to reinvest their dues into the Money Market (Platinum) and Retirement Funds. However, by year-end, it was evident that awareness and understanding of these products remained limited. This highlights the need for enhanced member education through targeted initiatives such as webinars and agency visitations.

Outlook for 2026

Looking ahead to 2026, the Cooperative will place increased emphasis on structured and strategic agency outreach. There is a clear need to strengthen visibility and deepen member understanding of products and services.

Key focus areas for 2026 include:

- Increased agency visits and stakeholder engagement
- Enhanced awareness campaigns, including billboard advertising and radio engagements
- Targeted onboarding initiatives to strengthen institutional partnerships
- Focused efforts to drive sustainable membership growth

These initiatives aim to consolidate the gains achieved and position the Cooperative for stronger growth in the coming year.

Conclusion

The year under review presented notable challenges for the Education Committee. The Executive Order issued in early January resulted in account closures and withdrawals, adversely affecting the Cooperative's asset portfolio. Membership growth was slower than anticipated due to project uncertainties, and resistance was encountered during some agency engagements.

Despite these challenges, the Committee remains encouraged by the resilience demonstrated throughout the year. The successful onboarding of new members and agencies enabled the Cooperative to maintain a stable membership base of 831, reflecting continued confidence in the institution.

Looking ahead, the Education Committee remains committed to accelerating membership growth across both existing and new agencies. Recruitment and retention will remain key priorities, supported by intensified outreach, awareness initiatives, webinars, and consistent member engagement.

On behalf of the Education Committee, I extend sincere appreciation to the Board, Management, and members for their continued trust and collaboration. The year ahead calls for renewed focus and energy, and the Committee stands ready to deliver.



MINUTES OF THE 27TH ANNUAL GENERAL MEETING

Location: Intercontinental Hotel and Virtual

Type of meeting: 27th Annual General Meeting

Date: 24th May 2025

Director's Present:

1.	Mr. Chibuna Muteto	Chairperson
2.	Mr. Takudzwa Mwila	Vice Chairperson
3.	Mr. Simate Simate	Treasurer
4.	Mr. Joshua Kashitala	Secretary
5.	Ms. Doreen M Zulu	Board Member
6.	Ms. Mwape M Zulu	Board Member
7.	Ms. Kashiya M Chabala	Board Member
8.	Dr. Mphatso Mudenda	Board Member
9.	Mr. Kamuchizya Mutambo	Board Member

Absent Directors

Nil

Audit & Supervisory Committee:

1.	Mr. Isaac Mwase	Committee Chairperson
2.	Mr. Ferzio Mampwe	Committee Member
3.	Mr. Richard Musukuma	Committee Member

Secretariat Members Present

1.	Mr. Timothy Ngoma	General Manager
2.	Mr. David Mwamba	Senior Accountant
3.	Ms. Audrey N Bwalya	Accountant
4.	Ms. Malilwe M Mulendema	Senior Credit Officer
5.	Ms. Thembela Sefulo Kakoma	Credit Officer
6.	Ms. Jane M Malama	Customer Experience Advisor
7.	Mr. Enock Mwata	General Service Assistant

Invited Guests

1.	Mr. Evans Kapekele	Registrar of Cooperatives
2.	Mr. Kennedy Mbuzi	Officer - Department of Co-operatives
3.	Ms. Njaame Kalililo	Ministry of Small and Medium Enterprise

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 of Co-operative 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 the Year Ended 31st December 2024.
7. Adoption of the Reports.
8. Appointment of Auditors for the year ended 31st December 2025.
9. Adoption and consideration of motions brought to the AGM.
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 Chairperson, Mr. Chibuna Muteto, formally called the meeting to order at 09:30 hours, confirming that the required quorum had been met. He extended a warm welcome to all attendees and acknowledged the presence of the Registrar of Cooperatives, Mr. Evans Kapekele, who represented the Permanent Secretary for the ministry of Small & Medium Size Enterprise, Ms. Subeta Mutelo. He further recognized the past Chairperson of Nkwazi Cooperative, representatives from the National Association of Savings and Credit Union (NASCU) the apex body for Savings and Credit Cooperatives (SACCOs) in Zambia, as well as invited delegates from other cooperatives, bankers, and auditors.

2. Reading and adoption of the proposed Agenda

The Board Secretary, Mr. Joshua Kashitala, presented the proposed AGM agenda to the meeting. Following its presentation, he moved for its adoption to guide the proceedings. The motion was duly seconded by Mr. Levi Mbulo.

3. Remarks by the Registrar of Co-operative Societies

The Guest of Honour, represented by the Registrar of Cooperatives, conveyed appreciation for the invitation and acknowledged all stakeholders present. The Permanent Secretary commended Nkwazi Cooperative for consistently holding AGMs, noting their importance in promoting democratic participation, accountability, and good governance.

She reaffirmed the Government of Zambia's commitment to supporting cooperatives, emphasizing transparency and effective leadership as critical pillars. She highlighted the role of cooperatives in providing affordable financial services, contributing to employment creation, wealth generation, and poverty reduction, as well as their contribution to the national treasury through compliance with statutory obligations.

The Permanent Secretary further encouraged the appointment of competent leadership to ensure sound stewardship and strategic direction. In closing, she congratulated Nkwazi for fostering a culture of savings and improving members' livelihoods, urging it to strengthen collaboration within the sector and pursue affiliation with NASCU and African Confederation of Cooperative Savings and Credit Associations (ACCOSCA).

4. Reading and approval of prior AGM minutes

The Board Secretary presented the minutes of the previous meeting, which were adopted subject to minor corrections.

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

The Chairperson informed the meeting that it was with great honour and humility that he presented his inaugural report, having assumed office in 2024 after serving on the Board for three (3) years. He expressed sincere appreciation to past Chairpersons and Board Members for their contribution to the Cooperative's strong foundation and continued success.

He reported that 2024 marked the third year of implementing the 2022-2026 Strategic Plan and reaffirmed the Board's commitment to delivering on its objectives, while adapting to emerging geopolitical and economic developments affecting operations in 2025.

The Chairperson highlighted that the 2024 operating environment was characterized by macroeconomic challenges, including high inflation, liquidity constraints, prolonged load-shedding, and a severe drought. Despite the challenges, the Cooperative demonstrated resilience, recording a 27% increase in revenue and a 35% growth in profit margins.

Key Achievements:

- Introduction of new loan products, including Buyback and Energy Solution Loans.
- Membership increased from 750 in 2023 to 855 in 2024, representing 14% increase.

- Improved financial performance, with interest on savings increasing from 8.5% to 9.7%.
- Establishment of the Supervisory and Audit Committee.
- Adoption of a Board Charter to strengthen governance.
- Implementation of loan insurance to mitigate credit risk.

Key Challenges:

- Slowed membership growth due to downsizing in NGOs.
- Persistent ICT system challenges affecting user experience.

Strategic Focus for 2025:

- Implementation of loan insurance across all loan products.
- Introduction of a medical scheme for members.
- Rollout of the Extended Family General Membership Programme.
- Diversification of membership across sectors.
- Establishment of an insurance brokerage subsidiary.

In conclusion, the Chairperson emphasized that the Cooperative's strategic focus for 2025 will be on strengthening resilience and ensuring business continuity.

6. To receive and consider the Treasurer's Report and Audited Financial Statements for the Year Ended 31st December 2024

The Treasurer, Mr. Simate Simate, presented his report, commencing with an overview of global economic performance. He noted that, according to the Organisation for Economic Cooperation and Development (OECD). Inflation eased in many economies due to central bank interventions, although it remained elevated in several regions. He further highlighted easing labour market conditions, with unemployment nearing historical lows, while risks such as geopolitical tensions, persistent inflation, and financial market volatility continued to weigh on global performance.

On the domestic economy, he referenced the Bank of Zambia report, indicating that inflation rose to 16.3% in the fourth quarter of 2024 from 15.5% in the previous quarter, driven largely by increased electricity tariffs and rising food prices.

The Treasurer also reported that the Kwacha depreciated significantly during 2024, closing the year at ZMW 27.58 per US dollar, largely due to foreign currency shortages and high demand.

On credit conditions, he reported relatively loose conditions for households and corporates due to improved liquidity, although lending to SMEs remained constrained due to high default rates. Demand for working capital remained high, particularly for alternative energy solutions, contributing to an increase in the monetary policy rate to 14.0% by year-end.

6.1 Financial Performance of the Cooperative:

- Revenue increased by 10.9% to ZMW 22.47 million (2023: ZMW 20.2 million), driven by growth in loan products and diversified investments.
- Net profit declined slightly by 3% to ZMW 6.8 million (2023: ZMW 7.0 million), due to increased operational and interest expenses.
- Interest paid on members' savings rose by 14.9% to ZMW 9.7 million, reflecting higher declared interest rates and incentives to savers.
- Operating expenses increased, with staff costs rising by 4.3% and administrative expenses by 5%.

The Treasurer further reported that total assets under management stood at ZMW 142 million as at 31st December 2024. Loans to members constituted the largest share at 55%, followed by government bonds (32%), treasury bills (4%), cash at bank (4%), collective investment schemes (3%), and both term deposits and property at 1% each.

6.2 Audit Report

The meeting was informed that Nolands Zambia were appointed as external auditors for the 2024 financial year. The audit findings were presented by the audit partner Mr. Kelvin Chungu on behalf of the auditors.

The auditors issued an unqualified opinion, stating that the financial statements present fairly, in all material respects, the financial position of Nkwazi Cooperative as at 31st December 2024, as well as its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Cooperative Act of Zambia.

He further noted that the audit was conducted in line with the auditors' responsibility to obtain reasonable assurance that the financial statements are free from material misstatement, whether due to fraud or error. This included assessing risks, reviewing internal controls, evaluating accounting policies and estimates, confirming the appropriateness of the going concern assumption, and assessing the overall presentation of the financial statements. Additionally, the auditors confirmed that the Cooperative complied with relevant legal and regulatory requirements, including the provisions of the Societies Act.

6.3 Credit Committee Report

The Credit Committee Chairperson, Ms. Doreen M. Zulu, presented the report, highlighting the Committee's oversight role on loans, savings, and recoveries.

Loan disbursements declined by 5% to ZMW 115.6 million. The Provident Loan remained dominant (67%), while the Buyback Loan showed strong uptake (25%). New loan products generated ZMW 1.77 million in income, with growth potential noted in the Energy Solution Loan.

Key challenges included increased loan defaults, higher savings withdrawals (up 75% to ZMW 7.05 million), and a rise in account closures (up 130% to ZMW 2.3 million), mainly due to job losses and project closures.

Mitigation measures included strengthened collateral management, property caveating, exploration of movable asset collateral, and Credit Reference Bureau checks.

The Committee projected strong performance of the Buyback Loan in 2025 and will focus on loan recovery, risk management, product marketing, and innovation.

6.4 Education Committee Report

The Education Committee report was presented by the Vice Chairperson, Mr. Takudzwa Mwila, who outlined the Committee's mandate.

Mr. Mwila reported that 97 new members were recruited in 2024, representing an 11% increase from 87 in 2023. However, 55 members exited the Cooperative, compared to 47 in 2023, attributed to project closures, employment terminations.

Key activities undertaken included enhanced publicity through newsletters, social media platforms, and email communication; website improvements incorporating AI support; training and benchmarking through ACCOSCA; and increased member engagement through surveys and agency partnerships.

In closing, the Committee reported a net membership increase and emphasized plans to strengthen member engagement through outreach programs, surveys, and quarterly virtual interactions. Members were encouraged to support recruitment efforts.

7. Adoption of Reports

The Secretary invited members to consider and adopt the reports presented during the meeting.

The motion was proposed by Mr. Justin Lubinda and seconded by Mr. Chanda Musonda.

8. Appointment of Auditors

The Treasurer, Mr. Simate Simate, led the discussion on the appointment of auditors for the financial year ending December 2025. He informed the meeting that Nolands Zambia, the current auditors for the 2024 financial year, had expressed willingness to continue serving the Cooperative.

In line with the Cooperative's by-laws, he proposed the reappointment of the same auditors. The motion was duly seconded by Ms. Rose Lungu and Mr. Thomas Mupashi.

Questions Arising from the 27th Annual General Meeting

a) Investment in Government Bonds - Mr. Chansa Katongo sought clarification on the 6-year tenor of Government Bonds and the reporting of ZMW 3.6 million invested in collective investment schemes, noting unclear disclosure of related income.

In response, the Senior Accountant explained that the bond tenor reflects purchases from the secondary market, and clarified that the ZMW 3.6 million comprised ZMW 0.169 million in accrued interest and ZMW 3.5 million in new investment. He added that such investments were intended to supplement income from the loan portfolio.

b) Expenses Attributed to Board Committees: Mr. Levi Mbulo queried the increase in board-related expenses, suggesting that some committees appeared duplicative of secretariat duties and asked whether dissolving certain committees could reduce costs.

In response, the Board Chairperson clarified that the Audit and Supervisory Committee was established under the Cooperative's by-laws, not by the Board, and its functions risk assessment, internal controls evaluation, and facilitating board elections do not duplicate secretariat duties.

The Treasurer added that higher board expenses were due to increased time spent reviewing policies and new loan products, as recommended at the last extraordinary general meeting.

The General Manager, Mr. Timothy Ngoma, added that planned capital expenditures and certain staff recruitments, including the admin assistant role, were deferred due to policy shifts in development aid (Executive Order 90) to manage cash flow efficiently and minimise costs.

c) Limited Memorandum of Understanding (MOUs), Board Charter and Operational Expenses: Mr. Maximillian Musunse raised concerns regarding limited MOUs, visibility of the Board Charter, rising operational expenses and reduced performance in 2024, need for improved quality assurance in reporting, and low liquidity levels.

In response, the Board Chairperson clarified that the Board Charter was an internal governance document but can be accessed by members upon request through the Secretariat. He also acknowledged the need to improve report quality.

Management explained that the limited MOUs were due to previous focus on specific donor-funded institutions; however, the strategy has since been broadened, resulting in new partnerships.

On liquidity, the General Manager confirmed that the Cooperative maintained a strong cash position of ZMW 4 million and has not faced challenges in meeting member obligations, with any delays attributed to internal processes. Overall, management assured members of ongoing improvements in operations, partnerships, and reporting standards.

d) Loan Insurance: Mr. Levi Mbulo sought clarification on the implementation date for loan insurance, support mechanisms for members affected by job losses, and potential Cooperative investments in land and housing.

In response, the Board Chairperson confirmed that loan insurance will take effect from 1st July 2025, with no additional requirements indicated, and noted that it will help ease borrowing conditions for affected members. He further clarified that purchasing land for resale to members is not feasible due to varying member preferences and that members are instead supported through access to financing.

Additionally, it was noted that the Cooperative continues to explore investment opportunities, including real estate; however, such plans have been deferred pending the impact assessment of current economic conditions.

e) Statistics for Project Closure: Mr. Chanda Musonda queried the impact of project closures arising from the USAID shutdown, specifically the extent of loan exposure and expected cash inflows from recoveries.

In response, the General Manager reported that approximately 120 members (14% of membership)

were likely to be affected, with an estimated loan exposure of ZMW 11 million (15.3% of the loan portfolio) and potential savings withdrawals of ZMW 25 million (26% of total savings).

The Senior Accountant added that the Cooperative utilizes monthly cash flow projections to manage liquidity, enabling early identification and strategic investment of excess funds while ensuring operational stability.

f) Loan Insurance, organisation on boarding, extended family membership and Nkwazi Insurance Brokerage: Emeritus Chairperson, Mr. Richard Musukuma, emphasized the need for further clarification on loan insurance, including the types of loans to be covered and anticipated default rates, in order to minimize costs to members.

He also sought clarity on the sectors and types of organizations targeted for membership expansion, as well as the scope of eligibility under the extended family membership initiative.

Additionally, he appealed to the Board to consider enabling members to invest in shares within subsidiary ventures, including the proposed insurance brokerage and Nkwazi Finance, to promote sustainable member empowerment.

g) Social Media Presence & Extended Family General Membership: Ms. Angela Z. Mulenga raised concerns regarding low engagement on the Cooperative's Facebook page and encouraged increased content posting and member participation. She also sought clarification on whether loan insurance would apply to existing loans. Ms. Angela expressed concerns about the potential risks associated with the Extended Family General Membership Program adding that it was a good thing. However, her concern was that families would have one financial buffer, if both spouses accessed loans this would increase likelihood of loan default.

In response, the Board Chairperson clarified that loan insurance will only apply to new loans issued effective 1st July 2025. The Vice Board Chairperson noted that low social media engagement was due to limited member participation and encouraged members to subscribe to the Cooperative's platforms to enhance outreach.

h) Membership Growth: Mr. Thomas Mupashi observed that membership has remained below 1,000 since inception and noted minimal net growth, emphasizing the need to revise recruitment strategies and target a broader range of organizations.

He also recommended leveraging existing members for referrals to enhance growth. He further highlighted that the Buyback Loan, despite strong demand, is constrained by access restrictions and requested a review to improve accessibility.

In response, the Board Chairperson informed the meeting that the lifting of borrowing restrictions would be implemented in phases, beginning with smaller loans and progressing to full relaxation by June 2025.

i) Loan Repayments: Emeritus Chairperson, Ms. Eda Lifuka, sought clarification on alternative growth opportunities beyond payroll deductions and DDACCS, including the possibility of listing the Cooperative on the Lusaka Securities Exchange to enhance capital mobilisation.

She also requested further insight into the impact of USAID-related job losses on the Cooperative's portfolio, particularly given the potential loss of long-serving members with significant savings.

Additionally, she queried whether the Cooperative would revise its target market in light of competition from other cooperatives and explore alternative mechanisms to payroll deductions for member contributions and loan repayments.

j) Letter of sale for collaterals: Mr. Macnicious Mwimba raised concern over the requirement to sign a letter of sale when obtaining a collateralized loan, noting its legal implications and suggesting it be reconsidered.

In response, the Senior Credit Officer explained that the letter of sale serves as a safeguard to encourage loan repayment, given limitations in enforcing standing instructions and DDACC remittances. She clarified that the Cooperative has never repossessed or sold collateral and advised members to thoroughly review loan agreements and seek legal guidance before committing.

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

The Board Secretary, Mr. Joshua Kashitala, informed the meeting that there was a motion brought to the AGM by the board and management. The Treasurer, Mr. Simate Simate presented the proposed motion on Extended Family General Membership. Upon presentation, members were invited to deliberate for or against.

Matters arising from the presented motion (Extended Family General Membership), Insurance Brokerage, Loan & Medical Insurance for members.

k) Extended Family Membership: Ms. Rose Lungu expressed concern that the proposed Extended Family General Membership Programme was restrictive, as it only included spouses and children, thereby excluding members without immediate families. She indicated support for the initiative if it were expanded to include other relatives.

In response, Board Director Mr. Kamuchizya Mutambo explained that the proposal was an initial step, with potential for future expansion based on performance. The Board Treasurer added that the motion sought approval in principle, with detailed implementation guidelines to be shared later.

A member, Mr. Enock Banda further proposed that the meeting should first fully deliberate on the presentation before adopting the motion.

l) Finance Cost & Minors for extended family general membership: Mr. Maximillian Musunse commended the proposal to form a brokerage business but raised concerns that the parent company's lending rate was below prevailing market rates, suggesting a review to avoid financial strain on the parent while benefitting the subsidiary.

He also sought clarity on the Extended Family General Membership, questioning the value of including minors whose contributions come via parents, and asked which presentation the motion was associated with.

In response, the Chairperson clarified that the motion was specifically for the proposed Extended Family General Membership, as it required amendments to the by-laws, whereas other presentations were informational and did not require a vote.

m) Proposal for Adoption of extended family general membership: Ms. Mercy Jila proposed that the Extended Family Membership motion be adopted, and the proposal was seconded by Ms. Sepiso Mukelabai.

Ms. Tweleke Monta opposed the adoption, expressing concern that the policy, as currently framed, may not support wealth maximisation if a member loses employment and relies on a spouse for contributions. She suggested that the motion would be more beneficial if expanded to include other extended family members.

n) Equity Principal of the cooperative Act: Mr. Chanda Musonda sought clarification on the Cooperative Act regarding the introduction of Class B shares, noting that equity is a key cooperative principle.

In response, Board Director and Moderator Mr. Kamuchizya Mutambo invited the Registrar of Cooperatives, Mr. Evans Kapekele, to clarify. The Registrar explained that while the Cooperative Act provides for share classifications and voting eligibility, cooperatives are required to follow the provisions outlined in their by-laws.

o) By-Laws Review: Mr. Tom Sakala recommended that the motion should first be fully deliberated before seeking a seconder for or against it. He emphasized the need to review the by-laws to ensure there were no gaps or inconsistencies related to the proposed motion.

p) Seconder for proposal against the extended family general Membership: Ms. Hellen Sampa formally seconded the proposal to vote against the Extended Family Membership motion.

q) Robert's rule of order: A member Mr. Maximilian Musunse raised a point of order, noting that the deliberation on the motion appeared rushed. He emphasized that motions could be amended based on member submissions and requested sufficient time for proper deliberation if the motion was beneficial to the Cooperative.

In response, the Chairperson invited the Registrar of Cooperatives, Mr. Evans Kapekele, to advise. The Registrar stated that cooperatives are member-driven, and if consensus could not be reached, it would be prudent to call an Extraordinary General Meeting (EGM) to focus solely on the motion.

Following the guidance, the Chairperson informed the meeting that the Extended Family General Membership motion would be deferred to a later date. He further clarified that all other presentations were for information purposes only.

10. Pronouncement of retiring Board members.

The Board Secretary, Mr. Joshua Kashitala, invited the Chairperson to call upon the Registrar, Mr. Evans Kapekele, to lead the election agenda items 10 and 11.

The Registrar, acting as Returning Officer, announced that three Board positions were open for election and outlined the voting process.

Mr. Tom Sakala queried whether the voting results would be displayed publicly to ensure transparency and reassure members that votes would not be tampered with.

11. New Board

Election Results and New Board Composition. The election results for the three open Board positions were as follows:

- Ms. Kabungo Kachelo - 87 votes (new member)
 - Mr. Levi Mbulo - 71 votes (new member)
 - Ms. Doreen M. Zulu - 82 votes (re-elected member)
- (See Appendix II for full voting details).

The positions of Chairperson (Mr. Chibuna Muteto), Secretary (Ms. Doreen M. Zulu), and Treasurer (Mr. Simate Simate) went unopposed.

The new Board composition was as follows:

1. Mr. Chibuna Muteto - Chairperson
2. Mr. Takudzwa Mwila - Vice Chairperson
3. Mr. Simate Simate - Treasurer
4. Ms. Doreen M. Zulu - Secretary
5. Ms. Mwape M. Zulu - Board Member
6. Ms. Kashiya M. Chabala - Board Member
7. Ms. Kabungo Kachelo - Board Member
8. Mr. Kamuchizya Mutambo - Board Member
9. Mr. Levi Mbulo - Board Member

12. Any Other Business

The Registrar inquired from the membership if there were any other business items requiring attention. No additional business was raised.

The Chairperson was then called upon to deliver closing remarks and formally adjourn the AGM.

13. Adjournment

The Chairperson Mr. Chibuna Muteto thanked everyone present and adjourned the meeting.

Minutes prepared by:



Ms. Doreen M Zulu
Board Secretary

ADDENDUM (I) - ATTENDEES

NAME	COUNT
AARON MVULA	1
ABAYI KASEKE	2
ABEL MUFAYA	3
ACKSON C MWALE	4
AGATHA SOKO CHUNGU	5
ALICE MUSONDA	6
AMON MUTILA	7
AMOS NOTA	8
ANGELA KHETIWE BANDA	9
ANTHONY MWAMBA	10
ANTHONY SINGOGO	11
ARTHUR KACHEMBA	12
AUSTIN NGOMA	13
BANDA ENOCK	14
BANDA MWANZA NAOMI	15
BEATRICE HAMUSONDE	16
BELINDA BWALYA	17
BENARD KALUMBU	18
BENNIE N' CUBE	19
BERTHA MUTALE MPUNDU	20
BISWELL CHONGO	21
BLACKSON GWAI	22
BLANDISH MUNSANJE KAMBOLE	23
BOAZI MWALE	24
BRENDA C MAGULA	25
BRENDA MWANZA	26
BRIDGET SAKALA	27
BRIGHTON BANDA	28
BRUCE CHUKA MACHA	29
BUSIKU MAINZA HANDILA	30
BWALYA CHILESHE TAKAWIRA	31
BWALYA LEVI MBULO	32
BWEMBYA ALAN CHISAKUTA	33
CARLOS MULEYA	34
CECILIA CHITAMBALA	35
CHABALA MULENGA INNOCENT	36
CHABALA MWANDA KASHIYA	37
CHABALENGE CLEOPATRA	38
CHAMA MWEWA	39
CHANDA MUSONDA	40
CHARLES LYAMA	41
CHARLES NYANOKA	42
CHIBETA NKWEMU KENNEDY	43
CHIBUNA MUTETO	44
CHIMFWEMBE CHANSA	45

NAME	COUNT
CHIPO TEMBO	46
CHIRWA HELEN KHUNGA	47
CHISANGA MUMPEMPA SHITIMA	48
CHISHIBA TUYU	49
CHOLA CHITENTE	50
CHOOLOBWE EUGENIA ZULU	51
CHRISPINE MOONO	52
CHRISPINE TEMBO	53
CHRISTINE M MWIINDE	54
CHRISTOPHER CHIWELA	55
CLARESS CHIWISA	56
CLEMENT CHILUFYA	57
COMFORT KABWE KAMANGA	58
DANNY CHIBILIKA	59
DAVID KAPALU MAKALICHA	60
DAWSON MULEYA NGOMA	61
DERICK KAFOLA	62
DOCTOR CORNWELL SIAMACHOKO	63
DOREEN PHIRI MULEYA	64
DORICA BANDA	65
DOROTHY NTENGERENJI	66
EDA MUTALE LIFUKA	67
EDWARD MULENGA	68
EDWARD MWILA JERE	69
ELASTONE MWANZA	70
ELIAS LUWE	71
ELIAS MWALE	72
ELIZABETH MIBENGE CHISALA	73
ELIZABETH ZULU	74
EMMANUEL MANDA	75
EMMANUEL NGOMA	76
EMMANUEL SAMALUMO	77
ERNEST M KANGANJA	78
ETAMBUYU NYAMBE	79
ETHEL MWILA NSANDA	80
EXLYSA MPHATSO MUDENDA	81
FAIDES M MATOLA	82
FALESS LIPITA	83
FANNY CHIPETA	84
FANON KALOZA	85
FELIX ZONDE	86
FERZIO C MAMPWE	87
FESTUS CHUNI	88
FRANCIS MUKOLWE	89
FRAZER KASEYA	90

NAME	COUNT
FREDRICK BESTONE MWALE	91
FREDRICK MUTALE C MUNUNGWE	92
GASTON LUNGU	93
GEOFFREY MIYANDA	94
GEOFFREY ZIMBA	95
GEORGE KABINGA	96
GERALD BANDA	97
GERTRUDE MWENYA	98
GILBERT BWALYA	99
GODFREY CHILAMA LAIMA	100
GODFREY LUNGU	101
GRACE CHISENGA	102
GUSTODIES MALUNGA	103
HAPPY ZULU	104
HARRY NGOMA	105
HARTLEY KHONDIWA	106
HELEN SAMPA	107
HENRY BWALYA	108
ISAAC MWASE	109
ISAAC YOSA	110
ISAAC ZIMBA	111
JACKSON MSIMUKO	112
JACKSON MWANZA	113
JAMES MWELWA	114
JAMES PHIRI	115
JAMES TIEZYE SIMUKOKO	116
JANE LIALABI	117
JANE MALAMA MUNANG'U	118
JONATHAN KAMWENDO	119
JOSEPH CHIBWE	120
JOSEPH MUKOPAMALI	121
JOSEPHINE CHIKOPA	122
JUDITH MWANSA	123
JUSTINE BWALYA MULENGA	124
KABWE CHIKUKA	125
KAKOMA KAREN	126
KAMANGA PANDAWA ESTHER	127
KAMBATIKA SYDNEY	128
KAMIJI MULYATA	129
KAMUCHIZYA MUTAMBO	130
KAMANGA PANDAWA ESTHER	127
KAMBATIKA SYDNEY	128
KAMIJI MULYATA	129
KAMUCHIZYA MUTAMBO	130

NAME	COUNT
KANGWA ROYD KATONGO	131
KAREN KUNDA BULAYA	132
KASHITALA JOSHUA	133
KASONDE MWILA	134
KASONKA NONDE LINDA	135
KATEBE FELISTUS	136
KATONGO CHANSA	137
KATONGO LUKONDE MARTIN	138
KAUSENI ANNIE NYIRENDA	139
KELVIN LIWAKALA	140
KELVIN WILLIAM TEMBO	141
KENNEDY CHAMA	142
KENNEDY NDEMENA	143
KEVIN CHILEMU	144
KILLION KAPONDA LUNGU	145
KOLOKO MULENGA MAUREEN	146
KWEMA NKEMBA	147
LAMECK KACHALI	148
LASTINA TEMBO LWATULA	149
LINDA PHIRI	150
LINOS MWIINGA	151
LOZINDABA NDEGA GONDWE	152
LUBINDA JUSTIN	153
LUKA MUMBA	154
LUNETI OBRIEN	155
LUNGU 1 ROSE	156
LYDIA KISOMO	157
LYDIA NKOLE	158
TAKUDZWA MWILA	159
MARY MOYO MFULA	160
MASAUO BANDA	161
MATAFWALI MULEBA	162
MAXIMILLIAN MUSUNSE	163
MBOBELA EMELDAH MTONGA	164
MECHA MBEWE	165
MELODENE ZULU	166
MEMORY MWILA	167
MERCY CHINUKI JILA	168
MERCY KATOKA	169
M'HANGO YVONNE	170
MILDRED MULEBA	171
MIRACLE GONDWE	172
MISOZI PHIRI	173

NAME	COUNT
MLOTHA DAMASEKE	174
MORDEGAY MWANSA	175
MOSES KATWAMBA	176
MOSES MBEWE	177
M'SOKA JASSIEL	178
MUBANGA JOSEPHINE CHILESHE	179
MUBIANA SANDRA BANDA	180
MUKOTA CHONGWE BANDA	181
MULEMFWE CHIPILI	182
MULENGA BROWN LOMBE	183
MULENGA CHARITY NKULA	184
MULENGA JUDITH CHATTA-CHIMBA	185
MULENGA PAUL	186
MULEYA CONNIE	187
MULONGO KATOWA	188
MULUNDU CHABU	189
MUMBA LUBANSA	190
MUMBI MATHEWS MUBILI	191
MUSONDA CHITAMBO	192
MUSONDA DAKA	193
MUTALE KAZILIMANI MOYO	194
MUTINTA MATHIAS	195
MUYUNI KELVIN	196
MWAMBA CHISHIMBA	197
MWAMBA KAPAMBWE	198
MWANZA DAVID	199
KACHELO KABUNGO	200
MWAPE ZULU	201
MWENYA KASAPO JENNIPHER	202
MWILA CAROLINE	203
MWIMBA MACNICIOUS	204
MWINANU BRIAN MUYUNDA	205
NACHILIMA ESTHER	206
NAMAKOBO MIYOBA	207
NCHIMUNYA MALAMBO	208
NDHLOVU MARTHA	209
NEIL EMMANUEL MACKAY	210
NEUSTONE KASONGO	211
NGOMA TIMOTHY	212
NIKISI JOSEPH DR	213
NKULA EDWARD GOMA	214
NZUNDA SIMUKOKO	215
O'BREN MUNSANJE	216
PASI MANASSEH	217
PATRICIA CHISENGA	218

NAME	COUNT
PATRICK AMANZI	219
PATRICK LAZAROUS MWALE	220
PEYA CHIHUBWE	221
PHIRI JOYCE	222
PRINCE LAMBA	223
PRISCA MUTENGE	224
PRISCILLA NKANDU	225
RACHEAL NACHILOBE	226
ROSE TEMBO	227
ROSELYN ZUMANI	228
SALASINI MUNDI MUPETA	229
SANGA NKONGE	230
SEPISO MUKELABAI	231
SHARON MONDOKA	232
SHARON MUSAMBO	233
SHAVA CYNTHIA	234
SHEILAH MOHAMMED IBRAHIM	235
SICHINGA HENRY	236
SIMASIKU NAWA PATRICK	237
SIMATE SIMATE	238
SOKO BIKO	239
STEWART KAKOMA	240
SUKI MWALE	241
SUSAN CHABALA ISHIMBULO	242
T ANGELA BANDA	243
TAZIZWA MVULA	244
TEMBO MAVIS	245
THIERRY DR MALEBE	246
THOMAS MUPASHI	247
TOM SAKALA	248
TWELEKE MONTA	249
TYFORD NEBART MVULA	250
VICTOR MUSONDA KABWE	251
VIVIAN BRIDGET KALABI	252
WAMWENI KASHALA KAMALONGA	253
WEBSTER MWANAKALASA	254
WINA LISULO	255
WISEMAN KAMBOLE	256
YUMBE RICHARD MUSUKUMA	257
YVONNE NAMUTOWE TEMBO	258
ZARINA GELOO	259
ZUDE ZYAMBO	260
SINYENGA LUNYUNGE	261
DOREEN M ZULU	262

ADDENDUM (II) - VOTE RESULTS

Nkwazi Co-operative Savings and Credit Society Limited
SHAREHOLDER REGISTRATION AND VOTING 2025
AS AT 2025-05-28 17:31:14 HOURS

NO.	RESOLUTION	FOR	AGAINST	ABSTAIN																																					
1	Motion One. Extended Family General Membership Approval	81.00	7.00	2.00	Resolution has passed																																				
2	Motion Two. Amend Clause 1.5 of the By-Laws to Include Extended Family and Other Organisations as General Members	73.00	12.00	4.00	Resolution has passed																																				
4	Election for the Board Members	436.00	0.00	0.00	KABUNGO KACHELO																																				
					<table border="1"> <thead> <tr> <th>Serial No.</th> <th>Candidate Name</th> <th>Total Votes</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>KABUNGO KACHELO</td> <td>87</td> <td>11.13</td> </tr> <tr> <td>2</td> <td>Doreen Mwansa-Zulu</td> <td>62</td> <td>10.49</td> </tr> <tr> <td>3</td> <td>Levi Bwalya Mbulo</td> <td>71</td> <td>9.08</td> </tr> <tr> <td>4</td> <td>Joshua Kashitala</td> <td>63</td> <td>8.06</td> </tr> <tr> <td>5</td> <td>Angela Mulenga Zulu</td> <td>52</td> <td>6.65</td> </tr> <tr> <td>6</td> <td>Bennie Ncube</td> <td>43</td> <td>5.50</td> </tr> <tr> <td>7</td> <td>Kasapo J. Mwenya</td> <td>33</td> <td>4.22</td> </tr> <tr> <td></td> <td></td> <td>782</td> <td>55.12</td> </tr> </tbody> </table>	Serial No.	Candidate Name	Total Votes	Percentage	1	KABUNGO KACHELO	87	11.13	2	Doreen Mwansa-Zulu	62	10.49	3	Levi Bwalya Mbulo	71	9.08	4	Joshua Kashitala	63	8.06	5	Angela Mulenga Zulu	52	6.65	6	Bennie Ncube	43	5.50	7	Kasapo J. Mwenya	33	4.22			782	55.12
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		782	55.12																																						

ADDENDUM (III) 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 project was initially scheduled to commence in 2025; however, progress was halted due to unforeseen closures affecting several donor-funded organizations, including USAID Zambia. These developments delayed the planned launch of the Special Purpose Vehicle (SPV).</p> <p>Notwithstanding these challenges, the Board and Management have proactively prepared Expressions of Interest, which will be advertised once the operating environment stabilizes.</p>
Prior AGM 2024	Insurance of Loans	Consider insurance for loans issued by the cooperative.	Board and Management	Completed	Loan Insurance was effected 1st July 2025.
Prior AGM 2025	Members Medical Insurance	To launch medical insurance product for Nkwazi members.	Board and Management	Completed	Medical Insurance Product effected 1st September 2025.
Prior AGM 2025	Nkwazi Insurance Broking Firm	The establishment and registration of an Insurance Broking Firm, aimed at diversifying and strengthening the Cooperative's income streams.	Board and Management	On going	The firm has been successfully incorporated and is currently awaiting the issuance of the Pension and Insurance Authority (PIA) licence. The licensing process is underway and is expected to be concluded by the second quarter of 2026.
Prior AGM 2025	Extend Family General Membership	The motion seeks to extend membership eligibility to include family members, subject to further refinement and alignment with the Cooperative's policies and governance framework.	Board and Management	On going	Following the deferment of the motion, a subsequent webinar was convened during which members recommended that the policy be further refined and subsequently circulated to the membership for review and input.

AUDIT AND SUPERVISORY COMMITTEE (ASC) UPDATE



Isaac Mwase
Committee Chairperson



Ferzio Mampwe
Committee Secretary



Richard Musukuma
Committee Member

AUDIT AND SUPERVISORY COMMITTEE (ASC) - 2025 HIGHLIGHTS

The Audit and Supervisory Committee (ASC) comprising Mr. Isaac Mwase (Committee Chairperson), Mr. Richard Musukuma, and Mr. Ferzio Mampwe continued its independent oversight, focusing on strengthening governance, financial integrity, risk management, and regulatory compliance to safeguard members' interests and the Cooperative's sustainability.

Summary of ASC Oversight Activities in 2025

Establishment of Risk Governance Framework, Including Risk Policy and Risk Register:

A key milestone recorded during the period was the development of a comprehensive Risk Management Policy and Risk Register, submitted to the Board Chairperson for consideration and approval. This initiative addressed a previously identified governance gap and established a structured framework for systematic risk identification, assessment, mitigation, and monitoring. The framework provides an important foundation for proactive protection of the Cooperative's financial resources and members' savings in an increasingly complex operating environment.

Continued Financial Oversight and External Audit Review

In fulfilling its financial oversight role, the ASC reviewed the External Auditor's Report and Financial Statements for the year ended 31 December 2025 to confirm accuracy, completeness, and compliance with applicable accounting and cooperative

standards. The Committee also assessed the budgeting process, fund utilization, and operating expenditures.

Monitoring of Emerging Financial Risks

In coordination with the Board and Management, the ASC maintained close oversight of emerging financial risks, particularly those arising from the prior year's USAID reduction-in-force and its potential effects on members' loan repayment capacity and savings patterns. Scenario analyses were conducted, and mitigation measures were recommended to the Board to preserve portfolio quality and financial stability.

Strengthening Electoral Governance and Member Confidence

The ASC finalized and disseminated the Election Process Guide for the Board of Directors, clarifying nomination procedures, eligibility requirements, voting processes, and grievance-handling mechanisms. The Guide further delineates the oversight roles of the Registrar of Cooperatives and the ASC, thereby strengthening electoral credibility, procedural transparency, and member confidence, in line with cooperative by-laws and good governance practice.

Outlook and Strategic Priorities for 2026

Looking ahead, the ASC will prioritize executing its mandate and ensure full operationalization of the Risk Management Framework, ongoing monitoring of financial and governance risks, and periodic review of internal control and compliance systems.



FINANCIAL STATEMENTS

Report and Financial Statements for the year ended 31 December, 2025

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 Ms. Kabungo Kachelo Ms. Doreen Mwansa Zulu Ms. Kashiya Chabala Ms. Mwape Zulu Mr. Levy Bwalya Mbulo 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	Ms. Doreen Mwansa Zulu

Report and Financial Statements for the year ended 31 December, 2025

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 2025.

Activities

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

Results for the year were:

	2025	2024
	ZMW	ZMW
Revenue	10,493,406	11,409,306
Other operating income	11,484,915	11,078,151
Total income	21,978,321	22,487,457
Profit for the year	6,660,003	6,818,212

Dividends

The Co-operative had dividend payable in respect of the 2025 results of ZMW 152,000 (2024 ZMW 154,800).

Property, plant and equipment

During the year the Co-operative acquired property, plant and equipment amounting to ZMW 425,582 (2024: ZMW 201,630) and disposed of any property, plant and equipment of ZMW 4,612 (2024: ZMW Nil).

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;

	2025	2024
	ZMW	ZMW
Issued and fully paid for share capital at ZMW 50 each		
Fully paid-up members 2025: 776 (2024: 772)	7,760,000	7,720,000
Partially paid members 2025: 70 (2024:83)	86,350	207,500
Total share capital for a total membership of 846 (2024: 855)	7,846,350	7,927,500

Staff

The average number of employees during the year was 7 (2024: 8) and the total remuneration paid to staff was ZMW 3,541,048 (2024: ZMW 3,017,958).

Donations

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

Report and Financial Statements for the year ended 31 December, 2025

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 and reappointed for the 2025 financial year.

The total audit fee for the year under review is ZMW 119,500 (2024: ZMW 88,706).

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 6,660,003 (2024: ZMW 6,818,212) during the year ended 31 December 2025 and had accumulated earnings of ZMW 9,772,739 (2024: ZMW 9,432,386) as of 31 December 2025.

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 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 2025 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
Ms. Doreen Mwansa Zulu	Secretary	Executive committee	Zambian
Ms. Kashiya Chabala	Board member	Credit committee	Zambian
Ms. Mwape Zulu	Board member	Credit committee	Zambian
Mr. Kamuchizya Mutambo	Board member	Education committee	Zambian
Mr. Levi Bwalya Mbulo	Board member	Credit committee	Zambian
Ms. Kabungo Kachelo	Board Member	Education committee	Zambian

The director's remuneration (allowance) during the year amounted to ZMW 462,294 (2024: ZMW 562,533).

Report and Financial Statements for the year ended 31 December, 2025

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



Board Chairperson



Board Treasurer

Report and Financial Statements for the year ended 31 December, 2025

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 2025, 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 13th April, 2026 and are signed on its behalf by:



Board Chairperson



Board Treasurer

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 40 to 74, which comprise the statement of financial position as at 31 December 2025, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of 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 2025, 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 2024 expressed an unmodified opinion on 19th May 2025.

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

2026
Lusaka

Practising certificate number: AUD/F000946

Report and Financial Statements for the year ended 31 December, 2025

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2025 ZMW	2024 ZMW
Revenue	3	10,493,406	11,409,306
Other operating income	4	11,484,915	11,078,151
Total income		21,978,321	22,487,457
Operating and administration expenses	Appendix 1	(5,701,314)	(4,285,517)
Board and committee expenses	Appendix 2	(462,294)	(562,533)
Provision for expected credit losses	14	(925,225)	(750,746)
Depreciation – PPE	8	(534,200)	(349,904)
Operating profit	7	14,355,288	16,538,757
Finance costs	6	(7,695,285)	(9,720,545)
Profit for the year	15a	6,660,003	6,818,212
Other comprehensive income		-	-
Total comprehensive profit	15a	6,660,003	6,818,212

The notes on pages 53 to 74 form part of these financial statements.

Report and Financial Statements for the year ended 31 December, 2025

STATEMENT OF FINANCIAL POSITION

ASSETS	Note	2025 ZMW	2024 ZMW
Non-current assets			
Property, plant and equipment	8	1,846,453	1,959,683
Government securities bonds	9	50,285,152	42,328,620
		52,131,605	44,288,303
Current assets			
Trade and other receivables	14	63,080,130	82,853,744
Fixed deposits	12	-	1,302,000
Government securities-treasury bills	10	15,331,747	4,815,185
Collective investment schemes	11	5,286,979	3,669,998
Cash and cash equivalents	13	10,450,935	4,632,189
		94,149,791	97,273,116
Total current assets		94,149,791	97,273,116
Total assets		146,281,396	141,561,419
EQUITY AND LIABILITIES			
Equity			
Share capital	15a	7,846,350	7,927,500
Reserves	15c, d and e	28,072,888	23,017,920
Retained earnings	15f	9,772,739	9,432,386
		45,691,977	40,377,806
Total Equity		45,691,977	40,377,806
Non-current liabilities			
Member's deposit	16	89,030,023	94,292,440
		89,030,023	94,292,440
Total non-current liabilities		89,030,023	94,292,440
Current liabilities			
Trade and other payables	17	11,559,396	6,891,173
		11,559,396	6,891,173
Total current liabilities		11,559,396	6,891,173
		100,589,419	101,183,613
Total liabilities		100,589,419	101,183,613
		146,281,396	141,561,419
Total equity and liabilities		146,281,396	141,561,419

These financial statements set out on page 40 to 74 were approved by the board of directors on 13th April, 2026



Board Chairperson



Board Treasurer

The notes on pages 53 to 74 form part of these financial statements.

Report and Financial Statements for the year ended 31 December, 2025

STATEMENT OF CHANGES IN EQUITY

	Share capital ZMW	Investment Funds ZMW	Equity Sharing ZMW	Reserve Fund ZMW	Retained Earnings ZMW	Total Equity ZMW
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 2025	7,927,500	4,137,406	12,686,971	6,193,543	9,432,386	40,377,806
Balance at 1 January 2025	7,927,500	4,137,406	12,686,971	6,193,543	9,432,386	40,377,806
Profit for the year	-	-	-	-	6,660,003	6,660,003
Balance before capital movements	7,927,500	4,137,406	12,686,971	6,193,543	16,092,389	47,037,809
Increase in share capital	611,100	-	-	-	-	611,100
Decrease in share capital	(692,250)	-	-	-	-	(692,250)
Payments for closed accounts	-	-	(1,026,986)	-	-	(1,026,986)
SACCA congress benchmarking	-	(102,452)	-	-	-	(102,452)
Interest not Paid					16,759	16,759
Dividends paid					(152,000)	(152,000)
Transfer between reserves 2025	-	681,821	4,138,946	1,363,643	(6,184,410)	-
Balance at 31 December 2025	7,846,350	4,716,775	15,798,928	7,557,186	9,772,738	45,691,977

The notes on pages 53 to 74 form part of these financial statements.

Report and Financial Statements for the year ended 31 December, 2025

STATEMENT OF CASH FLOWS

	Note	2025 ZMW	2024 ZMW
Cash flows from operating activities			
Profit before taxation	15a	6,660,003	6,818,212
Adjustments to reconcile profit before tax to cashflows			
Depreciation and amortisation	8	534,201	349,904
Gains on foreign exchange	Appendix1	(102,622)	(39,940)
Finance cost	6	7,695,285	9,720,545
Provision for bad debts	14	925,225	750,746
Operating profit before working capital changes		15,712,092	17,599,467
Decrease/(increase) in trade and other receivables	14	18,847,415	(8,182,548)
Increase in trade and other payables	17	4,669,195	1,111,310
Cash generated from operations		39,228,702	10,528,229
Finance cost	6	(7,695,285)	(9,720,545)
Foreign exchange gain	Appendix1	102,622	39,940
Net cash inflow from operating activities		31,636,039	847,624
Cash Outflow from investing activities			
Acquisition of property, plant and equipment	8	(425,582)	(201,630)
Proceeds from disposal of property, plant and equipment	8	4,612	-
Investment in government bonds	9	(7,956,531)	(13,267,150)
Investment in collective investment schemes	11	(1,616,980)	(3,716,981)
Proceeds in fixed deposits	12	1,302,000	6,073,000
Proceeds from treasury bills	10	(10,516,562)	5,931,452
Net cash (outflows) investing activities		(19,209,043)	(5,181,309)
Cash flows used in financing activities			
Issue of ordinary shares	15a	611,100	970,550
Payment of closed accounts-share capital	15a	(692,250)	(689,500)
Payment of closed accounts-equity sharing	15d	(1,026,989)	(778,412)
(Decrease)/increase in members deposit	16	(5,262,418)	4,842,303
SACCA congress benchmarking		(102,452)	-
Interest not paid		16,959	-
Dividends paid	15	(152,000)	(143,400)
Net cash (outflow)/inflows from financing activities		6,608,250	4,201,541
Net cash inflow/(outflow) for the year		5,818,746	(132,144)
Analysis of movements in cash and cash equivalents			
Net cash and cash equivalent at 1 January	13	4,632,189	4,764,333
Net cash and cash equivalents at 31 December	13	10,450,935	4,632,189

The notes on pages 53 to 74 form part of these financial statements.

Report and Financial Statements for the year ended 31 December, 2025

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2025

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 6,660,003 (2024: ZMW 6,818,212) during the year ended 31 December 2025 and at end of the year the Co-operative had accumulated profit of ZMW 9,772,739 (2024: ZMW 9,432,386) as of 31 December 2025.

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 members, 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 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.

Report and Financial Statements for the year ended 31 December, 2025

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2025

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 services to a member. The Co-operative identified the rendering service revenue stream that is in the scope of IFRS 15: 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.

Report and Financial Statements for the year ended 31 December, 2025

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2025

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, fixed deposits, government securities and treasury bills.

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, collective investments schemes 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.

Report and Financial Statements for the year ended 31 December, 2025

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2025

ZMW

2. Material accounting policies (Continued)

2.8 Financial Instruments (continued)

a) Financial assets (Continued)

Subsequent measurement (Continued)

Collective investments schemes

Investments in collective investment schemes represent units held in pooled funds managed by professional fund managers, where investors share in the returns of a diversified portfolio of assets. These investments are initially recognised at fair value, being the transaction price, and are subsequently measured at fair value through profit or loss, in accordance with applicable financial reporting standards. Fair value is determined based on quoted market prices or the net asset value (NAV) provided by the fund manager at the reporting date. Any gains or losses arising from changes in fair value are recognised in profit or loss in the period in which they occur.

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. 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.

Report and Financial Statements for the year ended 31 December, 2025

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2025

ZMW

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.

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 Co-operative '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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for the year ended 31 December, 2025

ZMW

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.

Fair value of collective investment schemes

The determination of fair value for investments in collective investment schemes requires judgement, particularly where quoted market prices are not readily available. In such cases, fair value is based on the net asset value (NAV) provided by the fund manager, which reflects the underlying assets and liabilities of the scheme. Management assesses the reliability of the NAV by considering factors such as the valuation techniques applied, the liquidity of the underlying assets, and any restrictions on redemption. Where necessary, adjustments are made to the NAV to reflect conditions at the reporting date.

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 2025, and have been adopted by the Co-operative where relevant to the Cooperative's operations.

a) New standards and interpretations effective in 2025

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:

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.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2025

ZMW

Applicable to annual reporting periods beginning on or after 1 January 2025. The amendments to Lack of Exchangeability (Amendments to IAS 21) are not expected to have a material impact on the Co-operative's financial statements under normal conditions; however, they may become relevant in periods where there are restrictions or limited access to foreign currency, requiring management to apply judgement in determining an appropriate exchange rate for foreign-denominated transactions and balances.

b) New standards and interpretations not yet effective in 2025

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. This is not expected to have a material impact on the recognition and measurement of transactions for a co-operative; however, it may result in changes to the presentation, structure, and disclosure of information in the financial statements to enhance transparency and comparability.

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. Disclosures are not expected to have a material impact on a co-operative, but may lead to minor changes in classification and disclosures.

2. Material accounting policies (Continued)

2.13 New standards and interpretations (Continued)

c) New standards and interpretations not yet effective in 2025 (Continued).

Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures

The amendments cover new or amended IFRS Accounting Standards issued between 28 February 2021 and 1 May 2024 that were not considered when IFRS 19 was first issued.

Applicable to annual reporting periods beginning on or after 1 January 2027. Disclosures are not applicable to the Co-operative, as it is not a subsidiary and does not form part of a group.

Translation to a Hyperinflationary Presentation Currency (Amendments to IAS 21)

The amendments clarify how companies should translate financial statements from a non-hyperinflationary currency into a hyperinflationary one.

Applicable to annual reporting periods beginning on or after 1 January 2027. The amendments are not expected to have any impact on the Co-operative, as it does not operate in or report in a hyperinflationary currency.

Amendments to Greenhouse Gas Emissions Disclosures (Amendments to IFRS S2)

The amendments to IFRS S2 aim at supporting entities applying IFRS S2 by reducing the complexity, risk of potential duplication of reporting and related costs of applying specific requirements in IFRS S2.

Applicable to annual reporting periods beginning on or after 1 January 2027. The amendments are not expected to have a material impact on the Co-operative, but may simplify reporting requirements and reduce compliance costs where climate-related disclosures are applicable.

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2025

ZMW

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 of 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.

	2025	2024
	ZMW	ZMW
Interest income		
Banja loan interest income	315,960	111,446
Energy solution loan interest income	33,760	24,902
Salary advance loan interest income	6,000	8,286
Buy back loan interest income	3,462,359	1,622,945
Provident loan interest income	5,524,411	8,389,335
Education loan interest income	103,872	114,009
Energy relief loan interest income	41,306	4,388
Emergency loan interest Income	52,099	56,462
Commodity loan interest Income	378,762	414,183
Medical insurance interest	1,068	-
Kickstart loan interest	2,492	-
Total interest income	9,922,089	10,745,956
Fees income		
Banja loan fees	1,057	4,400
Energy solution loan fees	221	3,050
Salary advance loan fees	500	1,200
Buy back loan fees	104,115	14,600
Provident loan fees	281,758	446,100
Education loan fees	45,440	41,650
Energy relief loan fees	1,250	3,200
Emergency loan fees	32,923	27,850
Commodity loan fees	61,953	78,800
Mandatory shares loan fees	14,000	18,200
Ordinary savings fees	28,000	24,300
Drawdown savings fees	100	-
Total fees income	571,317	663,350
Total revenue	10,493,406	11,409,306

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for the year ended 31 December, 2025

ZMW

4. Other operating income

	2025	2024
	ZMW	ZMW
Membership fees	10,600	30,592
Loan administrative fees	3,469	-
Income on financial investments	11,470,846	9,935,660
Foreign exchange gains	-	39,940
Write offs-general expenses	-	1,013,959
Profit on disposal	-	58,000
	11,484,915	11,078,151

5. General and administrative expenses

	2025	2024
	ZMW	ZMW
Salaries and wages	2,411,139	2,060,069
Statutory obligations	150,524	127,149
Other staff cost	979,389	830,740
Expenses (appendix)	2,160,262	1,267,559
	5,701,314	4,285,517

6. Finance cost

	2025	2024
	ZMW	ZMW
Interest on savings	7,695,285	9,720,545
	7,695,285	9,720,545

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. Adjustment to operating profit

	2025	2024
	ZMW	ZMW
Profit before tax adjusted for;		
Board expenses	462,294	562,533
Finance cost	7,695,285	9,720,545
Provision for bad debts	925,225	750,746
Audit fees	119,500	88,706
	9,202,304	11,122,530

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2025

ZMW

8. Property, Plant and Equipment

	Buildings	Furniture and fittings	Motor Vehicle	Office equipment	Wesecore Banking System	Total
2025 Cost						
At 1 January	1,628,504	238,220	672,706	1,286,814	-	3,826,244
Additions	-	-	-	283,832	141,750	425,582
At 31 December	1,628,504	238,220	672,706	1,570,646	141,750	4,251,826
Depreciation						
At 1 January	319,162	213,806	370,430	963,163	-	1,866,561
Charge for the year	54,090	12,290	144,593	181,477	141,750	534,200
Disposal	-	-	-	4,612	-	4,612
At 31 December	373,252	226,096	515,023	1,149,252	141,750	2,405,373
Carrying amount						
At 31 December 2025	1,255,252	12,124	152,683	421,394	-	1,846,453
At 31 December 2024	1,309,342	24,414	302,276	323,651	-	1,959,683

9. Government securities- bonds

	2025 ZMW	2024 ZMW
At first January	42,328,620	33,053,621
Additions	21,101,219	10,275,000
Change in fair value	-	5,400
Maturities during the year	(13,144,687)	(1,005,401)
	50,285,152	42,328,620
The maturity profile of government securities is as follows		
Two-year government bonds	1,100,000	1,100,000
Three-year government bonds	2,995,000	15,644,595
Five-year government bonds	9,786,219	6,675,000
Seven-year government bonds	1,924,719	1,924,719
Ten-year government bonds	14,507,923	14,012,897
Fifteen-year government bonds	19,971,291	2,971,409
Balance as at 31st December	50,285,152	42,328,620

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for the year ended 31 December, 2025

ZMW

10. Government securities-T-bills

	2025 ZMW	2024 ZMW
At first January 2024	4,815,185	10,746,637
Additions during the year	32,885,674	4,815,185
Change in fair value	-	1,426,568
Maturities during the year	(22,369,112)	(12,173,205)
	15,331,747	4,815,185
The maturity profile of T-bills is as follows		
Three hundred- and sixty-four-days treasury bills	15,331,747	4,815,185

11. Collective investment schemes

	2025 ZMW	2024 ZMW
Banc ABC unit trust	5,286,979	3,669,998
	5,286,979	3,669,998
Movements for the year is as follows;		
At first January 2024	3,669,998	169,998
Additions during the year	1,400,000	3,500,000
Change in fair value	216,981	-
Maturities during the year	-	-
	5,286,979	3,669,998

12. Fixed term deposits

	2025 ZMW	2024 ZMW
First national bank-fixed term deposit	-	1,302,000
	-	1,302,000

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2025

ZMW

13. Cash and cash equivalent

	2025	2024
	ZMW	ZMW
Cash at bank		
First national bank operations account	82,348	98,268
First national bank main	9,362,961	3,857,517
Stanbic bank main	644,388	182,359
First national bank dollar account	358,312	492,346
	10,448,009	4,630,490
Cash on hand		
Petty cash	2,926	1,699
Total cash and cash equivalent	10,450,935	4,632,189

14. Trade and other receivables

	2025	2024
	ZMW	ZMW
Trade receivables	54,416,779	74,212,374
Less: Impairment provision (Note 14.1)	(1,783,194)	(1,865,307)
Net trade receivables	52,633,585	72,347,067
Prepayments	89,840	236,652
Income receivable	10,324,705	10,261,625
Salary advances	32,000	8,400
Total trade and other receivables	63,080,130	82,853,744

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:

	2025	2024
	ZMW	ZMW
At 1 January	(1,865,307)	(1,114,561)
(Recoveries)/write off against receivables	82,113	(750,746)
At 31 December	(1,783,194)	(1,865,307)
Reconciliation of provision for expected credit losses , (Recoveries)/write off against receivables as above	82,113	(750,746)
Bad debts written off	(1,007,338)	
Provision for expected credit losses	(925,225)	(750,746)

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NOTES TO THE FINANCIAL STATEMENTS

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ZMW

14.1. 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 2025. 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

2025	Expected loss rate %	Carrying amount (ZMW)	ECL (ZMW)
Total loan portfolio	0.649%	52,987,260	353,675
Specific provision	100%	316,157	316,157
Specific provision	100%	1,113,362	1,113,362
Total		54,416,779	1,783,194

At 31 December 2024, 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:

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

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NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2025

ZMW

15. Share capital and reserves

	2025	2024
	ZMW	ZMW
a) Reconciliation of profit during the year		
Movement in share capital and reserves	5,314,171	6,177,450
Decrease in equity fund during the year (closed accounts)	1,026,989	778,412
Increase in share capital	(611,100)	(970,550)
Decrease in share capital (closed accounts)	692,250	689,500
SACCA congress benchmarking	102,452	-
Interest not paid	(16,759)	-
Dividend paid	152,000	143,400
Profit for the year	6,660,003	6,818,212
b) Share capital		
At 1st January	7,927,500	7,646,450
Additions during the year	611,100	970,550
Closures during the year	(692,250)	(689,500)
At 31st December	7,846,350	7,927,500
c) Investment fund		
At 1st January	4,137,406	1,666,962
SACCA congress benchmarking	(102,452)	-
Transfer from retained earnings 2023	-	1,063,452
Transfer from retained earnings 2024	-	1,406,992
Transfer from retained earnings 2025	681,821	-
At 31st December	4,716,775	4,137,406
d) Equity sharing		
At 1st January	12,686,971	8,540,912
Additions during the year	4,138,946	4,924,471
Closure during the year	(1,026,989)	(778,412)
At 31st December	15,798,928	12,686,971
e) General reserves		
At 1st January	6,193,543	1,706,401
Addition during the year	1,363,643	4,487,142
At 31st December	7,557,186	6,193,543

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15. Share capital and reserves (Continued)		
f) Retained earnings	2025	2024
	ZMW	ZMW
At 1st January	9,432,386	14,639,631
Profit for the year	6,660,003	6,818,212
Transfer to Investment fund (2023)	-	(1,063,452)
Transfer to Investment fund	(681,821)	(1,406,992)
Transfer to equity sharing	(4,138,946)	(4,924,471)
Transfer to reserves	(1,363,643)	(4,487,142)
Interest not paid	16,759	-
Dividends paid	(152,000)	(143,400)
At 31st December	9,772,738	9,432,386
16. Member deposits		
	2025	2024
	ZMW	ZMW
Opening balance	94,292,440	89,450,137
Deposit during the year	27,593,163	4,842,303
Withdrawals	(32,855,580)	-
	89,030,023	94,292,440
17. Trade and other payables		
	2025	2024
	ZMW	ZMW
Other payables	2,721,544	606,349
Statutory obligations	145,737	103,957
Provision for gratuity	725,330	320,841
Audit fees	119,500	44,353
Dividend's payables	152,000	154,800
Interest on savings accrued	7,695,285	5,660,873
	11,559,396	6,891,173

Other Payables amounting to ZMW 2,721,544 (2024: ZMW 660,349) comprise balances relating to funds held on behalf of third parties. These include Retirement Funds, Education Fund Savings Control, Money Market Fund Control, Emergency Fund Control, and other designated funds.

The balance also includes amounts classified as Unknown Credits, representing receipts that are yet to be identified and allocated to the appropriate accounts.

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ZMW

17. 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:

	2025	2024
	ZMW	ZMW
At the beginning of the year	154,800	146,800
Dividend declared during the year	152,000	151,400
Paid during the year	(154,800)	(143,400)
	152,000	154,800

18. Capital commitments

At 31 December 2025 the Co-operative had spent a total of nil (2024: ZMW nil) in capital expenditure.

19. 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.

	2025	2024
	ZMW	ZMW
Total borrowings		
Member deposits	89,030,023	94,292,440
Trade and other payables	11,559,396	6,891,173
Total debt	100,589,419	101,183,613
Less: Cash and cash equivalent	(10,450,935)	(4,632,189)
Net debt	90,138,484	96,551,424
Total equity	45,691,977	40,377,806
Capital employed	135,830,461	136,929,230
Net debt to capital ratio	66.36%	70.51%

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for the year ended 31 December, 2025

ZMW

20. 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.

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 2025	Loans and Receivables ZMW	Assets at fair value through Profit and Loss ZMW	Assets at Amortised cost ZMW	Total ZMW
Financial assets				
Trade and other receivables	63,080,130	-	-	63,080,130
Cash and cash equivalents	10,450,935	-	-	10,450,935
Government securities bonds	-	-	50,285,152	50,285,152
Collective investment schemes	-	-	5,286,979	5,286,979
Government securities-T-bills	-	-	15,331,747	15,331,747
	73,531,065	-	70,903,878	144,434,943
Financial liabilities				
Members deposit	-	-	89,030,023	89,030,023
Trade and other payables	-	-	11,559,396	11,559,396
	-	-	100,589,419	100,589,419
Financial assets				
Trade and other receivables	82,853,744	-	-	82,853,744
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
	87,485,933	-	52,115,803	139,601,736

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20. Risk management (Continued)**Market risk (Continued)****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

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 co-operative 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 2025, an increase/decrease of 500 (2024:500) basis points would have resulted in (decrease)/Increase in post-tax profit of ZMW 333,000 (2024: ZMW 340,911).

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 2025.

At 31 December 2025	Carrying amount ZMW	Contractual cash flow ZMW	Current ZMW	1-2 Years ZMW	2-5 Years ZMW
Members deposits	89,030,023	89,030,023	13,497,721	20,261,819	55,270,483
Trade and other payables	11,559,396	11,559,396	11,559,396	-	-
	100,589,419	100,589,419	25,057,117	20,261,819	55,270,483
At 31 December 2024					
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

Report and Financial Statements for the year ended 31 December, 2025

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2025

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20. Risk management (Continued)

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.

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 2025 is the carrying value of trade and other receivables (excluding non-financial assets), investments at amortised cost and bank balances as follows:

Financial assets	2025 ZMW	2024 ZMW
Trade and other receivables (note 14)	63,080,130	82,617,092
Cash and cash equivalents	10,450,935	4,632,189
Government securities bonds	15,331,747	42,328,620
Collective investment scheme	5,286,979	3,669,998
Government securities T-bills	15,331,747	4,815,185
	109,481,538	138,299,736

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.

Report and Financial Statements for the year ended 31 December, 2025

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2025

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20 Risk management (Continued)

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 2025, trade receivables of ZMW 54,416,779 (2024: ZMW 74,212,374) were past due but not impaired. These relates to a number of independent customers for whom there is no history of default.

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.

21. Contingent assets and liabilities

The Co-operative had no legal matters pending resolution. There were no material contingent liabilities as at 31 December 2025. ZMW Nil (31 December 2024: ZMW Nil).

22. 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.

Report and Financial Statements for the year ended 31 December, 2025

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2025

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Appendix 1	2025	2024
	ZMW	ZMW
Administrative expenses	207,216	13,385
Annual general and committee meetings	356,567	201,885
Audit fees	119,500	88,706
Bank charges	43,234	57,993
Computer expenses	19,747	4,298
Electricity and water	11,825	16,572
Entertainment	-	29,512
Fuel	96,081	89,996
Genset cost	500	13,855
Insurance	35,257	8,820
Internet and communication	146,086	144,645
legal fees	15,660	8,700
License	16,260	16,350
Marketing	137,788	10,094
Members benevolent fund	40,000	-
Motor vehicle expenses	103,239	73,831
Office expenses	26,101	31,470
Postal box rent	6,500	6,500
Professional fees	29,219	29,284
Recruitment costs		8,450
Repairs and maintenance	35,732	14,012
Security	134,269	86,852
Staff training	47,463	209,441
Stationery	27,757	20,772
Sundry expenses	42,393	13,093
Talk time and communication	66,820	66,298
Telephone	1,770	2,005
Transport expenses	2,358	740
Restatement of bad debt written off	284,661	-
Foreign exchange loss	102,622	-
Loss on disposal	3,637	-
	2,160,262	1,267,559
Employment cost		
Salaries and wages	2,411,139	2,060,069
Statutory obligations	150,524	127,149
Other staff costs	979,389	830,740
Total general and administrative expenses	5,701,314	4,285,517

Report and Financial Statements for the year ended 31 December, 2025

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December, 2025

ZMW

Appendix 2

Board and committee expenses		
Director's training	73,902	76,163
Main board allowances	372,650	448,641
Board meetings expenses	15,742	37,729
	462,294	562,533



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