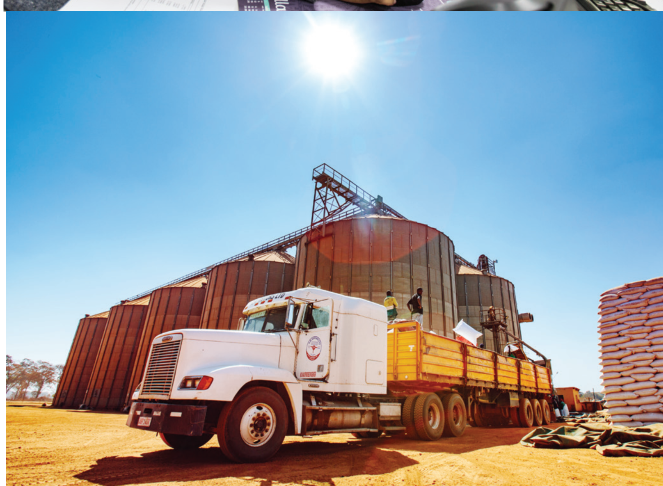
Overview

Corporate governance



Financial statements and notes

Supplementary information

Chairman's statement

"It is with immense pride that I inform all our clients and stakeholders that in 2016, Standard Chartered Bank Zambia Plc commemorates 110 years of existence in Zambia. Since we opened our first branch in Kalomo in 1906, our commitment to this great nation remains un-wavering. I would like to use this opportunity to re-affirm the Bank's continued commitment to Zambia's economic and social development – we are Here for good."

Michael M. Mundashi, SC
Chairman

Earnings per share	Dividend per share
ZMW0.107	ZMW0.10
2014: ZMW0.146 / **2013:** ZMW0.142	**2014:** ZMW0.14 / **2013:** ZMW0.14

On behalf of the Board of Directors, I am delighted to present you with the Standard Chartered Bank Zambia Plc Annual Report and Financial Statements for the year ended 2015. The Bank continued to be a market leader and our balance sheet remained strong, despite the economic challenges faced in the global and local economy. The Bank remains well-positioned and capitalised.

In 2015, we launched our new Strategy, which focuses on investing and innovating to ensure our Bank is able to take advantage of the new opportunities in Zambia. The experienced management team continues to grow from strength to strength with the necessary experience to lead implementation of our new Strategy. I would like to take this opportunity to welcome four new members of the Executive Management Team who joined in 2015: Emmanuel Banda, Head of International Corporates; Farida Mukasa Kasujja, Head of Financial Institutions; Kabwe Mwaba, Head of Financial Markets; and Augustine Hamwela, Head of Legal.

Standard Chartered Bank Zambia continued to be recognised as a market leader in 2015, winning five prestigious awards. The Bank was, once again, named *Best Bank in Zambia* by the Euromoney Awards for Excellence for the fourth consecutive year. Standard Chartered was named *Best Foreign Bank in Zambia* by the Europe, Middle East and Africa (EMEA) African Banking Awards, whilst Global Finance named us *Best Consumer Digital Bank in Zambia.* Locally, the Lusaka Stock Exchange recognised us for *Exceptional Adherance in Corporate Social Responsibility.* In addition, Standard Chartered Bank won the *Outstanding Outreach Award for the 2015 Financial Literacy Week* by the Bank of Zambia Governor's Awards. These high profile awards not only demonstrate the continued strength of our brand and franchise, but also our commitment to the Zambian communities where we operate.

Political Highlights

In January 2015, Zambia held a successful and peaceful Presidential by-election, which ushered in His Excellency Edgar Chagwa Lungu as the sixth Republican President. In January 2016, Zambians celebrated the Presidential assent of the new Constitution, marking a historic moment for the country.

Financial Highlights

The year 2015 proved to be a challenging one for the global and local economy. Despite these challenges, Standard Chartered Bank Zambia Plc continued to grow and remained profitable. Against the backdrop of the difficult macro-environment, revenue grew slower than costs. Operational costs increased by 21 per cent due to a significant increase in foreign currency denominated costs on the back of steep depreciation of the Kwacha. We further made the prudent, strategic decision to spend on a staff redundancy exercise to enhance productivity. Coupled with higher provisions for loan impairments, our profit before tax for 2015 was ZMW283m, a 26 per cent decrease from the previous year.

As a result, basic and diluted earnings per share were 27 per cent lower at ZMW0.107 per share. The Directors recommended a final dividend of ZMW0.04 per share. This, together with the interim dividend for 2015 already paid of ZMW0.06 per share, makes the total dividend for 2015 ZMW0.10 per share.

Economic Outlook

The Zambian economy has performed well in recent years, with strong growth and modest inflation. However, as earlier mentioned, 2015 was a challenging one for our economy. Falling copper prices on the global market, amongst others, resulted in a weakened Kwacha, whilst power shortages also negatively impacted the economy.

Government issued a USD1.25 billion Eurobond in July 2015 to alleviate the budget deficit. The rising cost of servicing this debt is a further stretch on fiscal resources. Against this backdrop, Government is aiming for a revised GDP growth of 3 per cent in 2016.

At the end of the fourth quarter of 2015, the inflation rate stood at 21.1 per cent and is expected to rise further, before retracing due to the impact of base effect.

Following the tight monetary policy stance adopted by the Central Bank in mid November 2015, interest rates have continued on an upward trajectory. The shortage of Kwacha liquidity has also seen reduced participation by financial institutions in the recent government security auctions.

Whilst the exchange rate of the Zambian Kwacha to the United States Dollar remained volatile for a large part of 2015, we have seen some positive signs of stability in 2016. Weak copper prices and deteriorating external and fiscal fundamentals, however, may continue to weigh on the Zambian Kwacha.

We also saw some challenges in the mining sector, which accounts for a significant proportion of foreign exchange earnings. Foreign exchange inflows have reduced because of lower copper prices.

The Outlook for Standard Chartered Bank

Standard Chartered Bank Zambia continues to make a positive contribution to the Group and is one of the top five African markets identified for additional investment. 2015 was also a challenging year for the Group, with a decline in profits following 10 record years of growth. As a result, the Group has had to restructure our business across all markets, which saw the Bank take prudent cost-saving measures, including staff separations.

We are very confident that our new Strategy will propel us to the next level of growth and success. Delivering on this Strategy is, therefore, a key priority for 2016. Our core strength and competitive advantage remains in our network across Asia, Africa and the Middle East. As a Group, we have secured the foundations to enable us to grow in our evolving markets. We continue to restructure our client businesses to become more focussed. We will invest and innovate in our core strengths where we have, or will have, competitive advantage. Most notably, the Group is building Africa into a regional powerhouse, building our capabilities to exploit the opening up of China and developing our digital retail capabilities.

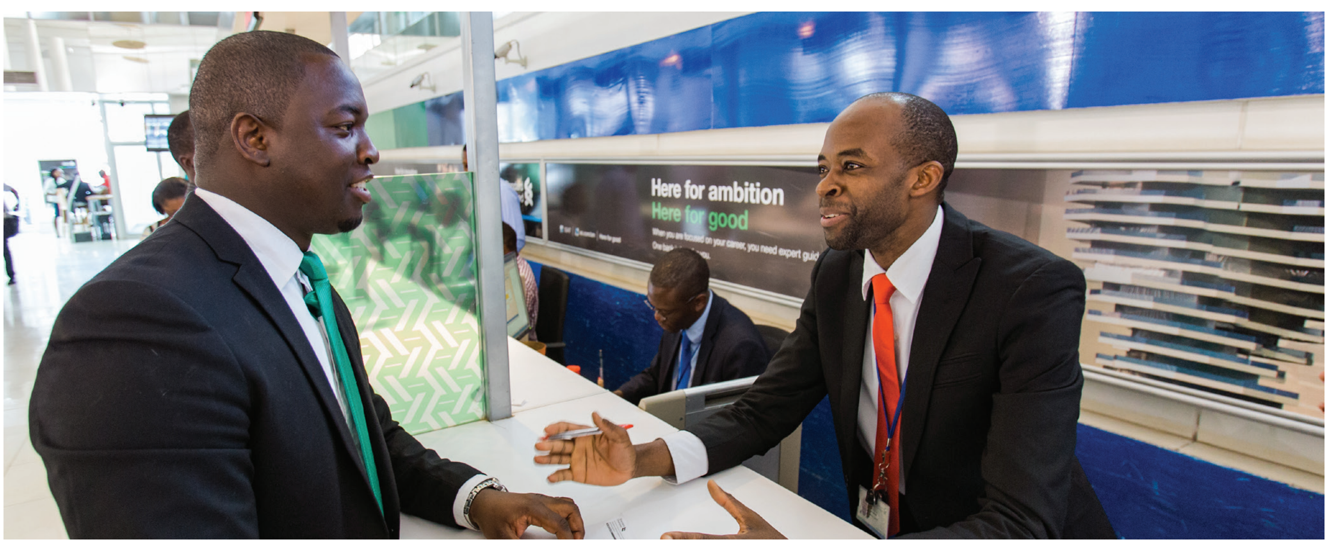
In Zambia, recognising the challenges in the economy, we will continue with our prudent management of the business, take advantage of the unique opportunities in line with our ambitions and strategy.

Summary

Finally, it is with immense pride that I inform all our clients and stakeholders that in 2016, Standard Chartered Bank Zambia Plc commemorates 110 years of existence in Zambia. Since we opened our first branch in Kalomo in 1906, our commitment to this great nation remains unwavering. I would like to use this opportunity to re-affirm the Bank's continued commitment to Zambia's economic and social development – we are Here for good.

On behalf of the Board, I would like to thank all our stakeholders for their continued support, encouragement and loyalty to the Standard Chartered franchise and brand.

Michael M. Mundashi, SC
Chairman
29 February 2016



Chief Executive Officer's statement

"Our foundations are secure and we continue to invest in our business. These are the tenets that have defined our success and will continue to set us apart as an aspirational brand."

Andrew Okai
Managing Director and Chief Executive Officer

Total Revenue

ZMW831m

2014: ZMW811m

Total Profits Before Tax

ZMW283m

2014: ZMW381m

Standard Chartered has been at the forefront of the banking industry in Zambia over the years. As we commemorate 110 years of operating in Zambia, I am proud that the Bank remains on a strong, sound footing and continues to perform strongly, despite the challenges in the global and local economy. The Bank continued to be a market leader, especially with regard to banking innovation, our superior digital capabilities, and the strength of our brand.

The year 2015 was a challenging one and our results reflect this. Revenue grew at a slower pace and our profit before tax lagged the prior year. Our results reflect the combination of the challenging business environment, escalation in US Dollar-denominated costs, and strategic investment in a redundancy exercise to enhance productivity and continue the Bank on the path of strong efficiency and sustainable strong performance.

We remain committed delivering value to our shareholders. We are investing in an ambitious restructuring exercise, sharpening our efficiencies and upgrading our capabilities and infrastructure to ensure that the Bank continues to be profitable and well-positioned to capitalise on the future economic opportunities in Zambia. This demonstrates our capacity to navigate complex challenges in the economy, whilst retaining our competitive position in the banking sector.

Our capital base, liquidity and underlying business and risk management remain strong. That is why we continue to support various key sectors of the economy, including mining, agriculture, telecommunications and major service industries. The Bank also continues to bring much needed capital and innovative financing solutions to support growth, diversification and job creation. Standard Chartered Bank's advisory services to major private companies and government institutions are also a key part of our contribution to achieving economic progress and transformation.

In 2015, we continued to deepen relationships with our valued clients – from large corporates, medium and small businesses, to personal and priority clients. Our commitment and adherence to regulatory and anti-money laundering requirements remained a key pillar in every aspect of our business.

At Standard Chartered, we place equal importance on the impact of our operations on the local communities where we live and work. Our focus on empowering the youths with Financial Education formed the core of our community investment priorities in 2015.

Retail Banking

Retail Banking delivered a strong performance in 2015, achieving 17 per cent growth on the top line. The business enhanced our mortgage offering, launched the auto loans product, and refreshed our client value proposition for business banking clients. In line with our shift to digital, the retail business launched real-time ZESCO pre-paid mobile top-ups, reinforced card security through introducing Chip and Pin cards, and the two-factor authentication process for on-line card payments.

Commercial Banking

Our Commercial Banking business went through organisational change, which saw the Commercial Clients and Local Corporates segments merged into Commercial Banking. The business performed well in 2015, recording a number of successes, including acquiring new to bank clients, representing assets of over ZMW219m.

Corporate and Institutional Banking

The Corporate and Institutional Banking (CIB) business - formerly known as Corporate and Institutional Clients (C&IC) until the re-organisation in the latter part of 2015 – also had a good year, despite the challenges in key sectors of the economy such as mining. Balance sheet growth was strong, with year-on-year growth of 68 per cent in deposits, 11 per cent in loans and 27 per cent in investments and securities. Owing to the shortage of local currency liquidity that precipitated in the second half of the year, the cost of funds on the money markets increased. However, despite this challenge, the business performed well.

Digitisation continued to be a key source of competitive advantage with a great focus on deployment of key initiatives including Electronic Tax payments, Mobile Money, Direct Debit instructions and Virtual Accounts. Our online platform, Straight to Bank, continued to be a cutting edge electronic platform for transaction processing for our clients.

Wealth Management

Our Wealth Management business grew from strength to strength in 2015, gaining new prominence. This business segment re-positioned well to take advantage of new opportunities in the market. Revenue from Wealth Management grew by 37 per cent year-on-year.

We were also proud to launch two new wealth products - Enterprise Life for small business owners; and Future Care for individuals looking to save money, whilst enjoying the benefit of insurance cover.

Our People

In 2015, the Bank continued to invest heavily in talent. The programmes run by our Talent and Learning Team included both technical and executive management development programmes, keeping our staff abreast with cutting-edge products, processes and technology. As part of our transformation journey, Retail Banking, for example, undertook an exercise, which resulted in clear separation of duties for relationship managers that acquire business and those that deepen the relationships with our clients. On the back of this transformation, all frontline staff were re-oriented in their roles to ensure their aptitude on sales and service delivery is kept abreast. Furthermore, the Bank brought a deeper focus to compliance and risk training, which included embedding staff with the principles underpinning the global standards on the Foreign Account Tax Compliance Act (FATCA).

These training interventions ensured that a highly competent and professional skills pool continues to serve our valued clients. Our clients are at the centre of everything we do and, therefore, we leverage staff development to be able to render quality service and deliver strong performance.

The Bank closed the year 2015 with over 700 staff country wide, in line with the restructuring exercise we undertook as a Group. For 2016, the continued growth and development of our staff remains a key priority, as we strive to continue to be at the forefront of the banking industry.

Our New Strategy

In 2015, the Group launched a new Strategy, which is hinged on returning double digit growth to the Bank. As such, we will focus on those attributes that ensure we remain competitive in the evolving economic landscapes in the markets where we operate:

- First, we secured our foundations through a successful USD5.1bn rights issue and a business strategy which is aligned with tightened risk tolerance.

- Second, we restructured and re-focussed our business segments to achieve higher returns in our Corporate and Institutional Banking; accelerated the transformation of our Retail Banking business; and over-hauled Commercial Banking.

- Third, we committed to invest and innovate to capture future opportunities, and in our retail space, through enhancing our digital capabilities.

We have also committed to leverage the opening up of China through enhancing our Renminbi capabilities.

The Standard Chartered Group is committed to building the Africa business into a regional powerhouse. Within this aspiration, our Zambia franchise is set to be a key benefactor of these exciting and significant investment plans.

Outlook for 2016

At Standard Chartered Bank Zambia Plc, we believe that the country's long-term economic prospects remain positive. While we anticipate that 2016 will also be challenging, we see opportunities for growth and that is why our commitment to Zambia remains firmly intact. We are determined to work closely with our clients through these challenges, so that collectively we are well-positioned to seize the opportunities as the economic cycle turns.

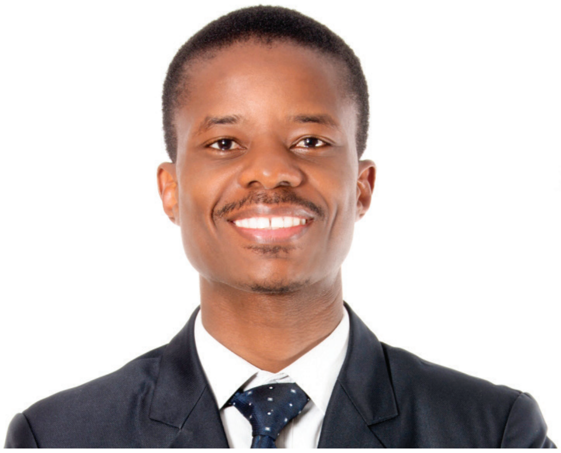
Our foundations are secure, and we continue to invest in our business. These are the tenets of our success and will continue to set us apart as an aspirational brand. Our enhanced digital capabilities will result in a faster, more efficient Bank for our valued clients. In addition, we will leverage on our long history and experience of doing business in China and across Asia, Africa and the Middle East.

Summary

On behalf of the Management Team, I would like to thank our employees for the dedication, resilience and optimism they demonstrated in 2015. Our valued clients remained loyal to our brand – a true demonstration of the strong partnerships we continue to enjoy with them. Above all, our shareholders deserve special thanks for their continued support and commitment to our franchise.

Andrew Okai
Managing Director and Chief Executive Officer
29 February 2016

Retail Banking



"We trust our strategy. We have achieved good growth over the years and we are confident that we are on the right track."

Sonny Zulu
Head of Retail Banking

Our Strategy

We trust our strategy. We have achieved good growth over the years and we are confident that we are on the right track. However, as the external environment continues to change, we will continue to evolve to stay ahead of the market.

Deepening relationships first requires us to have the right people to engage with our clients and to be their trusted advisers. In 2015, we increased the number of relationship managers for our high-value segments by over 150 per cent. We have retrained our people and we have introduced innovative wealth management solutions to meet our client needs.

The principles of Treating Customers Fairly underpin our approach when engaging with clients. We continue to promote prudent practices and we have made changes to our compensation structure to mitigate the risks of mis-selling and to drive the right behaviour.

Our commitment to delivering business growth in a well governed risk environment remains a key area of focus guaranteed through our robust risk management approach. We have placed the client at the core of our business with sharpened focus on their experience at every stage of their life cycle.

2015 Overview

The Retail Banking business delivered a strong performance in 2015.

Our immediate priorities focussed on:

- Becoming the core bank to our clients.
- Acquiring and retaining clients.
- Accelerating our digital offering.
- Raising the bar on Conduct.
- Changing how we work together: working smarter, adapting quickly and staying the course.

Despite the economic challenges which affected our growth in key sectors such as mining and energy, our business remained resilient and delivered 17 per cent growth on the top line. Our income and balance sheet remain diversified by client segment, product and geography. We enhanced our mortgage offering, launched auto loans and refreshed our client value proposition for our business banking clients.

Our continued focus on the financial needs of our clients, coupled with the capabilities of our highly skilled staff, enabled us to deepen relationships with our clients across our high-value segments. This resulted in the mix of revenues from high-value segments shifting from 29 per cent in 2014 to 35 per cent in 2015.

In line with our shift to digital, we launched real-time ZESCO pre-paid mobile top-ups, introduced user-friendly on-line forms and enhanced transaction limits on our on-line banking platform. We reinforced security on our channels by introducing the Chip and Pin Cards, as well as the two-factor authentication process for on-line card payments. These enhancements on our digital platforms earned us global recognition as Best Mobile Bank for the fourth year in a row, and Best Internet Bank by Global Finance.

We remain focused on managing both risk and costs to create room for investments. In 2015, our income grew faster than our cost and we achieved good audit reviews.

Outlook for 2016

We are very confident about the future and we believe in the growth potential of our market. We expect the external environment to remain challenging in 2016. However, the retail business is well positioned to deliver a strong performance underpinned by a refreshed business strategy, strong focus on client experience, disciplined risk and cost management.

Our commitment to deepen our relationships with our clients will remain the strong foundation of our business. We will continue to invest in our franchise and our digital agenda. We plan to optimise our distribution network by focusing on locations with high returns. We are launching cutting-edge new products and services such as Picasso, which is a unified mobile and on-line banking platform.

For our shareholders and clients, we remain committed to our growth story, which is centered on our brand promise to be Here for good.

Commercial Banking

"We want to build a low-cost, low-risk and sustainable Commercial Banking business. We will do this by banking our clients' ecosystem, leveraging the major international trade corridors."

Ngenda Nyambe
Head of Commercial Banking

Our Strategy

In October 2015, our business segment went through an organisational change. Commercial Clients and Local Corporates were brought together to create Commercial Banking. This presents our business with a number of new opportunities, not to just to bank mid-sized clients, but also much larger local clients. We will now be able to offer a wider selection of products and services to our clients and their business needs.

2015 Overview

2015 was a very challenging year for both our business as well as our clients due to a number of environmental factors. Despite this, we still managed to record a number of successes including:

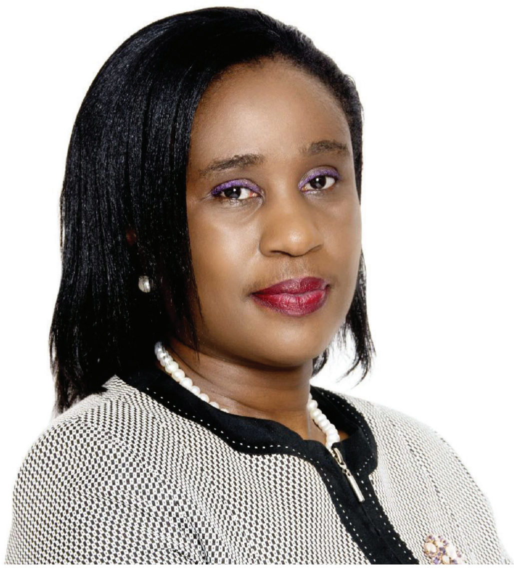
- Increased access of Foreign Exchange (FX) products from 35 per cent to 65 per cent of the Commercial Banking Client base.
- Acquired a number of new to bank clients representing assets of over ZMW219m.
- Successfully completed resourcing the new management structure.
- Improved risk and control environment.

Outlook for 2016

2016 will continue to present challenges, but we believe that there will be opportunities as well. We are now better positioned to manage the challenges and successfully leverage on the opportunities together with our clients. We will relentlessly focus on execution timelines and working together with stressed businesses in order to bring some of them back to profitability.

We want to build a low-cost, low-risk and sustainable Commercial Banking business. We will do this by banking our clients' ecosystem, leveraging the major international trade corridors, and cross selling more of our cash management, Private/Retail Banking and FX capabilities.

Corporate and Institutional Banking



"Our approach is to focus on client needs, enhance our product offering and leverage our local and international expertise for continued deepening of client relationships."

Farida Mukasa Kasujja
Head of Financial Institutions
co- Head, Corporate and Institutional Banking

Emmanuel Banda
Head of International Corporates
co- Head, Corporate and Institutional Banking

Our strategy

Our approach is to focus on client needs, enhance our product offering and leverage our local and international expertise for continued deepening of client relationships. In 2015, this was reflected in the diversification of the Financial Markets sales business from predominantly foreign exchange flow to a more balanced flow and derivatives split; as well as the launch of new Transaction Banking initiatives.

The Corporate and Institutional Banking (CIB) business - formerly known as Corporate and Institutional Clients (C&IC) until the re-organisation in the latter part of 2015 - is organised to deliver a sharper focus on clients, greater capital efficiencies and higher returns.

2015 Overview

Corporate and Institutional Banking and Financial Markets had a good year. However, it also came with challenges. Balance sheet growth was strong, with year-on-year growth of 68 per cent in deposits, 11 per cent in loans and 27 per cent in investments and securities. Owing to the shortage of local currency liquidity that precipitated in the second half of the year, the cost of funds on the money markets materially increased, thereby raising the interest burden to our clients and banks by 75 per cent. This, together with other market challenges, resulted in year-on-year decline in total income by 10 per cent.

- Financial Markets sales delivered solid performance despite various challenges in the external environment. A significant proportion of revenue was generated from foreign exchange flows, interest rate derivatives and bond sales. The performance was delivered by increased client engagement, cross sell and bespoke client solutions.

  However, the trading desks faced more challenges owing to unfavourable market conditions, which included, but not limited to, volatile and weakening currency, rising interest rates and local currency liquidity shortages.

- Despite the challenges from the increased cost of funds, the cash and custody business delivered strong balance sheet growth of 68 per cent, demonstrating the success of the business in deepening existing relationships and strategic origination of new business.
- Digitisation remained a key priority in 2015, with a number of products and capabilities launched. These include Mobile Wallet payments solution, Electronic Tax processing (E-tax), Electronic Collections, Direct Debit Instructions (DDI) and Virtual Accounts, all aimed at offering our clients world class, efficient, cost-effective and convenient solutions. Our on-line banking platform, Straight to Bank, continues to be a key source of competitive advantage through the facilitation of efficient and cost-effective processing of electronic payments, trade and foreign exchange transactions.

Outlook for 2016

In 2016, we will pursue a sharper focus on our client relationships for the enhanced creation of long term value. In order to achieve this, we will selectively structure bespoke solutions, broaden our product offering and leverage the strength of our international network.

We will drive digitisation through the commercialisation of Transaction Banking products and capabilities. In Financial Markets sales, we will drive efficiency and effectiveness through active targetting of potential Straight to Bank Foreign Exchange counterparties, thereby providing clients with the convenience of booking transactions whilst simultaneously presenting an opportunity for dealers to engage clients on more value add products.

We will continue to support talent, contribute to building the next generation of leaders and reinforce the spirit of our brand promise, Here for good.

Wealth Management

"Our approach is to understand our clients' financial goals and help them build an investment portfolio that reflects their aspirations."

Stanley Tamele
Head of Wealth Management

Our Strategy

Wealth Management is Standard Chartered Bank's one-stop hub for all our clients' wealth servicing needs. Our strategy is to provide exclusive financial advice to our affluent and emerging affluent clients on the different options available for them to grow and protect their individual and business wealth.

Our approach is to understand our clients' financial goals and help them build an investment portfolio that reflects their aspirations. In addition, we help our clients protect themselves, their families and businesses against risks on life using tailored insurance solutions, which are offered in partnership with African Life Assurance.

What differentiates us is our high quality of client advice. We have invested in infrastructure to keep our investment advisors and wealth specialists up to date with changes in the local and international market, in order to ensure that our clients make informed decisions.

2015 Overview

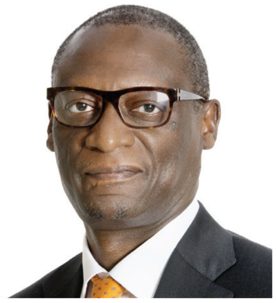
Whilst 2015 was a challenging year, we remained resilient and repositioned ourselves to take advantage of the opportunities in the market.

- We grew our revenue by 37 per cent year-on-year. This was largely due to strengthened client relationships and the vigilance of our wealth market product specialists in pricing foreign currency trades for our retail and commercial banking clients.
- Our investment advisors invested millions of Dollars worth of client assets in the capital market, and held a number of strategic sessions with clients to ensure they kept abreast of key trends in the market and the investment landscape.
- In 2015 we strengthened our insurance offering by increasing the sum assured under our traditional funeral policy.
- We were also proud to launch two new products – Enterprise Life - for small business owners, and Future Care for individuals looking to save money whilst enjoying the benefit of insurance cover.

Outlook for 2016

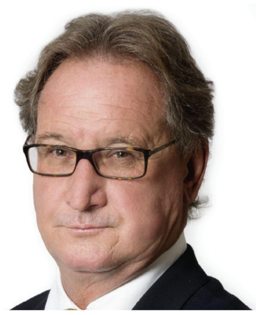
Looking forward, we anticipate 2016 to be another challenging year for the global and local economy. Our focus is, therefore, to work with our clients as they adapt to the changing landscape and to support them to make informed decisions. We will expand our offering to give clients access to investment products in local and foreign currency, and refine our insurance solutions. We will also invest in the advisory capabilities of the Wealth Management team, automate key processes to broaden delivery to more clients, and accelerate the uptake of wealth solutions by our retail and commercial clients.

Board of Directors



Michael Musonda Mundashi, SC
Chairman and Independent Non Executive Director

Edson Mweemba Hamakowa
Independent Non Executive Director



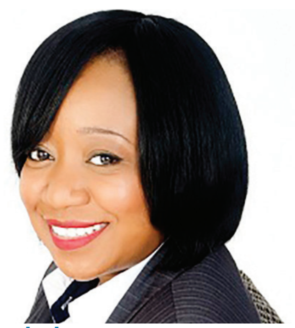
Robin Peter Steuart Miller
Independent Non Executive Director

Richard Martin Etemesi
Non Executive Director

Louise Vogler
Non Executive Director

Andrew Fening Okai
Managing Director / Executive Director / Chief Executive Officer

James Jamu Koni
Executive Director Finance and Administration / CFO



Rose Kavimba
Acting Company Secretary

Michael Musonda Mundashi, SC
Chairman and Independent Non Executive Director

Michael Mundashi holds a Bachelor of Laws degree obtained from the University of Zambia. He has over 30 years post qualifying experience in both the private and public sector. After being admitted to the Zambian bar, he joined a private law firm as an attorney handling both civil and criminal litigation. In 1988 he joined the Zambia State Insurance Corporation Limited as in house counsel where he worked up to 1994. In the same year, he moved to the newly established Zambia Revenue Authority as head of the Legal Division. In that position, he was part of the Authority's team that advised the Zambian Government on fiscal legislation. He also participated in the negotiation and drafting of double taxation agreements between the Zambian Government and other states.

Between 1998 and 2003, Michael served as the first Non-Executive Chairman of the Zambian Revenue Appeals Tribunal, a quasi-judicial tribunal handling tax appeals from tax payers challenging tax assessments of the Zambia Revenue Authority. Between 2002 and 2005, he was part of a legal team that successfully defended the then President of the Republic of Zambia in the Supreme Court of Zambia in a high profile case where the results of the 2001 Zambian presidential elections were challenged in court.

He serves as a Non Executive Director on several Boards of Companies in Zambia, notably African Life Assurance Zambia Limited a subsidiary of Sanlam (Chairman of the Board). He has also served as a member of Konkola Copper Mines Plc Advisory Council.

Michael is currently Partner in Mulenga Mundashi Kasonde Legal Practitioners, a legal firm he co-founded in 1998 after leaving the public sector. His areas of specialization are commercial litigation, pensions and tax advisory services. He acts as external counsel to various companies ranging from the financial services sector to mining.

Michael was appointed to the Standard Chartered Bank Zambia Plc Board on 1st March 2005.

Age: 56 years

Other Board Directorships:
Bonds and Derivatives Exchange Zambia Plc

African Life Assurance Zambia Limited (Board Chairman)

Lusaka Trust Hospital Limited

Nico General Insurance Limited

Shares in SCBZ: Namulundu Investments Limited, a company in which Mr. Mundashi and his wife Mildred Mundashi have an interest, has 50,933 shares in Standard Chartered Bank Zambia Plc.

Edson Mweemba Hamakowa
– Independent Non Executive Director

Edson Hamakowa is currently retired into farming following a long and illustrious career in both Royal Dutch Shell Group & BP Plc Group.

Edson is a Fellow of the Chartered Association of Certified Accountants (FCCA) 1979 London School of Accountancy, a Fellow of Chartered Institute of Management Accountants (FCMA) 1990, a Fellow of the Zambia Institute of Certified Accountants (FZICA) 1985.

Edson is an eminent accountant, a founder member of both ZICA & ZCAS, with a long career in both Royal Dutch Shell Group and BP Plc Group that started in Zambia, then Shell Zambia Ltd, later BP Zambia Plc, rising through ranks from Management Accountant to Financial Controller (1984). He served in various countries within the Shell & BP Groups as Regional Auditor, Shell Kenya, Manager: Strategy & Planning, BP international, London, Manager: Supply , BP Greece, Athens, Regional Manager, BP Africa, Cape Town responsible for BP Swaziland & BP Lesotho and last assignment being MD & CEO in Zimbabwe for the then three operating companies of Royal Shell & BP Plc, Shell Zimbabwe (Pvt) Ltd, BP Zimbabwe (Pvt) Ltd and BP & Shell Zimbabwe Marketing Services (Pvt) Ltd.

Edson was a member of the Government Tax Reform Task Force that set up the Zambia Revenue Authority (ZRA), previously served on the Boards of Zesco, Zambia Airways, Zambia National Commercial Bank, Dunrobin Gold Mine, among others. He has also served as a member of the Copperbelt Energy Plc Board.

He chairs the Board Risk Committee & Audit Committee of Standard Chartered Bank Zambia Plc.

Edson was appointed to the Standard Chartered Bank Zambia Plc Board on 27th July 2009.

Age: 66 years

Other Board Directorships:
Chairperson - Public Service Staff Pension Fund

Shares in SCBZ: NIL

Robin Peter Steuart M*iller*
-Independent Non Executive Director

Robin Miller was born in Zambia and completed his education with a BSc in Accounting and International Finance from the International Centre for Accounting Research at Lancaster University (UK). In the UK he worked at Coopers and Lybrand, as well as the Virgin Group of Companies. Upon his return to Zambia he took up the position of Managing Director of City Investments Limited, as well as that of Managing Director of Farmers House, now renamed Real Estate Investments Zambia PLC.

Robin is a Director of a number of Zambian institutions including Standard Chartered Bank Zambia Plc, Madison General Insurance Company and City Investments Limited.

He has also been, in the past, a member of the Board of the Zambia Wildlife Authority, Chairman of The Post newspaper, a member of the Government of the Republic of Zambia/European Union Trade Enterprise Support Facility and was the founding Chairman of the Tourism Council of Zambia. In 2015 he assisted in the creation of and is the founding President of the Zambia Property Owners Association.

Robin is a trustee of the David Shepherd Wildlife Foundation/ Game Rangers International.

Robin resigned as Managing Director of Real Estate Investments Zambia PLC in 2015 after 20 years in that position. He was appointed to the Standard Chartered Bank Zambia Plc Board on 7th August 2012.

He serves as Board Credit Committee Chairman at Standard Chartered Bank Zambia Plc.

Age: 56 years

Other Board Directorships:

Madison General Insurance Company Ltd

Lilayi Development Company Ltd

City Investments Ltd

Shares in SCBZ - NIL

Richard Martin Etemesi
-Non Executive Director

Richard Etemesi

He is the Chief Executive Officer South Africa & Area General Manager for Southern Africa at Standard Chartered Bank. Richard was appointed to his current role in January 2014 and has 25 years banking experience with Standard Chartered Bank Group in various capacities and different locations. Prior to his current appointment, Richard served as Chief Executive Officer for Kenya and East Africa for seven years and before that he was the Chief Finance Officer & Strategy Director for the Bank in East Africa. He has also served as the Chief Executive Officer of Standard Chartered Bank Uganda and worked in various roles and capacities within the Bank on both long and short-term assignments in Zambia, Kenya, UK, and Singapore and mainly dealing with the establishment and development of corporate banking relationships. Before joining Standard Chartered, Richard worked as a Financial Management consultant with Coopers & Lybrand Associates based in Kenya where he was involved in a number of consultancy assignments in Kenya, Uganda, Tanzania and Malawi. Richard holds a Master of Science degree in Corporate Finance from Strathclyde Business School – University of Strathclyde, in Glasgow UK and a Bachelor of Commerce degree in Accounting from the University of Nairobi.

Richard was appointed to the Board on 22nd May, 2014.

Age: 53 years

Other Boards – Director in Standard Chartered Bank Botswana and Standard Chartered Bank Mauritius

Shares in SCBZ - NIL

Louise Vogler
-Non Executive Director

Louise Vogler is currently the Chief Credit Officer, Corporate & Institutional and Commercial Clients for Standard Chartered Bank in Africa. She is responsible for the management of the Bank's credit risk function across 15 presence and 2 non-presence countries in Africa. She holds Bachelor of Arts and Bachelor of Commerce degrees from the University of Victoria, Canada. She also holds an Executive Masters in Business Administration from the China Europe International Business School in China. She has almost 20 years of experience in international banking, with a focus on relationship management, transactional banking and credit risk management.

Louise has spent over 20 years living and working in the Greater China region, with over 17 years in mainland China. Louise is a fluent Mandarin speaker.

In March 2008, Louise was recognized as one of the 100 Most Promising Young Bankers in the Asia Pacific and Gulf region by the Asian Banker MagazineLouise was appointed to the Standard Chartered Bank Zambia Plc Board on 29th May 2015.

Age: 45 years

Other Board Directorships:
Standard Chartered Bank (Nigeria)

Shares in SCBZ: NIL

Andrew Fening Okai
– Managing Director /Executive Director/Chief Executive Officer

Andrew Okai has been Chief Executive of Standard Chartered Bank, Zambia Plc since October 2013. He is a holder of a Chartered Banker MBA from Bangor University in Wales, along with a Diploma in Management from Henley Management College and a Master of Science (MSc) degree in Food Processing Technology from the Kuban Technology University. He is a Member of the Chartered Institute of Bankers in Scotland and has a Certificate in Russian Language as an Instructor.

Andrew has held senior leadership roles within the Standard Chartered Group in multiple geographies (Ghana, Hong Kong, South Africa and Zambia) and across multiple Client segments and functions in retail, corporate banking and financial institutions, operations and technology and general management. In his current role as Managing Director and Chief Executive Officer of the Bank in Zambia, his responsibilities span business strategy formulation and implementation, identification and mitigating and monitoring of internal business and environmental risks, coordination and management of corporate governance initiatives, to deliver the strategic and tactical goals of the Bank. He also has overall responsibility for client, regulatory, media and community relations for the Bank in Zambia. Andrew reports to the Board of Directors.

Prior to becoming Chief Executive Officer of Standard Chartered Bank Zambia Plc, Andrew served as Executive Director Consumer Banking of the Bank in Ghana. He was also previously Chairman of the Board of Donewell Life Company Limited in Ghana.

Andrew was appointed to the Standard Chartered Bank Zambia Plc Board on 7th October 2013.

Age: 48 years

Other Boards – NIL

Shares in SCBZ – NIL

James Jamu Koni
-Executive Director – Finance and Administration and Chief Finance Officer

James Koni is a Fellow of the Chartered Association of Certified Accountants (FCCA – UK) 2003, Chingola School of Accountancy. He also has a Masters of Business Administration, Herriot Watt University,1998 and is a passed associate of the Association of Corporate Treasurers (AMCT) - 2001.

James is a successful and highly qualified Accountant with extensive local and international banking experience in financial reporting, risk and capital management expertise across various banking sectors and products.

In his early career, James worked for the Central Bank of Zambia for 7 years in bank supervision and as Head of Finance at the Central bank regional office.

He later spent 11 years in London working for State Street, JP Morgan, Barclays Capital and Royal Bank of Scotland in various finance disciplines including financial reporting, systems implementation, risk and capital management. In his last role at the Royal Bank of Scotland, James worked as Head of business financial reporting and later as Director in Enterprise wide Risk capital management, leading cross functional coordination, review and challenge of integrated stress testing for Markets and International Banking business. James served on the technical committee of ZICA and was influential in the review and adoption of International Financial Reporting Standards (IFRS) in early 2000. He now serves as the Treasurer for the Bankers Association of Zambia.

James was appointed to the Standard Chartered Bank Zambia Plc Board on 5th February 2015.

Age: 43 years

Other Directorships: NIL

Shares in SCBZ: NIL

Rose N Kavimba
Country Legal Manager and Acting Company Secretary

Rose joined the Bank in 2011 and is responsible for providing legal support to the businesses and support functions of the Bank and assisting the Country Head of Legal in managing legal risk in Zambia. Appointed to the board as Acting Company Secretary on 28 July 2015, Rose is also currently responsible for providing Company Secretarial service to the Bank and the Board of Standard Chartered Bank Zambia Plc.

She is a qualified Legal Practitioner with over seven years experience. She acquired experience working for a top law firm in Zambia and has vast experience in Labour Relations, International Investment law, Corporate Finance, Mining and Commercial Law.

Rose holds a Bachelors Degree in Law, is an Associate Arbitrator and an Advocate of the High Court of Zambia. Rose is also the Country Employee Volunteering (EV) Champion.

2015 Board Committees

Board Audit Committee

Edson Hamakowa (Chairman)
Robin Miller
Richard Etemesi

Board Risk Committee

Edson Hamakowa (Chairman)
Michael M. Mundashi, SC
Richard Etemesi

Board Credit Committee

Robin Miller (Chairman)
Edson Hamakowa
Andrew Okai
Kelvin Musana
* James Koni

* Replaced Kelvin Musana in February 2015

Record of attendance of Board /Board Committee meetings held in 2015

BOARD OF DIRECTORS' MEETINGS

No. of Board Meeting 2015	1/2015 (Adhoc)	2/2015	3/2015 (Offsite adhoc)	4/2014 (AGM DRY-RUN)	5/2015 (AGM)	6/2015 (Main Board)	7/2015 (Adhoc)	8/2015 (Adhoc)	9/2015 (Main Board)	10/2015 (Board Strategy)	11/2015 (Main Board)	Total
Date of Meeting	27/01 15:30 Lusaka	05/02 11:00 Lusaka	24/02 15:00 Lusaka	30/03 10:00 Lusaka	31/03 09:00 Lusaka	29/05 10:00 Lusaka	12/06 11:00 Lusaka	18/06 16:30 Lusaka	25/09 14:00 Lusaka	18/11 08:30 Lusaka	19/12 16:00 SCBZ	11
Michael Mundashi (Chairman)	√	√	√	√	√	√	√	√	√	√	√	11
Edson Hamakowa	√	√	√	√	√	√	√	√	√	√	√	11
Robin Miller	√	√	√	√	√	√	√	√	√	√	√	11
Andrew Okai	√	√	√	AP	√	√	√	√	√	√	√	10
Celine Nair	√	√	√	√	√	√	√	N/A	N/A	N/A	N/A	7
Kelvin Musana	√	√	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	2
Richard Etemesi	√	√	☎	AP	√	☎	N/A	N/A	√	AP	VC	7
Louise Vogler	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	3
James Koni	√	N/A	√	√	√	√	√	√	√	√	√	10
Rose Kavimba	N/A	N/A	N/A	N/A	N/A	N/A	N/A	√	√	√	√	4

NOTE THAT KELVIN MUSANA AND CELINE NAIR RESIGNED FROM THE BOARD AND WERE REPLACED BY JAMES KONI AND ROSE KAVIMBA RESPECTIVELY.

BOARD AUDIT COMMITTEE (AC) MEETINGS

No. of AC Meeting 2015	1/2015	2/2015	3/2015	4/2015	Total
Date of Meeting	05/02 08:00 Lusaka	27/05/2015 08:00 Lusaka	25/09/2015 08:00 Lusaka	19/11/15 08:00 Lusaka	4
Edson Hamakowa (Chairman)	√	√	√	√	4
James Koni	√	√	√	√	4
Robin Miller	AP	√	√	√	3
Richard Etemesi	√	☎	√	VC	4
Kelvin Musana	√	N/A	N/A	N/A	2

NOTE: CEO/MD AND CFO ARE NOT MEMBERS AND ONLY ATTEND AC BY INVITATION

BOARD CREDIT COMMITTEE (CC) MEETINGS

No. of CC Meeting 2015	1/2015	2/2015	3/2015	4/2014	Total
Date of Meeting	04/02/2015 09:30 Lusaka	27/05/2015 09:30 Lusaka	24/09/2015 09:00 Lusaka	19/11/2015 10:00 Lusaka	4
Robin Miller (Chairman)	AP	√	√	√	3
Edson Hamakowa	√	√	√	√	4
Andrew Okai	√	√	√	√	4
James Koni	√	√	√	√	4
Kelvin Musana	√	N/A	N/A	N/A	1
Louise Vogler	N/A	N/A	√	√	2

BOARD RISK COMMITTEE (RC) MEETINGS

No. of RC Meeting 2015	1/2015	2/2015	3/2015	4/2015	Total
Date of Meeting	05/02/2015 09:30 Lusaka	29/05/2015 08:00 Lusaka	25/09/2015 10:00 Lusaka	19/11/2015 14:30 Lusaka	4
Edson Hamakowa (Chairman)	√	√	√	√	4
Michael Mundashi	√	√	√	√	4
Richard Etemesi	√	☎	√	VC	4
Andrew Okai	√	√	√	√	4
Kelvin Musana	√	N/A	N/A	N/A	1
Louise Vogler	N/A	N/A	√	√	2

NOTE: CEO/MD AND CFO ARE NOT MEMBERS AND ONLY ATTEND RC BY INVITATION

LOUISE VOGLER ATTENDED CC AND RC MEETINGS BY INVITATION

KEY:

√ : Attended in person.

× : Absent.

AP: Apologies

VC : Video Conference.

☎: Dialed in.

Record of attendance of Board /Board Committee meetings held in 2015

Designation	Name	Total Meetings	Attendance In Person	Attendance In VC	Attendance By Audio	Total Attendance (In Person, VC & Audio)	%	Remarks
Chairman/ INED	Michael Mundashi	* 15	15	N/A	N/A	15	100%	Attended all meetings invited for.
INED	Edson Hamakowa	* 25	25	N/A	N/A	23	100%	Attended all meetings invited for.
INED	Robin Miller	* 19	17	N/A	N/A	17	90%	Attended 90% of the meeting as he sent apologies for missing a board audit committee meeting as well as a credit committee meeting.
NED	Richard Etemesi	17	8	3	4	15	88%	He sent apologies for the AGM dry-run and the board strategy session meeting.
NED	Louise Vogler	7	7	N/A	N/A	7	100%	Appointed to the board on 29th May 2015.
CEO / ED	Okai Andrew	* 20	19	N/A	N/A	20	95%	Sent an apology for missing the AGM Dry-Run.
CFO / ED	James Koni	* 20	20	N/A	N/A	20	100%	Attended all meetings invited for.
CFO/ED	Kelvin Musana	5	5	N/A	N/A	5	100%	Resigned from the Board effective 5th February 2015.

* Includes 5 adhoc meetings.

Directors' Report

Directors' Report

The directors are pleased to submit their report and the audited consolidated and separate financial statements for the year ended 31 December 2015, of Standard Chartered Bank Zambia Plc ("the Bank") and its subsidiary, Standard Chartered Securities Services Nominees Limited (together "the Group").

Standard Chartered Plc

Standard Chartered Plc ("the ultimate parent") is the ultimate holding company for the Group, incorporated and registered in England and Wales, as a Company limited by shares. Its ordinary shares are listed on the London and Hong Kong Stock Exchanges and it has Indian Depository Receipts listed on the Bombay and National Stock Exchanges in India. It is consistently ranked among the top 25 companies on the FTSE-100 by market capitalisation.

Standard Chartered Bank Zambia Plc

Standard Chartered Bank Zambia Plc was incorporated in Zambia in 1906. The Group is engaged in the business of retail and commercial banking as well as the provision of other financial services.

Articles of Association

The Articles of Association of the Bank may be amended by Special Resolution of the shareholders.

Results and dividend

At a board meeting held on 29 February 2016, the directors recommended a final dividend of ZMW0.04 per share for the year ended 31 December 2015. This together with the interim dividend for 2015 already paid of ZMW0.06 per share makes a total dividend for 2015 of ZMW0.10 per share.

Share capital

During the year 2015, the paid up primary capital of the Bank was ZMW416,745,000(2014:ZMW416,745,000). The authorised share capital of the Bank was ZMW450, 000,000. The Bank has issued ZMW416,745,000 ordinary shares with a nominal value of ZMW0.25 per share.

Gifts and donations

The Group identifies with the aspirations of the community and the environment in which it operates. During the year, the Group made donations of ZMW415,946 (2014: ZMW663,934) to charitable organisations and events.

Number of employees and remuneration

The average number of people employed by the Group during the year was 736. The total remuneration to employees during the year amounted to ZMW 278,075,000 (2014: ZMW 248,010,000) and the total number of employees was as follows:

Month	Number	Month	Number
January	791	July	723
February	789	August	714
March	746	September	716
April	745	October	712
May	742	November	711
June	738	December	708

Property and equipment

The Group purchased property and equipment amounting to ZMW 20,837,000 (2014: ZMW 7,260,000) during the year. In the opinion of the directors, the carrying value of property and equipment is not less than their recoverable value.

Results

The results for the year are set out in the consolidated statement of profit or loss and other comprehensive income on page 29 to 30.

Directors

Since the date of the last Annual General Meeting, there has been one change to the board of directors following the appointment of Ms. Louise Vogler as a Non-Executive Director to the board. A full list of directors is available on pages 12 - 14.

Secretariat

There has been change to the Secretariat during 2015, following the resignation of Ms. Celine Nair in July 2015 and the appointment of Ms. Rose Kavimba as Acting Company Secretary.

Directors' interests in ordinary shares

Namulundu Investments Limited, a company in which the Board Chairman and his wife Mildred Mundashi have an interest, has 50,933 shares in Standard Chartered Bank Zambia Plc.

Activities

The Group engages principally in the business of commercial banking in its widest aspects and in the provision of related services. The Group also runs a successful securities services business.

Related party transactions

Related party transactions are disclosed in note 37 to the consolidated and separate financial statements.

Directors' emoluments and interests

Directors' emoluments and interests are disclosed in note 37 to the consolidated and separate financial statements.

Directors' induction and ongoing development

The Group ensures that all new directors to the board receive a robust induction. This ensures that the directors have the requisite knowledge and understanding to enable them to effectively carry out their roles as directors. During the year 2015, Ms. Louise Vogler underwent induction and the board was given refresher training on the roles and responsibilities of directors.

Shareholder concerns

Shareholders are encouraged to raise any concerns they may have with any of the board directors or with the Company Secretary on the following email address: Rose. Kavimba@ sc.com.

Electronic communication

The annual report, notice of AGM and dividend circulars are available electronically and in hard copy. Shareholders that would like to receive their corporate documents electronically can contact the Bank's transfer agents at the below address:

Corpserve Transfer Agents Limited
6 Mwaleshi Road, Olympia Park
PO Box 37522, Lusaka, Zambia
Tel: 00260 211 256969/70
Fax: 00260 211 256975
Email: info@corpservezambia.com.zm

Group code of conduct

The board has adopted the ultimate parent company's code of conduct relating to the lawful and ethical conduct of business and this is supported by the ultimate parent company's core values. All directors and employees of the Bank have committed to the code and are all expected to observe high standards of integrity and fair dealing in relations to all our stakeholders including customers, staff and regulators. The board recommitted to the refreshed code of conduct on 19 November 2015.

Research and development

During the year, the Bank did not incur any research and development cost.

Prohibited borrowing or lending

There was no prohibited borrowings or lending as defined under Sections 72 and 73 of the Banking and Financial Services Act, 1994 (as amended).

Health and safety

The Bank has health and safety standards, policies and procedures to safeguard the occupational health, safety and welfare of its employees, customers and contractors working within the premises. In addition, the Bank has a dedicated Health, Safety and Environment Manager.

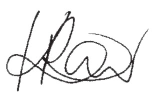
Relevant audit information

As far as the directors are aware, there is no relevant audit information of which the Bank's auditor, KPMG Chartered Accountants, is unaware. The directors have taken all reasonable steps to ascertain any relevant audit information and ensure that the auditors are aware of such information.

Auditors

The Bank's Auditors, Messrs KPMG Chartered Accountants, have indicated their willingness to continue in office. A resolution proposing their reappointment and authorising the directors to fix their remuneration will be put to the Annual General Meeting.

By order of the board



Rose N. Kavimba
Acting Company Secretary
29 February 2016

Statement of Corporate Governance

"Good Corporate Governance is one of the core values of Standard Chartered Bank Zambia Plc and the Bank continuously endeavors to achieve exemplary corporate governance year after year."

Rose Kavimba
Acting Company Secretary

Our Approach

Standard Chartered Bank Zambia Plc is one of the Group's largest businesses in the Africa region. It was registered as a Commercial Bank in 1971 and was the first bank to list on the Lusaka Stock Exchange on 30 November 1998.

Good Corporate Governance is one of the core values of Standard Chartered Bank Zambia Plc and the Bank continuously endeavors to achieve exemplary corporate governance year after year by striving for substantive compliance with the Bank of Zambia Corporate Governance Code, the Lusaka Stock Exchange Corporate Governance Code and the Listing Rules as well as Standard Chartered Group minimum governance standards for subsidiaries.

Disclosure

The Board of Directors of Standard Chartered Bank Zambia Plc (the "Board") has the overall responsibility of ensuring that the highest standards of corporate governance are maintained and adhered to by the Bank. Our Directors confirm that during the 2015 financial year, the Bank ensured substantive compliance with the Bank of Zambia and the Lusaka Stock Exchange Corporate Governance codes. The Board and senior management continue to engage in discussions with the Lusaka Stock Exchange with regard to the 25 per cent public float requirement.

Our Board

Our Board presently comprises of 7 members; 2 Executive Directors and 5 Non Executive Directors, 3 of whom are Independent Non Executive Directors. We believe that our Board members have the requisite integrity, skills and experience to enable them discharge the functions of their office. During the year 2015, the Board appointed Louise Vogler as a Non Executive Director. Louise is the Chief Credit Officer Corporate & Institutional and Commercial Clients for Standard Chartered Bank in Africa and brings to the Board a wealth of experience in the management of credit risk. In performing its oversight functions, the Board is guided by specific terms of reference and matters reserved for the Board. This ensures that the Board provides oversight, guidance and review of the Bank's performance and strategy. The Board also strives to deliver value to shareholders and other stakeholders.

The Board has responsibility for the overall management of the company and is primarily accountable to the shareholders for proper conduct of the business of the company and the management of the relationships with its various stakeholders.

In fulfilling its primary responsibility, the Board is aware of the importance of achieving a balance between conformance to governance principles and economic performance.

The Board has access to professional advice as and when needed. Further Executive Management is accountable to the Board for the development and implementation of the Bank's strategy and policies. The Board regularly reviews the Bank's performance, matters of strategic concern and any other matters it regards material and necessary to fulfill this mandate.

The Board meets quarterly and additional meetings are convened as and when required. The Board held 11 meetings during the 2015 financial year and had a formal schedule of matters specifically reserved for its decisions.

The Board is also responsible for the Bank's structure and areas of operation, financial reporting, ensuring that there is an effective system of internal controls and risk management and appointments to the Board. The Board also has authority to delegate matters to Directors, Board Committees and Executive Committees.

Board Committees

The Bank has three sub committees of the Board through which the Board performs its oversight functions. These are the Board Audit Committee, the Board Risk Committee and the Board Credit Committee. Each of these Committees is chaired by an Independent Non Executive Director and has prescribed Terms of Reference.

Board Audit Committee

The Board Audit Committee is comprised of three (3) Non Executive Directors and one (1) Executive Director. It exercises oversight on behalf of the Board on the Bank's financial reporting and system of internal controls. The primary role of the Committee is to ensure the integrity of the financial reporting process and supporting internal controls and to maintain a sound risk management environment as stipulated by the Bank of Zambia Corporate Governance code and other financial regulations. It also oversees the independence and objectivity of the Bank's external auditors and reviews on a quarterly basis audit reports from the Group Internal Audit function on the arrangements established by management for ensuring adherence to risk management, control and governance processes.

Group Internal Audit monitors compliance with policies and standards and the effectiveness of internal control structures across the Group through its programme of business audits. The work of Group Internal Audit is focused on the areas of greatest risk as determined by a risk-based assessment methodology.

The Committee met 4 times during the year and is chaired by an Independent Non Executive Director, Mr. Edson Hamakowa.

Board Risk Committee

The Board Risk Committee is comprised of two (2) Non Executive Directors and two (2) Executive Directors. The Committee exercises oversight on behalf of the Board on the key risks faced by the company and makes recommendations to the Board on the company's overall risk appetite. It also reviews the appropriateness and the effectiveness of the company's risk management systems and controls and the implications of changes proposed to regulations and legislation that are material to the Group's risk appetite, risk exposure and management of risk.

The bank's business is conducted within a developed control framework, underpinned by policy statements, written procedures and control manuals. This ensures that there are written policies and procedures to identify and manage risk, including operational risk, country risk, liquidity risk, regulatory risk, legal risk, reputational risk, market risk and credit risk.

The Board has established a management structure that clearly defines roles, responsibilities and reporting lines. Delegated authorities are documented and communicated.

The Committee met 4 times during the year and is chaired by an Independent Non Executive Director, Mr. Edson Hamakowa.

Board Credit Committee

The Board Credit committee comprises of two (2) Non Executive Directors and two (2) Executive Directors. The Committee exercises oversight on behalf of the Board on all matters incidental to credit/loan approvals, applications and advances made by the company and makes recommendations to the Board on the company's overall credit risk appetite. The Committee met 4 times during the year and is chaired by an Independent Non Executive Director, Robin Miller.

Board Effectiveness Review

A Board Effectiveness review (BER) is conducted annually. This is an online survey, the results of which are shared with the necessary stakeholders. An action plan is presented to the Board in the event any issues arise that require addressing. The plan is then tracked until closure of all items.

In Janaury 2015, the Board engaged in an on-line Board Evaluation Review and this covered a review of the performance and effectiveness of the Standard Chartered Bank Plc Board in the year 2014. The results of the review were discussed and action plans approved by the Board on 29 May 2015.

Trainings Undertaken by the Board in the year under review

The Bank has a robust training plan for the Board. In the year 2015, the Board was trained on Directors' duties and responsibilities which included a review of emerging trends in Corporate Governance. The Board also had an opportunity to engage with the Chairman of Standard Chartered Plc Audit Committee on the Group's priorities and challenges from an internal control, audit and compliance perspective. A comprehensive induction was provided to Louise Vogler on joining the Board.

Conflicts of Interest

The Board has adopted a robust Conflict of Interest Policy.

All directors have a duty to avoid conflicts of interest. This duty applies to any situation that could reasonably be expected to give rise to a conflict.

Directors are clear on how they should manage their outside interests and how these may conflict with their duties as a Director of Standard Chartered Bank Zambia Plc. All actual or potential conflicts of interest should be reported to the Company Secretary together with details of any benefits received.

If for instance, a Non Executive Director is invited to take up an additional commitment such as another directorship or other outside interest, the director should seek the Chairman's agreement and notify the Company Secretary in advance.

If Directors are unsure of whether a situation or benefit could give rise to a conflict of interest, they are required to contact the Company Secretary for advice and guidance. The Company Secretary will then report any potential conflicts of interest to the Board.

Code of conduct

The Board has adopted the Group Code of Conduct relating to the lawful and ethical conduct of business and this is supported by the Group's core values. The Group Code of Conduct has been communicated to all directors and employees, all of whom are expected to observe high standards of integrity and fair dealing in relation to customers, staff and regulators in the communities in which the Group operates.

Regulatory Compliance

Standard Chartered Bank Zambia Plc has yet again demonstrated exemplary Corporate Governance standards and compliance with local regulations. This has been achieved by very strong board oversight, firm leadership by the Managing Director and senior management with a clear vision on ensuring compliance is always first in the way we operate the Bank. We are very alive to the fact that our being able to operate is solely dependent on our ability to clearly demonstrate full compliance with all the local laws and regulations in Zambia. This is in line with our corporate brand promise of Here for good.

During the year under review, we achieved a satisfactory rating from the Bank of Zambia risk based inspection of the entire organization. As a bank we place great importance on continuing to grow a sustainable business in Zambia built on strong ethical standards and exemplary conduct.

Rose Kavimba
Acting Company Secretary
29 February 2016

Executive Management Committee

Back Row (L-R):

Ngenda Nyambe – Head of Commercial Banking
Emmanuel Banda – Head of International Corporates
Kabwe Mwaba – Head of Financial Markets
Sonny Zulu – Head of Retail Banking
James Koni – Chief Financial Officer
Fanwell Phiri – Head of Audit

Middle Row: (L-R):

Stanley Tamele – Head of Wealth Management
Aniq Islam – Head of Transaction Banking
Christine Matambo – Head of Corporate Affairs, Brand and Marketing
Peter Zulu – Head of Compliance
Tracey Gains – Chief Risk Officer
Musonda Musakanya – Chief Information Officer

Front Row (L-R):

Farida Mukasa Kasujja – Head of Financial Institutions
Andrew Okai – Chief Executive Officer and Managing Director
Augustine Hamwela – Head of Legal
Ruth Simuyemba – Head of Human Resources

Sustainability

"Standard Chartered was proud to launch the Financial Education for Youth (FE4Y) training in response to national efforts to develop a financially literate society. Through this initiative, Bank staff trained over 2,300 youths in secondary schools, colleges and universities in basic financial skills."

Christine Matambo
Head of Corporate Affairs, Brand & Marketing

Sustainability

At Standard Chartered Bank, our Sustainability approach to business ensures that we contribute towards business and economic development, whilst remaining a responsible company which invests in the communities where we operate. Sustainability is integrated into how we do business. It guides everything we do, from the services we provide, to the way we run our Bank and support our communities.

Financial Education for Youth (FE4Y)

In 2015, Standard Chartered was proud to launch the Financial Education for Youth (FE4Y) training in response to national efforts to develop a financially literate society. Through this initiative, Bank staff trained over 2,300 youths in secondary schools, colleges and universities in basic financial skills. Our senior management team also extended the training to their respective alumni schools across the country. Our efforts were recognised through the Bank of Zambia Governor's Award for Outstanding Outreach in Financial Education during 2015 Financial Literacy week.

Road to Anfield

To promote Standard Chartered's global sponsorship of Liverpool Football Club, we held the Road to Anfield five-a-side soccer tournament in March – this was the first time the tournament was being held in Zambia. Nineteen local teams battled it out for a place in the regional tournament, which saw the Law Association of Zambia (LAZ) football team emerge regional champions. The LAZ team earned themselves a full round trip to Anfield in Liverpool UK – the home of Liverpool Football Club – where they took part in the global Standard Chartered Trophy. The team was also privileged to meet some Liverpool Legends, including John Barnes, OBE.

UN Sustainable Development Goals

Standard Chartered signed up as one of the founding private sector partners for the new United Nations Sustainable Development Goals (SDGs). The Bank supported the launch of the Goals in Zambia in partnership with the UN agencies. Through our community initiatives such as Goal, Financial Education for Youth and our Living with HIV programmes, the Bank will support achievement of the SDGs in Zambia.

Seeing is Believing

The Bank's financial commitment to Seeing is Believing – our flagship preventative blindness programme – increased to ZMW26m (for the period 2009 – 2019). Since it was launched in 2009, the SiB programme in Zambia has resulted in a New Vision Centre at Solwezi General Hospital, and donation of eye operation and testing equipment. Over 1 million Zambians have benefitted from free eye screening. In 2016, we look forward to working with two new additional partners - Sightsavers and Operation Eyesight Universal (OEU) – which will widen the reach of SiB across both urban and rural areas.

Education – Goal

Since launching the Goal initiative in 2011, over 4,000 girls have benefitted from life skills training using the power of sport. Goal aims to empower adolescent girls between the ages of 12-20 who come from low income families; and encourages the young girls to engage in the decision making process through the power of sport. Our objective is to reach over 12,000 Zambian girls through Goal by 2018.

Women's Empowerment

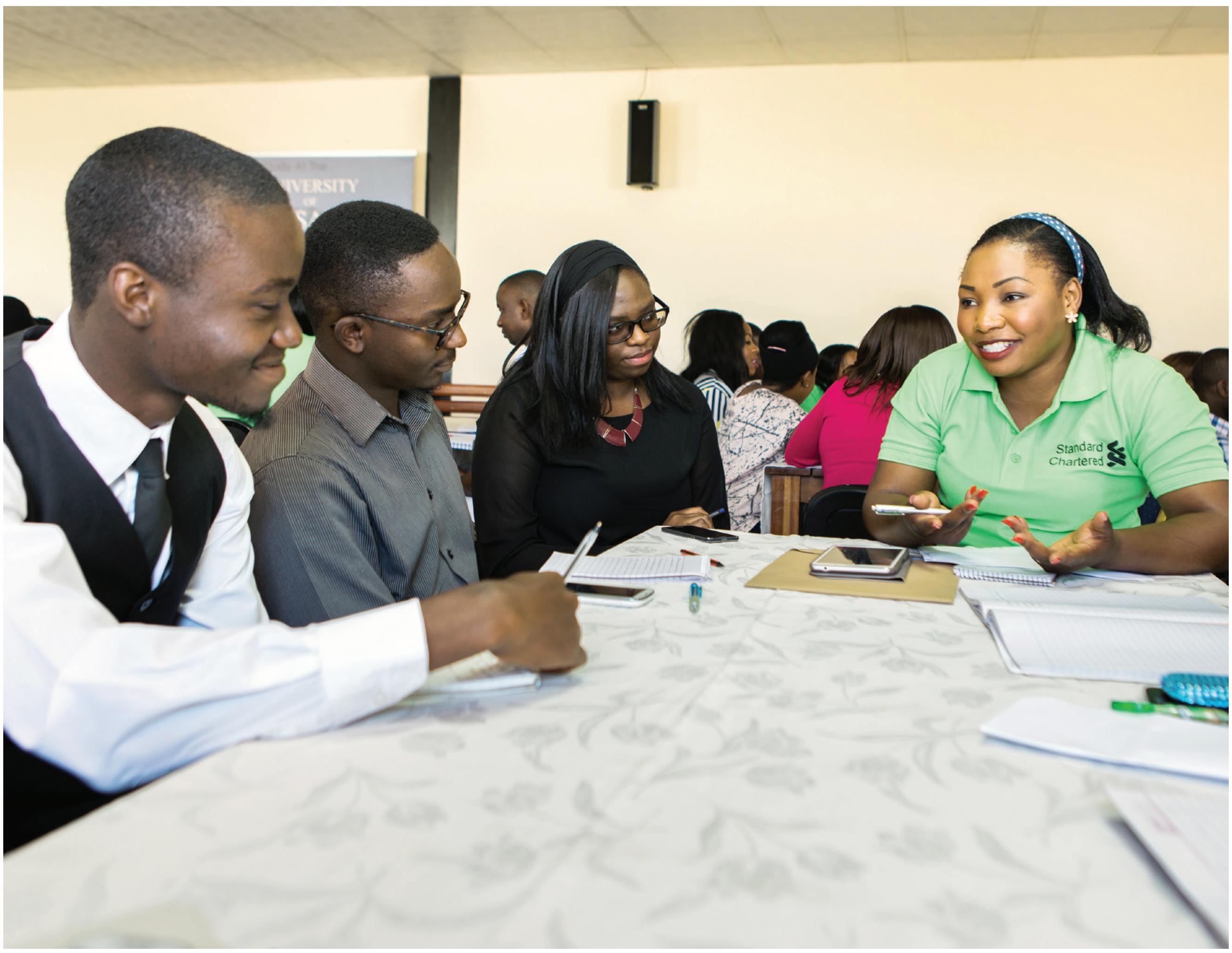
Our commitment to Women's Empowerment remains firmly intact. In 2015, Standard Chartered financed and built two houses for two widows in Kamanga Compound through our Women's BUILD partnership with Habitat for Humanity. We empowered 50 female Zambia Police Officers with financial literacy training.

Living with HIV Programme

Our Living with HIV programme continued during 2015. This highly effective workplace education model, which has since been rolled out to all our employees, was extended to more external audiences, including over 2,000 youths during the annual football and netball tournament in Sinazongwe.

For all our achievements as far as community investment is concerned, we continued to rely on our staff through the Bank's Employee Volunteering (EV) Policy.

I would like to thank our staff and our Sustainability partners for yet another commendable year. As we commemorate 110 years of existence in Zambia, these community initiatives demonstrate Standard Chartered Bank's commitment to being Here for good.



Standard Chartered Bank Zambia Plc
Consolidated financial statements
for the year ended 31 December 2015

Directors’ responsibilities in respect of the preparation of Consolidated and seperate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and seperate financial statements of Standard Chartered Bank Zambia Plc, comprising the statement of financial position as at 31 December 2015, and the statements 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 significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards, and the requirements of the Companies Act, the Banking and Financial Services Act and the Securities Act of Zambia. In addition, the directors are responsible for preparing the director’s report.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management, as well as the preparation of the supplementary schedule included in these financial statements.

The directors have made an assessment of the ability of the Bank and it’s subsidiary to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, described above.

Approval of the financial statements

The consolidated and seperate financial statements of Standard Chartered Bank Zambia Plc, as identified in the first paragraph, were approved by the board of directors on 29 February 2016 and were signed on its behalf by:

M. Mundashi
Chairman

A. Okai
Managing Director

J. Koni
Executive Director - Finance and Administration

KPMG Chartered Accountants
First Floor, Elunda Two
Addis Ababa Roundabout
Rhodes Park,
P.O Box 31282
Lusaka Zambia

Telephone +260 2 11372900
Website www.kpmg.com/zm

Independent auditor's report to the shareholders of Standard Chartered Bank Zambia Plc

Report on the Financial Statements

We have audited the consolidated and seperate financial statements and financial statements of Standard Chartered Bank Zambia Plc ("the Bank"), which comprise the statement of financial position at 31 December 2015, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes comprising a summary of significant accounting policies and other explanatory notes, as set out on pages 29 to 89.

Directors' responsibility for the financial statements

The Bank's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and the requirements of the Companies Act, the Banking and Financial Services Act and the Securities Act of Zambia, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Standard Chartered Bank Zambia Plc as at 31 December 2015, and its consolidated and separate financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, and the requirements of the Companies Act, the Banking and Financial Services Act and Securities Act of Zambia.

Other matter

The supplementary schedule set out on page 90 does not form part of the financial statements and is presented as additional information. We have not audited this schedule, and accordingly we do not express an opinion on it.

Report on Other Legal and Regulatory Requirements

In accordance with Section 173 (3) of the Companies Act of Zambia, we report that, in our opinion, the required accounting records, other records and registers have been properly kept in accordance with the Act.

In accordance with Section 64 (2) of the Banking and Financial Services Act of Zambia we report that, in our opinion:

- the Bank made available all necessary information to enable us to comply with the requirements of this Act;
- the Bank has complied in all material respects with the provisions of this Act and the regulations, guidelines and prescriptions under this Act; and
- there were no non-performing or restructured loans owing to the Bank whose principle amount exceeded 5% of the regulatory capital of the Bank.

In accordance with requirements of the Schedule IV, Rule 18 of the Securities Act, Cap 254 of the Laws of Zambia we confirm that:

- the financial statements of the Standard Chartered Bank Plc (the licensee") have been properly prepared in accordance with the SEC Rules;
- the licensee has, throughout the financial year, kept proper accounting records in accordance with the requirements of the SEC Rules;
- the statement of financial position and statement of comprehensive income are in agreement with the licensee's accounting records; and
- we have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

KPMG

KPMG Chartered Accountants

3 March 2016
Lusaka, Zambia

Maaya Chipwayambokoma
Partner
AUD/F000 861

Consolidated and seperate statements of profit or loss and other comprehensive income

for the year ended 31 December 2015

		Group and Bank	
	Notes	**2015**	2014
		K'000	K'000
Interest income	8	**752,308**	606,941
Interest expense	9	**(219,436)**	(141,892)
Net interest income		**532,872**	465,049
Fee and commission income	10	**203,392**	209,173
Fee and commission expense	10	**(16,082)**	(9,432)
Net fee and commission income		**187,310**	199,741
Net trading income	11	**87,269**	116,486
Net income from financial instruments at fair value through profit or loss	12	**23,287**	30,134
Revenue		**830,738**	811,410
Other income	13	**438**	140
Impairment on loans and advances	25	**(39,976)**	(12,188)
Personnel expenses	14	**(278,075)**	(248,010)
Depreciation, amortisation, premises and equipment expenses	14	**(49,760)**	(39,708)
Other expenses	14	**(180,253)**	(130,512)
Profit before income tax		**283,112**	381,132
Income tax expense	15(a)	**(104,207)**	(137,387)
Profit for the year		**178,905**	243,745
Other comprehensive income, net of income tax			
Items that may be reclassified to profit or loss:			
Fair value reserves (available for sale financial assets)			
Net change in fair value		**(28,917)**	(21,263)
Cash flow hedges			
Net amount reclassified to profit or loss		**7,238**	2,592
Related taxes		**7,588**	6,535
Other comprehensive income for the year, net of income tax		**(14,091)**	(12,136)
Total comprehensive income for the year		**164,814**	231,609
Earnings per share			
Basic and diluted earning per share	16	**0.107**	0.146

Consolidated and seperate statements of financial position
As at 31 December 2015

	Notes	Group 2015 K'000	Group 2014 K'000	Bank 2015 K'000	Bank 2014 K'000
Assets					
Cash and cash equivalents	*19*	**2,015,656**	1,319,690	**2,015,656**	1,319,690
Cash on hand and balances at Bank of Zambia	*18*	**1,661,421**	1,096,208	**1,661,421**	1,096,208
Pledged assets	*20*	**60,000**	66,000	**60,000**	66,000
Investment in subsidiary	*22*	**-**	-	**5**	5
Derivative financial instruments	*23*	**70,971**	9,955	**70,971**	9,955
Loans to banks	*24*	**-**	49,800	**-**	49,800
Loans and advances to customers	*25*	**3,533,763**	3,134,604	**3,533,763**	3,134,604
Investment securities	*21*	**1,025,380**	805,281	**1,025,380**	805,281
Operating lease prepayments	*28*	**493**	508	**493**	508
Prepayments and other receivables	*29*	**162,483**	49,161	**162,483**	49,161
Property and equipment	*26*	**39,926**	24,881	**39,926**	24,881
Intangible assets	*27*	**21,139**	25,285	**21,139**	25,285
Deferred tax assets	*15(d)*	**28,766**	15,701	**28,766**	15,701
Total assets		**8,619,998**	6,597,074	**8,620,003**	6,597,079
Liabilities					
Amounts payable to group banks	*19*	**176,565**	191,579	**176,565**	191,579
Amounts payable to non-group banks	*19*	**4,224**	102,215	**4,224**	102,215
Deposits from customers	*30*	**7,457,805**	5,325,970	**7,457,805**	5,325,970
Dividends payable	*17*	**8,727**	1,602	**8,727**	1,602
Derivative financial instruments	*23*	**8,425**	2,912	**8,425**	2,912
Accruals and other payables	*33*	**239,054**	206,133	**239,059**	206,138
Provisions	*32*	**20,036**	16,813	**20,036**	16,813
Current tax liabilities	*15(c)*	**14,185**	34,928	**14,185**	34,928
Subordinated liabilities	*31*	**43,947**	25,570	**43,947**	25,570
Total liabilities		**7,972,968**	5,907,722	**7,972,973**	5,907,727
Equity					
Share capital	*34*	**416,745**	416,745	**416,745**	416,745
Statutory reserves		**12,285**	12,285	**12,285**	12,285
Fair value reserves		**(33,225)**	(19,134)	**(33,225)**	(19,134)
Credit reserves		**41,087**	8,477	**41,087**	8,477
Capital contribution		**17,312**	17,312	**17,312**	17,312
Retained earnings		**192,826**	253,667	**192,826**	253,667
Total equity		**647,030**	689,352	**647,030**	689,352
Total liabilities and equity		**8,619,998**	6,597,074	**8,620,003**	6,597,079

These financial statements were approved by the board of directors on 29 February 2016 and were signed on its behalf by;

M. Mundashi
Chairman

A. Okai
Managing Director

J.Koni
Executive Director Finance and Administration

R. Kavimba
Acting Company Secretary

The notes on pages 35 to 89 are an integral part of these financial statements.

Consolidated and seperate statement of changes in equity

As at 31 December 2015

Group and Bank	Share capital	Statutory reserves	Fair value reserves	Credit reserves	Capital Contribution	Retained earnings	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Balance at 1 January 2015	416,745	12,285	(19,134)	8,477	17,312	253,667	689,352
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	178,905	178,905
Other comprehensive income net of income tax							
Fair value reserve on available-for-sale investment securities							
Net change in fair value	-	-	(28,917)	-	-	-	(28,917)
Net amount reclassified to profit or loss	-	-	7,238	-	-	-	7,238
Related tax	-	-	7,588	-	-	-	7,588
Total comprehensive income for the year	-	-	(14,091)	-	-	178,905	164,814
Transfer from retained earnings	-	-	-	32,610	-	(32,610)	-
Transactions with owners, recognised directly in equity							
Dividends (note 17)	-	-	-	-	-	(207,136)	(207,136)
Total contributions by and distributions to owners	-	-	-	-	-	(207,136)	(207,136)
–Balance at 31 December 2015	416,745	12,285	(33,225)	41,087	17,312	192,826	647,030

Consolidated and seperate statements of changes in equity *(continued)*

As at 31 December 2015

Group and Bank	Share capital	Statutory reserves	Fair value reserves	Credit reserves	Capital Contribution	Retained earnings	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Balance at 1 January 2014	416,745	12,285	(6,998)	5,261	17,312	296,525	741,130
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	243,745	243,745
Other comprehensive income net of income tax	-	-	-	-	-	-	-
Fair value reserve on available-for-sale investment securities	-	-	-	-	-	-	-
- Net change in fair value	-	-	(21,263)	-	-	-	(21,263)
- Net amount reclassified to profit or loss	-	-	2,592	-	-	-	2,592
- Related tax	-	-	6,535	-	-	-	6,535
Total comprehensive income for the year	-	-	(12,136)	-	-	243,745	231,609
Transfer from retained earnings	-	-	-	3,216	-	(3,216)	-
Transactions with owners, recognised directly in equity							
Dividends (note 17)	-	-	-	-	-	(283,387)	(283,387)
Total contributions by and distributions toowners	-	-	-	-	-	(283,387)	(283,387)
Balance at 31 December 2014	416,745	12,285	(19,134)	8,477	17,312	253,667	689,352

Fair value reserve

The fair value reserve comprises the fair value movement of financial assets classified as available-for-sale. Gains and losses are deferred to this reserve until such time as the underlying asset is sold.

Credit reserve

The credit reserve is a loan loss reserve that relates to the excess of impairment provision as required by the Banking and Financial Services Act of Zambia over the impairment provision computed in terms of International Financial Reporting Standards.

Capital contribution

The capital contribution reserve relates to the franchise value arising from the acquisition of the Security Services. The franchise value is the amount paid on behalf of the Bank by Standard Chartered Plc for the acquisition of the securities services business.

Retained earnings

Retained earnings are the brought forward recognised income net of expenses of the Group plus current period profit attributable to shareholders less distribution to shareholders.

Statutory reserves

Statutory reserves comprise transfers out of net profits prior to dividends, of amounts prescribed under Statutory Instrument No. 21 of 1995: The Banking and Financial Services (Reserve Account) Regulations 1995.

The notes on pages 35 to 89 are an integral part of these financial statements.

Consolidated and seperate statements of cash flows
for the year ended 31 December 2015

	Note	2015 K'000	2014 K'000
Cash flow from operating activities			
Profit before tax		**283,112**	381,132
Adjustment for items not involving cash or shown separately			
Depreciation of property and equipment	26	**5,792**	4,612
Amortisation of intangible assets	27	**4,146**	4,951
Equity-settled share-based payments transaction	38	**984**	1,259
Expensed portion of leasehold land prepayment	28	**9**	14
Written off portion of leasehold land and prepayment	28	**6**	6
Impairment losses and reversals	25	**39,976**	12,188
Gain on disposal of equipment		**-**	459
Net interest income	8,9	**(532,872)**	(465,049)
Effect of exchanges rate fluctuations on subordinated loan capital	31	**18,377**	3,525
		(180,470)	(56,903)
Change in operating assets and liabilities			
Pledged assets		**6,000**	(6,000)
Loans and advances to customers		**(399,159)**	(367,766)
Derivative financial instruments		**(55,503)**	123
Prepayments and other receivables		**(113,322)**	(4,450)
Deposits from customers		**2,131,835**	1,058,841
Provisions		**3,223**	890
Accruals and other payables		**32,921**	45,481
		1,425,525	670,216
Interest received		**674,527**	546,786
Interest paid		**(181,124)**	(113,366)
		493,403	433,420
Net cash generated from operating activities before taxation		**1,918,928**	1,103,636
Income tax paid	15(c)	**(70,917)**	(90,088)
Net cash generated from operating activities		**1,848,011**	1,013,548
Cash flows from investing activities			
Purchase of property and equipment to maintain operations	26	**(20,837)**	(7,260)
Investment in government securities		**(1,132,126)**	(467,385)
Proceeds from maturity/sale of investment securities		**909,670**	1,166,951
Net cash (used in)/generated from investing activities		**(243,293)**	692,306
Cash flows from financing activities			
Dividends paid	17	**(200,011)**	(283,274)
Net cash (used in) financing activities		**(200,011)**	(283,274)
Net increase in cash and cash equivalents		**1,404,707**	1,422,580
Cash and cash equivalents at beginning of year		**2,122,104**	726,415
Effect of exchange rate fluctuation on cash held		**(30,523)**	(26,891)
Cash and cash equivalents at end of year	19	**3,496,288**	2,122,104

The notes on pages 35 to 89 are an integral part of these financial statements.

1 Reporting entity

Standard Chartered Bank Zambia Plc ("Bank") is a Bank domiciled in Zambia. The Bank's registered office is Standard Chartered House, Cairo Road, Lusaka. These consolidated and seperate financial statements comprise the Bank and its subsidiary (collectively the 'Group'). The Group is primarily involved in wholesale and consumer banking.

2 Basis of accounting

These consolidated and seperate financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the requirements of the Companies Act, the Banking and Financial Services Act and Securities Act of Zambia. They were authorized for issue by the Group board of directors at its meeting held on 29 February 2016.

The Bank has one subsidiary Standard Chartered Securities Services Nominees Limited, which is dormant, and accordingly the Group's consolidated and seperate statements of profit and loss and other comprehensive income, changes in equity and cashflows are the same as the Bank.

Details of the Group's accounting policies are included in note 40.

3 Functional and presentation currency

These consolidated and seperate financial statements are presented in Zambian Kwacha ("Kwacha"), which is the Bank's functional currency. All amounts have been rounded to the nearest thousand, except when otherwise indicated.

4 Use of judgements and estimates

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated and seperate financial statements is set out below.

(i) Determination of control over investees

Management applies its judgement to determine whether control indicators indicate that the Group controls a securitisation vehicle.

Securitisation vehicles

Certain securitisation vehicles sponsored by the Group under its securitisation programme are run according to predetermined criteria that are part of the initial design of the vehicles. In addition, the Group is exposed to variability of returns from the vehicles through its holding of debt securities in the vehicles and by issuing financial guarantees. Outside the day-to-day servicing of the receivables (which is carried out by the Group under a servicing contract), key decisions are usually required only when receivables in the vehicles go into default. Therefore, in considering whether it has control, the Group considers whether it manages the key decisions that most significantly affect these vehicles' returns. The Group has concluded that it does not control any of these vehicles.

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2016 is set out below in relation to the impairment of financial instruments and in the following notes in relation to other areas:

- Note 6 – determination of the fair value of financial instruments with significant unobservable inputs;
- Note 15(d) – recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used; and
- Note 27 – impairment testing for CGUs containing goodwill: key assumptions underlying recoverable amounts.

i) Impairment of financial instruments

Assets accounted for at amortised cost are evaluated for impairment on the basis described in note 5(a)(i).

The individual component of the total allowance for impairment applies to financial assets evaluated individually for impairment and is based on management's best estimate of the present value of the cash flows that are expected to be received. In estimating these cash flows, management makes judgements about a debtor's financial situation and the net realisable value of any underlying collateral. Each impaired asset is assessed on its merits, and the workout strategy and estimate of cash flows considered recoverable are independently approved by the Credit Risk function.

A collective component of the total allowance is established for:

- groups of homogeneous loans that are not considered individually significant; and
- groups of assets that are individually significant but that were not found to be individually impaired (loss 'incurred but not reported' or IBNR).

The collective allowance for groups of homogeneous loans is established using statistical methods such as roll rate methodology or, for small portfolios with insufficient information, a formula approach based on historical loss rate experience.

The IBNR allowance covers credit losses inherent in portfolios of loans and advances with similar credit risk characteristics when there is objective evidence to suggest that they contain impaired items but the individual impaired items cannot yet be identified.

In assessing the need for collective loss allowance, management considers factors such as credit quality, portfolio size, concentrations and economic factors. To estimate the required allowance, assumptions are made to define how inherent losses are modelled and to determine the required input parameters, based on historical experience and current economic conditions. The accuracy of the allowance depends on the model assumptions and parameters used in determining the collective allowance.

5 Financial risk management

This note presents information about the Group's exposure to financial risks and the Group's management of capital.

a) Credit risk

For the definition of credit risk and information on how credit risk is managed by the Group, see note 39(b).

i) Credit quality analysis

The tables below and on the following pages set out information about the credit quality of financial assets and the allowance for impairment/loss held by The Group against those assets.

Group and Bank		**Loans and advances to customers**		**Loans and advances to banks**		**Investment securities**		**Lending commitments and financial guarantees**	
		2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
	Notes	**K'000**	K'000	**K'000**	K'000	**K'000**	K'000	**K'000**	K'000
Maximum exposure to credit risk									
Carrying amount	25,24,21	**3,533,763**	3,134,604	**-**	49,800	**1,025,380**	805,281	**-**	-
Amount committed/guaranteed		**-**	-	**-**	-	**-**	-	**744,747**	663,595
At amortised cost									
Grade 1-11: Low-fair risk		**3,495,975**	3,121,280	**-**	49,800	**-**	-	**-**	-
Grade 12: Substandard		**5,721**	33,397	**-**	-	**-**	-	**-**	-
Grade 13: Doubtful		**45,722**	2,453	**-**	-	**-**	-	**-**	-
Grade 14: Loss		**38,929**	12,195	**-**	-	**-**	-	**-**	-
Total gross amount		**3,586,347**	3,169,325	**-**	49,800	**-**	-		
Allowance for impairment (individual and collective)	25	**(52,584)**	(34,721)	**-**	-	**-**	-	**-**	-
Net carrying amount		**3,533,763**	3,134,604	**-**	49,800	**-**	-	**-**	-
Available for sale									
Grade 1-11: Low-fair risk	21	**-**	-	**-**	-	**944,426**	729,192	**-**	-
Grade 12: Substandard		**-**	-	**-**	-	**-**	-	**-**	-
Grade 13: Doubtful			-	**-**	-	**-**	-	**-**	-
Grade 14: Loss		**-**		**-**	-	**-**	-	**-**	-
Total carrying amount		**-**	-	**-**	-	**944,426**	729,192	**-**	-
Allowance for impairment (individual)		**-**	-	**-**	-	**-**	-	**-**	-
At fair value through profit or loss								**-**	-
Grade 1-11: Low-fair risk	21	**-**	-	**-**	-	**80,954**	76,089	**-**	-
Grade 12: Substandard		**-**	-	**-**	-	**-**	-	**-**	-
Grade 13: Doubtful		**-**	-	**-**	-	**-**	-	**-**	-
Grade 14: Loss		**-**	-	**-**	-	**-**	-	**-**	-
Total carrying amount		**-**	-	**-**	-	**80,954**	76,089	**-**	-
Off balance sheet									
Maximum exposure									
Lending commitments									
Grade 1 - 11: Low - fair risk		**-**	-	**-**	-	**-**	-	**283,318**	399,446
Financial guarantees									
Grade 1 - 11: Low - fair risk		**-**	-	**-**	-	**-**	-	**461,429**	264,149
Total exposure		**-**	-	**-**	-	**-**	-	**744,747**	663,595

5 Financial risk management *(continued)*

a) Credit risk *(continued)*

i) Credit quality analysis (continued)

Group and Bank	Notes	Loans and advances to customers		Loans and advances to banks		Investment securities		Lending commitments and financial guarantees	
		2015	2014	**2015**	2014	**2015**	2014	**2015**	2014
		K'000	K'000	**K'000**	K'000	**K'000**	K'000	**K'000**	K'000
Loans with renegotiated terms									
Gross carrying amount		**-**	-	**-**	-	**-**	-	**-**	-
Impaired amount		**-**	-	**-**	-	**-**	-	**-**	-
Allowance for impairment		**-**	-	**-**	-	**-**	-	**-**	-
		-	-	**-**	-	**-**	-	**-**	-
Neither past due nor impared									
Grade 1 - 11 Low fair risk		**3,495,975**	3,121,280	**-**	-	**-**	-	**-**	-
		3,495,975	3,121,280	**-**	-	**-**	-	**-**	-
Past due but not impaired									
Grade 12: Substandard		**5,721**	33,397	**-**	-	**-**	-	**-**	-
Grade 13: Doubtful		**45,722**	2,453	**-**	-	**-**	-	**-**	-
		51,443	35,850	**-**	-	**-**	-	**-**	-
Individually impaired									
Grade 14: Loss		**38,929**	12,195	**-**	-	**-**	-	**-**	-
Allowance for impairment									
Individual		**14,798**	7,101	**-**	-	**-**	-	**-**	-
Collective		**37,786**	27,620	**-**	-	**-**	-	**-**	-
Total allowance for impairment		**52,584**	34,721	**-**	-	**-**	-	**-**	-

5 Financial risk management *(continued)*

a) Credit risk *(continued)*

i) Credit quality analysis (continued)

Impaired loans and investment debt securities

The Group regards a loan and advance or a debt security as impaired in the following circumstances:

- There is objective evidence that a loss event has occurred since initial recognition and the loss event has an impact on future estimated cash flows from the asset.
- Loans grade 13 to 14 in the Group's internal credit risk grading system.

A loan that has been renegotiated due to a deterioration in the borrower's conditions is usually considered to be impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Loans and investment debt securities that are past due but not impaired

Loans and investment debt securities that are 'past due but not impaired' are those for which contractual interest or principal payments are past due but the Group believes that impairment is not appropriate on the basis of the level of security or collateral available and/or the stage of collection of amounts owed to the Group. The amounts disclosed exclude assets measured at fair value through profit or loss.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Group has made concessions that it would not other-wise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring. The Group does not have any loans with renegotiated terms hence not disclosed the carrying amounts.

Allowances for impairment

The Group establishes an allowance for impairment losses that represents its estimate to incurred losses in its loan portfolio. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loan loss allowance established for groups of homogeneous assets as well as for individually significant exposures that were subject to individual assessment for impairment but not found to be individually impaired.

Write off policy

The Group writes off a loan balance (and any related allowances for impairment losses) when the Group Credit determines that the loans are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower's financial position such that the borrower can no longer pay the obligation, or that proceeds from collateral will not be sufficient to pay back the entire exposure. For smaller balances and standardised loans, charge write off decisions generally are based on a product specific past due status.

The Group holds collateral against loans and advances to customers in the form of mortgage interest over property, other registered securities over assets, and guarantees. Estimates of fair value are based on the value of collateral assessed at the time of borrowing and generally are not updated except when a loan is individually assessed as impaired. Collateral generally is not held over loans and advances to banks, except where securities are held as part of reverse repurchase and securities borrowing activity. Collateral is not usually held against investment securities, and no such collateral was held at 31 December 2015.

Details of financial and non-financial assets obtained by the Group during the year by taking possession of collateral held as security against loans and advances as well as calls made on credit enhancements and held at the year end are shown below:

	2015	2014
	K'000	K'000
Property	**4,965**	800

The Group's policy is to pursue timely realisation of the collateral in an orderly manner. The Group does not use the non-cash collateral for its own operations.

Because of the Group's focus on corporate customers' creditworthiness, the Group does not routinely update the valuation of collateral held against all loans to corporate customers. Valuation of collateral is updated when the credit risk of a loan deteriorates significantly and the loan is monitored more closely. For impaired loans, the Group obtains appraisals of collateral because the current value of the collateral is an input to the impairment measurement when esimating future cash flows.

ii) Offsetting financial assets and financial liabilities

There are no financial assets and financial liabilities that are offset in the Group's statement of financial position or that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the statement of financial position.

5 Financial risk management *(continued)*

a) Credit risk *(continued)*

iii) *Concentration of credit risk*

The Group monitors concentrations of credit risk by sector and an analysis of concentrations of credit risk from loans and advances and investment securities at the reporting date is shown below:

	Group and Bank			
	Loans and advances to customers		Investment securities	
	2015	2014	**2015**	2014
	K'000	K'000	**K'000**	K'000
Carrying amount	**3,533,763**	3,134,604	**1,025,380**	805,281
Agriculture	**281,741**	383,845	**-**	-
Mining and quarrying	**263,381**	48,580	**-**	-
Manufacturing	**805,655**	774,660	**-**	-
Energy	**-**	26,246	**-**	-
Commerce	**229,059**	101,169	**-**	-
Financial services	**152,370**	147,107	**-**	-
Government	**-**	-	**-**	-
Transport, Storage and Communication	**24,739**	-		
Other	**247,893**	261,606	**1,025,380**	805,281
Retail:			**-**	-
Mortgages	**88,295**	66,923	**-**	-
Unsecured lending	**1,440,630**	1,324,468	**-**	-
Total	**3,533,763**	**3,134,604**	**1,025,380**	**805,281**

iv) *Impaired loans and advances and investment debt securities*

For details of impaired financial assets see note 5(a) (i). For details of impairment allowances for loans and advances see note 25. There were no impairment allowance for loans to banks (2014: nil).

b) Liquidity risk

For the definition of liquidity risk and information on how liquidity risk is managed by the Group, see Note 39(c).

Management of liquidity risk

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Treasury receives information from other business units regarding the liquidity profile of their financial assets and liabilities and details of other projected cash flows arising from projected future business. Treasury then maintains a portfolio of short-term liquid assets, largely made up of short term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole.

The Bank further has to comply with the liquidity requirements set by the Central Bank which monitors compliance with local regulatory limits on a regular basis.

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the Standard Chartered Bank Group Assets and Liabilities Committee (GALCO). A summary report, including any exceptions and remedial action taken, is submitted regularly to Assets and Liabilities Committee (ALCO).

5 Financial risk management *(continued)*

b) Liquidity risk *(continued)*

Exposure to liquidity risk

The key measure used by the Group for managing liquidity risk is the ratio of net liquid assets to deposits from customers. For this purpose net liquid assets are considered as including cash and cash equivalents and investment securities for which there is an active and liquid market less any deposits from banks, other borrowings and commitments maturing within the next month. A similar, but not identical calculation is used to measure the Bank's compliance with the liquidity limit established by the Bank of Zambia. Details of the reported Bank ratio of net liquid assets to deposits from customers at the reporting date and during the reporting period were as follows:

	Group and Bank	
	2015	2014
At 31 December	**23.98%**	25.01%
Average for the period	**33.69%**	36.21%
Maximum for the period	**44.79%**	48.86%
Minimum for the period	**22.25%**	20.41%

The minimum required by Bank of Zambia for core liquid assets is 6% (2014: 6%).

The concentration of funding requirements at any one date or from any one source is managed continuously. A substantial proportion of the Bank's deposit base is made up of current and savings accounts and other short term customer deposits.

i) Maturity analysis for financial liabilities

The following table provides an analysis of the financial liabilities of the Group into relevant maturity groupings:

Liquidity risk

Group and Bank **2015**	**Carrying amount K'000**	**Gross Nominal outflow K'000**	**Less than one month K'000**	**One month to three months K'000**	**Three months to one year K'000**	**One to five years K'000**	**More than five years K'000**
Non derivative liabilities							
Amounts payable to group banks	**176,565**	**176,565**	**44,725**	**-**	**32,960**	**98,880**	**-**
Amounts payable to non-group banks	**4,224**	**4,224**	**4,224**	**-**	**-**	**-**	**-**
Deposits from customers	**7,457,805**	**7,544,338**	**6,307,111**	**813,890**	**421,539**	**1,758**	**40**
Other payables	**111,564**	**111,564**	**111,564**	**-**	**-**	**-**	**-**
Subordinated liabilities	**43,947**	**50,860**	**-**	**-**	**-**	**-**	**50,860**
Total non derivative liabilities	**7,794,105**	**7,887,551**	**6,467,624**	**813,890**	**454,499**	**100,638**	**50,900**
Derivative liabilities							
Derivative financial instruments	**8,425**	**8,425**	**8,425**	**-**	**-**	**-**	**-**
Total derivative liabilities	**8,425**	**8,425**	**8,425**	**-**	**-**	**-**	**-**
Unrecognised financial liabilities							
Loan commitments	**161,260**	**161,260**	**-**	**-**	**161,260**	**-**	**-**
Guarantees	**461,429**	**461,429**	**18,348**	**101,576**	**179,406**	**162,099**	**-**
Letters of credit	**122,058**	**122,058**	**31**	**9,880**	**37,807**	**74,340**	**-**
Unrecognised financial liabilities	**744,747**	**744,747**	**18,379**	**111,456**	**378,473**	**236,439**	**-**

b) **Liquidity risk** *(continued)*

i) Maturity analysis for financial liabilities (continued)

The following table provides an analysis of the financial liabilities of the Group into relevant maturity groupings:

Liquidity risk

Group and Bank

2014	Carrying amount K'000	Gross Nominal outflow K'000	Less than one month K'000	One month to three months K'000	Three months to one year K'000	One to five years K'000	More than five years K'000
Non derivative liabilities							
Amounts payable to group banks	191,579	191,579	89,299	19,178	44,748	38,354	-
Amounts payable to non-group banks	102,215	102,215	102,215	-	-	-	-
Deposits from customers	5,325,970	5,412,463	4,917,279	195,373	298,365	1,446	-
Other payables	92,716	92,916	92,916	-	-	-	
Subordinated liabilities	25,570	29,198	-	-	-	-	29,198
Total non-derivative liabilities	5,738,050	5,828,371	5,201,709	214,551	343,113	39,800	29,198
Derivative liabilities							
Derivative financial instruments	2,912	2,912	2,912	-	-	-	-
Total derivative liabilities	2,912	2,912	2,912	-	-	-	-
Unrecognised financial liabilities							
Loan commitments	299,103	299,103	-	-	299,103	-	-
Guarantees	264,149	264,149	27,156	131,178	104,802	1,013	-
Letters of credit	100,343	100,343	29,313	10,420	60,610	-	-
Unrecognised financial liabilities	663,595	663,595	56,469	141,598	464,515	1,013	-

c) **Market risk**

For the definition of market risk and information on how the Group manages the market risks of trading and non-trading portfolios, see note 39(d).

i) Exposure to interest rate risk - non-trading portfolios

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or reprice at different times and/or in differing amounts. In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices. Asset-liability risk management activities are conducted in the context of the Group's sensitivity to interest rate changes.

The table below indicates the effective interest rates at the reporting date and the periods in which financial assets and liabilities reprice respectively.

5 Financial risk management *(continued)*

c) Market risk *(continued)*

The effective interest rates for principal financial assets and financial liabilities averaged as follows:

	Group and Bank			
	2015		2014	
Financial assets	**ZMW (%)**	**USD (%)**	ZMW (%)	USD (%)
Government bonds	**18.74%**	**-**	14.82%	-
Treasury bills	**21.72%**	**-**	12.24%	-
Loans and advances	**20.57%**	**5.9%**	18.92%	4.96%
Staff mortgages and other loans	**10%**	**-**	8%	-
Financial liabilities				
Placements with other banks	**14.61%**	**0.71%**	16.25%	1.00%
Customer deposits	**7.73%**	**0.32%**	3.13%	0.08%

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and financial liabilities to various standard and non-standard interest rate scenarios. Standard scenarios that are considered on a monthly basis include a 5% and 10% parallel rise in all yield curves and a 2.5% and 7.5 per cent parallel fall in all yield curves. An analysis of the Group's sensitivity to an increase or decrease in market interest rates, assuming no asymmetrical movement in yield curves and a constant financial statement position, is as shown on page below:

Interest rate movements affect reported equity in the following ways:

- Retained earnings arising from increases or decreases in net interest income and the fair value changes reported in profit or loss.
- Fair value reserves arising from increases or decreases in fair values of available-for-sale financial instruments reported directly in other comprehensive income.

Overall non-trading interest rate risk positions are managed by Global markets, which use investment securities, advances to banks, deposits from banks and derivative instruments to manage the overall position arising from the Group's non-trading activities.

5 Financial risk manament *(continued)*

c) Market risk *(continued)*

i) *Exposure to interest rate risk - non-trading portfolios*

Group and Bank

2015		Total K'000	Zero rate instrument K'000	Floating rate instruments K'000	Less than three months K'000	Three months to one year K'000	Between one and five years K'000
Assets							
Cash on hand and balances at Bank of Zambia		1,661,421	1,661,421	-	-	-	-
Cash and cash equivalents		2,015,656	342,897	-	1,562,892	109,867	-
Loans and advances to banks		-	-	-	-	-	-
Investment securities		1,025,380	508	-	30,699	552,667	441,506
Derivative financial instruments		70,971	-	-	70,971	-	-
Loans and advances to customers		3,533,763	-	3,533,763	-	-	-
Total assets		8,307,191	2,004,826	3,533,763	1,664,562	662,534	441,506
Liabilities							
Amounts payable to group banks		176,565	44,725	-	131,840	-	-
Amounts payable to non-group banks		4,224	4,224	-	-	-	-
Deposits from customers		7,457,805	5,673,123	547,496	813,890	421,539	1,757
Derivative financial instruments		8,425	-	-	8,425	-	-
Subordinated liabilities		43,947	-	43,947	-	-	-
Total liabilities		7,690,966	5,722,072	591,443	954,155	421,539	1,757
Gap		616,225	(3,717,246)	2,942,320	710,407	240,995	439,749
Impact of increase in	5%	147,116	-	147,116	-	-	-
interest rate	10%	294,232	-	294,232	-	-	-
Impact of decrease in	2.5%	(73,558)	-	(73,558)	-	-	-
interest rate	7.5%	(220,674)	-	(220,674)	-	-	-

On impact positive means increase in the profit and negative means reduction in the profit. Fair value changes arising from increase or decrease in fair value of available for sale instruments are recorded in equity.

5 Financial risk management *(continued)*

c) Market risk *(continued)*

i) Exposure to interest rate risk - non-trading portfolios *(continued)*

Group and Bank

2014		Total K'000	Zero rate instrument K'000	Floating rate instruments K'000	Less than three months K'000	Three months to one year K'000	Between one and five years K'000
Assets							
Cash on hand and balances at Bank of Zambia		1,096,208	1,096,208	-	-	-	-
Cash and cash equivalents		1,319,690	466,910	-	597,080	255,700	-
Loans and advances to banks		49,800	-	-	-	49,800	-
Investment securities		805,281	-	-	116,696	399,870	288,715
Derivative financial instruments		9,955	-	-	9,955	-	-
Loans and advances to customers		3,134,604	-	3,134,604	-	-	-
Total assets		6,415,538	1,563,118	3,134,604	723,731	705,370	288,715
Liabilities							
Amounts payable to group banks		191,579	89,299	-	102,280	-	-
Amounts payable to non-group banks		102,215	102,215	-	-	-	-
Deposits from customers		5,325,970	4,260,448	570,339	195,373	298,365	1,445
Derivative financial instruments		2,912	-	2,912	-	-	-
Subordinated liabilities		25,570	-	25,570	-	-	-
Total liabilities		5,648,246	4,451,962	598,821	297,653	298,365	1,445
Gap		767,292	(2,888,844)	2,538,783	426,078	407,005	287,270
Impact of increase in	5%	126,939	-	126,939	-	-	-
interest rate	10%	253,878	-	253,878	-	-	-
Impact of decrease in	2.5%	(63,470)	-	(63,470)	-	-	-
interest rate	7.5%	(190,409)	-	(190,409)	-	-	-

On impact positive means increase in the profit and negative means reduction in the profit. Fair value changes arising from increase or decrease in fair value of available for sale instruments are recorded in equity.

5 Financial risk management *(continued)*

c) Market risk *(continued)*

ii) Currency risk *(continued)*

The Group is exposed to currency risk through transactions in foreign currencies. The Group's transactional exposures give rise to foreign currency gains and losses that are recognised in the statement of profit or loss and other comprehensive income. These exposures comprise the monetary assets and monetary liabilities of the Group, as follows (in Zambian Kwacha terms):

Group and Bank

2015	**ZMW**	**USD**	**GBP**	**ZAR**	**Euro**	**Others**	**Total**
	K'000	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
Monetary assets	**4,112,045**	**3,298,119**	**746,421**	**28,034**	**178,497**	**4,075**	**8,367,191**
Monetary liabilities	**(3,646,991)**	**(4,063,637)**	**(45,684)**	**(32,758)**	**(163,776)**	**(86)**	**(7,952,932)**
Net position	**465,054**	**(765,518)**	**700,737**	**(4,724)**	**14,721**	**3,989**	**414,259**

Group and Bank

2014	ZMW	USD	GBP	ZAR	Euro	Others	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Monetary assets	3,878,652	2,110,525	303,485	29,639	155,777	3,460	6,481,538
Monetary liabilities	(3,292,030)	(2,384,308)	(34,088)	(27,358)	(152,647)	(478)	(5,890,909)
Net position	586,622	(273,783)	269,397	2,281	3,130	2,982	590,629

In respect of monetary assets and liabilities in foreign currencies that are not economically hedged, the Group ensures that its net exposure is kept to an acceptable level by buying and selling foreign currencies at spot rates when considered appropriate.

5 Financial risk management *(continued)*

c) Market risk *(continued)*

ii) *Currency risk (continued)*

The following exchange rates applied during the year:

Group and Bank	Average rate		Reporting date	
	2015	2014	**2015**	2014
USD	**8.76**	6.19	**10.99**	6.400
GBP	**13.81**	10.20	**16.29**	9.96
ZAR	**0.67**	0.57	**0.71**	0.55
EUR	**9.72**	8.20	**11.97**	7.76

iii) *Exposure to currency risk*

As at the reporting date, net currency exposures representing more than 10% of the Gropu's equity were as follows

	Group and Bank			
	2015 USD	2014 USD	**2015 GBP**	2014 GBP
USD	**(765,518)**	273,783	**-**	-
GBP	**-**	-	**700,787**	269,397

d) Capital management

Regulatory capital

The Bank's main objectives when managing capital are:

- to comply with the capital requirements set by the Banking and Financial Services Act;
- to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to maintain a strong capital base to support the development of its business.

Capital adequacy and use of regulatory capital are monitored regularly by management, employing techniques based on the guidelines developed and maintained by the Bank of Zambia for supervisory purposes. The required information is filed with Bank of Zambia on a monthly basis. In implementing current capital requirements, Bank of Zambia requires banks to:

- maintain primary or Tier 1 capital of not less than 5% of total risk weighted assets plus risk-weighted items not recognised in the statement of financial position; and
- to maintain a minimum 10% ratio of total capital to total risk-weighted assets plus risk-weighted items not recognised in the statement of financial position or hold a minimum of K520 million whichever is higher;

There was no change in the capital regulation during the year under review. The Bank's regulatory capital is analysed into two tiers:

- primary (Tier 1) capital, which includes paid-up common shares, retained earnings, statutory reserves less adjustment of assets of little or no realisable value.
- secondary (Tier 2) capital, which includes qualifying subordinated term debt and revaluation reserves limited to a maximum of 40%. The maximum amount of total secondary capital is limited to 100% of primary capital.

d) **Capital management** *(continued)*

Computation of regulatory capital position at 31 December

1 **Primary (Tier 1) capital**

	Bank	
	2015	2014
	K'000	K'000
I Primary (Tier 1) Capital		
(a) Paid-up common shares	**416,745**	416,745
(b) Eligible preferred shares	**-**	-
(c) Capital contributed	**17,312**	17,312
(d) Retained earnings	**192,826**	253,667
(e) General reserves	**-**	-
(f) Statutory reserves	**12,285**	12,285
(g) Minority interests (common shareholders' equity)	**-**	-
(h) Sub-total A (items a to g)	**639,168**	700,009
Less:		
(i) Goodwill and other intangible assets	**(21,139)**	(25,285)
(j) Investments in unconsolidated subsidiaries and associates	**-**	-
(k) Lending of a capital nature to subsidiaries and associates	**-**	-
(l) Holding of other banks' or financial institutions' capital instruments	**-**	-
(m) Assets pledged to secure liabilities	**-**	-
(n) Sub-total B (items i to m)	**(21,139)**	(25,285)
Other adjustments		
Provisions	**-**	-
Assets of little or no realised value	**-**	-
Statutory stocks sundry debtors, cash advances, profit project accounts	**-**	-
Other adjustments (prepayment)	**(3,210)**	(1,856)
(o) Sub-total C (other adjustments)	**(3,210)**	(1,856)
(p) Total primary capital [h – (n to o)]	**614,819**	672,868
II Secondary (tier 2) capital		

5 Financial risk management *(continued)*

d) Capital management *(continued)*

Computation of regulatory capital position at 31 December *(continued)*

1 Primary (Tier 1) capital *(continued)*

Computation of capital position

	(a) Eligible preferred shares	**-**	-
	(b) Eligible subordinated term debt	**43,947**	25,570
	(c) Eligible loan stock / capital	**-**	-
	(d) Revaluation reserves. (Maximum is 40% of revaluation reserves)	**-**	-
	(e) Other	**-**	-
	(f) Total secondary capital	**43,947**	25,570
III	Eligible secondary capital	**43,947**	25,570
	(The maximum amount of secondary capital is limited to 100% of primary capital)		
IV	Eligible total capital (I(p) + III) (Regulatory capital)	**658,766**	698,438
V	Minimum total capital requirement (10% of total on and off balance sheet risk weighted assets)	**520,000**	520,000
VI	Excess (IV minus V)	**138,766**	178,438

e) **Financial assets and liabilities**

Accounting classification and fair values

The Group's accounting policies provide scope for assets and liabilities to be designated at inception into different accounting categories in certain circumstances:

- In classifying financial assets or liabilities as trading, the Group has determined that it meets the description of trading assets and liabilities set out in accounting policy 40.12.
- In designating financial assets or liabilities at fair value through profit or loss, the Group has determined that it has met one of the criteria for this designation set out in accounting policy 40.12.
- In classifying financial assets as held-to-maturity, the Group has determined that it has both the positive intention and ability to hold the assets until their maturity date as required by accounting policy.

Details of the Group's classifiction of financial assets and liabilities are given below:

The carrying amounts of the financial instruments approximate their fair values due to the short term nature of the investments.

Group and Bank

2015	Note	Trading K'000	Loans and receivables K'000	Available for-sale K'000	Other amortised cost K'000	Total carrying amount K'000	Fair value K'000
Financial Assets							
Cash and cash equivalents	19	-	2,015,656	-	-	2,015,656	2,015,656
Pledged assets	20	-	-	60,000	-	60,000	60,000
Investment securities	21	80,954	-	944,426	-	1,025,380	1,025,380
Derivative financial instruments	23	70,971	-	-	-	70,971	70,971
Loans and advances to customers	25	-	3,533,763	-	-	3,533,763	3,533,763
Total		151,925	5,549,419	1,004,426	-	6,705,770	6,705,770
Financial Liabilities							
Amounts payable to group banks	19	-	-	-	176,565	176,565	176,565
Amounts payable to non-group banks	19	-	-	-	4,224	4,224	4,224
Deposits from customers	30	-	-	-	7,457,805	7,457,805	7,457,805
Derivative financial instruments	23	8,425	-	-	-	8,425	8,425
Subordinated liabilities	31	-	-	-	43,947	43,947	43,947
Other payables		-	-	-	111,564	111,564	111,564
Total		8,425	-	-	7,794,105	7,802,530	7,802,530

5 Financial risk management *(continued)*

e) Financial assets and liabilities *(continued)*

Group and Bank

2014	Note	Trading K'000	Loans and receivables K'000	Available for-sale K'000	Other amortised cost K'000	Total carrying amount K'000	Fair value K'000
Financial Assets							
Cash and cash equivalents	19	-	1,319,690	-	-	1,319,690	1,319,690
Pledged assets	20	-	-	66,000	-	66,000	66,000
Investment securities	21	76,089	-	729,192	-	805,281	805,281
Derivative financial instruments	23	9,955	-	-	-	9,955	9,955
Loans and advances to customers	25	-	3,134,604	-	-	3,134,604	3,134,604
Loans to banks	24	-	49,800		-	49,800	49,800
Total		86,044	4,504,094	795,192	-	5,385,330	5,385,330
Financial Liabilities							
Amounts payable to group banks	19	-	-	-	191,579	191,579	191,579
Amounts payable to non-group banks	19	-	-	-	102,215	102,215	102,215
Deposits from customers	30	-	-	-	5,325,970	5,325,970	5,325,970
Derivative financial instruments	23	2,912	-	-	-	2,912	2,912
Subordinated liabilities	31	-	-	-	25,570	25,570	25,570
Other payables		-	-	-	92,716	92,716	92,716
Total		2,912	-	-	5,738,050	5,740,962	5,740,962

5 Financial risk management *(continued)*

Fair value information

The carrying amounts of financial assets and liabilities are representative of the Group's position at 31 December 2015 and are in the opinion of the directors not significantly different from their respective fair values due to generally short periods to maturity dates. Fair values are generally determined using valuation techniques or where available, published price quotations from an active market.

6 Fair values of financial instruments

A. Valuation models

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

- Level 1: Inputs that are quoted market prices (unadjusted) in active markets for identical instruments.

- Level 2: Inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques in which all significant inputs are directly or indirectly observable from market data.

- Level 3: Inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments for which significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Valuation techniques include net present value and discounted cash flow models, comparison with similar instruments for which observable market prices exist, Black-Scholes and polynomial option pricing models and other valuation models. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other premia used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instruments is to arrive at a fair value determination that reflects the price of the financial instruments at the reporting date that would have been determined by market participants acting at arm's length.

6 Fair values of financial instruments *(continued)*

B. Financial instruments measured at fair value-fair value hierachy

The table below analyses financial instruments measured at fair value at the end of the reporting period, by the level in the fair value hierarchy into which the fair value measurement is categoried:

Group and Bank

		Level 1	Level 2	Level 3	Total
31 December 2015	**Note**	**K'000**	**K'000**	**K'000**	**K'000**
Assets					
Pledged assets	20	-	60,000	-	60,000
Derivative financial instruments	23	-	70,971	-	70,971
Investment securities	21	-	1,025,380	-	1,025,380
		-	1,156,351	-	1,156,351
Liabilities					
Derivative financial instruments	23	-	8,425		8,425

Group and Bank

		Level 1	Level 2	Level 3	Total
31 December 2014	Note	K'000	K'000	K'000	K'000
Assets					
Pledged assets	20	-	66,000	-	66,000
Derivative financial assets	23		9,955	-	9,955
Investment securities	21		805,281	-	805,281
			881,236	-	881,236
Liabilities					
Derivative financial instruments	23	-	2,912	-	2,912

Level 2: the fair value is determined using valuation models with directly or indirectly market observable inputs.

Major groups of assets and liabilities classified as level 2: corporate and other government bonds and debt instruments, over the counter derivates and Asset Backed Securities which are included in the Liquid Assets List of the Bank of Zambia.

Investment securities: the investment securities designated as available for sale are carried at fair value. The fair value is determined based on a Mark-to-Market (MTM) approach, which involves revaluation of cash flows based on the market yield curve maintained by Group Market Risk.

Derivative financial instruments: derivative financial instruments are carried at fair value which is determined based on a discounted cash flow approach. The cash flows are discounted at a discount factor that is based on observable market data maintained by Group Market Risk.

There were no transfers from level 1 to level 2 fair values.

6 Fair values of financial instruments *(continued)*

C. Financial instruments not measured at fair value

31 December 2015	Note	Level 1 K'000	Level 2 K'000	Level 3 K'000	Total fair value K'000	Total carrying amount K'000
Assets						
Cash and cash equivalents	19	-	2,015,656	-	2,015,656	2,015,656
Loans and advances to customers	25	-	3,533,763	-	3,533,763	3,533,763
Liabilities						
Amounts payable to group banks	19	-	176,565	-	176,565	176,565
Amounts payable to non-group banks	19	-	4,224	-	4,224	4,224
Deposits from customers	30	-	7,457,805	-	7,457,805	7,457,805
Other payables		-	111,564	-	111,564	111,564

31 December 2014	Note	Level 1 K'000	Level 2 K'000	Level 3 K'000	Total fair value K'000	Total K'000
Assets						
Cash and cash equivalents	19	-	1,319,690	-	1,319,690	1,319,690
Loans to banks	24	-	49,800	-	49,800	49,800
Loans and advances to customers	25	-	3,134,604	-	3,134,604	3,134,604
Liabilities						
Amounts payable to group banks	19	-	191,579	-	191,579	191,579
Amounts payable to non-group banks	19	-	102,215	-	102,215	102,215
Deposits from customers	30	-	5,325,970	-	5,325,970	5,325,970
Other payables		-	92,716	-	92,716	92,716

Where available, the fair value of loans and advances is based on observable market transactions. Where observable market transactions are not available, fair value is estimated using valuation models, such as discounted cash flow techniques. Input into the valuation techniques includes expected lifetime credit losses, interest rates, prepayment rates and primary origination or secondary market spreads. For collateral-dependent impaired loans, the fair value is measured based on the value of the underlying collateral. Input into the models may include data from third party brokers based on OTC trading activity, and information obtained from other market participants, which includes observed primary and secondary transactions. To improve the accuracy of the valuation estimate for retail and smaller commercial loans, homogeneous loans are grouped into portfolios with similar characteristics such as vintage, LTV ratios, the quality of collateral, product and borrower type, prepayment and delinquency rates, and default probability.

The fair value of deposits from banks and customers is estimated using discounted cash flow techniques, applying the rates that are offered for deposits of similar maturities and terms. The fair value of deposits payable on demand is the amount payable at the reporting date. The carrying amounts of financial assets and liabilities are representative of the Group's position at 31 December 2015 and are in the opinion of the directors not significantly different from their respective fair values due to generally short periods to maturity dates. Fair values are generally determined using valuation techniques or where available, published price quotations from an active market.

7 Operating segments

A. Basis for segmentation

The Group manages and reports its business through three main strategic business units. These operating units offer different products and services and are managed as separate segments of the business for purposes of internal reporting. The results of the units segments are reviewed on a monthly basis by the Chief Executive Officer. The following summary describes the operations of each of the Group's reportable segments:

Corporate and Institutional Banking	Includes the Bank's trading, corporate finance activities, loans, trade finance, cash management, deposits and other transactions with corporate customers. The segment also includes financial markets which is the Treasury unit which undertakes the Banks management and centralized risk management activities through borrowings, issue of debt securities, use of derivatives for risk management purposes and investing in liquid assets such as short term placements and corporate government securities.
Retail Banking	Includes three client segments namely; Personal, Priority and Business Clients. The segment provides Current Accounts, Savings Accounts, Term deposits, Personal Instalment Loans, Mortgages, Trade Finance, Overdraft and Business Loans (for Business Clients that have annual turnover of ZMW 64 million and below). Retail Banking also provide Bancassurance, Investment services and Foreign currency services. Retail Banking manages the entire distribution network for the bank which includes various client touch points such as branches, mobile banking, online Banking and the client contact center.
Commercial Banking	The Commercial Banking segment manages mid-sized companies that fall between the Retail Banking and Corporate and Institutional Banking. The sector is the engine room that drives economic growth across all economies globally and offers our clients with a different value proposition.

Segment capital expenditure is the total cost incurred during the period to acquire property and equipment.

The Group operates in one geographical segment.

7 Operating segments *(continued)*

B. Information about reportable segmentation

Group 2015	Note	Corporate & institutional Banking K'000	Commercial Banking K'000	Retail Banking K'000	Unallocated K'000	Total K'000
External revenue						
Net interest income	8,9	205,943	43,496	283,664	(231)	532,872
Net fee and commission income	10	40,587	8,659	138,280	(216)	187,310
Net trading income	11	38,993	15,552	35,586	(2,862)	87,269
Net income from financial assets at fair value through profit or loss	12	23,287	-	-	-	23,287
Total segment income		308,810	67,707	457,530	(3,309)	830,738
Other material non-cash items:						
Impairment/(recovery) losses on loans and advances	25	(14,955)	(525)	(24,496)	-	(39,976)
Reportable segment operating profit before tax		89,919	6,463	198,486	(11,756)	283,112
Reportable segment assets		6,197,757	420,610	1,536,925	464,706	8,619,998
Reportable segment liabilities and equity		4,106,179	730,355	2,562,390	1,221,074	8,619,998

Group 2014	Note	Corporate & institutional Banking K'000	Commercial Banking K'000	Retail Banking K'000	Unallocated K'000	Total K'000
External revenue						
Net interest income	8,9	212,728	29,941	222,826	(446)	465,049
Net fee and commission income	10	46,860	13,389	139,492	-	199,741
Net trading income	11	80,033	8,645	27,808	-	116,486
Net income from financial assets at fair value through profit or loss	12	30,134	-	-	-	30,134
Total segment income		369,755	51,975	390,126	(446)	811,410
Other material non-cash items:						
Impairment/(recovery) losses on loans and advances	25	(4,092)	207	16,073	-	12,188
Reportable segment operatingprofit before tax		195,952	10,013	185,768	(10,601)	381,132
Reportable segment assets		4,660,568	235,296	1,438,090	263,120	6,597,074
Reportable segment liabilities and equity		3,064,931	924,034	1,930,185	677,924	6,597,074

7 Operating segments *(continued)*

B. Information about reportable segmentation *(continued)*

Bank		Corporate & institutional Banking	Commercial Banking	Retail Banking	Unallocated	Total
2015	**Note**	**K'000**	**K'000**	**K'000**	**K'000**	**K'000**
External revenue						
Net interest income	8,9	205,943	43,496	283,664	(231)	532,872
Net fee and commission income	10	40,587	8,659	138,280	(216)	187,310
Net trading income	11	38,993	15,552	35,586	(2,862)	87,269
Net income from financial assets at fair value through profit or loss	12	23,287	-	-	-	23,287
Total segment income		308,810	67,707	457,530	(3,309)	830,738
Other material non-cash items:						
Impairment/(recovery) losses on loans and advances	25	(14,955)	(525)	(24,496)	-	(39,976)
Reportable segment operating profit before tax		89,919	6,463	198,486	(11,756)	283,112
Reportable segment assets		6,197,757	420,610	1,536,925	464,706	8,619,998
Reportable segment liabilities and equity		4,106,179	730,355	2,562,390	1,221,074	8,619,998

Bank		Corporate & institutional Banking	Commercial Banking	Retail Banking	Unallocated	Total
2014	Note	K'000	K'000	K'000	K'000	K'000
External revenue						
Net interest income	8,9	212,728	29,941	222,826	(446)	465,049
Net fee and commission income	10	46,860	13,389	139,492	-	199,741
Net trading income	11	80,033	8,645	27,808	-	116,486
Net income from financial assets at fair value through profit or loss	12	30,134	-	-	-	30,134
Total segment income		369,755	51,975	390,126	(446)	811,410
Other material non-cash items:						
Impairment/(recovery) losses on loans and advances	25	(4,092)	207	16,073	-	12,188
Reportable segment operatingprofit before tax		195,952	10,013	185,768	(10,601)	381,132
Reportable segment assets		4,660,568	235,296	1,438,090	263,125	6,597,079
Reportable segment liabilities and equity		3,064,931	924,034	1,930,185	677,929	6,597,079

8 Interest income

	Group and Bank	
	2015 K'000	2014 K'000
Cash and short term funds	**49,770**	45,633
Debt securities	**212,057**	182,083
Loans and advances	**490,481**	379,225
Total interest income	**752,308**	606,941

Interest income includes interest on impaired loans and advances of K 77,000 (2014: K901,000).

9 Interest expense

	Group and Bank	
	2015 K'000	2014 K'000
Deposits from customers	**91,653**	97,101
Placements	**126,884**	44,135
Subordinated loan capital	**899**	656
Total interest expense	**219,436**	141,892

10 Net fee and commission income

	Group and Bank	
	2015 K'000	2014 K'000
Retail Banking customer fees	**149,561**	147,864
Corporate and Institutional Banking customer fees	**44,313**	47,920
Commercial clients	**9,518**	13,389
Total fee and commission income	**203,392**	209,173
Retail Banking fees and commission expenses	**(11,498)**	(8,372)
Corporate and Institutional Banking fee and commission expenses	**(3,725)**	(1,060)
Commercial Banking fees and commission expenses	**(859)**	-
Total fee and commission expenses	**(16,082)**	(9,432)
Net fee and commission income	**187,310**	199,741

11 Net trading income

	Group and Bank	
	2015 K'000	2014 K'000
Foreign currency transaction gains less losses	**119,234**	124,914
Losses arising from dealing securities	**(31,666)**	(7,453)
	87,568	117,461
Dealing profits	**6,939**	1,617
Gain on disposal of investment securities	**(7,238)**	(2,592)
Net trading income	**87,269**	116,486

12 Net income from financial instruments at fair value through profit or loss

	Group and Bank	
	2015 K'000	2014 K'000
Government bonds	**23,287**	30,134
Net trading income	**23,287**	30,134

13 Other income

	Group and Bank	
	2015 K'000	2014 K'000
Rent received	**166**	137
Other income	**272**	3
Total other income	**438**	140

14 Operating expenses

	Group and Bank	
	2015	2014
	K'000	K'000
Personnel expenses:		
Wages and salaries	**180,230**	167,456
Compulsory social security obligations (NAPSA)	**4,443**	4,843
Contribution to defined contribution pension plan	**8,507**	8,064
Other staff costs	**48,468**	30,975
Equity settled share-based payment transactions	**984**	1,259
Redundancy and severance	**35,443**	35,413
Total	**278,075**	248,010
Depreciation, amortisation, premises and equipment expenses:		
Depreciation of property and equipment	**5,792**	4,612
Amortisation of intangible assets	**4,146**	4,951
Premises costs	**15,571**	12,331
Maintenance costs	**10,692**	7,905
Security	**5,093**	4,663
Other premises and equipment expenses	**8,466**	5,246
Total	**49,760**	39,708
Other expenses:		
Release of lease prepayment for leasehold land	**14**	14
Communication expenses	**11,534**	16,868
Recharges/(recoveries) from group companies	**75,542**	49,735
Other operating expenses	**93,163**	63,895
Total	**180,253**	130,512

Other operating expenses include K 1,199,996 (2014: K 1,122,174) in respect of auditor's remuneration for the Group. The auditors of the Group, KPMG Chartered Accountants, did not receive any payments in respect of non-audit services.

15 Income tax expense

a. Current tax expense

	Group and Bank	
	2015	2014
	K'000	K'000
Current year	**50,174**	143,461
Change in estimate for prior years	**59,510**	-
Deferred tax	**109,684**	143,461
Origination and reversal of temporary difference	**(5,477)**	(6,074)
Total income tax expense	**104,207**	137,387

The income tax expense for the current year is subject to agreement with the Zambia Revenue Authority.

b. Reconciliation of effective tax rate:

	Group and Bank			
		2015		2014
		K'000		K'000
Profit before tax		**283,112**	%	381,132
Tax calculated at the tax rate of 35% (2013: 35%):	**35.00%**	**99,089**	35.00%	133,396
Change in estimate for prior years	**21.02%**	**59,510**	-	-
Change in recognised deductible temporary differences	**(19.21%)**	**(54,392)**	1.05%	3,991
Total income tax expense in profit or loss	**36.81%**	**104,207**	36.05%	137,387

Income tax recognised in other comprehensive income

	Group and Bank					
			2015			2014
			K'000			K'000
		Tax	**Net**		Tax	Net
	Before tax	**benefit**	**of tax**	Before tax	benefit	of tax
Available-for-sale investment securities	**(28,917)**	**10,121**	**(18,796)**	(21,263)	7,442	(13,821)
Cash flow hedges	**7,238**	**(2,533)**	**4,705**	2,592	(907)	1,685
	(21,679)	**7,588**	**14,091**	(18,671)	6,535	(12,136)

c. Current income tax movement in the statement of financial position

	Group and Bank	
	2015	2014
	K'000	K'000
Current tax liabilities at the beginning of the year	**34,928**	(18,445)
Current income tax charge	**109,684**	143,461
Payments made during the year	**(70,917)**	(90,088)
Over provision of prior period	**(59,510)**	-
Current tax liabilities	**14,185**	34,928

15 Income tax expense *(continued)*

d. Deferred taxation

Deferred taxation is calculated on all temporary differences using an effective tax rate of 35% (2014: 35%). Deferred tax assets and liabilities are attributable to the following:

	Group and Bank			Group and Bank		
	2015			2014		
	Assets	**Liabilities**	**Net**	Assets	Liabilities	Net
	K'000	**K'000**	**K'000**	K'000	K'000	K'000
Property and equipment	**-**	**(1,772)**	**(1,772)**	-	(2,222)	(2,222)
Available-for-sale securities	**14,123**	**-**	**14,123**	6,535	-	6,535
Allowance for loan losses	**13,733**	**-**	**13,733**	9,668	-	9,668
Intangible assets	**2,682**	**-**	**2,682**	1,720	-	1,720
	30,538	**(1,772)**	**28,766**	17,923	(2,222)	15,701

2015	**Group and Bank**			
	Opening Balance	**Recognised in profit or loss**	**Recognised in equity**	**Closing Balance**
	K'000	**K'000**	**K'000**	**K'000**
Property and equipment	**(2,222)**	**450**	**-**	**(1,772)**
Available-for-sale securities	**6,535**	**-**	**7,588**	**14,123**
Allowance for loan losses	**9,668**	**4,065**	**-**	**13,733**
Intangible assets	**1,720**	**962**	**-**	**2,682**
	15,701	**5,477**	**7,588**	**28,766**

2014	**Group and Bank**			
	Opening Balance	**Recognised in profit or loss**	**Recognised in equity**	**Closing Balance**
	K'000	**K'000**	**K'000**	**K'000**
Property and equipment	(1,127)	(1,095)	-	(2,222)
Available-for-sale securities	-	-	6,535	6,535
Allowance for loan losses	10,083	(415)	-	9,668
Intangible assets	(5,864)	7,584	-	1,720
	3,092	6,074	6,535	15,701

Recognition of deferred tax asset

Recognition of deferred tax asset of K 28,766,000 (2014: K15,701,000) is based on management's profit forecasts, which indicate that the Group will have future taxable profits against which these assets can be utilised. There is no unrecognised deferred tax in the year under review.

16 Earnings per share

	Group and Bank			Group and Bank		
		2015			2014	
		Weighted			Weighted	
	Profit	average Number of share	Per share amount	Profit	average Number of share	Per Share Amount
	K'000	'000	Kwacha	K'000	'000	Kwacha
Basic and diluted earnings per share	**178,905**	**1,666,981**	**0.107**	243,745	1,666,981	0.146

The calculation of the basic earnings per share is based on the net profit attributable to ordinary shareholders (profit after taxation) divided by the weighted average number of ordinary shares in issue during the year. There were no dilutive potential ordinary shares at 31 December 2015 (2014: nil) and basic earnings per share equals diluted earnings per share.

17 Dividends payable

	Group and Bank	
	2015 K'000	2014 K'000
Balance at 1 January	**1,602**	1,489
Approved interim dividends for 2015 at K0.06 per share (2014: approved final dividends for 2014 at K0.14 per share)	**207,136**	283,387
	208,738	284,876
Less dividends paid during the year	**(200,011)**	(283,274)
Balance at 31 December	**8,727**	1,602

Dividends are recognised in the period in which they are declared. The directors recommended that an interim dividend of K0.06 will be paid for half year ended 30th June 2015 (2014: K 0.06).

18 Cash on hand and balances at Bank of Zambia

	Group and Bank	
	2015	2014
	K'000	K'000
Cash on hand	**355,971**	240,446
Statutory deposit	**1,305,450**	731,533
Total cash on hand and bank balances at Bank of Zambia	**1,661,421**	971,979
Clearing account with Bank of Zambia	**-**	124,229
Total	**1,661,421**	1,096,208

The statutory deposit held with Bank of Zambia, as a minimum reserve requirement, is not available for the Bank's daily business. The reserve represents a requirement by the Central Bank and is a percentage of the Bank's local and foreign currency liabilities to the public plus vostro account balances. At 31 December 2015 the percentage was 18% (2014: 14%).

19 Cash and cash equivalents at end of year

Group and Bank

2015	**At 31 December K'000**
Cash and short term funds at group banks	**1,882,112**
Cash and short term funds at non group banks	**23,677**
Placements with foreign non group banks	**109,867**
Cash and cash equivalents	**2,015,656**
Amounts payable to group banks	**(176,565)**
Amounts payable to non group banks	**(4,224)**
Cash on hand and balances with Bank of Zambia	**1,661,421**
Total per cash flow statement	**3,496,288**

2014	December K'000
Cash and short term funds at group banks	1,045,163
Cash and short term funds at non group Banks	18,827
Placements with foreign non group banks	255,700
Cash and cash equivalents representing asset	1,319,690
Amounts payable to group banks	(191,579)
Amounts payable to non-group banks	(102,215)
Cash on hand and balances with Bank of Zambia	1,096,208
Total per cash flow statement	2,122,104

20 Pledged assets

	Group and Bank	
	2015 K'000	2014 K'000
Treasury bills	**60,000**	66,000

The pledged assets presented in the table above are those financial assets that may be repledged or resold by counterparties. These transactions are conducted under terms that are usual and customary to standard lending, and securities borrowing and lending activities. These treasury bills are held as collateral at the Zambia Electronic Clearing House.

21 Investment securities

	Group and Bank	
	2015 K'000	2014 K'000
Investment securities at fair value through profit or loss	**80,954**	76,089
Available-for-sale investment securities	**944,426**	729,192
Total	**1,025,380**	805,281

21 Investment securities *(continued)*

	Group and Bank				Group and Bank			
	2015				2014			
	Treasury bills	Equity shares and Trade Investments	Government bonds	Total	Treasury bills	Equity shares and Trade Investments	Government bonds	Total
	ZMW '000		ZMW '000	ZMW '000	ZMW '000		ZMW '000	ZMW '000
Of which mature								
Within one year	-	-	-	-	59,189	-	6,920	66,109
Within one to five years	80,954	-	-	80,954	-	-	9,980	9,980
Total	80,954	-	-	80,954	59,189	-	16,900	76,089

These investment securities are held for trading.

a. Available - for- sale

	Group and Bank				Group and Bank			
	2015				2014			
	Treasury bills	Equity shares and Trade Investments	Government bonds	Total	Treasury bills	Equity shares and Trade Investments	Government bonds	Total
	ZMW '000		ZMW '000	ZMW '000	ZMW '000		ZMW '000	ZMW '000
Of which mature								
Within one year	457,013		-	457,013	303,456	-	81,000	384,456
Within one to five years	-		486,905	486,905	-	-	344,228	344,228
More than five years	-	508	-	508	-	508	-	508
Total	457,013	508	486,905	944,426	303,456	508	425,228	729,192

22 Investment subsidiary company

Interest in subsidiary companies	Ownership	2015 K'000	2014 K'000
Standard Chartered Securities Services Nominees Zambia Limited	100%	5	5

These are equity investments in private companies that do not have a quoted market price in an active market which are carried at cost less impairment. No dividends are expected from them in the foreseeable future and consequently there are no determinable future cash flows. It is not possible to determine the possible range of estimates within which the fair value of these investments is likely to lie.

There are no significant restrictions on the ability of subsidiaries to transfer funds to the Bank in form of cash dividends or repayments of loans or advances.

In terms of section 57 of the Companies Act of Zambia, the name and address of the subsidiaries' principal office is: Standard Chartered Securities Services Nominees Zambia Limited domiciled at Standard Chartered House, Cairo Road, Lusaka

23 Derivative financial instruments

The table below analyses the positive and negative fair values of the Bank's derivative financial instruments. All fair value movements on derivative financial instruments are recognised in the profit or loss.

	Group and Bank 2015		Group and Bank 2014	
	Assets K'000	Liabilities K'000	Assets K'000	Liabilities K'000
Interest rate swap	9,192	2,470	5,731	1,245
Cross currency swap	61,779	5,955	4,224	1,667
Total	70,971	8,425	9,955	2,912

24 Loans to banks

	Group and Bank 2015			Group and Bank 2014		
	Gross amount K'000	Impairment allowance K'000	Carrying amount K'000	Gross amount K'000	Impairment allowance K'000	Carrying amount K'000
Advances	-	-	-	49,800	-	49,800
	-	-	-	49,800	-	49,800

25 Loans and advances to customers

	Group and Bank 2015			Group and Bank 2014		
	Gross amount K'000	Impairment allowance K'000	Carrying amount K'000	Gross amount K'000	Impairment allowance K'000	Carrying amount K'000
Retail Banking:						
Mortgage lending	88,294	(554)	87,740	70,656	(2,561)	68,095
Personal loans	1,440,729	(27,162)	1,413,567	1,376,385	(22,041)	1,354,344
Overdrafts	16,509	-	16,509	19,168	-	19,168
	1,545,532	(27,716)	1,517,816	1,466,209	(24,602)	1,441,607
Commercial Banking:						
Term loans	291,685	(1,575)	290,110	142,613	(1,123)	141,490
Overdrafts	143,130	-	143,130	120,376	-	120,376
	434,815	(1,575)	433,240	262,989	(1,123)	261,866
Corporate & Inst. Banking:						
Term loans	718,734	(23,293)	695,441	992,460	(8,996)	983,464
Overdrafts	887,266	-	887,266	447,667	-	447,667
	1,606,000	(23,293)	1,582,707	1,440,127	(8,996)	1,431,131
Total	3,586,347	(52,584)	3,533,763	3,169,325	(34,721)	3,134,604

25 Loans and advances to customers *(Continued)*

Maturity analysis of gross loans and advances

The maturity analysis is based on the remaining periods to contracted maturity.

	Group and Bank	
	2015 K'000	2014 K'000
Redeemable on demand	**985,324**	1,189,646
Maturity within one year	**1,127,015**	624,778
Maturity after 12 months	**1,474,008**	1,354,901
Total	**3,586,347**	3,169,325

Included in loans and advances are loans to related parties amounting to K22,707,000 (2014: K 20,889,000) (see note 37). Loans and advances to customers are measured at amortised cost.

Allowances for impairment

	Group and Bank	
Specific allowances for impairment	**2015 K'000**	2014 K'000
Balance at 1 January	**7,101**	8,148
Charge for the year	**41,984**	22,479
Impairment recognised	**-**	446
Recoveries	**(12,174)**	(9,548)
Net charge against profit	**29,810**	13,377
Effect of foreign currency movements	**(209)**	209
Discount unwind	**(2,264)**	(859)
Impairment (recognised)	**-**	(446)
Provision no longer required	**(19,640)**	(13,328)
Balance at 31 December	**14,798**	7,101
Collective allowance for impairment		
Balance at 1 January	**27,620**	28,809
Increase/ (decrease) in collective impairment	**10,166**	(1,189)
Balance at 31 December	**37,786**	27,620
Total specific and collective impairment at 31 December	**52,584**	34,721

Impairment losses on loans and advances in the statement of comprehensive income

	Group and Bank	
	2015 K'000	2014 K'000
Specific allowances for impairment	**29,810**	13,377
Collective allowances for impairment/(recovery)	**10,166**	(1,189)
Total allowances for year	**39,976**	12,188

26 Property and equipment

Group and Bank

	Property and improvements	Equipment and motor vehicles	Capital work-in-progress	Total
	K'000	**K'000**	**K'000**	**K'000**
Cost				
At 1 January 2014	17,372	25,114	68	42,554
Additions	468	3,637	3,155	7,260
Write offs	(592)	-	-	(592)
At 31 December 2014	17,248	28,751	3,223	49,222
At 1 January 2015	**17,248**	**28,751**	**3,223**	**49,222**
Additions	**396**	**16,157**	**4,284**	**20,837**
At 31 December 2015	**17,644**	**44,908**	**7,507**	**70,059**
Accumulated depreciation and impairment losses				
At 1 January 2014	3,590	16,272	-	19,862
Depreciation charge for the year	391	4,221	-	4,612
Disposals/ Write offs	(133)	-	-	(133)
At 31 December 2014	3,848	20,493	-	24,341
At 1 January 2015	**3,848**	**20,493**	**-**	**24,341**
Depreciation charge for the year	**792**	**5,000**	**-**	**5,792**
At 31 December 2014	**4,640**	**25,493**	**-**	**30,133**
Carrying amounts				
At 31 December 2014	13,400	8,258	3,223	24,881
At 31 December 2015	**13,004**	**19,415**	**7,507**	**39,926**

A register of properties is maintained by the Bank at its registered office and is available for inspection by the members.

Fully depreciated equipment and motor vehicles included in the above at cost amount to K15, 730,000 (2014: K7, 093,000) and was written off from the asset register.

There were no capitalized borrowing costs related to the acquisition of property and equipment during the year (2014: K nil).

27 Intangible assets

Group and Bank	Customer Relationship	Goodwill	Total
Cost	K'000	K'000	K'000
At 31 December 2014	33,691	13,476	47,167
At 31 December 2015	**33,691**	**13,476**	**47,167**
Accumulated amortisation and impairment losses			
At 1 January 2014	16,931	-	16,931
Charge for the year	4,951	-	4,951
At 31 December 2014	21,882	-	21,882
At 1 January 2015	**21,882**	**-**	**21,882**
Charge for the year	**4,146**	**-**	**4,146**
At 31 December 2015	**26,028**	**-**	**26,028**
Carrying amounts			
At 31 December 2014	11,809	13,476	25,285
At 31 December 2015	**7,663**	**13,476**	**21,139**

Impairment testing for cash-generating units (CGU) containing goodwill

For the purposes of impairment testing, the entire goodwill is allocated to the Corporate and Institutional Banking unit. No impairment losses on goodwill were recognised during the year (2014: nil).

The recoverable amounts for the Corporate and Institutional Banking CGU has been calculated based on their value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value in use was determined in a similar manner as in 2014.

- Key assumptions used in the calculation of the value in use were the following: Cash flows were projected based on forecasts and budgets for short/medium term growth (one to five years) using budgets compiled in November of the current year through to the end of November for the following year. The cash flows for a further 20 years are extrapolated using a constant growth rate. The long term growth rate management used is based on a forecast for a ten year average GDP for country specific units; or global GDP for business specific units, and is applied after the latest approved budget (one to five years) up to twenty years. The forecast period is based on the Bank's long term perspective with respect to the operations of this CGU.

- Management uses post tax cash flows hence applies a post-tax discount rate to the cash flows to nullify the double effect of tax from the impairment calculation in determining the recoverable amount of CGU. The resultant net present value derived based on this methodology will be similar to that, had pre-tax discount rates been applied to pre-tax cash flows. Since the CGU is a business unit then SCB Plc's Weighted Average Cost of Capital is used and is adjusted for systemic risk of the specific CGU.

The assumptions described above may change as the economic and market condition change. The Bank estimates that reasonable possible changes in these assumptions are not expected to cause the recoverable amount of the CGU to decline below the carrying amount.

The intangible customer relationships will be amortised over the expected customer life initially estimated at 8 -10 years.

28 Operating lease prepayments

	Group and Bank	
	2015	2014
	K'000	K'000
Opening balance	**508**	528
Disposals	**(6)**	(6)
Amortisation	**(9)**	(14)
Carrying amount	**493**	508

Land is leased from the Government of the Republic of Zambia (GRZ) for a fixed 99 year term (or the unexpired portion thereof). The land has been classified as an operating lease. IAS 17 Leases requires all amounts paid upfront at the signing of the lease to be amortised on a straight line basis over the unexpired portion of the lease term. At 31 December 2015, the future minimum lease payment under the non cancellable operating lease were payable as follows:

	Group and Bank	
	2015	2014
	K'000	K'000
Less than one year	**55**	42
Between one and five years	**438**	466
More than five years	**-**	-
Carrying amount	**493**	508

There are no contingent rentals or sub-lease payments expected to be received.

29 Prepayments and other receivables

	Group and Bank	
	2015	2014
	K'000	K'000
Prepayment of operational costs	**2,090**	1,506
Sundry debt	**1,738**	620
Capital advances	**1,213**	2,160
Sundry and other receivables	**157,442**	44,875
Total	**162,483**	49,161

30 Deposits from customers

	Group and Bank	
	2015	2014
	K'000	K'000
Retail Banking		
Savings accounts	**514,935**	535,809
Term deposits	**372,388**	266,858
Current deposit	**1,654,890**	1,078,030
	2,542,213	1,880,697
Corporate and Institutional Banking		
Savings accounts	**6,307**	5,660
Term deposits	**973,528**	731,509
Current deposit	**2,920,626**	1,588,491
	3,900,461	2,325,660
Commercial Banking		
Savings accounts	**26,253**	28,871
Term deposits	**207,278**	118,744
Current deposits	**781,600**	971,998
	1,015,131	1,119,613
Total	**7,457,805**	5,325,970

	Group and Bank	
	2015	2014
	K'000	K'000
Repayable on demand	**6,220,578**	4,376,706
Repayable with agreed maturity dates or periods of notice, by residual maturity:		
Three months or less	**813,040**	679,942
Between three months and one year	**364,331**	263,433
After one year	**59,856**	5,889
Total	**7,457,805**	5,325,970

Included in deposits from customers were deposits amounting to K202,486,000. (2014: K178,048,000) held as collateral for irrevocable commitments under import letters of credit.

31 Subordinated liabilities

	Group and Bank	
	2015	2014
	K'000	K'000
At 1 January 2015	**25,570**	22,045
Exchange difference	**18,377**	3,525
Total	**43,947**	25,570

The terms and conditions of the subordinated loan are as follows:

The interest charge was 2.3% above 3 months LIBOR payable on a quarterly basis until November 2014 when it changed to 3.93% after roll over. The loan is to be fully repaid in one installment on 31st October 2024. The outstanding amounts reflected on the statement of financial position are the Kwacha equivalent of USD4 million. Interest payable as at 31 December 2015 amounting to K162,000 (2014: K96,000) is included in accruals and other payables (note 33).

The Group has not had any defaults of interest or other breaches with respect to its subordinated loan during the year ended 31 December 2015 (2014: no defaults).

32 Provisions

	Group and Bank	
	2015	2014
	K'000	K'000
Balance at 1 January	**16,813**	15,923
Provisions made during the year	**3,223**	890
Total	**20,036**	16,813

Legal proceedings

There were some legal proceedings outstanding against the Bank at 31 December 2015. Provisions have been made in the financial statements in respect of such claims, based on professional advice and management's best estimates of the settlement amount. The timing of any outflows in the form of any settlement is uncertain.

33 Accruals and other payables

	Group		Bank	
	2015	2014	**2015**	2014
	K'000	K'000	**K'000**	K'000
Accruals and other payables	**127,490**	113,417	**127,495**	113,422
Loan settlement suspense	**31,084**	37,604	**31,084**	37,604
Royalty payable	**52,084**	36,177	**52,084**	36,177
Standing order suspense	**3,358**	2,221	**3,358**	2,221
Cheques in process of collection	**25,038**	16,714	**25,038**	16,714
Total	**239,054**	206,133	**239,059**	206,138

34 Share capital

Bank	Number of ordinary shares (million)	Ordinary shares K'000	Number of ordinary shares (million)	Ordinary Shares capital K'000
Authorised	**2015**	**2015**	2014	2014
At 1 January - ordinary shares of ZMW0.25	**1,800**	**450,000**	1,800	450,000
At 31 December - ordinary shares of ZMW0.25	**1,800**	**450,000**	1,800	450,000
Issued and fully paid				
At 1 January Ordinary shares of ZMW0.25	**1,667**	**416,745**	1,667	416,745
At 31 December	**1,667**	**416,745**	1,667	416,745

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Group.

35 Contingent liabilities and commitments

The Bank provides loan commitments, letters of credit and financial guarantees for performance of customers to third parties. These agreements have fixed limits and are generally renewable annually. Expirations are not concentrated in any period. The amounts reflected in the table for guarantees and letters of credit represent the maximum accounting loss that would be recognised at the reporting date if counterparties failed completely to perform as contracted. Only fees and accruals for probable losses are recognised in the statement of financial position until the commitments are fulfilled or expire. Many of the contingent liabilities will expire without being advanced in whole or in part. Therefore, the amounts do not represent expected future cash out flows.

Group and Bank

2015	1 year K'000	1 – 5 years K'000	Total K'000
Loans commitments	**161,260**	**-**	**161,260**
Guarantees	**299,330**	**162,099**	**461,429**
Letters of credit	**47,717**	**74,341**	**122,058**
Total	**508,307**	**236,440**	**744,747**

Group and Bank

2014	1 year K'000	1 – 5 years K'000	Total K'000
Loans commitments	299,103	-	299,103
Guarantees	263,135	1,013	264,148
Letters of credit	100,343	-	100,343
Total	662,581	1,013	663,594

36 Capital Commitments

The group had no capital commitments as at 31 December 2015 (2014: nil)

37 Related parties transactions

A. Parent and controlling party

The Group is controlled by Standard Chartered Holdings (Africa) BV (incorporated in The Netherlands) which owns 90% of the shares. The other shares are widely held. The ultimate parent of the Bank is Standard Chartered Plc (incorporated in the United Kingdom). The Bank has a related party relationship with its holding company, fellow subsidiaries, non-executive directors, executive directors and key management personnel. Key management personnel include all Management Committee Members and Unit Heads.

B. Related party transactions

A number of banking and other transactions are entered into with related parties in the normal course of business. These include loans, deposits, foreign currency and other transactions for services, such as consulting services that the parent and other related companies provide from time to time and which are charged at market rate. The volumes of related party transactions, outstanding balances at the year end, and the related interest expense and income for the year are as follows:

Group transactions

		Group and Bank	
	Note	**2015**	2014
		K'000	K'000
Amounts due from group companies	19	**1,882,112**	1,045,163
Amounts due to group companies	19	**(176,565)**	(191,579)
Total		**1,705,547**	853,584

Included in group transactions are placements made and received from group related entities. These are entered into at fixed interest rates and maturities periods.

Income and expenditure

	Group and Bank	
	2015	2014
	K'000	K'000
Recharges and other expenses	**(75,542)**	(49,735)
Commissions and net interest income	**70,843**	35,253
Total	**(4,699)**	(14,482)

37 Related party transactions *(Continued)*

C. Key management personnel transactions

Loans

	Group and Bank				Group and Bank			
	2015				2014			
	Directors	Connected entities to directors	Key management staff	Total	Directors	Connected entities to director	Key management staff	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Loans outstanding at 1 January	1,544	997	18,289	20,830	422	14,748	20,557	35,727
Loans issued during the year	264	69	8,441	8,774	1,663	-	10,795	12,458
Relocated/ resigned / promoted	(1,370)	-	(2,356)	(3,726)	-	-	(2,637)	(2,637)
Loan repayments during the year	(135)	(464)	(2,572)	(3,171)	(452)	(13,771)	(10,436)	(24,659)
Loans outstanding at 31 December	303	602	21,802	22,707	1,633	977	18,279	20,889
Of which: **Executive directors**	303	602	-	905	1,544	977	-	2,521
Interest and fee income earned: key management personnel	353	205	10,627	11,185	208	89	1,738	2,035

Loans to non-executive directors are made under commercial terms in the ordinary course of the Group's business. Loans to executive directors are made on the same terms as those of other employees of the Group.

No impairment allowances have arisen against loans to directors, entities connected to directors and key management staff during the year.

Deposits

	Group and Bank							
	2015				2014			
	Directors	Connected Entities to Directors	Management staff	Total	Directors	Connected entities to directors	Management staff	Total
	K'000	K'000	K'000	K'000	K'000	K'000	K'000	K'000
Deposit at 1 January	1,173	(2,714)	1,189	(352)	423	121	3,072	3,616
Net movement	(650)	4,067	3,220	6,637	750	(2,835)	(1,883)	(3,968)
Deposits at 31 December	523	1,353	4,409	6,285	1,173	(2,714)	1,189	(352)

There was no interest paid on these accounts during the year.

Financial statements and notes

37 Related party transactions *(Continued)*

C. Key management personnel transactions *(continued)*

Key management personnel compensation

	Group and Bank	
	2015	2014
	K'000	K'000
Salaries and allowances and short term benefits	**44,206**	43,139
Pension contributions	**2,540**	2,394
Total	**46,746**	45,533

Directors' remuneration

	Group and Bank	
	2015	2014
	K'000	K'000
Executive directors		
Salaries and allowances	**2,848**	2,200
Pension contributions	**150**	167
Total	**2,998**	2,367

Non Executive directors

	Group and Bank	
	2015	2014
	K'000	K'000
Fees and benefits	**-**	501
Total	**-**	501

Disposal of assets

There were no Group assets sold to the directors (2014: nil).

38 Share-based payment transactions

The holding company (Standard Chartered Plc) operates a number of share based payments schemes for its directors and employees in which employees of Standard Chartered Bank Zambia Plc participate. These schemes are as outlined below. Through a recharge arrangement Standard Chartered Bank Zambia Plc reimburses the group for grant date fair value. The amount charged to the statement of changes in equity during the year was K984,000 (2014: K1,259,000) and the corresponding amount is in liabilities. The holding company has the obligation to deliver to the respective participants the Standard Chartered Plc's ordinary shares under the various schemes.

	Group and Bank	
Employee expenses for share based payments transactions	**2015**	2014
	K'000	K'000
Restricted share scheme	**(458)**	(586)
Performance share plan	**(1,035)**	(1,324)
Share save scheme	**2,477**	3,169
Total expense recognised as personnel expenses	**984**	1,259

38 Share-based payment transactions *(continued)*

(a) Restricted share scheme

The restricted share scheme (RSS) is used as an incentive plan to motivate and retain high performing staff at any level of the organisation. It is also used as a vehicle for deferring part of bonuses of certain employees. 50% of the award vests two years after the date of grant and the balance after three years. The awards can be exercised within seven years of the grant date. The value of shares awarded in any year to any individual may not exceed two times their basic annual salary. The remaining life of the scheme is eight years. For awards, the fair value is based on the market value less an adjustment to take into account the expected dividends over the vesting period.

Group and Bank

The number and weighted average exercise price of share options is as follows:

	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	2015	**2015**	2014	2014
Outstanding at the beginning of the reporting period	**9,456**	**-**	7,371	-
Exercised during the year	**(4,952)**	**-**	(2,324)	-
Expired during the year	**(712)**	**-**	(533)	-
Granted during the year	**4,309**	**-**	4,942	-
Outstanding at 31 December	**8,101**	**-**	9,456	-
Exercisable at 31 December	**181**	**-**	1,462	-

(b) Performance share plan

The performance share plan is designed to be an intrinsic part of total remuneration for executive directors and a small number of the most senior executives. It is an incentive plan that focuses executives on meeting and exceeding the long - term performance targets of the group. Awards of nil price options to acquire shares are granted to the executives and will normally be exercisable between three and ten years after the date of grant if the individual is still employed in the group. There is provision for earlier exercise in certain limited circumstances. The remaining life of the scheme is three years.

Group and Bank

The number and weighted average exercise price of share options is as follows:

	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	2015	**2015**	2014	2014
Outstanding at the beginning of the reporting period	**7,433**	**-**	891	-
Exercised during the year	**-**	**-**	-	-
Expired during the year	**-**	**-**	-	-
Granted during the year	**375**	**-**	6,542	-
Outstanding at 31 December	**7,808**	**-**	7,433	-
Exercisable at 31 December	**-**	**-**	-	-

38 Share-based payment transactions *(continued)*

(c) Share save scheme

Under the sharesave scheme, employees have the choice of opening a three-year or five-year savings contract. Within a period of six months after the third or fifth anniversary, as appropriate, employees may purchase ordinary shares in the holding company or take all their money in cash. The price at which they may purchase shares is at a discount of up to 20 percent of the share price at the date of invitation. There are no performance conditions attached to options granted under the employee sharesave scheme. Options are valued using a binomial option-pricing model.

Group and Bank

The number and weighted average exercise price of share options is as follows:

	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
	2015	**2015**	2014	2014
		ZMW		ZMW
Outstanding at the beginning of the reporting period	**53,180**	**107.568**	48,573	116.382
Exercised during the year	**(593)**	**147.077**	(1,652)	119.748
Expired during the year	**(31,865)**	**154.534**	(21,337)	114.138
Granted during the year	**16,245**	**150.391**	27,596	106.373
Outstanding at 31 December	**36,967**	**185.869**	53,180	108.936
Exercisable at 31 December	**1,055**	**208.349**	3,646	107.568

39 Financial risk management

a) Introduction and overview

The Group has exposure to the following risks from financial instruments

- credit risk;
- liquidity risk;
- market risks; and
- operational risks

(i) Risk management framework

The Bank's board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The board of directors has established the Group Asset and Liability Management Committee (ALCO), which is responsible for developing and monitoring Group risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. The risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Audit Committee.

b) Credit risk

' Credit risk' is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's loans and advances to customers and other banks, and investment debt securities. For risk management reporting purposes, the Group considers and consolidates all elements of credit risk exposure (such as individual obligor default risk, country and sector risk).

The market risk in respect of changes in value in trading assets arising from changes in market credit spreads applied to debt securities and derivatives included in trading assets is managed as a component of market risk; for further details, see (d) below.

(i) Settlement risk

The Group's activities may give rise to risk at the time of settlement of transactions and trades. 'Settlement risk' is the risk of loss due to the failure of an entity to honour its obligations to deliver cash, securities or other assets as contractually agreed.

For certain types of transactions, the Group mitigates this risk by conducting settlements through a settlement/clearing agent to ensure that a trade is settled only when both parties have fulfilled their contractual settlement obligations. Settlement limits form part of the credit approval/limit monitoring process described earlier. Acceptance of settlement risk on free-settlement trades requires transaction-specific or counterparty-specific approvals from Group Risk.

(ii) Management of credit risk

The board of directors has delegated responsibility for the oversight of credit risk to its Group Credit Committee. A separate Group Credit department, reporting to the Group Credit Committee, is responsible for managing the Group's credit risk, including the following.

- Formulating credit policies in consultation with business units, covering collateral requirements, credit assessment, risk grading and reporting, documentary and legal procedures, and compliance with regulatory and statutory requirements.
- Establishing the authorisation structure for the approval and renewal of credit facilities. Authorisation limits are allocated to business unit Credit Officers. Larger facilities require approval by Group Credit, the Head of Group Credit, the Group Credit Committee or the board of directors as appropriate.
- Reviewing and assessing credit risk: Group Credit assesses all credit exposures in excess of designated limits, before facilities are committed to customers by the business unit concerned. Renewals and reviews of facilities are subject to the same review process.
- Limiting concentrations of exposure to counterparties, geographies and industries (for loans and advances, financial guarantees and similar exposures), and by issuer, credit rating band, market liquidity and country (for investment securities).
- Developing and maintaining the Group's risk gradings to categorise exposures according to the degree of risk of financial loss faced and to focus management on the attendant risks. The risk grading system is used in determining where impairment provisions may be required against specific credit exposures. The current risk grading framework consists of eight grades reflecting varying degrees of risk of default and the availability of collateral or other credit risk mitigation. The responsibility for setting risk grades lies with the final approving executive or committee, as appropriate. Risk grades are subject to regular reviews by Group Risk.
- Reviewing compliance of business units with agreed exposure limits, including those for selected industries, country risk and product types. Regular reports on the credit quality of local portfolios are provided to Group Credit, which may require appropriate corrective action to be taken

39 Financial risk management *(Continued)*

b) Credit risk *(Continued)*

ii) Management of credit risk *(Continued)*

- Providing advice, guidance and specialist skills to business units to promote best practice throughout the Group in the management of credit risk.

  Each business unit is required to implement Group credit policies and procedures, with credit approval authorities delegated from the Group Credit Committee. Each business unit has a Chief Credit Risk officer who reports on all credit-related matters to local management and the Group Credit Committee. Each business unit is responsible for the quality and performance of its credit portfolio and for monitoring and controlling all credit risks in its portfolios, including those subject to central approval. Regular audits of business units and Group Credit processes are undertaken by Internal Audit.

c) Liquidity risk

'Liquidity risk' is the risk that the Group will encounter difficulty in meeting obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

(i) Management of liquidity risk

The Group's board of directors sets the Group's strategy for managing liquidity risk and delegates responsibility for oversight of the implementation of this policy to ALCO. ALCO approves the Group's liquidity policies and procedures. Central Treasury manages the Group's liquidity position on a day-to-day basis and reviews daily reports covering the liquidity position of both the Group and operating subsidiaries and foreign branches. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The key elements of the Group's liquidity strategy are as follows.

- Maintaining a diversified funding base consisting of customer deposits (both retail and corporate) and wholesale market deposits and maintaining contingency facilities.
- Carrying a portfolio of highly liquid assets, diversified by currency and maturity.
- Monitoring liquidity ratios, maturity mismatches, behavioural characteristics of the Group's financial assets and financial liabilities, and the extent to which the Group's assets are encumbered and so not available as potential collateral for obtaining funding.
- Carrying out stress testing of the Group's liquidity position.

  Central Treasury receives information from other business units regarding the liquidity profile of their financial assets and financial liabilities and details of other projected cash flows arising from projected future business. Central Treasury then maintains a portfolio of short-term liquid assets, largely made up of short-term liquid investment securities, loans and advances to banks and other inter-bank facilities, to ensure that sufficient liquidity is maintained within the Group as a whole. The liquidity requirements of business units and subsidiaries are met through loans from Central Treasury to cover any short-term fluctuations and longer-term funding to address any structural liquidity requirements.

If an operating subsidiary or branch is subject to a liquidity limit imposed by its local regulator, then the subsidiary or branch is responsible for managing its overall liquidity within the regulatory limit in co-ordination with Central Treasury. Central Treasury monitors compliance of all operating subsidiaries and foreign branches with local regulatory limits on a daily basis.

Regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. The scenarios are developed taking into account both Group-specific events (e.g. a rating downgrade) and market-related events (e.g. prolonged market illiquidity, reduced fungibility of currencies, natural disasters or other catastrophes).

d) Market risk

'Market risk' is the risk that changes in market prices – such as interest rates, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's credit standing) – will affect the Group's income or the value of its holdings of financial instruments. The objective of the Group's market risk management is to manage and control market risk exposures within acceptable parameters to ensure the Group's solvency while optimising the return on risk.

(i) Management of market risk

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

With the exception of translation risk arising on the Group's net investments in its foreign operations, all foreign exchange positions within the Group are transferred by Central Treasury to the Investment Banking unit. Accordingly, the foreign exchange positions are treated as part of the Group's trading portfolios for risk management purposes.

Overall authority for market risk is vested in ALCO. ALCO sets up limits for each type of risk in aggregate and for portfolios, with market liquidity being a primary factor in determining the level of limits set for trading portfolios. The Group Market Risk Committee is responsible for the development of detailed risk management policies (subject to review and approval by ALCO) and for the day-to-day review of their implementation.

The Group employs a range of tools to monitor and limit market risk exposures. These are discussed below, separately for trading and non-trading portfolios.

39 Financial risk management *(Continued)*

d) Market risks *(continued)*

(ii) Interest rate risk

All businesses in the Standard Chartered Group operate within market risk management policies that are set by the Group Risk Committee. Limits have been set to control the Group's exposure to movements in prices and volatilities arising from trading, lending, deposit taking and investment decisions.

(iii) Exposure to market risks-non trading portfolio

The principal risk to which non-trading portfolios are exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by Central Treasury in its day-to-day monitoring activities.

Equity price risk is subject to regular monitoring by Group Market Risk, but is not currently significant in relation to the overall results and financial position of the Group.

(iv) Exposure to market risks-non trading portfolio

The effect of structural foreign exchange positions on the Group's net investments in foreign subsidiaries and branches, together with any related net investment hedges, is recognised in OCI. The Group's policy is only to hedge such exposures when not doing so would have a significant impact on the regulatory capital ratios of the Group and its banking subsidiaries. The result of this policy is that hedging generally only becomes necessary when the ratio of structural exposures in a particular currency to risk-weighted assets denominated in that currency diverges significantly from the capital ratio of the entity being considered. In addition to monitoring VaR in respect of foreign currency, the Group monitors any concentration risk in relation to any individual currency in regard to the translation of foreign currency transactions and monetary assets and liabilities into the functional currency of Group entities, and with regard to the translation of foreign operations into the presentation currency of the Group (after taking account of the impact of any qualifying net investment hedges).

e) Operational risks

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

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and innovation. In all cases, Group policy requires compliance with all applicable legal and regulatory requirements.

The board of directors has delegated responsibility for operational risk to its Group Operational Risk Committee, which is responsible for the development and implementation of controls to address operational risk. This responsibility is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is cost effective.

Compliance with Group standards is supported by a programme of periodic reviews undertaken by Internal Audit. The results of Internal Audit reviews are discussed with the Group Operational Risk Committee, with summaries submitted to the Audit Committee and senior management of the Group.

40 Significant accounting policies

The Group has consistently applied the following accounting policies to all periods presented in these consolidated and seperate financial statements.

Set out below is an index of significant accounting policies, the details of which are available on the pages that follow:

40 Significant accounting policies *(Continued)*

40.6 Net income from other financial instruments at fair value through profit or loss

40.7 Dividend income

40.8 Leases

40.9 Income tax

40.10 Financial assets and financial liabilities

40.11 Cash and cash equivalents

40.12 Trading assets and liabilities

40.13 Loans and advances

40.14 Investment securities

40.15 Property and equipment

40.16 Intangible assets and goodwill

40.17 Impairment of non-financial assets

4018 Deposits, debt securities and subordinated liabilities

40.19 Provisions

40.20 Financial guarantees and loan commitments

40.21 Employee benefits

40.22 Share capital and reserves

40.23 Earnings per share

40.24 Segment reporting

40.25 Collateral

40.26 Financial guarantees and loan commitments

40.27 Dividends payable

40.28 Fiduciary activities

40.29 Share based payments

40.1 (a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately.

Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the acquisition date. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination services.

(ii) Subsidiaries

'Subsidiaries' are investees controlled by the Group. The Group 'controls' an investee if it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The Group reassesses whether it has control if there are changes to one or more of the elements of control. This includes circumstances in which the protective rights held (e.g. those resulting from a lending relationship) become substantive and lead to the Group having power over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

(iii) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(iv) Transactions eliminated on consolidation

Intra- group balances and transactions, and unrealised income and expenses (except for foreign currency transaction gains and losses) arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as gains, but only to the extent that there is evidence of impairment.

40 Significant accounting policies *(Continued)*

40.2 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of Group entities at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the spot exchange rate at that date.

The foreign currency gain or loss on monetary items is the difference between the amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in the foreign currency translated at the spot exchange rate at the end of the year.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the spot exchange rate at the date on which the fair value is determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of available-for-sale equity instruments are recognised in OCI:

40.3 Interest

Interest income and expense are recognised in profit or loss using the effective interest method. The 'effective interest rate' is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or financial liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

Interest income and expense presented in the statement of profit or loss and OCI include:

- Interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- Interest on available- for- sale investment securities calculated on an effective interest basis;

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group's trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income 40.5

Fair value changes on other derivatives held for risk management purposes, and all other financial assets and liabilities carried at fair value through profit or loss, are presented in net income from other financial instruments at fair value through profit or loss in the statement of profit or loss and OCI see 40.6.

40.4 Fees and commission

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate 40.3.

Other fees and commission income- including account servicing fees, investment management fees, sales commission, placement fees and syndication fees- are recognised as the related services are performed. If a loan commitment is not expected to result in the draw- down of a loan, then the related loan commitment fees are recognised on a straight-line basis over the commitment period.

Other fees and commission expenses relate mainly to transaction and service fees, which are expensed as the services are received.

40.5 Net trading income

'Net trading income' comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

40.6 Net income from other financial instruments at fair value through profit or loss

Net income from other financial instruments at fair value through profit or loss relates to non-trading derivatives held for risk management purposes that do not form part of qualifying hedge relationships and financial assets and financial liabilities designated at fair value through profit or loss. It includes all realised and unrealised fair value changes, interest, dividends and foreign exchange differences.

40.7 Dividend income

Dividend income is recognised when the right to receive income is established. Usually, this is the ex-dividend date for quoted equity securities. Dividends are presented in net trading income, net income from other financial instruments at fair value through profit or loss or other revenue based on the underlying classification of the equity investment.

40.8 Leases

i) Lease payments- lessee

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

40 Significant accounting policies *(Continued)*

ii) Lease assets – lessee
Assets held by the Group under leases that transfer to the Group substantially all of the risks and rewards of ownership are classified as finance leases. The leased asset is initially measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

iii) Lease assets – lessor
If the Group is the lessor in a lease agreement that transfers substantially all of the risks and rewards incidental to ownership of the asset to the lessee, then the arrangement is classified as a finance lease and a receivable equal to the net investment in the lease is recognised and presented within loans and advances.

40.9 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in OCI.

Current tax
Current tax is the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantially enacted at the reporting date. Current tax also includes any tax arising from dividends.

Deferred tax
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Additional taxes that arise from the distribution of dividends by the Group are recognized at the same time as the liability to pay the related dividend is recognized. These amounts are generally recognized in profit or loss because they generally relate to income arising from transactions that were originally recognized in profit or loss.

Tax exposures
In determining the amount of current and deferred tax, the Group takes into account the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period in which such a determination is made.

40.10 Financial assets and financial liabilities

i) Recognition
The Group initially recognises loans and advances, deposits, debt securities issued and subordinated liabilities on the date on which they are originated. All other financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue.

ii) Classification

Financial assets
The Group classifies its financial assets in one of the following categories:

- loans and receivables;
- held-to-maturity investment securities;
- available- for- sale; and
- at fair value through profit or loss, and within this category as:
  - held for trading; or
  - designated at fair value through profit or loss

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or fair value through profit or loss.

40.10 Financial assets and financial liabilities *(continued)*

iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in OCI is recognised in profit or loss. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Group is recognised as a separate asset or liability. The Group enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale and repurchase transactions. When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale and repurchase transactions because the Group retains all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Group neither retains nor transfers substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Group retains the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee is more than adequate (asset) or is less than adequate (liability) for performing the servicing.

The Group securitises various loans and advances to customers and investment securities, which generally result in the sale of these assets to unconsolidated securitisation vehicles and in the Group transferring substantially all of the risks and rewards of ownership. The securitisation vehicles in turn issue securities to investors. Interests in the securitised financial assets may be retained in the form of senior or subordinated tranches, interest-only strips or other residual interests (retained interests). Retained interests are primarily recorded in available-for-sale investment securities and carried at fair value. Gains or losses on securitisation depend in part on the carrying amount of the transferred financial assets, allocated between the financial assets derecognised and the retained interests based on their relative fair values at the date of the transfer. Gains or losses on securitisation are recorded in other revenue.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

iv) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

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

v) Amortised cost measurement

The ‘amortised cost’ of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

vi) Fair value measurement

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

When available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

The best evidence of the fair value of a financial instrument at initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received.

40 Significant accounting policies *(Continued)*

40.10 Financial assets and financial liabilities *(continued)*

vi) Fair value measurement *(Continued)*

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

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

Portfolios of financial assets and financial liabilities that are exposed to market risk and credit risk that are managed by the Group on the basis of the net exposure to either market or credit risk are measured on the basis of a price that would be received to sell a net long position (or paid to transfer a net short position) for a particular risk exposure. Those portfolio-level adjustments are allocated to the individual assets and liabilities on the basis of the relative risk adjustment of each of the individual instruments in the portfolio.

The fair value of a demand deposit is not less than the amount payable.

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

vii) Identification and measurement of impairment

At each reporting date, the Group assesses whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. A financial asset or a group of financial assets is 'impaired' when objective evidence demonstrates that a loss event has occurred after the initial recognition of the asset(s) and that the loss event has an impact on the future cash flows of the asset(s) that can be estimated reliably.

Objective evidence that financial assets are impaired includes:

- significant financial difficulty of the borrower or issuer;
- default or delinquency by a borrower;
- the restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider;
- indications that a borrower or issuer will enter bankruptcy;
- the disappearance of an active market for a security, or
- observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group.

The Group considers evidence of impairment for loans and advances and receivables.at both a specific asset and a collective level. All individually significant loans and advances and held-to-maturity investment securities are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and advances and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and advances and held-to-maturity investment securities with similar risk characteristics.

In assessing collective impairment, the Group uses statistical modelling of historical trends of the probability of default, the timing of recoveries and the amount of loss incurred, and makes an adjustment if current economic and credit conditions are such that the actual losses are likely to be greater or lesser than is suggested by historical trends. Default rates, loss rates and the expected timing of future recoveries are regularly benchmarked against actual outcomes to ensure that they remain appropriate.

Impairment losses on assets measured at amortised cost are calculated as the difference between the carrying amount and the present value of estimated future cash flows discounted at the asset's original effective interest rate.

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised. If the cash flows of the renegotiated asset are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and the new financial asset is recognised at fair value. The impairment loss before an expected restructuring is measured as follows.

- If the expected restructuring will not result in derecogntion of the existing asset, then the estimated cash flows arising from the modified financial asset are included in the measurement of the existing asset based on their expected timing and amounts discounted at the original effective interest rate of the existing financial asset.
- If the expected restructuring will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition. This amount is discounted from the expected date of the derecogntion to the reporting date using the original effective interest rate of the existing financial asset.

40 Significant accounting policies *(Continued)*

40.10 Financial assets and financial liabilities *(continued)*

vii) Identification and measurement of impairment *(continued)*

Impairment losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired assets continues to be recognised through the unwinding of the discount. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

Impairment losses on available-for-sale investment securities are recognised by reclassifying the losses accumulated in the fair value reserve in equity to profit or loss. The cumulative loss that is reclassified from the fair value reserve to profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in impairment attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, any increase in fair value is recognised through OCI. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is always recognised in OCI.

The Group writes off a loan or an investment debt security, either partially or in full, and any related allowance for impairment losses, when Group Credit determines that there is no realistic prospect of recovery.

viii) Designation at fair value through profit or loss

The Bank has designated financial assets and financial liabilities as fair value through profit and loss in either of the following circumstances:

- The assets or liabilities are managed, evaluated and reported internally on a fair value basis.
- The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

40.11 Cash and cash equivalents

Cash and cash equivalents' include notes and coins on hand, unrestricted balances held with Central Banks and highly liquid financial assets with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Bank in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

40.12 Trading assets and liabilities

'Trading assets and liabilities' are those assets and liabilities that the Group acquires or incurs principally for the purpose of selling or repurchasing in the near term, or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position, with transaction costs recognised in profit or loss. All changes in fair value are recognised as part of net trading income in profit or loss. Trading assets and liabilities are not reclassified subsequent to their initial recognition, except that non-derivative trading assets, other than those designated at fair value through profit or loss on initial recognition, may be reclassified out of the fair value through profit or loss – i.e. trading – category if they are no longer held for the purpose of being sold or repurchased in the near term and the following conditions are met.

- If the financial asset would have met the definition of loans and receivables (if the financial asset had not been required to be classified as held-for-trading on initial recognition), then it may be reclassified if the Group has the intention and ability to hold the financial asset for the foreseeable future or until maturity.
- If the financial asset would not have met the definition of loans and receivables, then it may be reclassified out of the trading category only in rare circumstances.

40.13 Loans and advances

Loans and advances' are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that the Group does not intend to sell immediately or in the near term.

Loans and advances to banks are classified as loans and receivables. Loans to customers include:

- Those classified as loans and receivables
- Those designated as at fair value through profit or loss; and
- Finance lease receivables

Loans and advances are initially measured at fair value plus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. When the Group chooses to designate the loans and advances as measured at fair value through profit or loss, they are measured at fair value with face value changes recognised immediately in profit or loss.

40.14 Investment securities

Investment securities are initially measured at fair value plus, in the case of investment securities not at fair value through profit or loss, incremental direct transaction costs, and subsequently accounted for depending on their classification as either held to maturity, fair value through profit or loss, or available-for-sale.

Financial assets at fair value through profit or loss
The Group designates some investment securities as at fair value, with fair value changes recognised immediately in profit or loss as described in 40.10(viii).

40 Significant accounting policies *(Continued)*

Available-for-sale
Available-for-sale investments' are non-derivative investments that are designated as available-for-sale or are not classified as another category of financial assets. Available-for-sale investments comprise equity securities and debt securities. Unquoted equity securities whose fair value cannot be measured reliably are carried at cost. All other available-for-sale investments are measured at fair value after initial recognition.

40.15 Property and equipment

Recognition and measurement
Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Purchased software that is integral to the functionality off the related equipment is capitalised as part of that equipment.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Any gain or loss on disposal of an item of property and equipment is recognised in profit or loss.

Subsequent costs
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed.

Depreciation
Depreciation is calculated to write off items of property and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

Properties	up to 50 years
Improvements to properties	shorter of the life of the lease, or up to 50 years
Equipment and motor vehicles	3 to 10 years

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

Capital work-in-progress
Capital work-in-progress represents assets in the course of development which at reporting date would not have been brought to use.

40.16 Intangible assets and goodwill

Goodwill
Goodwill that arises on the acquisition of subsidiaries is presented with intangible assets (see 40.1(i)). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses.

Customer relationships
The customer relationships are amortised over the expected customer lives, initially estimated at 8 -10 years. They are initially measured at cost and subsequent to initial measurement; they are carried at cost less accumulated amortisation and impairment.

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

40.17 Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than investment properties and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that is largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The 'recoverable amount' of an asset or CGU is the greater of its value in use and its fair value less costs to sell. 'Value in use' is based on the estimated future cash flows, 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 or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Group's corporate assets do not generate separate cash inflows and are used by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGUs to which the corporate assets are allocated. Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

40.18 Deposits, debt securities issued and subordinated liabilities

Deposits, debt securities issued and subordinated liabilities are the Group's sources of debt funding.
When the Group sells a financial asset and simultaneously enters into an agreement to repurchase the asset (or a similar asset) at a fixed price on a future date (sale and repurchase agreement), the arrangement is accounted for as a deposit, and the underlying asset continues to be recognised in the Group's financial statements.

The Group classifies capital instruments as financial liabilities or equity instruments in accordance with the substance of the contractual terms of the instruments. Deposits, debt securities issued and subordinated liabilities are initially measured at fair value minus incremental direct transaction costs, and subsequently measured at their amortised cost using the effective interest method. Except where the Group derecognizes liabilities at fair value through profit or loss.

40 Significant accounting policies *(Continued)*

40.19 Provisions

A provision is recognised if, as a result of a past event, the Bank has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

40.20 Financial guarantees and loan commitments

Financial guarantees' are contracts that require the Bank to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. 'Loan commitments' are firm commitments to provide credit under pre-specified terms and conditions.

Liabilities arising from financial guarantees or commitments to provide a loan at a below-market interest rate are initially measured at fair value and the initial fair value is amortised over the life of the guarantee or the commitment. The liability is subsequently carried at the higher of this amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable. Financial guarantees and commitments to provide a loan at a below-market interest rate are included within other liabilities.

40.21 Employee benefits

Defined contribution plan
A defined contribution plan is a post - employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as expense in profit or loss when they are due in respect of service rendered before the end of the reporting period. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Retirement benefits for members of staff are provided through a defined contribution fund.

The Group contributes 6% of employees' basic pay to the defined contribution pension fund. Obligations for contributions to the defined contribution pension plans are due in respect of services rendered before the end of the reporting period.

Termination benefits
Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date. Termination benefits for voluntary redundancies are recognised if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Short – term employee benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

40.22 Share capital and reserves - share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

40.23 Earnings per share

The Group presents basic and diluted EPS data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss that is attributable to ordinary shareholders of the Bank by the weighted-average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss that is attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees.

40.24 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO (who is the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available (see note 7).

40.25 Collateral

The Group obtains collateral in respect of customer liabilities where this is considered appropriate. The collateral normally takes the form of a lien over the customer's assets and gives the Group a claim on these assets for both existing and future liabilities.

The Group receives collateral in the form of cash or debt securities in respect of other financial instruments in order to reduce credit risk. Collateral received in the form of debt securities is not recognised on the statement of financial position. Collateral received in the form of cash is recognised on the statement of financial position with a corresponding liability. These items are assigned to deposits received from banks or other counterparties. Any interest payable or receivable arising is recognised as interest expense or interest income respectively.

40.26 Financial guarantees and loan commitments

Financial guarantees are contracts that require the Group to make specific payments to reimburse the holder for a loss it incurs because a specified debtors fails to make payment when due in accordance with the terms of the debt instrument. Loan commitments are firm commitments to provide credit under pre specified terms and conditions.

40.27 Dividends payable

Dividends are recognised as a liability in the period in which the dividends are approved by the shareholders.

40 Significant accounting policies *(Continued)*

40.28 Fiduciary activities

The Group acts in a fiduciary capacity which results in the holding or placing of assets on behalf of individuals, trusts and other institutions. These assets are excluded from these financial statements, as they are not assets of the Group.

40.29 Share based payments

The Bank's employees participate in a number of share based payment schemes operated by Standard Chartered Plc, the ultimate holding company of Standard Chartered Bank Zambia Plc.

Participating employees are awarded ordinary shares in Standard Chartered Plc in accordance with the terms and conditions of the relevant scheme.

In addition, employees have the choice of opening a three-year or five-year savings contract. Within a period of six months after the third or fifth anniversary, as appropriate, employees may purchase ordinary shares of Standard Chartered Bank Plc. The price at which they may purchase shares is at a discount of up to twenty per cent on the share price at the date of invitation. There are no performance conditions attached to options granted under all employee share save schemes.

Equity settled options or share awards are calculated at the time of grant based on the fair value of the equity instruments granted and that grant date fair value is not subject to change the fair value of equity instruments granted is based on market prices, if available, at the date of grant. In the absence of market prices, the fair value of the instrument is estimated using an appropriate valuation technique, such as a binomial option pricing model.

41 Standards issued but not yet adopted

A number of new standards and amendments to standards are effective for annual periods beginning after 1 January 2016; however, the Group has not applied the following new or amended standards in preparing these consolidated financial statements.

1 January 2016	Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	The amendments provide additional guidance on the application of materiality and aggregation when preparing the financial statements. The amendments apply for annual periods beginning on or after 1 January 2016 and early application is permitted. The impact of the adoption of the standard on the financial statements for the Group has not yet been quantified.
1 January 2018	IFRS 9 Financial Instruments	On 24th July 2014, the IASB issued the final IFRS 9 Financial Instruments Standard, which replaces earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments. The standard is effective for annual periods beginning on or after 1 January 2018 with retrospective application, early adoption is permitted. The impact of the adoption of the standard on the financial statements for the Group has not yet been quantified.

41 Standards issued but not yet adopted

1 January 2017	IFRS 15 Revenue from contracts with customers	This standard replaces IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfer of Assets from Customers and SIC-31 Revenue – Barter of Transactions Involving Advertising Services. The standard contains a single model that applies to contracts with customers and two approaches to recognising revenue: at a point in time or over time. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognised. This new standard will most likely have a significant impact on the Group, which will include a possible change in the timing of when revenue is recognised and the amount of revenue recognised. The standard is effective for annual periods beginning on or after 1 January 2017, with early adoption permitted under IFRS. The impact of the adoption of the standard on the financial statements for the Group has not yet been quantified.
1 January 2016	Clarification of acceptable methods of depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	The amendments to IAS 16 ***Property, Plant and Equipment*** explicitly state that revenue-based methods of depreciation cannot be used for Property, Plant and Equipment. The amendments to IAS 38 ***Intangible Assets*** introduce a rebuttable presumption that the use of revenue-based methods of amortisation for intangible assets is inappropriate. The presumption can be overcome when revenue and the consumption of economic benefits of the intangible asset are ‘highly correlated’, or when the intangible asset is expressed as a measure of revenue. The amendments apply prospectively for annual periods beginning on or after 1 January 2016 and early adoption is permitted. The impact of the adoption of the standard on the financial statements for the Group has not yet been quantified.

Appendix I

Five year summary

	2015	2014	2013	2012	2011
	K'000	K'000	K'000	K'000	K'000
Operating profit before impairment provisions	**323,088**	393,320	381,509	342,896	221,735
Net impairment provisions against loans and advances	**(39,976)**	(12,188)	(14,466)	(3,278)	8,009
Profit before taxation	**283,112**	381,132	367,044	339,618	229,744
Profit attributable to shareholders	**178,905**	243,745	236,667	220,993	133,292
Loans and advances to customers	**3,533,763**	3,134,604	2,779,470	2,233,265	1,151,385
Total assets	**8,619,998**	6,597,074	5,470,402	5,163,618	4,572,218
Deposits from customers	**7,457,805**	5,325,970	4,267,129	3,681,026	3,164,587
Shareholders' funds	**647,030**	689,353	734,130	594,290	325,511

Earnings per ordinary share

Basic earnings per share (Kwacha)	**0.107**	0.146	0.142	0.133	0.079
Dividends per share (Kwacha)	**0.10**	0.14	0.14	0.14	0.00

Ratios

Post-tax return on ordinary shareholders' funds	**28%**	35%	32%	37%	41%
Basic cost/income ratio	**61%**	51%	46%	45%	51%

Principal Addresses

Head Office
Standard Chartered Bank Zambia Plc
Standard Chartered House, Cairo Road
P. O. Box 32238
Lusaka 10101, Zambia
Tel: +260 (211) 229242-50
Fax: +260 (211) 222092

Executive Management Team

Andrew Okai
CEO/Managing Director
Standard Chartered Bank Zambia Plc
4th Floor Standard Chartered House, Cairo Road
P. O. Box 32238, Lusaka
Tel: +260 (211) 222046
Fax: +260 (211) 225148

James Koni
Chief Financial Officer
Standard Chartered Bank Zambia Plc
1st Floor Standard Chartered House, Cairo Road
P.O. Box 32238, Lusaka
Tel: +260 (211) 225252

Emmanuel Banda
Head of International Corporates
(co-Head, Corporate and Institutional Banking)
Standard Chartered Bank Zambia Plc
2nd Floor Standard Chartered House, Cairo Road
P.O. Box 32238, Lusaka
Tel: +260 (211) 222983

Sonny Zulu
Head of Retail Banking
Standard Chartered Bank Zambia Plc
2nd Floor Northend, Cairo Road
P. O. Box 31353, Lusaka
Tel: +260 (211) 225257

Stanley Tamele
Head of Wealth Management
Standard Chartered Bank Zambia Plc
2nd Floor Northend Building, Cairo Road
P.O. Box 31353, Lusaka
Tel: +260 (211) 227516

Ngenda Nyambe
Head of Commercial Banking
Standard Chartered Bank Zambia Plc
1st Floor Ody's Centre, Great East Road
P.O. Box 31934, Lusaka
Tel: +260 (211) 295683

Farida Mukasa Kasujja
Head of Financial Institutions
(co-Head, Corporate and Institutional Banking)
Standard Chartered Bank Zambia Plc
2nd Floor, Standard Chartered House, Cairo Road
P.O. Box 32238, Lusaka
Tel: +260 (211) 225244

Aniq Islam
Head of Transaction Banking
Standard Chartered Bank Zambia Plc
2nd Floor, Standard Chartered House, Cairo Road
P.O. Box 32238, Lusaka
Tel: +260 (211) 225244

Kabwe Mwaba
Head of Financial Markets
Standard Chartered Bank Zambia Plc
2nd Floor, Standard Chartered House, Cairo Road
P.O. Box 32238, Lusaka
Tel: +260 (211) 386501

Peter Zulu
Head of Compliance
Standard Chartered Bank Zambia Plc
5th Floor Standard Chartered House, Cairo Road
P.O. Box 32238, Lusaka
Tel: +260 (211) 224825

Musonda Musakanya
Chief Information Officer
Standard Chartered Bank Zambia Plc
1st Floor Standard Chartered House, Cairo Road
P.O. Box 32238, Lusaka
Tel: +260 (211) 225138

Ruth Simuyemba
Head of Human Resources
Standard Chartered Bank Zambia Plc
3rd Floor Standard Chartered House, Cairo Road
P.O. Box 32238, Lusaka
Tel: +260 (211) 224838

Augustine Hamwela
Head of Legal
Standard Chartered Bank Zambia Plc
5th Floor Standard Chartered House, Cairo Road
P.O. Box 32238, Lusaka
Tel: +260 (211) 221518

Tracey Gains
Country Chief Risk and Senior Credit Officer
Standard Chartered Bank Zambia Plc
2nd Floor Standard Chartered House, Cairo Road
P. O. Box 32238, Lusaka
Tel: +260 (211) 229242-59

Fanwell Phiri
Head of Audit
Standard Chartered Bank Zambia Plc
5th Floor Standard Chartered House, Cairo Road
P.O. Box 32238, Lusaka
Tel: +260 (211) 222076

Christine Matambo
Head of Corporate Affairs, Brand & Marketing
Standard Chartered Bank Zambia Plc
4th Floor Standard Chartered House, Cairo Road
P.O. Box 32238, Lusaka
Tel: +260 (211) 227616

Branch Network

LUSAKA
Lusaka Main Branch
P. O. Box 32238, Lusaka
Tel: +260 (211) 229242-59
Fax: +260 (211) 220106/227679

Crossroads Branch
P. O. Box 31934, Lusaka
Tel: +260 (211) 264080
Fax: +260 (211) 262593

Kabulonga Branch
P. O. Box 31934, Lusaka
Tel: +260 (211) 261339
Fax: +260 (211) 262593

Levy Mall Branch
P. O. Box, 31935, Lusaka
Tel: +260 (211) 324143
Fax: +260 (211) 324144

Manda Hill Branch
P. O. Box 31934, Lusaka
Tel: +260 (211) 255484
Fax: +260 (211) 255485

Northend Branch
P. O. Box 31353, Lusaka
Tel: +260 (211) 228511 4/5
Fax: +260 (211) 221857

LUSAKA – Priority Banking Centres:
Intercontinental Hotel Priority Banking Centre
P. O. Box 31934, Lusaka
Tel: +260 (211) 256595
Fax: +260 (211) 256713

Lusaka Main Branch - Priority Banking
P. O. Box 32238, Lusaka
Tel: +260 (211) 229242-59
Fax: +260 (211) 220106/227679

Northend Branch - Priority Banking
P. O. Box 31353, Lusaka
Tel: +260 (211) 228551
Fax: +260 (211) 228553

Odys Priority Banking Centre
P. O. Box 32238, Lusaka
Tel: +260 (211) 292876-79
Fax: +260 (211) 292868

LUSAKA – Electronic Banking Centres (EBCs):
Arcades Mall
P. O. Box 31934, Lusaka
Tel: +260 (211) 258900
Fax: +260 (211) 292868

Makeni Mall
P. O. Box 31934, Lusaka
Tel: +260 (211) 273885

Northmead
P. O. Box 31353, Lusaka
Tel: +260 (211) 294063

Chilenje
P. O. Box 31934, Lusaka
Tel: +260 (211) 267758

COPPERBELT
Buteko Branch
P .O. Box 71665, Ndola
Tel: +260 (212) 613225
Fax: +260 (212) 620943

Chililabombwe Branch
P. O. Box 210119, Chililabombwe
Tel: +260 (212) 382209
Fax: +260 (211) 382213

Chingola Branch
P. O. Box 71665, Chingola
Tel: +260 (212) 312227
Fax: +260 (212) 313827

Jacaranda Mall Branch
P. O. Box 230021, Ndola
Tel: +260 (212) 651013
Fax: +260 (212) 650583

Luanshya Branch
P. O. Box 90097, Luanshya
Tel: +260 (212) 510132
Fax: +260 (212) 510484

Solwezi Branch
P.O. Box 110045, Solwezi
Tel: +260 (213) 321745
Fax: +260 (213) 321721

Zambia Way Branch
P. O. Box 20061, Kitwe
Tel: +260 (212) 224944

COPPERBELT – Priority Banking Centres:
Zambia Way Branch - Priority Banking
P. O. Box 20061, Kitwe
Tel: +260 (212) 224944
Fax: +260 (212) 224269

SOUTHERN PROVINCE
Choma Branch
P. O. Box 630070, Choma
Tel: +260 (213) 220199/20489/20784
Fax: +260 (213) 220784

Livingstone Branch
P. O. Box 60592, Livingstone
Tel: +260 (213) 321745

Mazabuka Branch
P. O. Box 670002, Mazabuka
Tel: +260 (213) 230727/230688/230031
Fax: +260 (213) 230727/230162

WESTERN PROVINCE
Mongu Branch
P.O. Box 910090, Mongu
Tel: +260 (217) 221456
Fax: +260 (217) 221281

NORTHERN PROVINCE
Kasama Branch
P. O. Box 410060, Kasama
Tel: +260 (214) 222051
Fax: +260 (214) 221316

Dividend

At the Board Meeting on 29 February 2016, the Directors recommended that a final dividend of ZMW0.04 be paid to shareholders for the year ended 31 December 2015.

The dividend will be paid to shareholders registered in the books of the Bank at close of business on 29 April 2016 and payable on 3 May 2016.

By Order of the Board

Rose Kavimba
Acting Company Secretary
29 February 2016

Notice of 45th Annual General Meeting and Agenda

Notice is hereby given that the 45th Annual General Meeting (AGM) of Standard Chartered Bank Zambia Plc in respect of the period ended 31 December 2015, will be held at the Taj Pamodzi Hotel, in the Baobab Room, in Lusaka, Zambia on Thursday 31 March 2016 at 09:00 hours for the following purposes:

1. **Call to order, tabling proxies, and announcement regarding quorum**

2. **Resolution 1 – Adoption of Minutes**
   To confirm, adopt and sign the Minutes of the AGM held on 31 March 2015.

3. **Resolution 2- Adoption of Chairman's Report, Directors' Report and Financial Statements**
   To receive, approve and adopt the Financial Statements for the year ended 31 December 2015 and the reports of the Chairman, Directors and Auditors.

4. **Resolution 3 – Dividend**
   To approve a final Dividend recommendation of the Directors of K0.04 per share for the year ended December 2015 payable to all shareholders registered in the books of the Bank at close of business on 29 April 2016 and payable on 3 May 2016.

5. **Resolution 4 – Amendment of Articles of Association**
   To approve the Amendment of Articles 85 and 131 of the Articles of Association of Standard Chartered Bank Zambia Plc to align them to the Banking and Financial Services Act of Zambia.

6. **Resolution 5 – Appointment of Auditors**
   To appoint auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and to authorize the Directors to set their remuneration.

7. **Resolution 6 – Appointment of Directors**

   (i) To confirm the appointment of Ms. Louise Vogler who was appointed as Non Executive Director (NED) since the previous Annual General Meeting.

   (ii) To confirm the retirement of Mr. James J Koni from the Board.

   (iii) To re-elect each of Messrs Michael M Mundashi, Edson M Hamakowa, Robin P Miller, Andrew F Okai and Richard P Etemesi who retire by rotation, in terms of the Companies Act, and who, being eligible, offer themselves for re-election.

8. **Resolution 7** – Remuneration of the Directors
   To authorize the Board to fix the remuneration of the Directors.

9. **To transact any other business that may properly be transacted at the Annual General Meeting**.

A member entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend, speak, and, on a poll, vote in his/her stead. Proxy forms are available from the Company Secretary.

By Order of the Board

Rose N Kavimba
Acting Company Secretary
29 February 2016

FORM OF PROXY

…………….............……. 2016

I/We, ……………………...........................…………………………… (full names in block letters) of ……….................………….

……………………………………………………………………………………………………...……………….

member/members of Standard Chartered Bank Zambia Plc, hereby appoint

…………………………………………………………………………………………….......................................…………………………

of ……………………………………………………………………………………………...……………………...

as my/our proxy to attend, and speak, on poll, vote instead of me/us at the forty-fifth
Annual General Meeting of the Company, to be held on Thursday 31 March 2016 and at every Adjournment thereof:

In favour of/against (please tick)

	In favour	Against
Resolution 1 – To confirm, adopt and sign the minutes of the AGM held on 31 March 2015.	☐	☐
Resolution 2 – To receive, approve and adopt Financial Statements for the year ended 31 December 2015.	☐	☐
Resolution 3 – To approve a Final Dividend of ZMW 0.04 per share for the year ended 31 December 2015 payable to all shareholders registered in the books of the company at close of business on 29 April 2016 and payable on 3 May 2016.	☐	☐
Resolution 4 – To approve the Amendment of Articles 85 and 131 of the Articles of Association of Standard Chartered Bank Zambia Plc to align them to the Ba nking and Financial Services Act of Zambia.	☐	☐
Resolution 5 – Re-appointment of KPMG as Auditors For 2015-16 and to authorize the directors to fix their Remuneration.	☐	☐
Resolution 6 – (i) Confirm the appointment of Louise Vogler as Director.	☐	☐
(ii) Confirm the resignation of James J Koni as Director.	☐	☐
(iii) To confirm the reappointment of the following as directors:		
- Michael M Mundashi	☐	☐
- Andrew F Okai	☐	☐
- Robin P Miller	☐	☐
- Edson M Hamakowa	☐	☐
- Richard P Etemesi	☐	☐
Resolution 7: To authorize the Board to fix their remuneration.	☐	☐

Signature(s)

……………………………………………………..………………………

Certificate Number(s) ………………………..………………………

NOTE:

The Form of Proxy shall be:

a) In the case of an individual, signed by the appointer or by his Attorney.

b) In the case of a corporation, signed either by an Attorney or Officer of the Corporation on its behalf or be given under its common seal.

An instrument of proxy must be deposited at the Registered Office of the Bank not later than 48 hours before the time of the meeting.

Notes

Notes