

Absa Bank Botswana Limited

Integrated Report 2025

A value creation story...



Your story matters





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Our 2025 Integrated Report

Integrated reporting purpose, scope and audience

Absa Bank Botswana Limited ("the Bank") is a public company listed on the Botswana Stock Exchange ("BSE") and domiciled in Botswana. We are proud to be more than a bank, guided by our purpose: "Empowering Africa's tomorrow, together... one story at a time." This purpose underpins our daily operations as we partner with our clients and contribute meaningfully to the communities in which we operate.

The Bank is committed to embedding integrated thinking across its business and reporting practices. This Integrated Report articulates our holistic value creation narrative to investors and other key stakeholders. It primarily aims to provide our providers of financial capital with a concise, yet sufficiently comprehensive understanding of how the Bank creates, preserves, and, where applicable, erodes value over the short, medium and long term.

Integrated thinking requires us to consider prosperity, people, and the planet within our core business activities, while remaining responsive to the external environment. Given our reliance on a broad range of tangible and intangible resources, this approach supports cohesive decision-making and responsible capital allocation. Ultimately, it enables us to balance short- and long-term outcomes, which is fundamental to delivering sustainable value.

The financial reporting boundary is defined by control and significant influence within the operating environment. All other reporting boundaries, including those relating to risks, strategy, governance, and social and environmental matters, are determined based on their potential to materially impact value creation, as assessed by the Bank's Board of Directors ("the Board") and Management.

Frameworks, assurance and reporting suite

This Integrated Report has been prepared in accordance with the IFRS Foundation's Integrated Reporting Framework (2021) and the King IV. Governance for South Africa, 2016TM on Corporate Governance for South Africa, 2016TM. The report includes extracts of financial information prepared in accordance with IFRS Accounting Standards, as well as non-financial information reviewed by Management and the Board. The Annual Financial Statements ("AFS") included herein have been prepared in full

compliance with IFRS Accounting Standards as issued by the International Accounting Standards Board, together with all applicable legislation. This Integrated Report and the AFS further comply with the following regulatory requirements:

- Financial Reporting Act 2020 (with the financial information aligned to IFRS, and the integrated disclosures guided by the International Framework)
- Banking Act 2023 (as commenced August 2025)
- Botswana Stock Exchange Equity Listings Requirements 2022 (version 4)
- Botswana Companies Act 2007 (as amended)
- Guidelines on Corporate Governance for Banks and Deposit-taking Institutions Licensed and Supervised by the Bank of Botswana 2025 (as commenced April 2026)
- Corporate Governance Principles for Banks through the Basel Committee on Banking Supervision 2015
- Botswana Stock Exchange Sustainability Disclosures Guidance 2024 (these guidelines are intended for use on a voluntary basis).

Reporting period and forward - looking statements

This report covers the period from 1 January 2025 to 31 December 2025. Material events occurring after the reporting period, up to the date of Board approval on 3 June 2026, have been included where relevant. This report is supplemented by additional disclosures, including our capital and risk pillar reports, available at: <https://www.absa.co.bw/bank-reports/>. Statements regarding future operations and performance are forward-looking in nature. These statements are based on assumptions regarding future events and conditions, some of which are beyond the Bank's control and therefore involve inherent uncertainty. Actual outcomes may differ materially. Our planning, scenario analysis and stress testing reflect an elevated level of volatility, as outlined in the outlook section.

Process disclosure, materiality and assurance approach

We apply a dynamic double materiality approach, considering both impact and financial materiality in our assessment process. However, this report focuses primarily on financially material matters, as these are considered most relevant to the information needs and assessments of providers of financial capital. A matter is thus considered material if it could significantly impact our ability to create or preserve value, or result in value erosion, over the short, medium or long term.

The following material matters have been identified through our formal materiality determination process:

- Structural economic transition
- Earnings resilience amid economic and consumer stress
- Advancing digital transformation with effective governance

- Shifting regulatory and compliance landscape
- Culture transformation and talent stewardship
- Climate change and a just transition

Our Integrated Report process commenced with the review of the material matters for reporting. The materiality determination process for the purpose of preparing and presenting an integrated report involves:

- Identifying relevant matters based on their ability to affect value creation
- Evaluating and prioritising relevant matters based on either the magnitude of their effect on value creation or the likelihood of occurrence
- Determining the information to disclose about material matters.

The material matters presented in this report reflect those assessed as having the most significant impact on the Bank across relevant time horizons. These were primarily informed by an in-depth strategy review in October 2024, during which the Board engaged extensively with Management, culminating in the approval of the Bank's strategy. In response to the evolving macroeconomic environment, Management undertook extensive scenario planning and reassessed certain elements of the approved short-term strategic initiatives. This process informed a refined strategic response, which was subjected to rigorous deliberation before receiving Board approval in July 2025. Content development for this report involved inputs from business units, governance structures and enabling functions. In line with our governance standards, all submissions were approved by the respective accountable executives, followed by review and endorsement by the Country Management Committee ("CMC").

The Bank's Sustainable Finance Issuance Framework, as published in 2023, requires the Bank to have a limited assurance report, providing independent assurance on the sustainability status of instrument issued the P2 billion Medium Note Programme ("Note programme"). This is in line with the Botswana Stock Exchange Debt Listings Requirements and was disclosed in our prior report, as the Bank's inaugural Sustainable Bond, ABBSF01, amounting to P80 million matured on 10 December 2025.

The Bank adopts a risk-based combined assurance model. This includes internal controls, management oversight, compliance reviews, internal audit and independent external assurance where appropriate, to support the integrity of disclosures. All Board Committees - namely the Board Audit Committee, Board Credit Committee, Board Compliance Committee, Board Risk Committee and Board Human Resources, Remuneration and Nominations Committee ("HR Committee") - review relevant inputs in line with their mandates, before recommending them to the Board. The Board retains ultimate accountability for the integrity of the Bank's external reporting, supported by the independent audit of the AFS by KPMG Botswana.

¹Less than twelve months

²One to three years

³Longer than three years

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Reading this report

Entities and stakeholders considered in determining our reporting boundary



Employees



Clients



Investors



Regulators



Society



Planet

How we define future periods in this report

Short term
Less than 12 months

Medium term
Three years

Long term
Longer than three years

Six Capitals: We consider all six capitals in assessing value creation, preservation and erosion. While we use all six capitals in our value creation process, our business model is most reliant on financial and human capital, followed by intellectual and social and relationship capital, and, to a lesser extent, manufactured and natural capital. These icons sign post the relevant capitals:



Financial capital

This refers to the pool of funds that is available to the Bank for use in the production of goods or the provision of services obtained through financing, such as debt, equity or grants, or generated through operations or investments. We aim to use our financial stocks of value to enhance the outcomes on all our capitals in order to support our ability to create value over the short, medium and long-term while preventing value erosion.



Human capital

This refers to people's competencies, capabilities and experience, and their motivations to innovate, including their alignment with and support for the Bank's governance framework, risk management approach, and ethical values, ability to understand, develop and implement the Bank's strategy and loyalties and motivations for improving processes, goods and services, including their ability to lead, manage and collaborate. The Bank's ambition is to create a thriving, future-fit organisation that attracts, develops and retains the best people through a differentiated workplace experience by creating an enabling environment that fosters diversity, equity and inclusion for all.



Intellectual capital

This refers to the Bank's knowledge-based intangibles, including intellectual property, such as patents, copyrights, software rights and licenses and "organisational capital" such as tacit knowledge, systems, procedures and protocols.



Social and relationship capital

This refers to the institutions and the relationships within and between communities, groups of stakeholders and other networks and the ability to share information to enhance individual and collective wellbeing. Social and relationship capital includes shared norms, common values and behaviours, key stakeholder relationships, and the trust and willingness to engage, that the Bank has developed and strives to build and protect with external stakeholders, intangibles associated with the brand and reputation that the Bank has developed as well as its social license to operate.



Manufactured capital

This refers to manufactured physical objects (distinct from natural physical objects) that are available to the Bank for use in the production of products or the provision of services, including buildings, equipment and infrastructure (such as roads, ports, bridges, waste and water treatment plants).



Natural capital

This refers to all renewable and non-renewable environmental resources and processes that provide products or services that support the past, current or future prosperity of the Bank. It includes air, water, land, minerals and forests, biodiversity and ecosystem health.

Reading this report continued

The Bank, as part of Absa Group, has identified our strategic objectives and business model and gauged how their achievement will not only enable us to deliver on our purpose, but contribute to our prioritised SDGs as well, which are as follows:



Navigational icons used in this report

Hyperlinks are used throughout this report and are indicated through the use of **red italic text**



Integrated thinking principle We sign post where integrated thinking and decision making are at play to create the basis for long-term value creation.



King IV™ statement We sign post statements by those charged with governance in line with King IV™ disclosure practices.

Approval of the Integrated Report

Supported by the Country Management Committee and the Board Committees, the Board acknowledges its responsibility for ensuring the integrity of the Bank's external reporting. This report provides material and relevant information to enable providers of financial capital to make informed capital allocation decisions, while also addressing the broader information needs of other stakeholders. The report has been prepared in accordance with the IFRS Foundation's Integrated Reporting Framework (2021). While the Board acknowledges the introduction of King V™, this report continues to apply the principles of King IV™. The Bank is currently undertaking an assessment and transition process to ensure appropriate preparedness for the adoption and implementation of King V™ in the short term. The Board has applied its mind to the preparation of this Integrated Report and is satisfied that this report appropriately addresses all material matters that influence the Bank's ability to create and preserve value, or that may lead to value erosion, over the short, medium and long term. The Board further believes that this Integrated Report presents a fair, balanced, and transparent view of the Bank's strategy, performance, governance and future outlook. The Board approved this Integrated Report on 3 June 2026.



Cosmas Moapare
Independent Board Chairman



Kgotlayarona Ramaphane
Lead Independent
Non-Executive Director



Benjamin Monaheng Kodisang
Independent Non-Executive
Director



Sari Helena Nikka
Independent Non-Executive
Director



Thabo Kagiso Matthews
Independent Non-Executive
Director



Sethunya Makepe-Garebatho
Independent Non-Executive
Director



Dr. Wilfred Jiwa Mandlebe
Independent Non-Executive
Director



Dr. Priya Ravi Iyer
Independent Non-Executive
Director



Saviour Mwepu Chibiya
Non-Executive Director



Keabetswe Pheko-Moshagane
Executive (Managing) Director



Kudakwashe Mukushi
Executive (Finance) Director

Share your views

Stakeholder feedback is important to us, and we welcome your input to enhance the quality of our reporting and disclosures. Please share your feedback on our report by emailing **BWinvestorenquiries@absa.africa** or **Botswana.CustomerService@absa.africa**

Abbreviations and glossary used in this report

Abbreviations

ABB	Absa Bank Botswana Limited	ESMS	Environmental and Social Management System	SACU	Southern African Customs Union
AFS	Annual Financial Statements	EUR	Euro	SADC	Southern African Development Community
AGM	Annual General Meeting	FATF	Financial Action Task Force	SDGs	Sustainable Development Goals
AI	Artificial Intelligence	FC	Financial Capital	SHE	See Her Empowered
AIS	Absa Insurance Services (Pty) Ltd	FIA	Financial Intelligence Agency	SME	Small Medium Enterprise
ARO	Absa Regional Operations	FTP	Funds Transfer Pricing	SOCE	Statement of Changes in Equity
ALCO	Asset and Liability Management Committee	FX	Foreign Exchange	SOCF	Statement of Cash Flows
ASB	Absa Securities Botswana (Pty) Ltd	GACC	Group Audit and Compliance Committee	SOCI	Statement of Comprehensive Income
ATM	Automated Teller Machine	GBP	Great British Pound	SOFP	Statement of Financial Position
AWS	Amazon Web Services	GDP	Gross Domestic Product	SPPI	Solely Payments of Principal and Interest
bn	Billion	IAS	International Accounting Standards	STEM	Science, Technology, Engineering and Mathematics
BOB	Bank of Botswana	ICT	Information Communications Technology	TAG	Technical Accounting Group
BWP	Botswana Pula	IESBA	International Ethics Standards Board for Accountants	tCO₂e	tonnes of carbon dioxide equivalent
BSE	Botswana Stock Exchange	CEPA	Code of Ethics for Professional Accountants	TORs	Terms of Reference
BTEP	Botswana Economic Transformation Programme	IFC	International Finance Corporation	TCFD	Task Force on Climate-Related Financial Disclosures
CAF	Commercial Assets Finance	IFRS	International Financial Reporting Standards	TNDP	Transitional National Development Plant
CAR	Capital Adequacy Ratio	IMF	International Monetary Fund	UK	United Kingdom
CASA	Current Accounts Savings Accounts	INED	Independent Non-Executive Director	UNESCO	The United Nations Education Social and Cultural Organisation
CET1	Common Equity Tier 1 Ratio	IR	Integrated Reporting	UN	United Nations
CIB	Corporate and Investment Banking	KYC	Know Your Customer	UNGC	United Nations Global Compact
CLR	Credit Loss Ratio	KPIs	Key Performance Indicators	USA	United States of America
CMC	Country Management Committee	LAR	Liquid Asset Ratio	USD	United States of America Dollar
CO₂	Carbon dioxide	m	Million	VAT	Value-Added Tax
COE	Cost of Equity	MoMo	Mobile Money	VRF	Value Reporting Foundations
CPI	Consumer Price Index	NBFI	Non-Bank Financial Institutions	ZAR	South African Rand
CSI	Corporate Social Investment	NBFIRA	Non-Bank Financial Institutions Regulatory Authority		
CTI	Cost-To-Income	NED	Non-Executive Director		
CXI	Customer Experience Index	NFC	Near Field Communication		
DEIB	Diversity, equity, inclusion and belonging	NFI	Non Funded Income		
DR	Discount Rate	NII	Net Interest Income		
DVaR	Daily Value at Risk	NIR	Non-Interest Revenue		
ECL	Expected Credit Losses	NPS	Net Promoter Score		
EDs	Executive Directors	PoS	Point of Sale		
EFTs	Electronic Fund Transfers	RPC	Remuneration and Promotions Committee		
EGM	Extraordinary General Meeting	PPE	Personal Protective Equipment		
ERC	Executive Risk Committee	PPPs	Public-Private Partnerships		
ERMF	Enterprise Risk Management Framework	RBB	Retail and Business Banking		
ERTP	Economic Recovery and Transformation Plan	RICM	Risk and Issue Classification Matrix		
ESG	Environmental, Social and Governance	RWA	Risk Weighted Assets		

Market risk

Market Risk is defined as the risk of the Bank's earnings or capital being adversely impacted by changes in the level or volatility of prices affecting the positions in its books. This includes but is not limited to changes in interest rates, credit spreads, commodity prices, equity prices and foreign exchange levels.

Model risk

The risk of the potential adverse consequences from financial assessments or decisions based on incorrect or misused model outputs and reports.

Operational and resilience risk

Operational and resilience risk is the risk of loss and/or significant disruption to business activities from inadequate or failed internal processes, people, systems and/or from external events.

Compliance risk

The risk of failure to comply with any legal or regulatory obligations, including failure to act in accordance with customers' best interests, fair market practices and codes of conduct, and failure to mitigate financial crime.

Strategic, sustainability and reputation risk

The risk of losses arising from potential changes in the general business conditions and competitive market environment driven by strategic, sustainability and reputation factors.

Glossary

Credit risk

Credit risk is defined as the risk of suffering financial loss due to a borrower, a counterparty to a derivative transaction, or an issuer of debt securities defaulting on its contractual obligations.

Capital and liquidity risk

Capital and liquidity risk is defined as the risk and related constraints which support the effective management of the Bank's financial resources, inter alia capital, liquidity, and funding, which are critical to meeting the Bank's strategic objectives.



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Absa at a glance

Our story in Botswana started in 1950 in Lobatse and 75 years later, the Bank is one of the largest banks with presence across the country serving diverse clients and empowering many in writing their stories.

Our purpose

Empowering Africa's tomorrow, together... one story at a time

Our ambition

A leading bank in our market

Our brand promise

Your story matters

We are key player in Botswana's financial landscape with expanding physical and digital presence supported by skilled and capable employees who deliver exceptional services to our customers.

Physical presence

Bobonong
Francistown
Gaborone
Ghanzi
Gumare
Jwaneng
Kanye
Kasane

Letlhakane
Lobatse
Mahalapye
Masunga
Maun
Mochudi
Molepolole
Moshupa

Nata
Orapa
Palapye
Selebi-Phikwe
Serowe
Shakawe
Tsabong
Tutume

Our footprint in Botswana



32
branches, including
service centers

131
ATMs

8 876
point-of-sale
(PoS) devices

918
employees

Our values



Trust

We believe in ourselves
and each other



Resourceful

We innovate for our
colleagues, clients and
communities



Stewardship

We take actions
today that sustain our
tomorrow



Inclusion

We are stronger
together



Courage

We show up as our
authentic selves to
own our story

Behaviours underpinning our values

- I celebrate others' success
- I take accountability for my actions
- I embrace honesty and integrity
- I create a safe space for others to fail forward
- I am supportive, empathetic and kind

- I am curious and willing to learn
- I take the initiative to solve problems
- I am decisive in my actions
- I bring my best self to work every day so I can outperform for our clients
- I am resourceful and creative in my problem-solving

- I am mindful of how my actions will impact future generations
- I am committed to exceeding expectations
- I embrace life-long learning
- I cultivate a growth mindset
- I embrace challenges as an opportunity to grow

- I seek out collaboration
- I embrace and celebrate diversity
- I create safe spaces and honour others' boundaries
- I treat all people with care and respect and endeavour to earn their trust
- I share my knowledge and transfer my skills freely

- I see and honour the humanity in others
- I create a safe space for others to be vulnerable
- I show up authentically
- I speak up for others
- I value others' unique contributions

Absa at a glance continued

Key facts about Absa Bank Botswana Limited

Our top shareholders						
Name	2025			2024		
	Total shares held	Rank	%	Total shares held	Rank	%
Absa Group Limited	577 964 146	1	67.82%	577 964 146	1	67.82%
FNBBN (PTY) Ltd RE: BPOPF Morula ACT MEM DEP EQ	50 818 040	2	5.96%	14 268 547	7	1.67%
FNBB Nominees RE: BPOPF (Transition) Morula B ACT DEF LE*	45 116 918	3	5.29%			
SCBN (PTY) Ltd RE: BPOPF LEA Portfolio CO AG	23 382 254	4	2.74%	14 720 466	5	1.73%
FNB Botswana Nominees RE: MVA FUND	18 736 440	5	2.20%	18 736 440	3	2.20%
Stanbic Nominees BW RE: 5TH Quarter BPOPF Local Equities Incubat	15 285 185	6	1.79%	8 626 019	9	1.01%
Stanbic Nominees Botswana RE: BIFM PLEF	15 134 335	7	1.78%	15 012 639	4	1.76%
Stanbic Nominees Botswana RE: Ninety-One DPF (LOCAL EQ)	8 898 564	8	1.04%	8 898 564	8	1.04%
Stanbic Nominees Botswana RE: First Light Multi Manager Growth Fund*	5 967 993	9	0.70%			
Stanbic Nominees Botswana RE: BIFM MLF	5 640 764	10	0.66%	5 039 198	13	0.59%
SCBN (PTY) Ltd RE: BIFM 028914400011 UB DC PF	5 592 610	11	0.66%	6 940 610	10	0.81%
Stanbic Nominees Botswana RE: Allan Gray Debswana PF	5 458 286	12	0.64%	5 458 286	12	0.64%
FNB Botswana Nominees RE: BIFM - BPOPF ACT MEM & DP EQ**				82 194 816	2	9.65%
FNBB Nominees RE: Vunani BPOPF				14 268 549	6	1.67%
Top 10 Absa shareholders	761 630 796		89.38%	761 630 796		89.38%
Other Absa shareholders	90 530 456		10.62%	90 530 456		10.62%
Total shares in issue	852 161 252			852 161 252		

*New top ten entrants given underlying shareholder portfolio reallocation

**Shareholders moved out of top ten, given underlying shareholder portfolio reallocation

Botswana's financial services sector remains highly competitive, with participation from a wide range of banks and financial institutions, among its significant peers.

Absa relative to peers¹

	Number of banks ³	Central Bank Revenue P'm ³	% of total banking income held by top five banks ²	Rank by income	Rank by Profit After Tax	Return on equity	Cost-to- income	Advances to customers (Net)	Deposits from customer
Absa Bank Botswana Limited	13	12066	78.5	2	2	4	3	2	2

1. Figures obtained from the respective banks' websites for the relevant periods. Where an entity's financial year end is June; December figures are derived using pro rata calculation.

2. Source: Bank of Botswana website

3. Comparison utilised for the Bank's relative market position among its four significant peers.



Listing on Botswana
Stock Exchange
June 1989



RoE
20.8%



Customers
367 089



Digitally active
customers
106 100



Customer contact
center
24/7



Market capitalisation
P6.5bn



Headline earnings
P502.5m



Balance sheet size
P26.9bn



Net loans and
advances
P18 549 663



Deposits
P19 391 772



Capital adequacy
ratio
18.05%

Absa at a glance continued

Our investor base at a glance

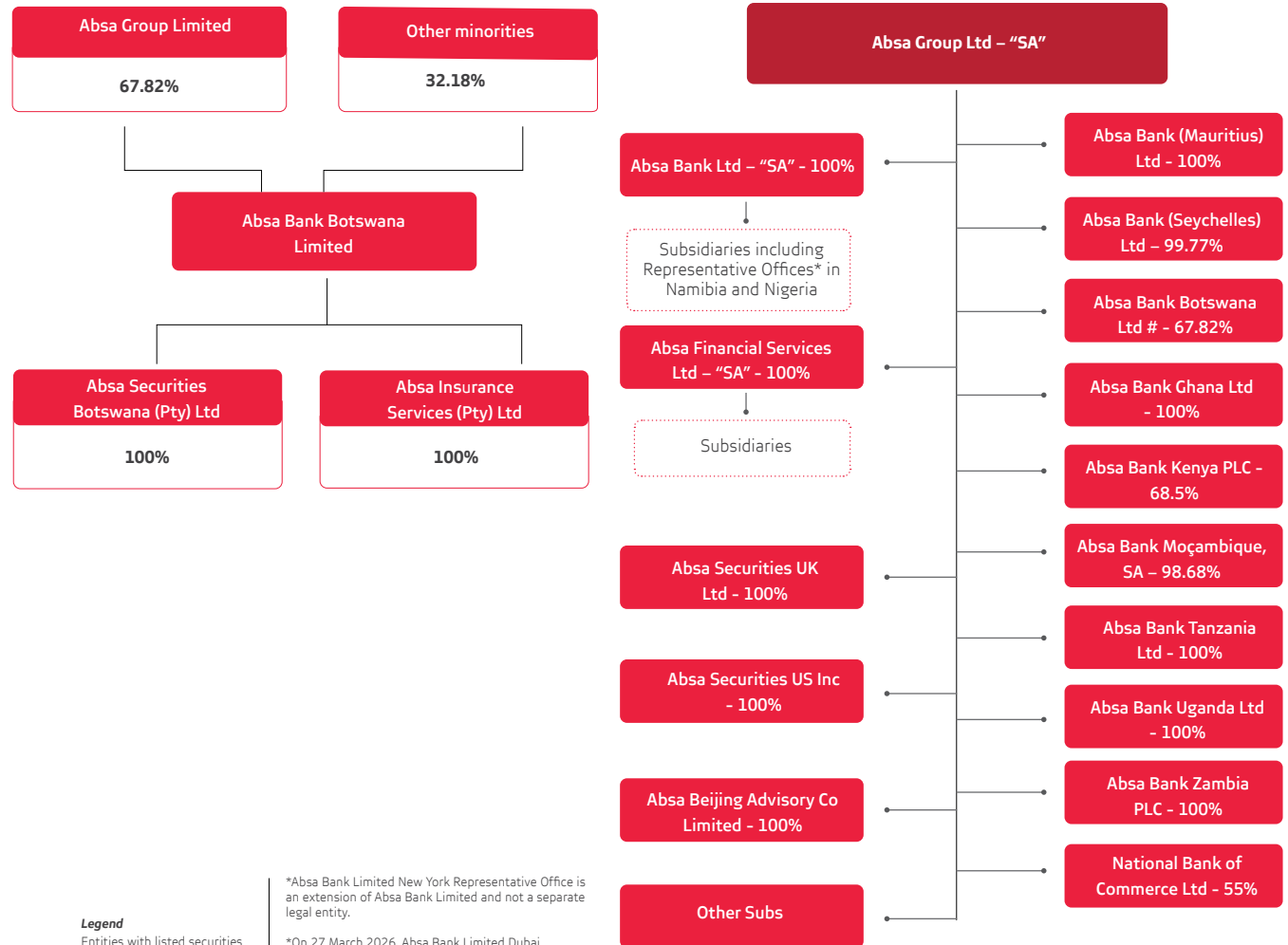
Our 852 161 252 issued shares are held by a diverse shareholder base:

- Over 3 040 public shareholders holding 274 197 106 total shares, representing 32.18%
- Shareholders include retail investors, asset managers, pension funds, corporate holdings, and minority business and individual shareholders
- One non-public shareholder being Absa Group Limited holding 577 964 146 total shares, representing 67.82%
- 30.15% shareholding by local companies
- 67.84% by shareholding by foreign companies

Shareholding by industry as at 31 December 2025

Industry	Total shares held	% of shares
Banks	1 070	0.000%
Brokers	63	0.000%
Local Companies	104 921	0.012%
CSD Foreign Companies	606 378 255	71.158%
CSD Non Residents	589 893	0.069%
CSD Junior Foreigners	363	0.000%
CSD Local Residents	558 458	0.066%
InvestCo/Trusts	74 300	0.009%
CSD Junior Citizens	80 539	0.009%
CSD Local Companies	228 527 022	26.817%
CSD Citizens	12 899 782	1.514%
Local Residents	2 881 005	0.338%
Non Residents	65 581	0.008%
	852 161 252	100.00%

Structure and ownership





Our business model

Capital inputs *



Our core business activities, products and services



Ranked from highest dependence to lower dependence

Value is created over time as stock of the six capitals increase

Financial capital

- P19.4 bn of total deposit
- P18bn of gross loans and advances
- 13.6 % CET1
- 33.5% NIR to total income

Constraints: Macroeconomic volatility, liquidity tightness.

Human capital

- 906 employee headcount
- 47% women in senior leadership

Constraints: Critical skills scarcity, talent wars.

Social and relationship capital

- Corporate Social Investment (CSI) Trust
- Shared values and behaviours
- Understanding stakeholders' needs and expectations
- 350 800 customers

Constraints: Consumer stress, complex regulatory landscape.

Intellectual capital

- P43m digital spend
- Zero severity 1 and 2
- 80% Thick trust

Constraints: Significant investment, speed of change.

Manufacturing capital

- Property, plant and equipment <0.7% of NAV
- 6 291 PoS devices
- 32 outlets

Constraints: Infrastructure development.

Natural capital

- 3.98 GWh total electricity use in 78% of our buildings

Constraints: Slow renewable energy transition, climate vulnerability.

1 Providing payment services and a safe place to save and invest.

Accepting customers' deposits, issue debt, facilitating payments and cash management, providing transactional banking, savings and investment management products and international trade services.

2 Providing funds for purchases and growth

Extending secured and unsecured credit based on customers' credit standing, affordability and risk appetite. Trade and supplier finance, working capital solutions, access to international capital markets and interbank lending.

3 Managing business and financial risks

Providing solutions, including fixed-rate loans, pricing and research, as well as hedging, which includes interest rate and foreign exchange.

4 Providing financial and business support

Providing individual and business advice, advisory on large corporate deals and investment research.

5 Protecting against risks (insurance):

Representing insurance companies in selling and servicing various policies for a specified loss in return for commission.



We generate competitive advantage through innovation, our unique insights and perspectives and our ability to bring our products and services to market effectively, while generating a financial surplus. We understand how our products and services meet our customers' needs.

Business segments

Products and services

Areas of differentiation

Retail and Business Banking

Comprehensive suite of banking and insurance offerings, including

- Home Loans
- Vehicle and Asset Finance
- Bancassurance: Life Insurance and Non-Life Insurance
- Debit cards
- Credit cards
- Transactional banking
- Point of sale
- Trade and working capital
- Purchase Order Finance
- Commercial Business Loans
- Property Finance
- Commercial Asset Finance
- Green Energy Loan

- The largest branch network in the country
- Full bank offering with integrated insurance products and a clear focus on customer value management
- Enhanced digital capabilities
- Robust credit and collections capability
- Strong, secured lending capabilities
- Strong and recognisable brand

Corporate and Investment Banking

Specialist solutions across corporate and transactional banking, including:

- Investment banking
- Risk management products
- Advisory products and services
- Commercial property finance
- Cash management
- Trade and working capital
- Custody business.

- Leaders in sustainable financing in the market
- Consistently recognised as an industry leader in the areas of trade finance and risk management products
- Strong stakeholder relationships
- Sector expertise and thought leadership across several key sectors driving the economy
- Leading industry and sector experts.

Head office, treasury and other operations



*As at 1 January 2025

Our business model continued

We generate revenue through interest, fees, premiums and commission

Potential for revenue differentiation

- Diverse revenue streams across our portfolio
- Large customer base in retail, business and corporate banking
- Regaining market leadership, increasing market share and cross-sell ratio, within an appropriate risk appetite
- Scope to grow product lines where we are underweight in terms of market share
- Emphasis on transactional customer relationships as opposed to debt-led relationships, winning customer primacy
- Strengthening services to multinational corporations, global development and non-governmental organisations

- Potential for reaching the unbanked
- Opportunities to support a just transition to a low-carbon economy
- Leveraging strategic partnerships.

Potential for cost differentiation

- Leveraging our physical footprint
- Ability to deliver cost reduction through digitisation
- Enhanced operational efficiencies using automation contribute to enhanced service levels
- AI in fraud analytics and safe customer service.

Our presence in Botswana



RBB

Individuals: youth, self-employed, personal, mass, prestige and premier customers
Micro, small and medium enterprises; non-governmental organisations.

Serving

CIB

- Corporates and Institutional Clients
- Investment Banking
- Markets
- Multinationals
- Financial institution
- Banks
- Government and development institutions.

Cognisant of the material matters that may affect value creation

Our operating context is impacted by key **material matters** namely:

- Structural economic transition
- Earnings resilience amid economic and consumer stress
- Advancing digital transformation with effective governance
- Shifting regulatory and compliance landscape
- Culture transformation and talent stewardship
- Climate change and a just transition

Refer to the section **strategic trade-offs** to understand how various capitals are impacted by strategic choices. The value created for various stakeholder groups is unpacked in the chapter **Our relationship with others**.

Delivering outcomes that empower Africa's tomorrow

Financial capital

- 20.8% RoE
- 55.6% CTI
- 40.7% NIR to total income
- P452.8m economic value to investors

Social and relationship capital

- 97 Retail Banking customer experience index
- 94 Business Banking customer experience index
- 93 Corporate and Investment Banking customer experience index
- P4.07m in community support
- P295.3m financial inclusion financing
- 8 390 consumers participating in financial education
- 85.2% thick trust score.

Human capital

- P551.3m paid to employees in salaries, incentives and benefits
- 68% employee experience index score
- 5.6% turnover rate.

Intellectual capital

- 105.65 thousand Retail Business Banking digitally active customer numbers
- 98.8% CIB digitally active customers
- P28m digital infrastructure spend
- Zero severity 1 and 2 incidents

Natural capital

- P156m sustainability finance towards climate and environment
- 3.35 GWh total electricity use in 78% of our buildings.

Manufactured capital

- Property, plant and equipment >0.9% of NAV
- 8 876 PoS devices
- 32 outlets



We have identified our strategic objectives and gauged how their achievement will enable us to deliver on our purpose and contribute to the SDGs

SDG 5 SDG 7 SDG 8 SDG 10 SDG 13 SDG 16



Empowering Africa's tomorrow... our strategic intent

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Chairman's message



//

*Customer primacy and
centricity will continue
to anchor our strategy*

//

Cosmas Moapare
Independent Board Chairman

Operating context

It is a privilege to present this message to our valued stakeholders, whose continued support and partnership remain integral to our journey. Our story continues to be one of resilience, meaningful connection and sustainable shared value, shaped by and responsive to the realities of the environment in which we operate.

The global operating environment in 2025 remained characterised by elevated uncertainty and uneven economic momentum. While inflationary pressures eased across many markets, global growth stayed below historical averages amid persistent geopolitical tensions, shifting policy dynamics and subdued industrial activity in major economies. Volatility in financial markets and ongoing uncertainty around interest rates and capital flows further reinforced the need for resilience, adaptability and disciplined execution. Against this backdrop, we remained focused on strengthening the sustainability of our business model. Find out more: [Our business model](#), enhancing operational agility and positioning the Bank to deliver long-term value in an increasingly complex external environment model. Find out more: [Our external environment](#).

Regionally, conditions demonstrated greater resilience, supported by moderating inflation, improving domestic demand and ongoing reform efforts. While recovery remained uneven, with resource-dependent economies benefiting from commodity dynamics and others facing fiscal constraints, progress in strengthening financial systems and deepening market development is evident. These trends continue to affirm the relevance of the Group's pan-African strategy, underpinned by regional connectivity and local insight.

In Botswana, economic conditions remained constrained, reflecting subdued growth, weaker performance in the diamond sector and softer global demand. Although certain macroeconomic indicators showed signs of stabilisation relative to the prior year, pressures on fiscal balances, export earnings and liquidity continued to reflect structural constraints within the economy. Despite these challenges, sectors such as financial services continued to support domestic economic activity, while inflation remained broadly stable throughout much of the year. Concurrently, ongoing regulatory developments, a growing focus on economic diversification and the accelerating digital transformation of the financial sector are helping to create a more conducive environment for sustainable long-term growth. Within this context, we remain committed to supporting national economic transformation through responsible banking, digital innovation and broader financial inclusion, while ensuring our operations remain responsive, resilient and aligned to stakeholder expectations. Find out more: [Our relationships with others](#).

2025 strategic highlights and performance overview

Against an evolving operating environment, the Board maintained focused oversight of strategy execution, ensuring alignment with evolving macroeconomic conditions and long-term value creation. A mid-year strategic review reinforced the Bank's priorities and introduced a more agile, scenario-based planning approach to enhance resilience and responsiveness. Despite subdued market conditions, the Bank delivered revenue growth of 5%, supported by strong non-interest income growth, demonstrating the benefits of ongoing diversification efforts. Profit Before Tax declined by 10%, reflective of the moderated financial performance amidst macroeconomic pressures characterised by elevated funding costs and increased credit impairments. Return on equity remained robust at 20.8%, albeit lower than the prior year, underscoring continued value creation despite a constrained operating environment. In line with our disciplined capital management approach, the Board declared a final dividend of P57.74 thebe per share, balancing shareholder returns with capital preservation to support future growth. Find out more: [Finance Director's report](#).

Customer primacy continues to anchor our strategy. The Board closely monitored customer experience metrics and progress toward becoming the primary partner to our clients. This focus supported improved turnaround time, stronger retention and enhanced service quality and brand perception, reflecting sustained investment in client-centric capabilities and consistent delivery across the value chain. Find out more: [Performance against strategy... detailed stories](#).

Technology, information security and operational resilience were also key areas of Board focus during the year. The Board monitored progress in technology modernisation, including investments in platform stability, data capabilities and cybersecurity. Particular attention was given to system resilience, data protection and the integrity of digital channels, recognising the increasing importance of these capabilities in maintaining stakeholder trust and supporting business continuity. The Board is satisfied that management continues to strengthen these areas while enabling innovation and enhanced customer experience. Find out more: [A digitally powered business](#).

Chairman's message continued

The Bank also advanced its sustainability and corporate citizenship agenda. Oversight during the year focused on the integration of Environmental, Social and Governance (ESG) considerations into strategy, risk management and decision-making processes. This included the introduction of purpose-led products such as the Purpose Account, linking customer activity to ESG initiatives, and continued support for SMEs, with sustainable financing reaching P295 million. Strategic partnerships, including collaboration with UNICEF on youth employability and child welfare initiatives, reflect our commitment to inclusive growth and broader socio-economic impact. Stakeholder accountability remains fundamental to the Board's role. We continued to engage proactively with shareholders, regulators, customers, employees and the communities we serve, ensuring that their interests are appropriately considered in decision-making. Find out more: **Performance against strategy... detailed stories.**

Collectively, these outcomes reflect a resilient organisation that continues to balance short-term performance pressures with disciplined execution of long-term strategic priorities. The Board remains confident that sustained focus on customer centricity, digital transformation, risk discipline and inclusive growth will position the Bank to capture emerging opportunities and deliver enduring value to all stakeholders. Find out more: **Managing Director's report.**

Board matters and executive changes

The Board remains committed to ensuring that the Bank is governed responsibly, with integrity, clear strategic direction and accountability to all stakeholders. On 1 June 2025, the Board appointed Kudakwashe Mukushi as substantive Finance Director, succeeding the current Chief Risk Officer, Leroy Klein, who had served as Acting Finance Director since 15 May 2024. This appointment represents an important milestone in strengthening the Bank's executive leadership and financial stewardship. The Board extends its appreciation to the Board Audit Committee for its diligent oversight in ensuring a well-governed and seamless transition. Kudakwashe's appointment will be presented for shareholder approval at the 40th Annual General Meeting scheduled for 29 June 2026, with further details of his profile provided in the Shareholder Information section of this report. Find out more: **Annexure to the AGM Notice.**

On behalf of the Board, I would like to express our sincere gratitude to Leroy Klein for his distinguished service and significant contribution to the Bank over the years. Leroy, who joined the Bank in May 2008, has held several critical leadership roles, including Country Treasurer and Chief Risk Officer, and has played a key role in strengthening the Bank's risk and financial management capabilities. We wish him well as he transitions into early retirement at the end of June 2026.

The year under review also saw several key executive appointments, including Kabelo Itseng as Head of Legal and John D'Souza as Retail Banking Director in August 2025 and March 2026 respectively. Succession planning remains a critical focus for both the Board and Management, with ongoing engagement to support leadership development, ensure continuity, and enhance organisational resilience. In the short term, the Board will continue to provide oversight on the appointment of key roles, including the Business Banking Director, Chief Risk Officer and Compliance Director.

At Board level, we continued to strengthen our composition and governance capacity. During 2025, the Board undertook a comprehensive effectiveness evaluation covering its committees, directors and key governance structures, benchmarked against leading private-sector practices. The results confirmed that the Board continues to operate at a strong level of effectiveness, aligned with comparable organisations. Find out more: **Board Objectives and Performance.**

We were pleased to welcome Dr Wilfred Jiwa Mandlebe in February 2025 and Dr Priya Ravi Iyer in April 2025, both of whom were subsequently approved by shareholders at the Annual General Meeting in June 2025. Their extensive and diverse experience enhances the Board's collective capability and supports the delivery of the Bank's strategic priorities. Following these appointments, the Board undertook a review and reconstitution of its committees to align with its evolving skills base and regulatory expectations. Further details on Board and committee composition are provided on page 67 of this report. Find out more: **Board Committees Composition.**

Looking ahead, the Board remains focused on filling the remaining non-executive director vacancies, with due consideration given to succession, diversity, and the overall balance of strategic, financial and operational expertise required to effectively discharge our mandate. Find out more: **Board Composition Outlook.**

Conclusion

To all our employees across the Bank, I extend my sincere appreciation for your professionalism, dedication and unwavering commitment to excellence. Your ability to respond to change with agility and to approach opportunities with discipline continues to strengthen the foundation of our institution and is deeply valued by the Board.

While the road ahead will continue to present both complexity and opportunity, our success will depend on our ability to remain adaptable, forward-looking and resilient in a rapidly evolving environment. I am confident in our collective capacity to navigate these dynamics effectively and to deliver sustainable value for our stakeholders.

My thanks also go to my fellow Board members for their counsel, commitment and stewardship throughout the year. On behalf of the Board, I extend our appreciation to the Managing Director and executive leadership team for their focus in advancing the Bank's strategic priorities. I also wish to acknowledge our valued customers and stakeholders for their enduring trust and support, which remain central to our continued success.

As we navigate an evolving and demanding environment, we will remain guided by our shared purpose of **Empowering Africa's tomorrow, together...one story at a time.**

Our external environment in 2025



We proactively assess how external dynamics influence the robustness of our business model, our ability to execute strategy, deliver on strategic priorities and sustain long term value creation.

Global environment marked by moderated growth, easing inflation and elevated volatility amid policy and geopolitical uncertainty

Global economic conditions remained subdued during 2025, reflecting persistent geopolitical tensions, policy uncertainty and the lagged effects of tighter monetary policy across major economies. According to the International Monetary Fund (IMF), global growth is estimated at 3.4% in 2025, remaining below the historical average of approximately 3.7%. While economic activity was supported by resilient consumption and investment in the United States and other advanced economies, global momentum remained constrained by persistent trade tensions, weak manufacturing conditions in Europe and Asia and uneven recoveries across emerging markets. Slower growth in China, alongside renewed trade policy uncertainty following President Trump's return in 2025, particularly around tariffs and US China relations, heightened uncertainty, disrupted supply chains and weighed on global investment.

Global inflation continued its gradual moderation during the year as supply chain pressures eased and earlier monetary tightening took effect. The IMF estimates that global inflation declined to 4.1% in 2025, although inflation remained above target in several major economies. Financial markets remained volatile during the period, reflecting uncertainty around the timing of monetary policy easing in advanced economies, shifting capital flows and geopolitical developments. Equity markets experienced periods of strong performance driven largely by technology sector gains and continued investment in artificial intelligence, while bond yields fluctuated in response to changing interest rate expectations.

Sub-Saharan Africa remained resilient as inflationary pressures moderated

Economic activity in Sub-Saharan Africa showed gradual improvement, supported by easing inflationary pressures, stronger agricultural output in some economies and improving domestic demand. The Absa Africa Financial Markets Index (AFMI) of 2025, emphasises that Africa's financial landscape was faced with formidable global challenges, yet reform-driven economies continued to strengthen, diversify and modernise their financial systems. According to the IMF, regional growth grew by 4.5% in 2025. The recovery was uneven across

countries, with resource-rich economies benefiting from commodity exports while others continued to face fiscal constraints, high public debt and structural challenges.

Inflationary pressures across the region began to moderate as food and energy prices stabilised and exchange rate pressures eased in several economies. However, tight financial conditions, currency volatility and elevated borrowing costs continued to constrain investment and fiscal landscape in several countries.

Local economy navigated a challenging economic environment

Economic activity in Botswana remained subdued in 2025, reflecting continued weakness in the mining sector and softer external demand for diamonds. Statistics Botswana estimated Real GDP contraction of approximately 0.7%, improving from a 3.0% contraction in 2024 as the mining sector contracted by 14% compared to a much steeper decline of 23.6% recorded in 2024. The contraction in 2025 was driven by weaker activity across key sectors, including diamond traders, water and electricity, mining and quarrying, and construction. The diamond sector, which accounts for a significant share of government revenues and foreign exchange earnings, experienced reduced global demand, weighing on mining output, fiscal revenues and overall economic activity. De Beers Group indicates that Botswana's diamond production declined by 16% and experienced a 23% drop in prices, reflecting the challenges faced by the sector.

Despite these headwinds, selected non-mining sectors provided moderate support to the economy, including financial services, transport and hospitality. According to Statistics Botswana, inflation remained relatively contained for most of the year, averaging 2.7% in 2025, supported by subdued domestic demand and stable global commodity prices. Inflationary pressures, however, began to build toward the latter part of the year, reaching approximately 3.9% by December 2025, following adjustments to domestic fuel prices and changes to exchange rate parameters, with inflation within the Bank of Botswana medium-term objective range of 3–6%.

Monetary policy remained relatively accommodative through most of 2025 as the Bank of Botswana sought to support economic activity amid subdued growth and moderate inflation. In October 2025, the Monetary Policy Committee increased the Monetary Policy Rate by one hundred and sixty (160) basis points to 3.5%, its first and only adjustment during the year. The decision was aimed at improving policy transmission, supporting external balance conditions and narrowing the gap between policy and market lending rates amid rising

inflationary pressures. For the banking sector, the interest rate environment influenced lending activity, funding costs and net interest margins. While lower interest rates earlier in the year supported credit affordability for households and businesses, the subsequent tightening signalled a shift toward anchoring inflation expectations and realigning monetary conditions.

Fiscal developments in 2025 were influenced by declining mineral revenues and slower economic growth, largely reflecting reduced diamond exports. This weakened government revenues and contributed to widening budget deficit for the 2025/26 financial year to approximately P25.48 billion, an increase of 34% from the prior financial year and public debt increased from an estimated 24% of GDP in 2024/25 to 33% of GDP by December 2025 as highlighted in the 2026/27 budget speech.

Furthermore, reduced export receipts contributed to a widening current account deficit and lower foreign exchange inflows. Foreign exchange reserves declined to approximately P47.70 billion in December 2025, equivalent to about six (6) months of import cover, compared with higher levels in previous years according to the Bank of Botswana.

In response, the government initiated fiscal consolidation efforts focused on enhanced tax administration, improved expenditure efficiency and structural reforms to support economic diversification, while maintaining investment in infrastructure and broader economic transformation initiatives. The Botswana Economic Transformation Plan (BETP) was also launched to drive transformation of the economy with the financial services sector expected to play a catalytic role in enabling Botswana's transition toward a more diversified, resilient and private sector-led economy through capital mobilisation, innovation, financial inclusion and sustainable financing solutions.

Additional measures to stimulate economic growth included adjustment to the exchange rate framework aimed at strengthening macroeconomic stability and external competitiveness. This led to the increase of the annual downward rate of crawl of the Pula from 1.51% to 2.76% in July 2025, widening the trading margins around the central parity to enhance flexibility in the foreign exchange market. This measure aimed at promoting a more active interbank foreign exchange market, reducing reliance on the Bank of Botswana for foreign currency transactions and preserving foreign exchange reserves. To further preserve the reducing foreign exchange reserves, the Bank of Botswana increased the threshold for foreign currency trading with commercial banks from USD 1 million to USD 5 million.

Our external environment in 2025 continued

Against a backdrop of subdued economic activity and weaker export performance, the Bank of Botswana implemented a number of measures to ease market liquidity pressures. These included reducing the primary reserve requirement to zero and extending the duration of repurchase agreements with commercial banks up to three months.

Furthermore, continued growth and localisation of institutional investor assets, particularly pension funds, alongside enhancements in market infrastructure and legal frameworks, contributed to Botswana improving to fifth (5th) position in the 2025 Absa Africa Financial Markets Index ranking from seventh (7th) position in 2024.

The **Outlook** section provides a forward-looking perspective on macroeconomic expectations



Socioeconomic inclusion and improved livelihoods

Botswana continues to face significant social challenges that shape economic wellbeing and long term growth prospects. Unemployment remains elevated, with the national unemployment rate estimated by Statistics Botswana at 27.6% in 2024 and youth unemployment at approximately 38.4%, highlighting persistent labour market mismatches and pressures on household incomes. Despite notable progress in socioeconomic development, reflected in Botswana's relatively high Human Development Index score of 0.731 in 2023, poverty and inequality remain entrenched, with around 16.3% of the population living below the national poverty line, disproportionately affecting rural areas, while income inequality remains high, as reflected by a Gini coefficient of approximately 0.53.

Governance and social risks persist, with Botswana's Corruption Perceptions Index declining to fifty seven (57) in 2024 and gender based violence remaining widespread, underscoring ongoing social vulnerabilities. Government led social protection programmes continue to play an important cushioning role by providing temporary income support and livelihood assistance to vulnerable households. At the same time, financial inclusion has improved, with the 2020 FinScope Consumer Survey indicating that approximately 76% of adults have access to formal or semi formal financial services. Together with ongoing rural development initiatives, these dynamics reinforce the importance of inclusive growth, targeted skills development, strengthened institutions and coordinated public-private partnerships to improve livelihoods, enhance resilience and support sustainable and broad based economic transformation.

Financial institutions play a critical role in supporting inclusive growth through financing productive sectors, expanding financial inclusion and enabling entrepreneurship. Through partnerships, skills development initiatives, and strengthened governance and financial crime controls, the sector can contribute to job creation, improved livelihoods, institutional trust and broader socioeconomic resilience.



Prioritising digital accessibility in a transforming financial landscape

Botswana's digital infrastructure and payments landscape continued to evolve, supporting financial inclusion, operational efficiency and broader economic resilience. High levels of mobile and internet penetration, estimated by Statistics Botswana at around 81.4% in 2025, together with increasing adoption of digital payment solutions, are driving a more integrated and dynamic financial ecosystem. Real-time payment capabilities, improved interoperability and growing use of mobile money and banking applications have accelerated the shift toward electronic transactions. According to the Bank of Botswana, mobile money and banking applications remain central to this shift, with over 60% of adults estimated to use mobile financial services. This transformation is further enabled by stronger collaboration between banks, fintech firms, and telecommunications providers, fostering innovation in digital payments, embedded finance and alternative lending models.

Regulators continue to play a critical role in balancing innovation with financial stability, strengthening consumer protection frameworks and enhancing cybersecurity resilience.

However, structural challenges remain. Gaps in digital literacy, particularly among rural and older populations, continue to limit full participation in the digital economy. Connectivity, while improving, remains uneven across regions, with infrastructure disparities affecting service reliability and access. Rising cybersecurity risks, interoperability constraints and the cost of integrating digital platforms present ongoing barriers.

Addressing these challenges will be essential to ensure that digital transformation remains inclusive, secure and capable of supporting long-term financial sector development and economic growth.



Evolving regulatory landscape

The legislative and regulatory environment continued to evolve in support of economic transformation, governance and sustainable development. During 2025, a modernised Banking Act came into effect in August, replacing the 1995 legislative framework with a governance-oriented regime. The new Act, among its key provisions, introduces a comprehensive bank resolution framework that designates the Bank of Botswana as the resolution authority and establishes an independent Appeals Tribunal to review regulatory decisions. Supporting Banking Regulations (2025) and related instruments also came into effect, strengthening supervision under the Bank of Botswana. In addition, the central bank issued Regulatory Sandbox Guidelines to promote innovation in digital financial services under robust risk and consumer safeguards.

The Financial Intelligence (Amendment) Act 2025 enhanced Botswana's anti-money laundering and counter-terrorism financing framework, including establishment of a National Coordination Office. This was coupled with the introduction of the Data Protection Act No. 18 of 2024, which came into effect in January 2025 and which established a new regulatory authority, being the Information and Data Protection Commissioner, whose main aim is to ensure organisations handle customer data lawfully and fairly and maintain the integrity and confidentiality of the information.

Collectively, these reforms strengthen governance, enhance financial stability and position the financial sector to support sustainable economic transformation.

Our external environment in 2025 continued

Sustainable development

Botswana Sustainable Development Goals (SDG) rank out of 167 countries: 109

2025 marked a critical juncture in the global sustainable development, with only five (5) years remaining to achieve the SDGs. Conflicts, structural vulnerabilities and the limited fiscal position continue to hinder SDG progress in many parts of the world. While only 17% of targets are on track globally, most UN member states have made strong progress on targets related to SDG 9, SDG 7, and SDG 3¹. Africa is also making progress across twelve (12) of the seventeen (17) SDGs, however, the current pace remains insufficient to achieve the SDGs by 2030. Key challenges include rising debt burdens, high youth unemployment, gender inequality and climate vulnerability.

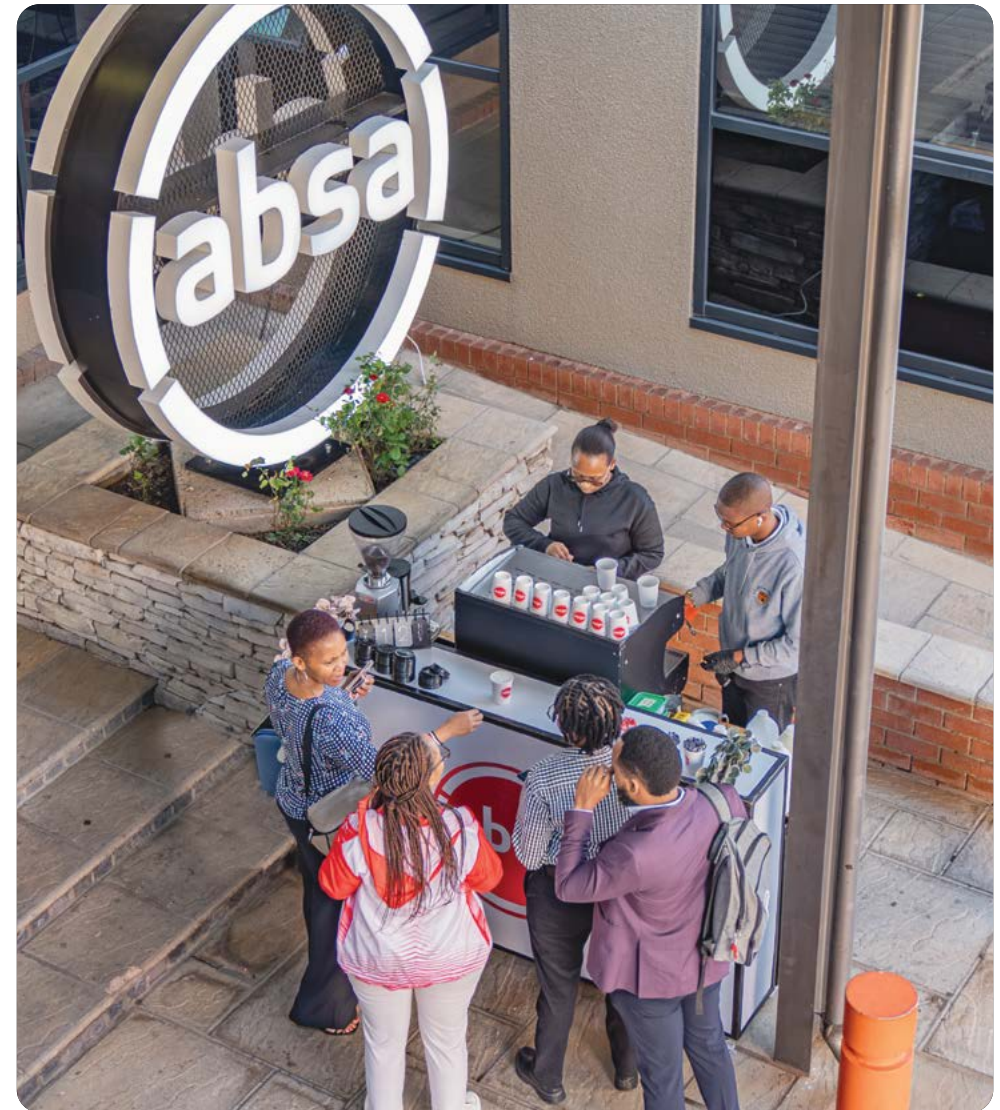
Botswana's SDG index score of 64.51 reflects a 6.5-point increase since 2015, against a regional average score of 53.92. Acceleration of efforts remains a key necessity for Botswana, with only 25.4% of SDG targets rated achieved or on track, 49.3% showing limited progress, and 25.4% deteriorating, highlighting uneven performance and the need to accelerate implementation. Sustainable development in Botswana is supported by a strong policy landscape anchored on its Vision 2036 and Twelfth National Development Plan (NDP 12), reinforced by initiatives such as the Botswana Economic Transformation Programme (BETP) and the Botswana National Energy Compact. Data gaps continue to obscure the full picture of progress, with the 2025 Sustainable Development report showing 3% missing data² in its analysis.

Accelerated implementation and collective accountability will be critical to improving resilience, advancing inclusive growth and ensuring that no one is left behind in Botswana's long-term development journey.



¹ 2025 Africa Sustainable Development Report

² 2025 Sustainable Development Report



Our relationship with others

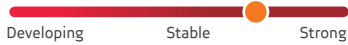
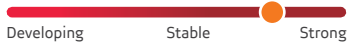


We consider the impact of our strategic decisions on our stakeholders. Guided by our Absa culture, we foster trust, innovation and align with our business partners and wider stakeholders. We acknowledge the critical interdependencies between value creation, preservation and erosion across the resources and relationships.

Value is created not only through relationships within Group, but also through interconnected engagements across the broader ecosystem, forming a dynamic and responsive system.

Nature of relationship and why it is important	Quality of relationship assessment	Your story matters – Top three interests and needs in 2025	How we responded	Relevant material matters
Investors Direct relationship Our providers of financial capital comprise over 3 040 public shareholders, with ACL holding 67.82% and public shareholders holding 32.18%, of which 30.15% is local and 67.84% foreign owned. SDG 8	Enhanced engagement with minority shareholders supported the successful approval of all AGM resolutions. ROE declined to 20.8% (2024: 25.5%); however, the Bank declared a final dividend of P57.74 thebe per share (2024: 67.47 thebe), while delivering share price growth of 5.49%, underscoring continued shareholder value creation. Trading activity increased significantly, with shares transacting at a total value of P795.3 million (2024: P223.4 million). Quality assessment Developing Stable Strong	- Underlying financial resilience (credit risk, liquidity and profitability) - Sustainability and predictability of future cost trajectory - Economic concentration risk.	- Prudent balance sheet management - Enhanced cost visibility and operational flexibility through strategic sourcing and technology-enabled efficiencies - Disciplined capital allocation, operational agility and prudent risk governance Find out more: Finance Director's message, Revenue growth and diversification, A digitally powered business and Absa at a glance.	- Structural economic transition - Earnings resilience amid economic and consumer stress - Advancing digital transformation with effective governance - Shifting regulatory and compliance landscape - Culture transformation and talent stewardship - Climate change and a just transition.
Customers Direct relationship Our 308 823 customers and clients are the foundation of our existence, with trusted financial solutions underpinning sustainable growth, resilience and continued business success. SDG 5 SDG 7 SDG 8 SDG 10 SDG 13	While CIB customer index improved from 81% to 93%, RBB slightly declined from 193 191. Our Stakeholder engagement index ended the year at 81.8%, above the banking industry standard of 73.9%. We remain focused on resolving customer pain points and consistently delivering superior service aligned to evolving customer expectations. Quality assessment Developing Stable Strong	- Security and trust through enhanced fraud protection and secure transactions - Enhanced customer experience through seamless interactions, digital solutions and simplified transactions. - Banking solutions that support business growth, rewarding everyday banking and deeper engagement aligned to evolving financial needs.	- Strengthened fraud prevention controls and enhanced secure digital and interoperable banking solutions - Enhanced Absa MobiTap to enable Mobile Money (MoMo) payments, improving customer flexibility, convenience and seamless payment acceptance. - Optimised client coverage, expanded product offerings and increased customer engagement through rewards initiatives Find out more: A digitally powered business and The primary partner for our clients.	- Structural economic transition - Earnings resilience amid economic and consumer stress - Advancing digital transformation with effective governance - Shifting regulatory and compliance landscape - Culture transformation and talent stewardship - Climate change and a just transition.
Employees Direct relationship Our 918 employees shape our culture, purpose and brand, with strong relationships driving engagement, productivity and long-term organisational success. SDG 5 SDG 8 SDG 10	We are proud to be recognised as a Top Employer for the fifth consecutive year. Our employee survey experience index score has shown consistent improvement over the past three (3) years, increasing to sixty-eight (68) in 2025. This upward trend reflects our ongoing commitment to enhancing employee experience and engagement. Quality assessment Developing Stable Strong	- Recognition and growth opportunities - Leadership visibility and culture transformation - Holistic employee wellbeing.	- Reinstated in-person performance and long service awards - Promoted a people-centred culture through visible leadership, employee engagement and communication that strengthens collaboration, trust and accountability. - Provided a comprehensive wellness employee value proposition that cover physical, mental, emotional and financial wellbeing Find out more: A winning, talented and diverse team.	- Earnings resilience amid economic and consumer stress - Advancing digital transformation with effective governance - Culture transformation and talent stewardship.

Our relationship with others continued

Nature of relationship and why it is important	Quality of relationship assessment	Your story matters – Top three interests and needs in 2025	How we responded	Relevant material matters
 Regulators and industry bodies Direct relationship Our relationship with regulators is critical to ensuring prudential soundness, market integrity, financial crime prevention and responsible governance. SDG 8 SDG 16 SDG 13	We maintain our license to operate through disciplined governance, regulatory compliance and proactive engagement with regulators and industry bodies, supporting confidence in a stable and resilient financial system. Quality assessment  Developing Stable Strong	• AML compliance in line with Financial Action Task Force (FATF) and Eastern and Southern Africa anti money Laundering group (ESAAMLG) requirements • BETP initiatives, particularly payment interoperability and affordable banking • Basel III.	• Strengthened strategic relationships through the public private partnership with the Financial intelligence agency • Enhancement of internal capabilities and access to basic banking services • Enhanced regulatory engagement and reporting Find out more: Value created through sound governance.	• Structural economic transition • Earnings resilience amid economic and consumer stress • Advancing digital transformation with effective governance • Shifting regulatory and compliance landscape • Culture transformation and talent stewardship • Climate change and a just transition.
 Society Direct relationship We empower communities and create sustainable value for societies in which we operate, and all our stakeholders, by fostering inclusion and becoming an active force for good in everything we do. SDG 5 SDG 8 SDG 10	Our commitment to value creation is demonstrated by P4.072m total economic value distributed to our communities in 2025 (2024: P2.205m). The Bank maintained the top-mentioned banking brand for overall reputation in Botswana, with leading trends in all four key GlobeScan Indices. Quality assessment  Developing Stable Strong	• Financial inclusion for underserved communities (youth, women and SMEs) • Contribution to inclusive and sustainable economic outcomes • Innovation of products to address societal challenges.	• Expanded access to financial services for underserved communities • Refreshed our strategy to align with national development goals. • Innovated and launched products that address societal issues Find out more: An active force for good in everything we do.	• Earnings resilience amid economic and consumer stress • Culture transformation and talent stewardship • Climate change and a just transition.
 Planet Direct relationship We are committed to minimising environmental impact across our operations and financing activities, through responsible practices that protect and preserve the natural environment for tomorrow's generations. SDG 7 SDG 13	We continue to position the bank as a leader in sustainable finance, scaling solar financing to accelerate the transition to renewable energy, reaching P76m in solar financing in 2025. We also aim to contribute to Absa Group's net zero commitment by 2050 and are currently establishing baseline emissions to inform our decarbonisation targets. Quality assessment  Developing Stable Strong	• Expanded green finance solutions • Commenced the journey to reduce our operational footprint emissions • Proactively managed climate risks to the business.	• Launch of Absa Green Energy Loan to support greater uptake of clean energy solutions by consumers • Tracking and monitoring electricity consumption, enabling the setting of baseline for our emission reduction targets. • Managing exposure to climate-sensitive and high-emission sectors Find out more: An active force for good in everything we do.	• Earnings resilience amid economic and consumer stress • Climate change and a just transition.

Our relationship with others continued

How we engage

Our stakeholder engagements are conducted in alignment with the Bank's strategy, supported by a stakeholder engagement framework and internal governance structures.

The Absa Way Code of Ethics sets out our core values and the standards of behaviour expected when engaging with employees and external stakeholders. We continuously assess and monitor our stakeholder engagement practices to ensure the Bank remains responsive to stakeholder needs, material issues and evolving interests.

This is achieved through a range of assessment tools, including surveys, customer feedback channels, relationship management processes, social media, seminars, conferences and one-on-one engagements. The Bank also provides multiple channels through which stakeholders can raise concerns, including general enquiries, complaint resolution platforms, the contact centre and social media channels.

Employees are required to escalate reputational risks within their areas of responsibility to line management for further evaluation through appropriate governance forums, in addition to existing reporting structures. Reputational matters are managed and escalated in accordance with the Enterprise Risk Management Framework.

	2025 P'000	2024 P'000
Total income	2 387 262	2 282 058
Impairments	(109 272)	(89 446)
Total value available for distribution	2 277 990	2 192 612
Total economic value distributed	2 277 990	2 192 612
Suppliers	706 847	587 257
Communities	4 072	2 205
Employees	551 277	486 467
Government	204 613	197 562
Investors	452 800	575 000
Retained for reinvestment	358 381	344 121
Employee headcount	918	906
Economic value created per employee	2.48	2.42

We employ a range of structured mechanisms to assess the quality of our relationships such as GlobeScan. Botswana GlobeScan results from 95 stakeholder opinions across 5 key stakeholder groups includes government, business, media, civil society (NGOs) and senior financial services and banking sector analysts on the sell and investment side.

Our impact on stakeholders is shaped by our business model outputs and outcomes, as well as how stakeholders respond to our activities either creating or eroding value for them.

How you scored us

Value creation index

↑ 81.6%
(2024: 72.9%)

All bank's average
benchmark
74.4%
(2024: 74.4%)

Stakeholder engagement index

↑ 81.8%
(2024: 75.7%)

All bank's average
benchmark
70.53%
(2024: 73.3%)

Thick Trust index

↑ 85.2%
(2024: 80.0%)

All bank's average
benchmark
71.2%
(2024: 75.7%)

Active advocacy index

↑ 80.5%
(2024: 78.5%)

All bank's average
benchmark
70.1%
(2024: 74.7%)

The Bank strengthened its position across all four (4) core reputation indicators versus 2024, reflecting stronger stakeholder trust, deeper emotional engagement and a greater propensity to recommend and collaborate. Trust remains Absa's strongest pillar, with a widened lead, while active advocacy grew more modestly but still outperforms competition and broadly tracks trust trends. While this upward trend is promising, it remains a work in progress. There are opportunities to further deepen stakeholder relationships and elevate leadership visibility to maintain and build on this momentum.

Material matters

Risk management overview

The Bank maintains a proactive and integrated approach to risk management, continuously identifying and assessing risks arising from both internal operations and the broader external environment. We therefore remain vigilant in detecting top and emerging risks that could impact the delivery of our strategic objectives and in so doing, the Bank is committed to setting guardrails for a strong risk culture by focusing on the following principles for risk culture behaviours:

- Embed a strong risk culture across all levels of the Bank aligned with our core values
- Ensure clear ownership, accountability and oversight of key (principal) risks across all functions
- Align risk management with strategy through a robust operating model supported by effective risk practices, tools and methodologies tailored to the Botswana financial landscape
- Maintain a sound risk governance framework with structured escalation protocols and Board-level oversight
- Apply structured and consistent processes to identify, assess, mitigate and monitor risks
- Implement a combined assurance model that reinforces accountability across the three (3) lines of defense.

The Bank's risk strategy is developed in tandem with the overall strategic planning process. This ensures that the Banks' business objectives are pursued within the defined risk appetite and that risk intelligence is embedded in decision-making and long-term planning.

To ensure alignment between strategy and risk, additional qualitative statements and tailored risk appetite metrics are developed for specific risk types and business units. This enables consistent execution of the Bank's strategy within acceptable risk boundaries and supports informed decision-making across the Bank.

Principal risks

Our Enterprise Risk Management Framework encompasses the foreseeable and material risks undertaken by the Bank that warrant dedicated Bank-wide control frameworks. These are consolidated into seven principal risk categories, representing the majority of risks inherent in the Bank's operations. This risk taxonomy ensures that major risk types are classified, evaluated and managed as required by the Banking Act (2023) Regulation 13 and the Bank of Botswana Guidelines on Risk Management (2018).

Recognised for significance to the Bank's business strategy and operating model, principal risks include financial risks (credit, market, capital and liquidity), non-financial risks (operational and resilience and compliance) and

risks straddling both financial and non-financial risks (model and strategic, sustainability and reputation). The **Abbreviation and glossary** contain principal risk definitions.

Financial capital may be impacted by the consequences arising from any of the principal risks. Human, manufactured and intellectual capitals are primarily influenced by operational and resilience risk, while social and relationship capital, together with natural capital, are affected by strategic and sustainability risks. Refer to each material matter for further insights into the linkage between principal risks and the key business model outcomes impacted.

The heat map below provides a high-level view of the Bank's principal risks, illustrating the relative likelihood and potential impact of each risk category within the current operating environment. The assessment reflects management's evaluation of the risks on residual basis which are most relevant to the achievement of the Bank's strategic objectives and sustainability of operations. The heat map supports prioritisation of oversight, monitoring and mitigation activities across both financial and non-financial risk categories.

Residual principals risk profile



Risk appetite

The Bank's risk appetite is defined as the risk that the Bank is prepared to accept to meet strategic objectives. It explicitly defines the risk boundaries within which management is expected to operate under business-as-usual and stressed conditions when pursuing the business strategy.

Our risk appetite is articulated qualitatively through expressions of risk principles and preferences, which outline the types of risks the Bank actively seeks, accepts, and avoids. We also set quantitative thresholds that define the maximum acceptable levels of risk exposure. These are measured through key metrics such as capital adequacy, earnings volatility, liquidity, and leverage, and are cascaded down to principal risk categories.

Materiality determination process



We understand that the effectiveness of our strategic execution is influenced by material issues associated with our business model and external factors.

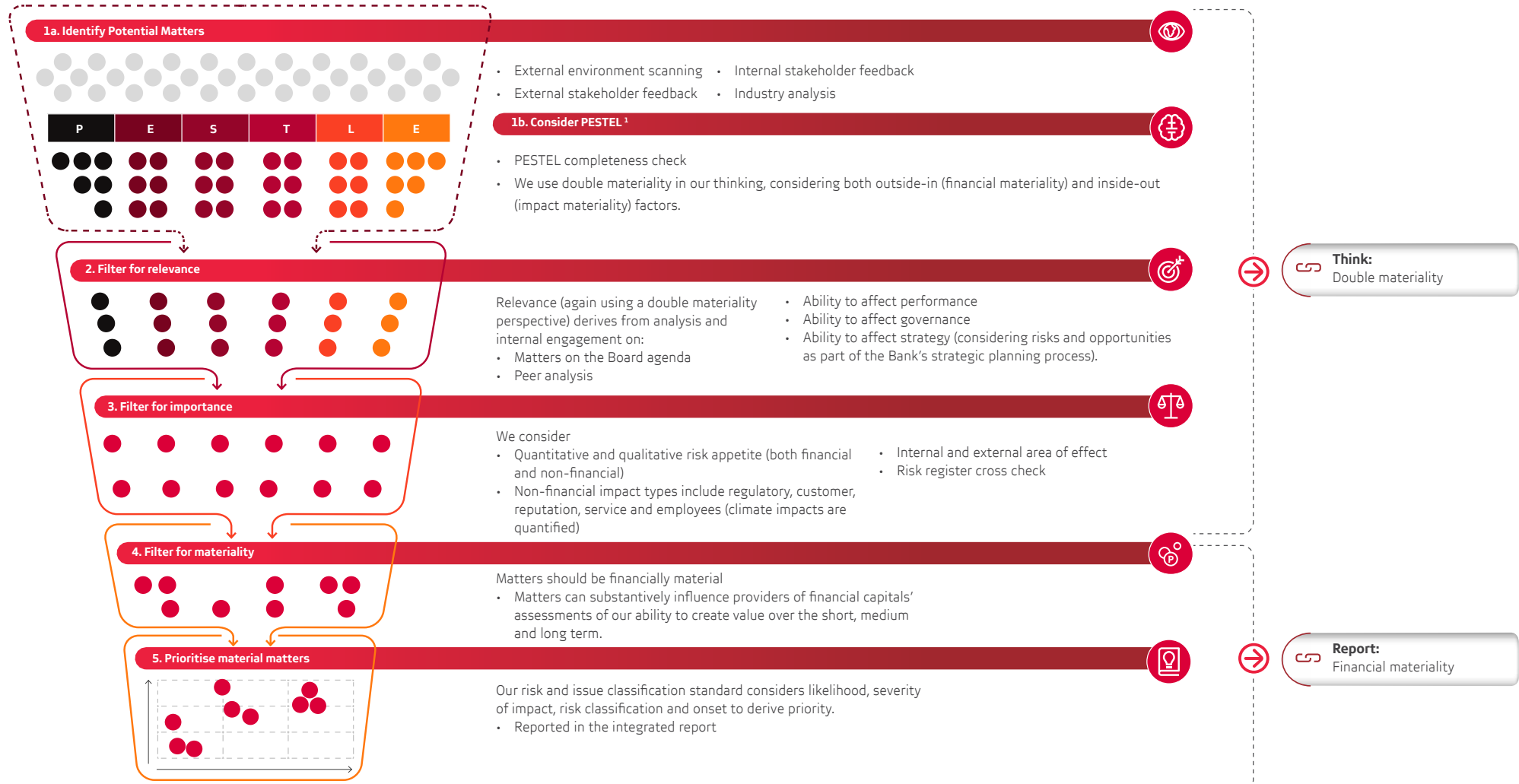
Our ability to create value is influenced by many factors including our operating environment, stakeholder expectations, risk and opportunity responses and strategic choices. We recognise that environmental, social and governance (ESG) factors are dynamic and their impact could become financially material over time. Therefore, we accordingly apply a double materiality lens, considering both impact and financial materiality, early in our materiality assessment process.

This report, however, focuses on matters that are financially material and could substantively influence the assessments of providers of financial capital regarding our ability to create value over the short, medium and long term. In determining materiality, senior management and the Board assess whether a matter materially affects, or has the potential to affect, our strategy, business model, or the capitals we rely on.

In determining whether a matter is material, senior management and the Board consider whether the matter substantively affects, or has the potential to affect our strategy, business model or one or more of the capitals the Bank uses.

Material matters continued

We have not observed significant year-on-year shifts in our material matters. Our materiality determination process is outlined and illustrated below:

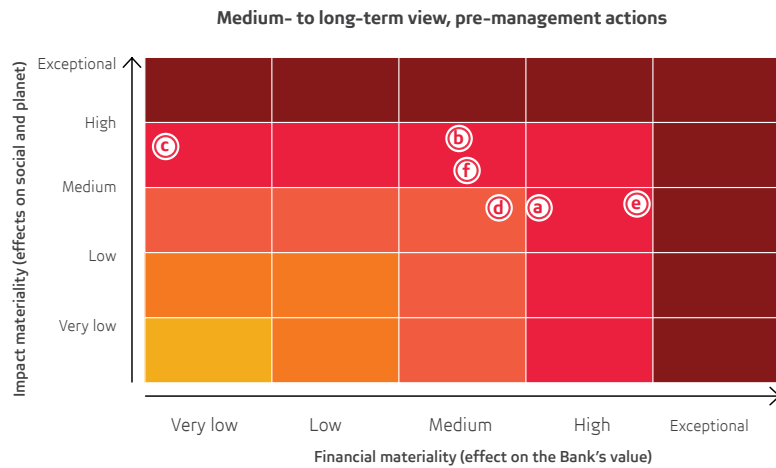


¹An analytical approach to identify and assess the actual and potential environmental factors that could impact the strategy and achievements of an organisation, based on the assessment of, inter alia, political, economic, socio-cultural, technological, ecological, demographical and legal factors (regulatory factors grouped with "L").

Material matters continued

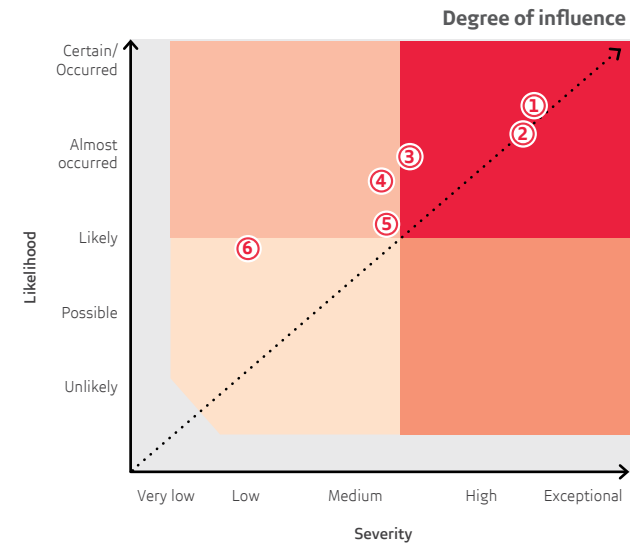
Impact vs financial materiality

Specific sustainability-related impacts were considered during the material matters determination process.



- (a) Extreme weather conditions
- (b) Cyber security
- (c) Inequality and unemployment
- (d) Disruption to systemically important supply chains
- (e) Adverse outcomes of AI technologies
- (f) Household and SME distress

Prioritised material matters



Rank	Material matters	Link to specific ESG impacts
1	Structural economic transition	(b) (c) (d)
2	Earnings resilience amid economic and consumer stress	(c) (f)
3	Advancing digital transformation with effective governance	(b) (e)
4	Shifting regulatory and compliance landscape	(a) (b) (c) (e) (f)
5	Culture transformation and talent stewardship	(c) (e) (f)
6	Climate change and a just transition	(a)

Material matters continued

Structural economic transition

Global and domestic economies remain elevated, shaped by various adverse factors including geopolitical instability, heightened trade policy tensions and increased volatility in international markets. Geopolitical conflicts fuel volatility in oil prices, inflation and global risk sentiment, driving policy uncertainty and increasing protectionism.

Recessionary pressures continue to weigh on the domestic economy, largely driven by the sustained weakness in the diamond mining sector. Diamond production declined by approximately 14% in 2025², an improvement relative to the sharper 23.6% contraction recorded in 2024, reflecting the gradual stabilisation of market conditions. Production remained subdued during the first half of 2025 amid weak global diamond demand and production curtailments by major mining operators. However, the third quarter of 2025 recorded a notable rebound in diamond output of approximately 49.5%³ compared to the third quarter of the previous year, marking the first significant quarterly recovery since the downturn in the global diamond market which began in the second half of 2023. Despite this improvement, overall production levels remained below historical averages, underscoring the continued fragility of the sector and the broader economy's exposure to diamond market volatility.

The suppressed diamond export earnings and mounting economic pressures have weighed on the fiscal position and eroded official foreign reserves which have declined to historically low levels. In response, the government has increasingly accessed the domestic debt market to meet funding obligations, absorbing liquidity from the financial system and contributing to tighter market conditions. This has, in turn, elevated commercial banks' cost of funding, and heightened competition for both wholesale and traditional funding. The compounding effect of these domestic pressures has prompted international rating agencies to downgrade Botswana's sovereign credit rating a notch down, with a negative economic outlook.

The Bank remains well positioned to support its customers and the broader economy, leveraging its robust risk management framework, sound governance structures and disciplined capital management. While economic conditions are expected to persist in the near term, gradual improvement in global demand conditions, easing inflationary pressures and government's policy support and reform measures are anticipated to provide a more stable operating environment over the medium term.

What it means for the Bank

Possible business model impacts and effects on capitals



Financial capital

- ↑ Improved capital allocation
- ↑ Improved earnings through focused investments
- ↓ Possible further credit downgrades impacting economic momentum
- ↓ Possible reduction in international trade and direct foreign investment
- ↓ Heightened hedging cost
- ↓ Risk of currency devaluation impacting profitability



Social and relationship capital

- ↑ Improved resilience drives both investor and customer confidence
- ↓ Increased regulation and supervision
- ↓ Damaging reputation and standing in the international community
- ↑ Improved multi and bilateral relationships
- ↓ Enhanced scrutiny of directives governing cross-border payments on most AR markets.

Opportunities

- Facilitating trade and economic growth
- Supporting government policies in the collective interests of societies
- Contributing to a resilient and stable financial market system by following internationally accepted standards
- Strengthen foreign investor confidence
- Higher demand for risk management products
- Balancing robust risk management with growth aspirations
- Ongoing enhancement of models to better understand the risk-reward trade-offs
- Proactive capital management and capital allocation to bolster RoE

Principal risks affected

Credit | Market | Capital and liquidity | Strategic, sustainability and reputation | Model | Operational and resilience | Compliance

2025 scorecard metrics affected

- Headline earnings
- RoE
- CTI

Other

- Total deposits
- Gross loans and advances
- Capital Adequacy ratio
- Expected credit losses

Value to others

Stakeholders impacted

Investors | Customers | Regulators and industry bodies | Society

SDGs impacted

SDG 8 **SDG 10** **SDG 16**

Future strategic objectives affected

- Diversified business
- New growth opportunities

Performance 2025 *Revenue growth and diversification*

²Statistics Botswana, Gross Domestic Product: Fourth Quarter of 2025

³Statistics Botswana, Index of Physical Volume of Mining Production: Third Quarter 2025, Stats Brief

Material matters continued

Earnings resilience amid economic and consumer stress

The ongoing economic fragility, sustained liquidity pressures, high unemployment rate and unfavorable global economic policies linked to trade wars continue to impact growth and volatility of commodity prices. Households and Small and Medium Enterprises (SMEs) are the most affected, with SMEs facing persistent domestic economic challenges including high costs of inputs and delayed payments, especially those that are reliant on government spending and the diamond mining value chain.

Consumer stress is a key early warning indicator of systemic risk, largely driven by the dominance of unsecured lending which constitutes the majority of household credit and heightens vulnerability to income shocks such as job losses and delayed government payroll remittances for scheme loans thereby playing a critical role in shaping risk dynamics within the financial sector. Rising debt service pressures, combined with subdued economic growth and tightening fiscal conditions, elevate customers' probability of default and affect overall credit quality in the banking sector.

Botswana's monetary policy remained broadly accommodative in support of lower inflation, despite recent interest rate increases aimed at containing price pressures. Nevertheless, the short-term economic recovery is expected to remain subdued, while external price competitiveness is broadly supported.

For the Bank, strengthening customer trust and delivering personalised financial support remains critical to delivering the Banks' strategic objectives. Economic pressures and heightened social sensitivities underline the importance of transparent engagement and purpose-led initiatives to maintain trust and mitigate reputational risk.

Amid economic and social distress, the Bank selectively targets resilient segments and tailor lending strategies to manage risk. The Bank's strategic credit response to consumer distress also considers options such as debt reviews and forbearance arrangements, while applying a robust credit and collections capability combined with distressed customers solutions. This enabled the Bank to retain investor confidence, increase customer satisfaction and deliver a higher RoE relative to the cost of equity.

What it means for the Bank

Possible business model impacts and effects on capitals



Financial capital

- ↓ Increased risk of credit defaults and margin pressure
- ↓ Increased loss from disruption
- ↑ Improved earnings and capital allocation
- ↓ Additional support to customers and communities affect margins



Social and relationship capital

- ↑ Reputational gains from supporting customers and communities
- ↑ Improved shareholder confidence
- ↑ Customer primacy and brand affinity.

Opportunities

- Creating a balance in revenue mix across segments and products
- Improving capital allocation planning
- Deepening client relationships and satisfaction levels
- Enhancing client primacy and extended client life journeys
- Promoting sustainable finance and financial inclusion
- Delivering personalised and integrated product solutions to clients
- Strategic response to credit risk and customer distress support
- Promoting authentic, brand-related stakeholder engagement.

Principal risks affected

Credit | Strategic, sustainability and reputation | Model | Operational and resilience | Compliance

Performance 2025 Revenue growth and diversification

2025 scorecard metrics affected

- Headline earnings
- RoE
- Thick trust score
- Active customer numbers

Other

- CTI
- CLR
- ESG bonds and aggregate loans.

Value to others

Stakeholders impacted

Investors | Customers | Employees
| Society

SDGs impacted

SDG 5 **SDG 10** **SDG 16**

Future strategic objectives affected

- Diversified business
- New growth opportunities
- Operational excellence
- Customer-led growth

Material matters continued

Advancing digital transformation with effective governance

Digital innovation continues to reshape Botswana's financial services landscape, expanding access, improving efficiency, and enhancing customer experience through the rapid adoption of digital banking, mobile payments, and electronic channels. This evolution is increasing the complexity of the operating environment, requiring banks to adapt to new infrastructure, regulatory standards, and competitive dynamics, while managing risks associated with legacy systems, fragmented data environments, and slower time-to-market.

The risk landscape has correspondingly intensified, with heightened exposure to cyber threats, fraud, and social engineering risks, such as vishing and impersonation scams. At the same time, emerging technologies, including artificial intelligence and digital identity solutions, are transforming service delivery while introducing new risk considerations.

The regulatory framework is evolving in response. The Data Protection regime is being complemented by the proposed Cybersecurity Bill of 2025, which seeks to introduce more formalised requirements around cyber governance, incident reporting, protection of critical infrastructure, and enhance regulatory oversight, signaling a shift toward a more coordinated and enforceable cybersecurity environment.

Competition within the sector is accelerating, driven by both traditional institutions and non-traditional fintech entrants. AI-enabled solutions, embedded finance models, and API-driven integration are reshaping value chains and creating new revenue opportunities, while intensifying pressure on incumbents to innovate and remain relevant.

Against this backdrop, the Bank continues to prioritise and secure scalable digital growth through sustained investment in modern digital architecture, strengthened cybersecurity controls, and enhanced fraud risk management capabilities. Strategic focus is placed on improving interoperability, enabling faster product deployment, and leveraging partnerships to access new ecosystems and revenue streams. Notwithstanding this progress, vulnerabilities persist, particularly in relation to third-party dependencies and critical skills shortages.

In parallel, the Bank is advancing customer awareness initiatives to mitigate exposure to digital fraud, reinforcing shared responsibility in managing cyber risks. This balanced approach supports financial inclusion, sustains customer confidence, and positions the Bank to compete effectively, while contributing to a trusted and resilient digital financial ecosystem in Botswana.

What it means for the Bank

Possible business model impacts and effects on capitals



Financial capital



Increased transaction volumes and higher digital inclusivity affecting fees



Increased productivity over the medium to longer term



New partnerships and products increasing revenue streams



Financial loss as a result of potential fraud, cybercrime and data loss.



Human capital



Scarcity of digital and technology skills increasing retention and attrition risk



Improved employee experience and efficiencies



Helping to upskill and reskill the existing workforce drives retention and meets fundamental business needs, while recognising that a digital focus could impact job creation.



Social and relationship capital



Increased reputational risk due to misinformation, fraud, data leakage and other security breaches



Closing the digital divide and financial inclusion



Improved customer experience and safety.



Intellectual capital



Increased risk of data loss and dependency



Future-fit digital ecosystems.

Opportunities

- Enhancing digital capabilities, payment options and security, increases digital adoption rates
- Responsible AI use to improve efficiency and service
- Establishing new partnerships to gain market share
- Enhancing primacy through client service that is safe, reliable and seamless
- Innovating through data insights and AI application
- Furthering financial and digital inclusion.

Principal risks affected

Strategic, sustainability and reputation | Model | Operational and resilience | Compliance

Performance 2025 *Digitally powered business*

2025 scorecard metrics affected

- Growth in digitally active customers
- Growth in digital transaction volumes
- RoE.

Other

- Total severity 1 and 2 incidents
- Retail digital channel availability
- Service availability

Value to others

Stakeholders impacted

Investors | Regulatory and industry bodies | Customers | Employees | Society

SDGs impacted

SDG 10

Future strategic objectives affected

- Diversified business
- New growth opportunities
- Operational excellence
- Customer-led growth

Material matters continued

Shifting regulatory and compliance landscape

Mounting global and domestic economic pressures, alongside rapid digital advancements, continue to pose significant risks across financial markets. Consequently, regulators have intensified scrutiny of existing frameworks and enhanced supervision of the evolving risk landscape, resulting in a more rigorous supervisory oversight.

As the regulatory environment becomes increasingly dynamic, the central bank implemented the Liquidity Coverage Ratio (LCR) with effect from 1 December 2025 as part of the phased transition to the Basel III framework and alignment with international best practices. This regulation comes at the time when commercial banks are experiencing liquidity pressures stemming from the prevailing economic challenges and fiscal constraints. The LCR is intended to strengthen banks' short-term liquidity resilience by ensuring sufficient high-quality liquid assets are maintained to withstand periods of stress. Other regulatory developments include the enactment of the Data Protection Act (Act No. 18 of 2024) which came into effect in January 2025, and the Employment and Labour Relations Act (2025) passed in December 2025 which aligns Botswana's labour framework with International Labour organization (ILO) standards. The Financial Intelligence Act (Rectification Order of 2025) was also rectified to correct omissions that occurred during the 2024 and May 2025 amendments.

These regulatory developments are intensifying compliance demands, increasing cost pressures and operational complexity, while elevating reputational and business model risks. In turn, this may place upward pressure on the cost of capital and constrain the bank's agility in diversifying revenue streams, requiring more deliberate alignment of strategy, operating models, and control frameworks.

The Bank remains committed to supporting sustainable economic growth, deepening financial intermediation, and enhancing market confidence. The Bank continues to adapt its business and risk strategies to remain resilient, compliant, and competitive while supporting clients and stakeholders through the evolving economic and regulatory environment.

What it means for the Bank

Possible business model impacts and effects on capitals



Financial capital

- ↓ Increased costs to comply
- ↓ Regulatory cap on fees
- ↓ Penalties and fines due to non-compliance
- ↓ Compressed foreign exchange margins on the back of regulatory interventions.



Social and relationship capital

- ↑ Sound, positive and healthy relationships with regulators
- ↔ Compliance burden may affect client journeys and experiences, yet clients benefit from the protection provided by regulation
- ↓ Increase in supervision and inspections by regulators
- ↑ Sound, positive and healthy relationships with regulators

Opportunities

- Increase transparency through reporting and disclosures
- Influence and advocate policy positions and lead in the industry
- Working with regulators in developing common strategies to achieve our client goals while strengthening the financial industry
- Mitigate or prevent systemic risks across the Bank, promoting financial stability
- Continue to support and align with international and local practices supporting capital and ESG requirements
- Promote a culture of compliance while bolstering our compliance structures and systems.

Principal risks affected

Credit | Market | Capital and liquidity | Strategic, sustainability and reputation | Model | Operational and resilience | Compliance

2025 scorecard metrics affected

- Headline earnings
- RoE.

Other metrics affected

- CET1
- CTI
- Net stable funding ratio
- Total operational risk losses.

Value to others

Stakeholders impacted

Investors | Customer | Regulators and industry bodies

SDGs impacted

SDG 10 **SDG 16**

Future strategic objectives affected

- Diversified business
- New growth opportunities
- Operational excellence
- Customer-led growth

Performance 2025 *Value preserved through sound governance, Outlook*

Material matters continued

Culture transformation and talent stewardship

In 2025, global employee engagement declined for a second consecutive year to its lowest level since 2020, while employee wellbeing showed slight improvement for the first time in three (3) years. The Gallup report further highlights persistent wellbeing challenges in Botswana, including high levels of daily loneliness and emotional strain, despite modest improvements in stress, anger and sadness. Declining engagement levels present growing risks to productivity, talent retention, operational resilience and long-term performance sustainability.

These pressures are further amplified by the prevailing economic environment, characterised by subdued economic activity, elevated unemployment and ongoing cost-of-living pressures, which continue to affect household confidence and financial security. In this context, organisations play an increasingly important role in fostering supportive, inclusive and people-centered environments that strengthen wellbeing, engagement, adaptability and organisational resilience during periods of uncertainty.

Organisational culture and employee engagement remain critical enablers of sustainable performance, client service delivery and long-term value creation. At the same time, increasing competition for critical and digital skills across the continent continues to intensify the importance of effective talent stewardship. The Bank continues to demonstrate strong talent, resilience and organisational depth, while remaining focused on investing in workforce capability development, leadership capacity, digital fluency and future-fit competencies.

The rapid advancement of artificial intelligence and emerging technologies is reshaping industries, operating models and workforce expectations globally. In response, we are fostering a culture of adaptability, continuous learning and innovation to ensure the organisation remains future-ready and resilient in an evolving environment. While the full extent of artificial intelligence's long-term impact on banking and customer value creation continues to emerge, we remain deliberate in building the capabilities, mindsets and leadership required to navigate this transition responsibly.

As technology increasingly influences how organisations structure work and deploy talent, we remain committed to balancing innovation with responsible workforce management, employee development and a strong people-centered culture. Our Culture Blueprint continues to guide the desired behaviours, accountability and ways of working that shape how we collaborate, serve clients and support one another.

What it means for the Bank

Possible business model impacts and effects on capitals



Financial capital



- Investment in future-fit talent
- Increased talent recruitment costs



Social and relationship capital



- Reputational gains from being an employer of choice
- Increased competition



Human capital



- Increased psychological safety and employee wellbeing
- Increased organisational agility through stronger cross-functional collaboration
- Enhanced decision-making through distributed leadership
- Greater innovation
- Compelling talent proposition, particularly for critical skills areas
- Enhanced diversity and sense of belonging.



Intellectual capital



- Employees equipped for work in the digital age
- Formal succession planning protects institutional knowledge.

Opportunities

- Employee wellbeing underpins service excellence and customer loyalty
- Value creation through cultural integration creating distinctive market competitiveness
- Establish the Bank as an employer of choice, improving talent retention
- Sustainable, enhanced performance through cultural changes and leadership effectiveness.

Principal risks affected

Strategic, sustainability and reputation | Operational and resilience

Performance 2025 *A Winning, talented and diverse team*

2025 scorecard metrics affected

- Employee experience index
- Women in leadership (%)

Others

- CTI
- Employee headcount
- Turnover rate

Value to others

Stakeholders impacted

- Investors
- Employees
- Society

SDGs impacted

SDG 5 | SDG 8 | SDG 10 | SDG 16

Future strategic objectives affected

- New growth opportunities
- Operational excellence
- Customer-led growth

Material matters continued

Climate change and a just transition

Climate change remains a key global concern with significant implications for economies and financial systems. The 2026 World Economic Forum Global Risks Report ranks environmental risks as the most severe over the next decade, with extreme weather events identified as the top risk⁴. This is already evident, even with climate volatility intensifying globally, rising temperatures and increasing climate volatility disrupting economic activity and heightening uncertainty. The period from 2015 to 2025 has been recorded as the hottest eleven years on record⁵.

Africa remains disproportionately vulnerable to climate impacts despite low emissions. Increasing droughts, floods and heatwaves are placing pressure on food systems, infrastructure and economic resilience. This elevates risks for financial institutions through asset damage, operational disruptions and heightened credit exposure in climate-sensitive sectors.

In Botswana, climate-related risks are becoming more pronounced, with recurring heatwaves, prolonged droughts and flooding affecting key sectors such as agriculture, mining, transport and energy. These developments contribute to rising credit stress, particularly in agriculture, while the transition to a low-carbon economy introduces additional risks for carbon-intensive sectors, as regulatory and market expectations evolve.

Climate change presents both risks and opportunities for financial institutions as they play a critical role in mobilising capital toward sustainable finance, including renewable energy and climate-resilient infrastructure.

The Bank recognises climate change as a material driver of both risk and opportunity, with direct implications for long-term value creation, financial resilience and stakeholder confidence. Climate considerations are embedded within strategic decision making and risk management processes, reflecting a deliberate shift towards more forward-looking and integrated risk oversight.

As climate-related risks increase, the Bank has strengthened its focus on managing impacts on asset quality, portfolio resilience and overall financial stability, while balancing risk management with sustainable growth objectives. The Bank actively monitors and measures exposure to climate-sensitive sectors to manage emerging climate-related risks and safeguard financial stability. This evolving approach is aligned to the Group's net zero ambition and supported by a commitment to responsible and inclusive financing.

The transition to a lower-carbon economy is expected to reshape client needs and sector dynamics, requiring a measured response that supports clients through this transition, while considering the broader social and economic implications. In this context, the Bank continues to position itself to respond to emerging regulatory expectations and market shifts, while contributing to the financing of sustainable projects that support economic resilience and a just transition.

What it means for the Bank

Possible business model impacts and effects on capitals



Financial capital

- ↑ Investors are seeking climate and environmentally friendly opportunities which will diversify our funding base and reduce funding costs
- ↑ Increased and diversified revenue from sustainability related products
- ↓ Increased risk of impairments due to physical and transition risk events



Social and relationship capital

- ↑ Supporting clients' transition plans
- ↑ Appreciate the social context to ensure a just transition
- ↓ Increased reputational risks if the Bank fails to deliver on its climate commitments



Human capital

- ↑ Increased ESG skills and talent



Natural capital

- ↑ Low carbon societies and business
- ↑ Food and water security

Opportunities

- Become a leader in sustainable finance
- Improved insight into clients' sustainability needs can unlock new sustainable financing and investment opportunities to support their transition
- Capital allocation to environmentally responsible businesses
- Access to sustainable green loans and bonds
- Contribute to a just transition and responsible consumption
- Opportunity to drive business continuity for clients.

Principal risks affected

Credit | Capital and liquidity | Strategic, sustainability and reputation | Model | Operational and resilience | Compliance

Performance 2025 *An active force for good in everything we do*

2025 scorecard metrics affected

- Renewable energy finance

Other

- Scope 2 emissions
- Electricity consumption

Value to others

Stakeholders impacted

Investors | Customers | Regulators and Industry bodies | Society | Employees | Planet

SDGs impacted

SDG 7 SDG 8 SDG 13 SDG 16

Future strategic objectives affected

- New growth opportunities
- Customer led growth

⁴World Economic Forum, 2026, Global Risks Report

⁵World Meteorological Organisation, 2025, State of the Global Climate report

Our strategy



As part of our strategic planning process, we continuously reassess our business model in the context of prevailing macroeconomic environment. Identified emerging risks and opportunities are evaluated to determine required adjustments to our strategic objectives through cross-functional risk management and integrated planning.

Our strategy

Win with our customers, building trust and scaling for growth

Our purpose

Empowering Africa's tomorrow, together... one story at a time

Our ambition

To be the leading bank in Botswana

Our strategic pillars



Customer-led
growth



Diversified business



Operational excellence



New growth
opportunities

Enabled by

Deepen talent and succession

Strong leadership and
organisational resilience

Culture for competitive
advantage

Disciplined sequencing: clear priorities for today, scaling opportunities for tomorrow and investments for future growth.

A case for change

Our strategy evolution reflects a deliberate pivot toward winning with our customers, building trust and enabling scalable growth.

As we conclude our 2025 strategy cycle, we have delivered meaningful progress across customer primacy, digital transformation, and sustainability leadership. These achievements have enhanced the Bank's capabilities and created a strong platform for the next phase of our strategic journey.

The operating environment, however, continues to shift at a rapid pace. Customer expectations are increasingly centred on seamless digital experiences, personalised solutions and faster service delivery, while competitive dynamics continue to intensify across traditional banking, fintechs and broader ecosystem players. At the same time, macroeconomic uncertainty, evolving regulatory requirements and rising capital demands continue to reshape the operating landscape, demanding greater agility, disciplined execution and more focused resource allocation.

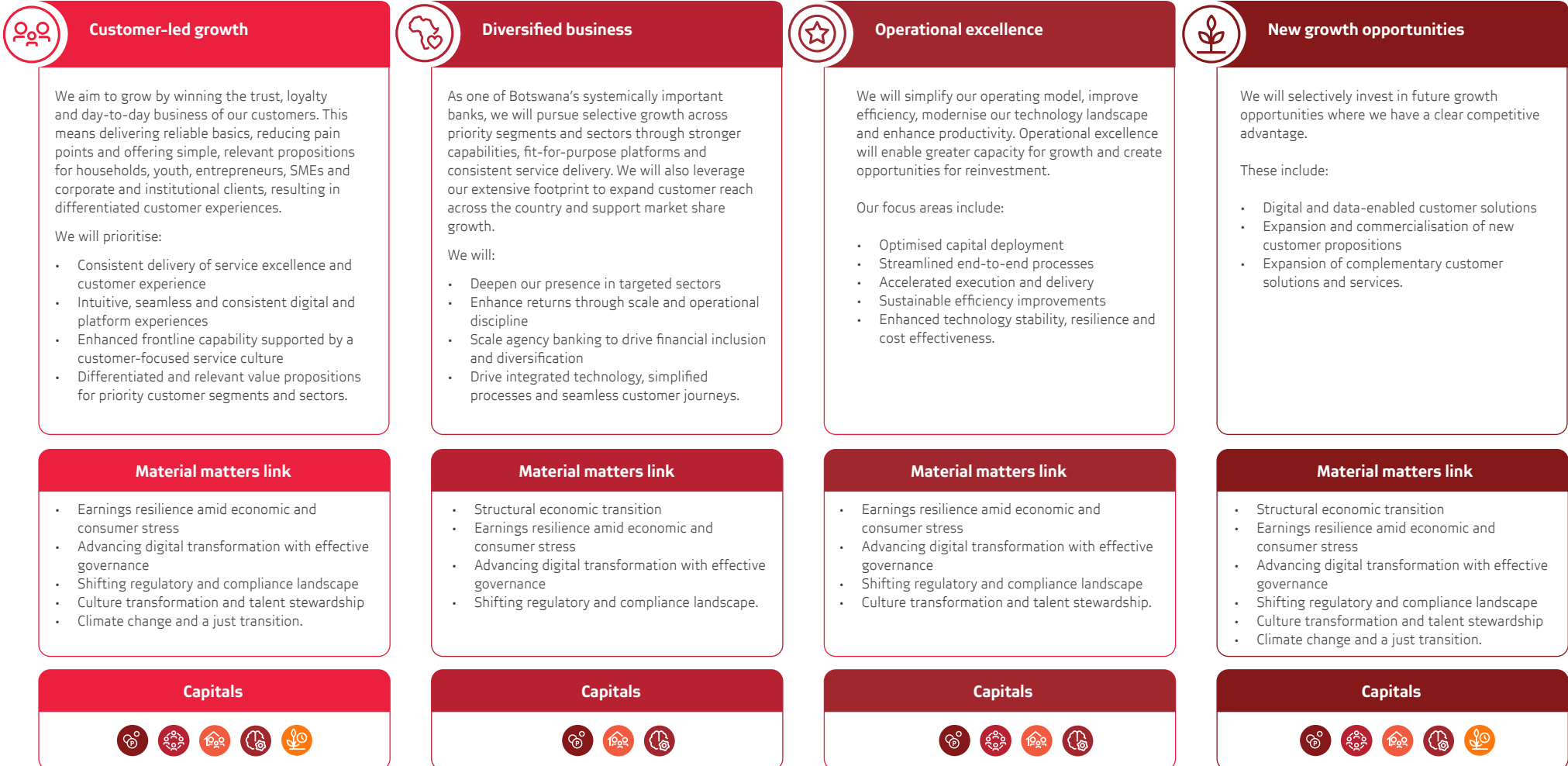
Against this backdrop, the Bank enters its next phase from a position of strength, supported by sustained momentum, a resilient franchise, improving operational discipline, an expanding market presence and a leadership team aligned around a shared ambition. Together, these present a compelling opportunity to reposition the Bank towards sustainable, high-quality growth.

Our refreshed strategy has been designed in direct response to this evolving environment, balancing growth with resilience, accelerating customer relevance and sharpening execution across our business segments.

Our strategy continued

Strategic pillars

Our refreshed strategy is anchored on four strategic pillars that guide decision-making and capital allocation, defining the key areas of focus over the medium to long term.



Our strategy continued

Strategic horizons and measurement

Our strategy is delivered over two horizons

Horizon 1 (Short-Term – 2026)

Safeguard capital and liquidity resilience, deepen strategic client relationships, strengthen cyber security, improve productivity and operational efficiency, strengthen our culture and talent value proposition and deliver long-term market competitiveness.

Key Indicators: Capital Adequacy Ratio (CAR), Return on Equity (RoE), customer experience index, improved cyber resilience and customer protection, Cost-To-Income Ratio (CTI), colleague experience index and brand trust/reputation score.

Horizon 2 (Medium Term – 2027+)

Drive customer growth, deepen primary client relationships, diversify and grow non-interest revenue, digital-led businesses, unlock targeted growth opportunities and sustain performance to support long-term value creation.

Key Indicators: Active customers, transactional activity, NIR growth, digital adoption, new revenue streams and optimised cost-to-income ratio.

Strategic trade-offs and shifts

As a purpose-led organisation, we apply integrated thinking to guide strategic decision-making, balancing limited resources and competing priorities while considering stakeholder impact and long-term value creation. This disciplined approach strengthens resilience and enhances our ability to adapt in an evolving environment.

From growth-led balance sheet expansion to disciplined balance sheet and funding management

Moved to strengthen liquidity and funding resilience through disciplined balance sheet optimisation and prudent funding management.

The Bank prioritised resilient balance sheet management through prudent asset growth, liquidity preservation and funding optimisation in response to structural market liquidity pressures which resulted in elevated competition for deposits. This approach supports sustainable funding, protects margins and enhances the Bank's ability to navigate economic volatility while maintaining long-term financial resilience.

Capitals outcome  

From volume-driven growth to selective risk-adjusted return optimisation

Focused on selective capital deployment into opportunities that deliver sustainable risk-adjusted returns.

The Bank maintained a disciplined approach to growth, focusing on sectors with strong long-term fundamentals and attractive risk-adjusted returns. This approach supports sustainable profitability, strengthens earnings resilience and improves overall portfolio quality while balancing growth ambitions with prudent risk management.

Capitals outcome  

From short-term cost optimisation to strategic investment in digital capability

Prioritised investment in digital capability and cyber resilience to support secure, resilient and inclusive banking services.

Invested in digital capability and infrastructure to strengthen customer experience, operational resilience and long-term competitiveness. While these investments contributed to elevated operating costs in the short term, they remain critical to enabling scalable, secure and inclusive digital banking services and supporting sustainable future growth.

Capitals outcome    

From short-term commercial priorities to sustainable and inclusive long-term value creation

Embedded sustainability and inclusive growth considerations into strategic decision-making to support long-term resilience and stakeholder value.

The Bank continues to integrate sustainability considerations into its strategy, operations and client solutions to support long-term value creation and economic resilience. This includes:

- Advancing sustainable finance initiatives, supporting financial inclusion
- Strengthening the climate resilience of our operations
- Enhancing ESG governance which requires continued investment

While some sustainability initiatives may not deliver immediate financial returns, they remain critical to strengthening stakeholder trust, supporting regulatory readiness and enhancing the Bank's long-term resilience.

Capitals outcome      

While ensuring



Phased execution
Sequencing initiatives for
credibility and momentum



Delivery consistency
Clear accountability with
measurable outcomes

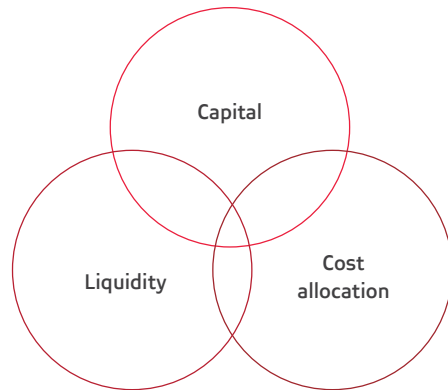


Winning mindset
We win by putting
customers first

Our strategy continued

Resource allocation

Financial resource allocation is a key mechanism through which the Bank balances sustainable value creation with long-term resilience. This involves the disciplined deployment of limited financial resources, including capital, liquidity, funding and cost capacity, across the balance sheet and income statement in alignment with regulatory requirements, risk appetite, return objectives and strategic priorities to support sustainable shareholder value.



Capital allocation

Capital allocation is guided by a clear hierarchy of priorities, ensuring the Bank remains resilient while optimising shareholder and stakeholder outcomes.

Priority 1: Systemic resilience and regulatory sustainability

The foremost capital priority is maintaining sufficient capital to meet regulatory requirements and ensure long term sustainability. The Bank targets a capital adequacy ratio (CAR) above the regulatory minimum of 12.5% supported by a prudent internal management buffer. This buffer provides resilience against stress scenarios and supports the Bank's role as a systemic bank.

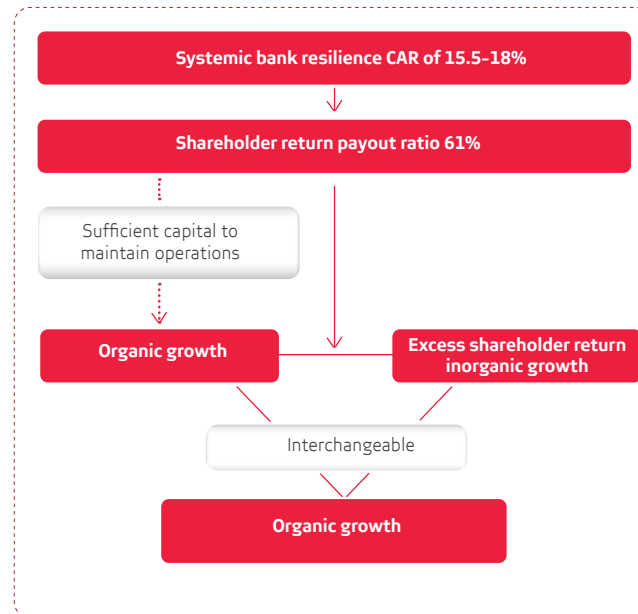
Priority 2: Baseline shareholder distributions

The Bank seeks to deliver sustainable and predictable returns to shareholders, once regulatory and operational capital requirements are met. This is reflected in the current dividend payout ratio of 66%, which balances shareholder distributions with the need to retain capital to support future growth and resilience.

Priority 3: Growth and excess returns

Capital in excess of these requirements is allocated to support:

- Organic growth initiatives
- Inorganic growth opportunities
- Excess shareholder returns.



These allocations are continuously assessed and rebalanced to support sustainable value creation, considering prevailing market conditions, strategic opportunities and return expectations.

Capital allocation planning incorporates both the supply of capital, primarily generated through retained earnings and the demand for capital to support business growth and strategic priorities. Capital demand is assessed against available capacity, with allocation decisions guided by the objective of maximising sustainable shareholder value. Capital planning is undertaken annually over a rolling three-year horizon, with returns on deployed capital

monitored on an ongoing basis. Allocations may be adjusted during the year in response to evolving customer requirements and macroeconomic developments. The primary lens for assessing return on capital is a customer/segment/sector lens, ensuring capital is allocated where total customer value meets required hurdles.

Other lenses evaluated include minimum product hurdles, business unit returns and bank-wide returns. Capital allocation is prioritised for those customer segments that will deliver the strongest return.

Liquidity management

Liquidity is a critical enabler of sustainability and resilience within the Bank's Resource Allocation Framework. The availability and supply of this resource are assessed through a similar lens to capital, first covering regulatory requirements (i.e. Liquidity Coverage Ratio (LCR) and Liquid Asset Ratio (LAR)) and then trading off competing business requirements.

Assets and deposits are priced using a matched fund transfer pricing principle that ensures appropriate reward and/or cost is recognised relative to value. Pricing is dynamically adjusted in response to changing market pricing and the Bank's internal requirements.

Cost allocation

Cost allocation decisions are made in support of strategy delivery. This covers both business-as-usual initiatives and specific change initiatives. Costs associated with strategic change initiatives are planned and allocated across the Bank's strategic objectives for 2026.

The allocation deliberately repositions spend toward customer-driven opportunities with stronger return potential. At the same time, focused investment in operational excellence initiatives continues to enhance efficiency, support scalable growth and strengthen customer experience.



Performance against strategy... an executive overview

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Managing Director's message



I remain committed to steering the Bank through an evolving environment with agility and precision, while driving operational excellence and positioning the Bank to unlock future growth opportunities

Keabetswe Phoko-Moshagane
Executive (Managing) Director

Sustainable performance in an evolving environment

The year unfolded against a significantly constrained macroeconomic backdrop both globally, regionally and locally, as Botswana's economy navigated ongoing structural changes, driven by prolonged weakness in the diamond sector and its spillover effects across economic activity. These conditions translated into a more complex and demanding operating environment. Consequently, the banking sector experienced softer credit demand and increased pressure on customer affordability and heightened stress across business sectors.

Liquidity conditions also remained constrained throughout the year, intensifying competition for deposits and contributing to elevated deposit pricing and margin compression across the market. In navigating this environment, I would like to acknowledge the Bank of Botswana's continued support to the industry through interventions such as extending the duration of repurchase agreements window to 3 months, thereby supporting liquidity conditions within the sector. Despite these pressures, the Bank delivered deposit growth of 6.9% during the year. Interest expense increased by 41%, although growth remained relatively competitive against prevailing market conditions.

At the same time, the banking landscape continued to evolve rapidly, shaped by accelerating digital adoption, changing customer expectations, increased regulatory scrutiny and growing competitive intensity across the financial services ecosystem. Ongoing technological advancements continued to reshape how institutions compete, engage customers and deliver value. Against this backdrop, I am proud that the Bank delivered a resilient financial performance underpinned by disciplined execution, prudent balance sheet management and continued progress in diversifying revenue streams.

While margin pressure and elevated operating costs weighed on profitability, with PBT declining by 10%, the Bank delivered resilient revenue growth of 5% year on year. We also maintained strong capital and liquidity positions, supporting balance sheet resilience and continued capacity to support clients and the broader economy. Return on equity remained resilient at 20.8%, while asset quality continued to perform within risk appetite, with the credit loss ratio closing at 0.57%. These outcomes reflect the resilience of our franchise, the benefits of continued strategic investment and our ability to navigate a challenging environment while positioning the Bank for long-term sustainable growth.

Ending our medium-term strategy from a position of strength

As we concluded our medium-term strategic cycle in 2025, I am proud of the meaningful progress we have made across all our strategic pillars amid sustained economic and industry pressure. Our performance during this period demonstrates our ability to navigate challenges effectively, the commitment

of our people and disciplined execution of a strategy anchored on customer primacy, diversification, digital transformation, sustainability and organisational capability.

Being the **primary partner to our clients** remained central to our strategic focus as we continued to deepen relationships across our customer base by focusing on creating value across the full client lifecycle rather than isolated transactions. This was supported through strengthened stakeholder engagement, targeted client initiatives, strategic partnerships and focused brand and sponsorship platforms aimed at reinforcing relevance, accessibility and trust.

Our strategic focus on **revenue growth and diversification** continued to yield positive outcomes, enabling us to achieve revenue growth despite the more constrained operating environment. Importantly, non-interest income contribution increased to 41% of total revenue reflecting continued progress in building a more balanced and resilient earnings profile. This performance was supported by continued innovation across our segments and the delivery of increasingly client-centric solutions such as the Retail Banking enhanced mobile money functionality on Absa MobiTap, Business Banking introduction of the Signature Credit Card proposition, and Corporate and Investment Banking expansion of its suite of risk management solutions to support clients in navigating volatility and managing financial exposures more effectively.

Progress toward becoming a **digitally powered business** also accelerated during the year as we continued investing in technology capability, infrastructure resilience and payments innovation. Our focus remained grounded on enabling simpler, more convenient and secure customer experiences through digital-led solutions. During the year, we introduced first-to-market digital payment capabilities, strengthening convenience, security and cross-border transactional capability for our customers. These investments continue to position the Bank to respond more effectively to evolving customer preferences and the increasing digitisation of financial services. Furthermore, as we accelerate our digital innovation, we maintain a strong focus on cybersecurity, ensuring the integrity and protection of our clients' data.

Our commitment to being **an active force for good in everything that we do** remained firmly embedded within our strategy and operating model. Sustainability continues to represent both a strategic imperative and a long-term growth opportunity for the Bank. During the year, we continued demonstrating leadership in sustainable finance through initiatives that support economic inclusion, environmental resilience and societal impact. Following our first-to-market sustainable bond, we further supported agricultural clients transitioning toward renewable energy solutions with financing amounting to P76 million, while also launching the Green Energy Loan within our Retail segment to broaden access to sustainable financing solutions.

Managing Director's message continued

Supporting enterprise development and inclusive economic participation also remained a key area of focus. During the year, we extended SME financing amounting to P295 million, bringing the total SME portfolio to P463 million by December 2025. We also continued advancing targeted solutions for SMEs, women and youth, supported by financial literacy and capability-building initiatives. These initiatives continue to reinforce our role not only as a financial institution, but also as a partner in Botswana's sustainable economic transformation journey.

Most importantly, our progress continues to be enabled by **a winning, talented and diverse team**. Throughout the year, we remained focused on evolving our culture toward a more agile, high-performing and customer-centric organisation capable of sustaining long-term competitiveness. I am proud that the Bank was recognised as a Top Employer for the fifth consecutive year, reinforcing our position as an employer of choice and reflecting the continued progress we are making in building a values-driven, inclusive and high-performing organisation. These outcomes position us strongly for the next phase of transformation, enabling the Bank to navigate the volatility of the operating environment, while reinforcing our confidence in the long-term resilience, sustainability and competitiveness of the franchise.

To navigate rising complexity and volatility, we implemented a more structured scenario planning approach focused on monitoring key economic indicators, sector developments and early warning triggers.

To manage increasing complexity and volatility across the operating environment, we enhanced our scenario planning capabilities by monitoring key macroeconomic indicators, market developments and defined trigger points, enabling us to pivot strategically and respond with greater agility as developments unfolded.

Find out more: **Performance against strategy... detailed stories**

Shaping the next phase of our strategic journey

As I reflect on my tenure at the helm of the Bank, I do so with a deep sense of pride in the progress we have collectively achieved over this period. Despite operating through multiple economic cycles and periods of heightened uncertainty, the Bank has continued to deliver consistent growth in revenue, improved economic value creation for stakeholders and meaningful progress in colleague experience and organisational culture. We have also deepened our contribution toward communities and broader economic participation, reinforcing our role as a long-term partner in Botswana's development journey. It is, however, somewhat paradoxical that this point of reflection coincides with

one of the more difficult periods for the domestic economy in recent years. Nonetheless, I remain optimistic about the future and firmly believe that the next phase of our journey presents a significant opportunity for transformation and repositioning. The environment ahead will require greater agility, sharper execution and a willingness to challenge traditional ways of operating. Our strategic focus over the next phase will therefore be centred on a number of key priorities:

- Firstly, we will intensify our focus on operational efficiency and productivity to improve scalability, optimise our cost base and support more sustainable returns, with an objective of improving CTI to the lower 50s.
- Secondly, we will continue diversifying revenue streams by identifying emerging growth opportunities, deepening ecosystem participation and responding proactively to changing customer and market dynamics.
- Thirdly, disciplined capital allocation and a stronger focus on risk-adjusted returns will remain essential in ensuring sustainable value creation within a constrained operating environment.

Equally important will be our continued investment in people and organisational capability. The future will increasingly require resilient, agile and forward-looking teams capable of solving for both current and emerging challenges within a rapidly evolving banking landscape.

Finally, sustainability and inclusive growth will remain integral to our long-term strategy. We believe stronger collaboration across industry, government and broader stakeholders will be critical in supporting Botswana's economic transformation, resilience and long-term competitiveness.

Find out more: **Performance against strategy... detailed stories**

Leadership changes

The next phase of the Bank's journey will require stable, strong and adaptive leadership capable of navigating an increasingly complex operating environment. Leadership transitions are however a natural part of organisational evolution, and the Bank experienced executive leadership changes during and after 2025 and in the first half of 2026. We remain appreciative of the contributions made by these leaders during their tenure and wish them continued success in their future endeavours.

These transitions also provide an opportunity to refresh and evolve the Bank's leadership capability in line with changing strategic priorities and the future needs of the organisation. In this regard, the Bank remains focused on ensuring continuity, strengthening succession capacity and diversity of skills, experience and perspectives within the executive team to support innovation, organisational agility and long-term competitiveness.

Appreciation

I would like to acknowledge Absa Group for their ongoing support, shared capabilities and strategic collaboration, which continue to play an important role in enabling the Bank to navigate complexity. The strength of the broader Group franchise and continued strategic alignment remain important enablers of operational resilience, capability enhancement and delivery of our strategic priorities.

I would like to extend my sincere appreciation to our Board Chairman, Mr Moapare, Board of Directors for their continued guidance, stewardship and unwavering support throughout a particularly demanding operating period. Their strategic oversight and governance continue to provide a strong foundation for the Bank's long-term sustainability and growth.

I also wish to thank my colleagues whose resilience, dedication and commitment to our purpose enabled the Bank to continue delivering value to customers and stakeholders despite a challenging environment.

To our customers, shareholders, regulators, business partners and the communities we serve, I extend my gratitude for your continued trust, partnership and confidence in the Bank. Your ongoing support continues to inspire us to evolve, innovate and contribute meaningfully toward Botswana's economic growth and sustainable development journey.

Finance Director's message



//
The Bank delivered a resilient financial performance in 2025, supported by balanced revenue growth, disciplined cost management and continued balance sheet strength **//**

Kudakwashe Mukushi
Executive (Finance) Director

Overview

The global and regional operating environment remained challenging throughout 2025, marked by geopolitical uncertainty, volatile capital flows and uneven economic growth. Notwithstanding these conditions, the Bank delivered a resilient financial performance for the year ended 31 December 2025.

Performance was achieved against a backdrop of moderated inflationary pressures, elevated funding costs and subdued economic activity. The results underscore the Bank's continued focus on disciplined balance sheet management, diversified revenue streams and sustained investment in long-term franchise growth. Find out more: [Our External Environment in 2025](#).

Against a challenging operating environment, the Bank delivered a resilient financial performance in 2025, supported by balanced revenue growth, disciplined cost management and continued balance sheet strength.

- Total revenue increased by 4.6% to P2.39 billion, underpinned by strong growth in non-interest income, which rose by 27.2% to P971.6 million, driven primarily by higher net fee and commission income of P589.5 million (2024: P532.3 million). This partially offset a 6.7% decline in net interest income to P1.42 billion, resulting in a lower net interest margin of 5.3% (2024: 5.9%).
- Headline earnings declined by 11.9% year-on-year to P502.5 million (2024: P570.6 million), translating into earnings per share of P87.05 thebe (2024: P98.73 thebe). The moderated performance reflects margin pressure arising from elevated funding costs, higher operating expenses and increased credit impairments.
- Expected credit losses increased to P109.3 million (2024: P89.4 million), with the loan loss ratio rising to 0.57% (2024: 0.50%), reflecting prudent provisioning in response to subdued economic conditions and selective stress in parts of the loan book.
- Operating expenses increased by 16.9% to P1.33 billion, mainly driven by inflationary pressures and continued investment in technology and people. Consequently, the cost-to-income ratio deteriorated to 55.6% (2024: 49.7%), while the operating efficiency ratio rose to 58.2% (2024: 51.8%).
- Profit before tax declined by 10.0% to P951.6 million, while pre-provision profit decreased by 7.5% to P1.06 billion, reflecting the combined impact of higher costs and impairment charges.
- The loan book expanded by 6.5% to P18.55 billion, with continued diversification as corporate and investment lending increased to 26% of total advances (2024: 24%). Customer deposits grew by 6.9% to P20.74 billion, maintaining a healthy funding profile and improving the loan-to-deposit ratio to 89% (2024: 90%).
- The Group maintained a strong capital and liquidity position. The capital adequacy ratio pre-dividend stood at 18.05%, remaining well above regulatory minimum. Liquidity remained adequate, with the liquid asset ratio at 15% (2024: 16%).

- Profitability ratios moderated but remained robust, with return on equity of 20.8% (2024: 26.0%) and return on assets of 2.8% (2024: 3.3%).
- In line with the Bank's capital management framework, a dividend of P492 million was declared, representing a dividend payout ratio of 66% (2024: 78%), balancing shareholder returns with capital preservation.

Overall, the 2025 performance reflects the Bank's ability to generate diversified earnings, maintain capital strength and preserve balance sheet resilience amid a challenging macroeconomic environment.

Subdued NII growth

Net interest income declined by 7% year-on-year to P1.42 billion (2024: P1.52 billion), primarily driven by a 41% increase in interest expense to P876.4 million. The increase in funding costs reflects a shift towards higher-yielding deposit products amid tightening liquidity conditions and a competitive funding environment.

Despite these headwinds, the loan book continued to expand across key portfolios, providing volume support to interest income. However, this was insufficient to fully offset the impact of higher funding costs and balance sheet optimisation initiatives undertaken during the year.

Net customer loans

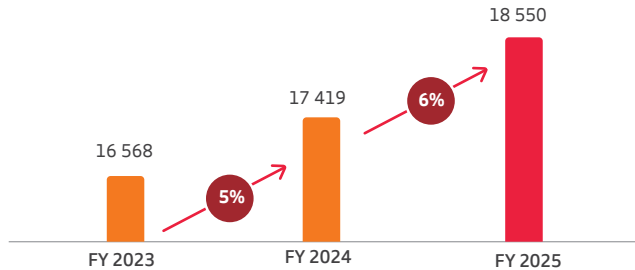
Gross loans and advances to customers increased by 6% year-on-year to P19.1 billion (2024: P18.0 billion), reflecting continued improvement in lending momentum and disciplined balance sheet growth. The expansion was driven primarily by strong growth in scheme loans, which remained the largest contributor to the loan book, supported by increased uptake of structured and payroll-based lending.

Overall growth was achieved while maintaining a prudent risk profile, with emphasis on secured and risk-adjusted lending categories. Mortgage balances remained broadly stable following strong growth in the prior year, while instalment credit agreements and credit cards recorded modest increases, reflecting steady retail demand. Overdraft utilisation increased in line with improved business activity, particularly within the SME segment, while foreign currency lending continued to decline as the Bank reduced exposure to exchange rate volatility.

By segment, lending growth was largely driven by Retail and Business Banking, underpinned by scheme loans and secured retail products, while Corporate and Investment Banking recorded moderate growth supported by working capital facilities and selective corporate lending. The loan portfolio remained well diversified, with growth aligned to the Bank's strategy of prioritising asset quality, sustainability and risk-adjusted returns.

Finance Director's message continued

Loan and advances to customer (P'million)



Customer deposits

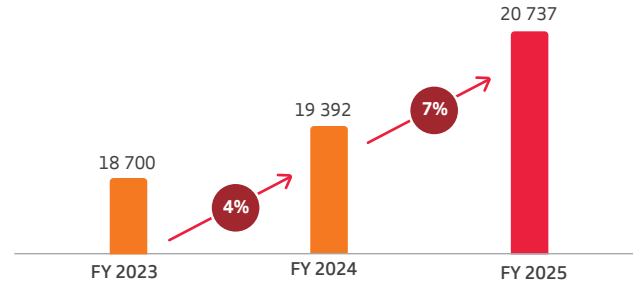
Customer deposits increased by 7% year-on-year to P20.7bn, reflecting steady growth in the bank's funding base. Growth was driven primarily by a 46% increase in fixed deposits, as customers shifted towards higher-yielding products.

This was partly offset by declines in savings and transmission accounts (down 17%) and cheque deposits (down 9%), indicating a reduction in low-cost, liquid funding. Consequently, interest-bearing deposits increased, while non-interest-bearing deposits declined, placing upward pressure on the cost of funds. The deposit base remains largely short-term, with on-demand deposits forming the majority, although there is a gradual shift towards term funding.

From a segment perspective, deposits are mainly concentrated in Retail and Business Banking (P12.1bn), supported by a stable retail and SME customer base, while Corporate and Investment Banking (P8.7bn) reflects continued reliance on institutional funding.

Overall, while deposit growth is solid, the shift towards higher-cost funding and reduced low-cost deposits highlights emerging pressure on margins and the need to optimise the funding mix.

Deposits due to customer (P'million)



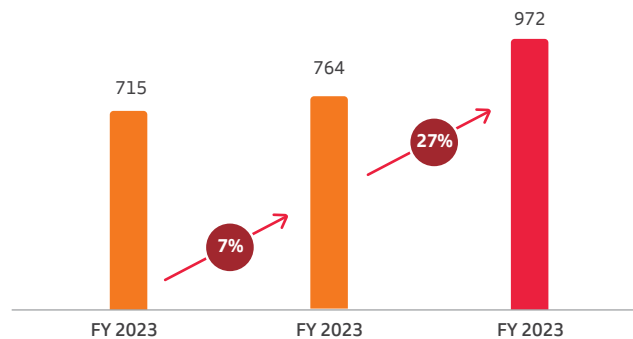
Non-interest revenue

Non-interest revenue increased by 27.2% to P971.6 million in 2025, compared to P764.0 million in the prior year. The growth was primarily driven by a significant increase in net trading income, which rose by 67.2% due to improved market conditions and higher trading activity.

Net fee and commission income continued its upward trajectory, increasing by 10.8%, supported by higher transactional volumes and increased utilisation of banking services.

Overall, the growth in non-interest revenue reflects continued diversification of income streams, although trading income remains inherently volatile in nature.

Non-interest income (P'million)

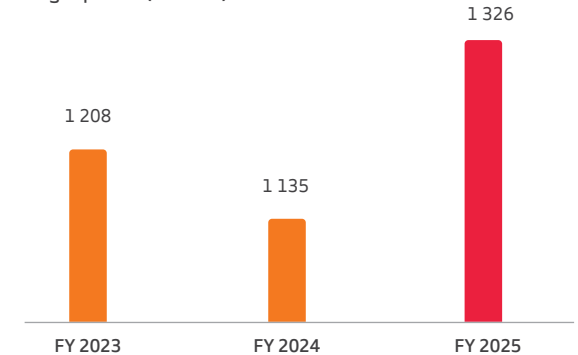


Costs

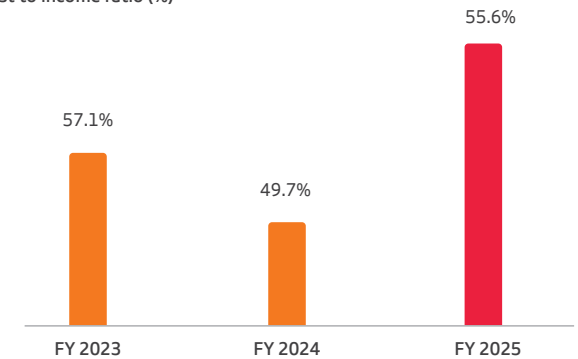
The 16.9% increase in operating expenses reflects a deliberate investment in growth and capability, particularly in areas supporting client activity, digital platforms and operational resilience, with administration and general expenses increasing by 25.3% and staff costs by 13.3%. While this has placed pressure on short-term efficiency metrics, as evidenced by the increase in the cost-to-income ratio to 55.6% from 49.7%, these investments position the business for sustainable long-term growth and revenue diversification.

Management remains focused on balancing cost discipline with strategic investment, with initiatives underway to enhance productivity, optimise processes and improve cost efficiency over the medium term.

Operating expenses (P'million)



Cost to income ratio (%)



Finance Director's message continued

Enhancing credit risk management and driving profitability

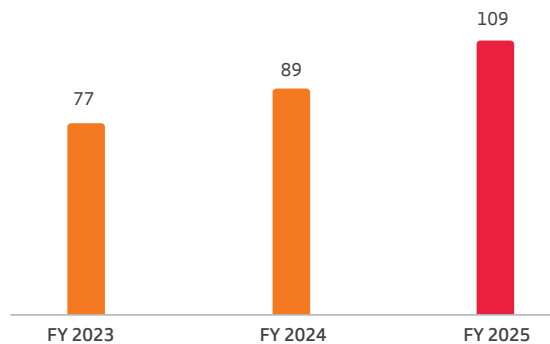
Credit risk metrics showed a measured increase in 2025, reflecting both portfolio growth and a more cautious credit environment. The loan loss ratio increased to 0.57%, up from 0.50% in 2024 and 0.45% in 2023, indicating a gradual rise in credit impairments.

Similarly, expected credit losses increased by 22% to P109 million, compared to P89 million in 2024 and P77 million in 2023, reflecting a combination of higher exposures and evolving macroeconomic conditions.

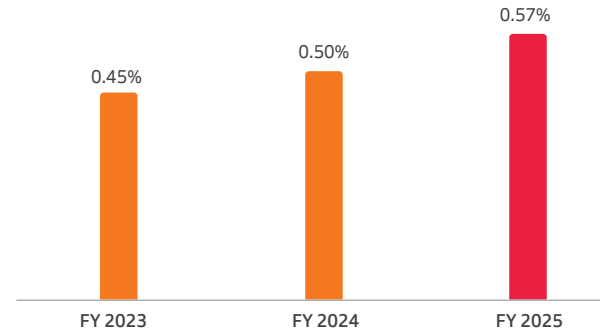
While these trends reflect some normalisation in credit performance, asset quality remains within manageable risk appetite levels, supported by continued strengthening of credit risk practices. The Bank has maintained a disciplined approach to lending, supported by enhanced credit monitoring, proactive portfolio management and targeted interventions in higher-risk segments.

Management continues to prioritise the early identification of risk, strengthened underwriting standards and improved collections strategies, ensuring resilience in the credit portfolio. These actions are expected to support the stabilisation of credit losses over the medium term while enabling sustainable loan growth.

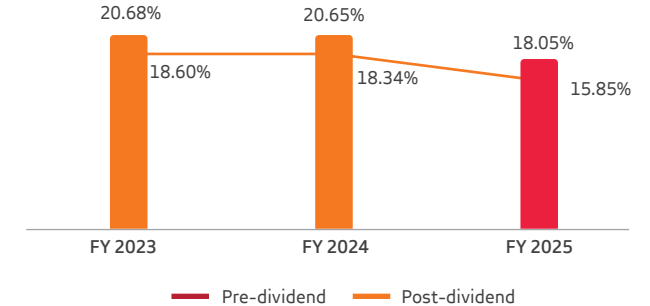
Expected credit loss (P'million)



Loan loss ratio (%)



Pre and post-dividend capital adequacy ratio (%)



Capital, liquidity and shareholder returns

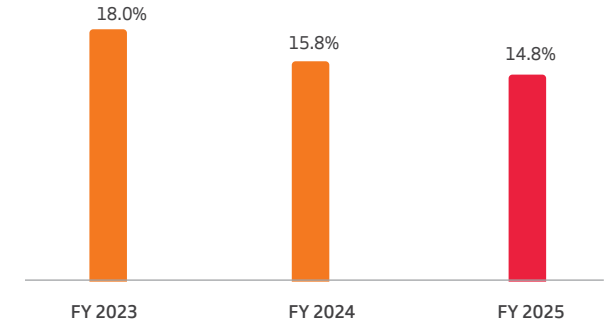
The Bank maintained a disciplined approach to capital and liquidity management in a challenging operating environment characterised by sustained liquidity constraints and heightened competition for funding.

The capital position remained strong, although the Capital Adequacy Ratio (CAR) declined to 18.05% in 2025, from 20.65% in 2024, primarily reflecting a 13% increase in risk-weighted assets driven by continued balance sheet growth and higher utilisation across lending portfolios. Despite this reduction, capital levels remain well above the 12.5% regulatory minimum and within Board-approved risk appetite, providing a solid foundation to support ongoing growth.

Liquidity conditions remained tight throughout the year, with funding markets reflecting elevated competition for deposits. Notwithstanding this, the Group maintained a resilient funding profile, supported by prudent liquidity buffers, active balance sheet management and diversified funding sources. The Liquid Asset Ratio (LAR) declined to 14.8% from 15.8%, remaining comfortably above regulatory requirements and internal thresholds.

In line with evolving regulatory frameworks, the introduction of the Liquidity Coverage Ratio (LCR) further strengthens the short-term resilience of the Bank's liquidity risk profile. The Bank reported an LCR above the 60% regulatory requirement, demonstrating robust liquidity positioning in a constrained environment.

Liquid asset ratio (%)



Finance Director's message continued

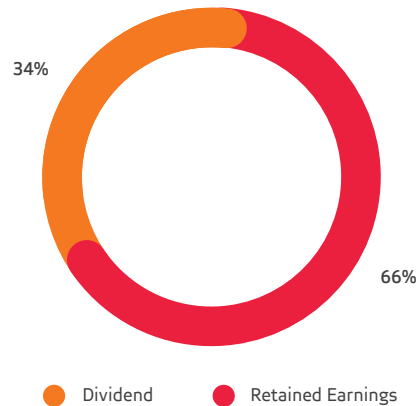
Dividend and capital allocation

The Bank continued to deliver value to shareholders while maintaining a prudent capital position. Dividends decreased to P492 million in 2025, from P653.0 million in 2024, in line with the moderation in earnings, with profit for the year declining by 11.9% to P740.9 million.

The dividend payout ratio reduced to 66%, compared to 78% in 2024 and 80% in 2023, reflecting a more balanced capital allocation approach aimed at preserving capital to support future growth and absorb potential risks in a tightening economic environment.

This disciplined approach to distributions ensures that the Bank retains sufficient capital to fund strategic initiatives, support loan growth and maintain strong capital buffers, while continuing to provide attractive returns to shareholders.

Dividend payout ratio (%)



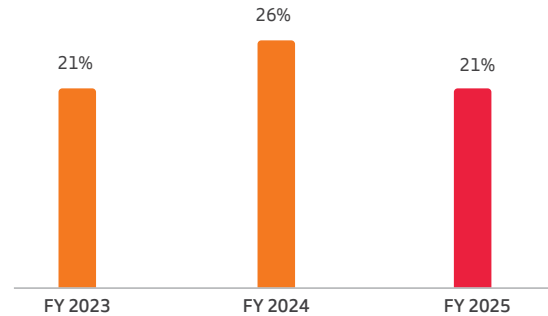
Driving sustainable profitability

The Bank delivered solid profitability in 2025, with Return On Equity (ROE) normalising to 21%, compared to a peak of 26% in 2024 and consistent with 21% in 2023. Similarly, Return on Assets (ROA) moderated to 2.8%, from 3.3% in the prior year, remaining above the 2.5% recorded in 2023.

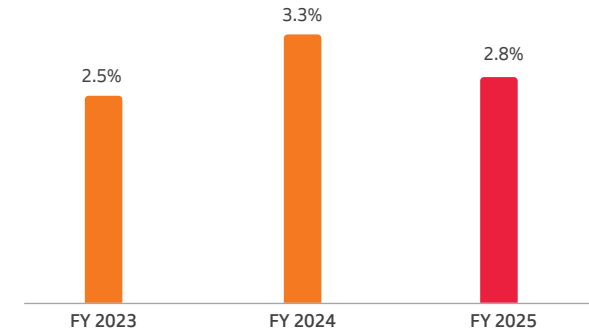
The moderation in profitability metrics reflects a combination of lower earnings growth, increased capital deployment, higher operating costs and elevated credit impairment charges during the year. Despite these pressures, profitability remains strong and within targeted levels, underpinned by continued growth in income and a resilient balance sheet.

The Bank continues to focus on maintaining sustainable returns, balancing revenue growth with disciplined cost management and effective capital utilisation. Strategic initiatives aimed at enhancing operational efficiency, optimising asset allocation and strengthening risk management frameworks are expected to support improved profitability over the medium term.

Return on equity (%)



Return on equity (%)



2026 guidance

We forecast moderate GDP growth in Botswana in 2026, supported by improved economic activity, particularly in the mining and services sectors.

Our guidance is based on macroeconomic forecasts developed prior to the recent escalation in geopolitical tensions in the Middle East. At the time, the outlook pointed to a moderate recovery in global economic activity, which was expected to support Botswana's economic recovery, particularly across the mining and services sectors. However, elevated and ongoing geopolitical risks continue to present downside risks to the economic outlook and may adversely impact the Bank's 2026 performance.

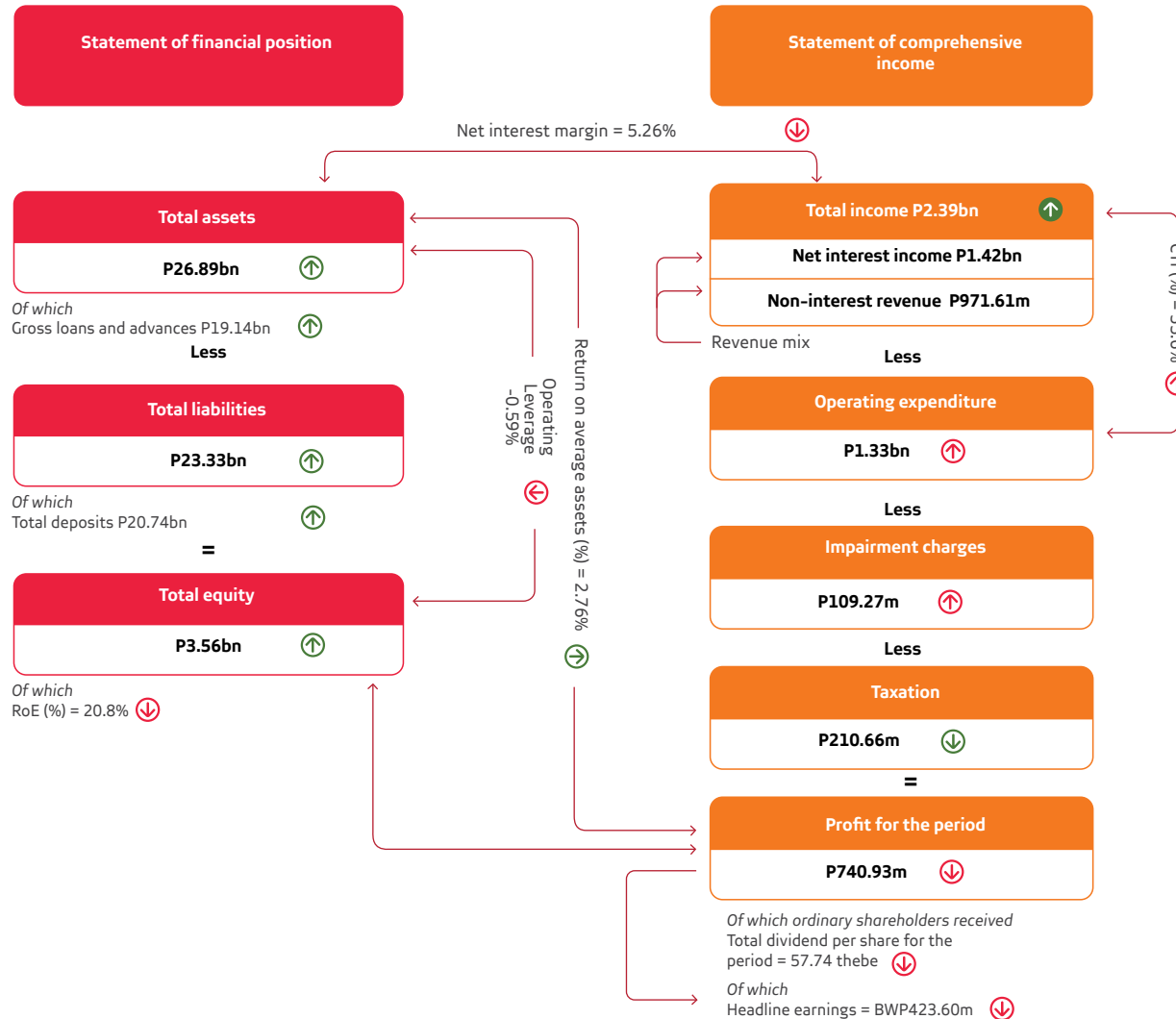
With that context, we anticipate:

- Revenue growth to remain moderate, supported by improved economic conditions, with net interest income benefiting from mid-single-digit loan growth.
- Non-interest income to show gradual improvement. We expect cost growth to remain contained. Credit loss ratio trending towards the mid-point of the through-the-cycle range.

Find out more on our **Outlook** section for our medium-term guidance.

Finance Director's message continued

Finances at a glance



2025 Strategic scorecard

The strategic scorecard for 2025 (period under review) aligned with the strategic pillars as per the 2025 strategy. The detailed performance chapters which follow are also structured around the 2025 pillars. Our go-forward (2026 +) strategy and related measurement are discussed in the strategy chapter

		Actual performance		Targeted performance	Why are these important?
Balanced scorecard 2025 – Metrics		2024	2025	2025	
Revenue growth and diversification	Revenue (P'm)	2 282	2 390	2 470	- Reflects diversification and long-term value creation - Measures earnings resilience and sustainability - Indicates efficiency and disciplined execution
	RoE (%)	25.5	20.8	22.5	
	NIR to total income (%)	33.5	40.7	36.3	
	Cost-to-Income ratio (%)	49.7	55.6	52.7	
A primary partner for our clients	Customer experience index (Retail Banking)	102	97	104	- Reflects customer relationship strength and quality - Measures customer trust and engagement - Demonstrates customer-centric growth
	Customer experience index (Business Banking)	91	94	93	
	Customer experience index (CIB)	81	93	83.3	
	Thick Trust score	80.0	85.2	80.0	
	Active customer numbers ('000) (Retail Banking)	279.6	300.5	304	
	Active customer numbers ('000) (Business Banking)	8.71	7.9	9.2	
	Active customer numbers ('000) (CIB)	0.275	0.423	0.419	
A digitally powered business	Client primacy (CIB) (%)	58.5	58.5	59	Reflects focus on driving adoption and utilisation of our digital channels
	Digitally active customer numbers ('000) (Retail Banking)	85.7	101.5	111.8	
	Digitally active customer numbers ('000) (Business Banking)	4.99	4.15	5.2	
	Digitally active customer numbers (%) (CIB)	98.8	98.8	98	
A winning, talented and diverse team	Employee experience index	54.8	68	60	- Measures employee satisfaction and engagement - Reflects progress on diversity, equity and inclusion
	Women in leadership(%)	50	47	50	
An active force for good in everything we do	Financial inclusion financing (P'm)	273.2	295.3	309.5	- Reflects our support for underserved customer segments - Baseline setting to enable the Bank to set scope 2 emission reduction targets.
	Scope 2 emissions (Tonnes CO ₂)	5 422	4 562	N/A	

Performance modifiers include management control approach and control environment, both rated as satisfactory.

● Not on target (<90% of YTD target)

● Materially on target (90-98% of YTD target)

● On target/improved (>98% of YTD target)

● Target to be set for 2027 going forth



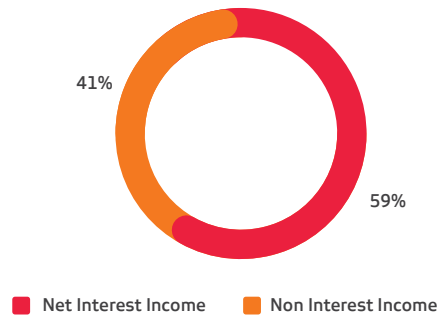
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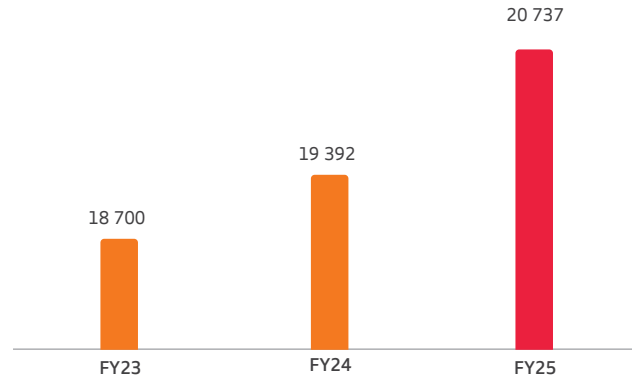
Revenue growth and diversification

Performance dashboard

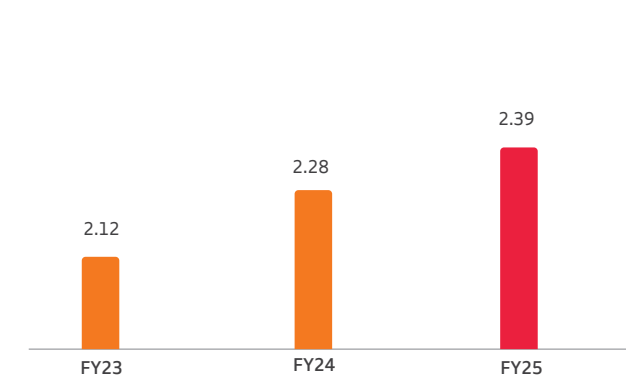
Total Income (%)



Customer deposits (P'millions)



Total income (P'billions)



Highlights and awards

- ↑ 11% growth in Net fee and commission income (YOY)
- ↑ 5% growth in income
- ↑ 40.7% contribution of non interest to total income

- 🏆 **Global Finance:** 2025 Best Bank Award, Botswana
- 🏆 **Global Finance:** Best Trade Finance Provider

Operational challenges

RB: Decline in deposits, reflecting prevailing market wide liquidity pressures. In addition, clients' complaints relating to Automated Teller Machines (ATM) uptime were noted. In response, the Bank commenced a phased ATM network refresh programme in 2025, with the first phase completed in the last quarter of the year through the replacement of six ageing machines.

BB: Muted economic activity, persistent liquidity constraints, elevated funding costs, constrained customer income and reduced transactional volumes across the market, contributed to the subdued BB performance.

CIB: Similar to BB, systemic liquidity constraints, subdued economic activity and funding pressures weighed on client activity and trading performance. Furthermore, volatility in the BWP/ZAR and BWP/USD crosses created pricing pressures and widened client expectations on hedge levels. Heightened competition, especially amongst corporates, further compressed spreads and placed pressure on deal retention.

Link to material matters

- Structural economic transition
- Earnings resilience amid economic and consumer stress
- Advancing digital transformation with effective governance
- Shifting regulatory and compliance landscape
- Climate change and a just transition

Capitals affected



Contribution to SDGs

SDG 8

Revenue growth and diversification continued

Our strategic focus is centered on building a resilient and diversified revenue profile by scaling in a disciplined, return-focused manner across targeted customer segments. We actively cultivate new income streams alongside our established businesses, while directing investment to priority sectors that support sustainable and inclusive economic progress.

Balanced growth through targeted client segments

Placing our clients at the centre of our operating model remains fundamental to how we create and deliver value. In 2025, we deepened our focus on targeted client segments to drive balanced growth, strengthen returns and further diversify revenue across key sectors with long-term strategic potential. This targeted approach supported deeper client relationships, enhanced cross-functional collaboration and improved portfolio resilience.

Retail Banking continued investment in customer propositions and digital capabilities that strengthened client engagement and improved accessibility, supporting deeper customer relationships and broadening participation across key customer segments.

Within Corporate Banking, we strengthened our presence across priority growth sectors such as energy, supporting broader economic diversification while reducing portfolio concentration risk. Although activity across certain portfolios remained subdued due to slower project execution and prevailing market pressures, resilience was observed in non-diamond sectors including infrastructure.

Markets benefited from enhanced integration between Sales and Trading, improving client engagement and execution effectiveness as well as enabling the Bank to capture higher client flows across priority sectors. This enhanced our ability to deliver tailored risk management solutions while further reinforcing our market position and deepening client relationships.

This segment-led approach was further supported through value chain financing initiatives that deepened penetration in high-impact sectors and expanded support to citizen-owned businesses. These initiatives enhanced portfolio diversification and widened access to financial solutions, reinforcing the Bank's role in enabling inclusive economic participation.

Diversified earnings and returns

The Bank delivered a resilient financial performance in 2025 despite a constrained operating environment, reflecting disciplined balance sheet management, diversified revenue streams and continued investment in long-term growth.

Total income increased by 5%, supported by strong growth in non-interest revenue. We made progress in diversifying our revenue streams, with non-interest income contributing 41%, providing a buffer against margin pressures and reducing reliance on traditional interest income streams. Net fee and commission income increased by 11% driven by higher transaction volumes, improved interchange and service fees, alongside a 31% reduction in fee expenses.

These gains helped offset pressure on net interest income, which declined by 11%, reflecting heightened liquidity pressures and elevated funding costs, despite underlying balance sheet growth. This was achieved by allocating capital towards higher-yielding opportunities to protect margins.

Retail Banking sustained solid momentum, with total revenue increasing by 8%, driven by growth in both interest and non-interest income at 7% and 9% respectively. While customer deposits declined by 4% due to market-wide liquidity pressures, loans and advances grew by 3%, reflecting continued support to clients as they navigated a challenging economic environment, underpinned by a disciplined capital and balance sheet approach.

Business Banking performance was under pressure, with net interest income declining by 11% reflecting elevated funding costs and a challenging liquidity environment, while non-funded income decreased by 21% amid reduced client transactional activity. Despite these challenges, prudent lending supported a 7% growth in gross loans.

Similarly, Corporate and Investment Banking faced headwinds from subdued economic activity and liquidity constraints, prompting a more cautious lending approach. Nevertheless, loans and advances grew by 13%, supported by targeted lending aligned to client needs, while customer deposits declined by 3%, impacting topline growth.

Trading income grew by 67%, underpinning an increased customer appetite for derivative instruments driven by heightened demand for risk management and hedging solutions amid increased volatility arising from both domestic and global economic developments.

Products and service advancements

The Bank continues to advance its product and service offerings to diversify revenue streams, strengthen non-funded income and deepen client transactional engagement. A key focus has been the development of solutions that enhance convenience, improve efficiency and expand digital and payments ecosystems.

To this end, the Bank advanced its business client proposition through the introduction of the Business Credit Card, enhancing value for clients through improved expense management and spend visibility functionality, enabling greater financial control. This has driven increased card usage and interchange income, contributing to growth in fee-based revenue.

The Bank has also introduced the Business Solutions Account which supports instant SME onboarding, improving customer acquisition efficiency. This has accelerated SME penetration, expanded the deposit base and created early-stage cross-sell opportunities across lending and transactional products.

In Corporate and Investment Banking, enhancements to Trade and Working Capital solutions across hedging, risk management and structured offerings have improved client capability to manage volatility while strengthening capital-light income. These developments have contributed to improved fee income generation and reinforced the Bank's competitive positioning in specialised markets. In line with this, our Trade and Working Capital solutions earned us the "Best Trade Finance Provider" by Global Finance, underscoring our leadership and competitiveness within the market.

Furthermore, Corporate Banking delivered a key strategic milestone with the delivery of Custody business which delivers secure, efficient and fully compliant asset safekeeping and administration services for clients, enabling investors to engage confidently in both local and cross-border investment activities. The Bank will continue to prioritise the growth of the Custody business, with a sustained focus on key strategic growth sectors.

Our Markets business launched new solutions that strengthened capabilities in hedging, risk management and structured client offerings, thereby reinforcing market leadership. This was complemented by continued digital enhancements and process simplification, which improved execution accuracy, reduced turnaround times and improved alignment between pricing and risk, contributing to an increase in trading income, driven by improved market activity and derivative instruments.

Revenue growth and diversification continued

Retail Banking digital payment solutions, including MOMO on Mobitap, Absa Pay, Google Pay, Garmin Pay and multi-currency virtual card, have expanded the Bank's payments ecosystem, resulting in increased transaction volumes, improved customer convenience and contributing to growth in interchange and fee income.

Through enhancements to our offerings, such as Wallet2Bank, which enables seamless interoperability between mobile wallets and bank accounts, we have improved client convenience and financial inclusion. We also invested in enhancing our banking infrastructure through upgrades to parts of our ATM network to enhance reliability and customer access.

The Bank also launched the Purpose Savings Account, a savings product designed to encourage disciplined, recurring savings while linking customer participation to broader development initiatives supported by the Bank. This product strengthens customer engagement and retention by encouraging customers to save for a meaningful cause while also growing stable deposit balances.

These advancements supported Non-Funded Income (NFI), contributing 41% of overall revenue. This reflects progress in diversifying revenue streams and demonstrates a deliberate strategy to modernise client solutions, enhance transactional ecosystems and accelerate sustainable revenue diversification, resulting in increased active customers as well as higher transactional volumes.

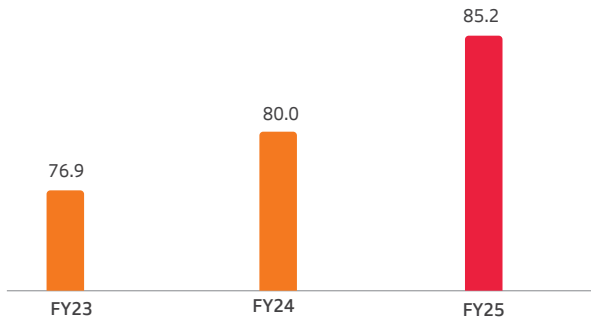
Find out more... [Next steps 2026](#)



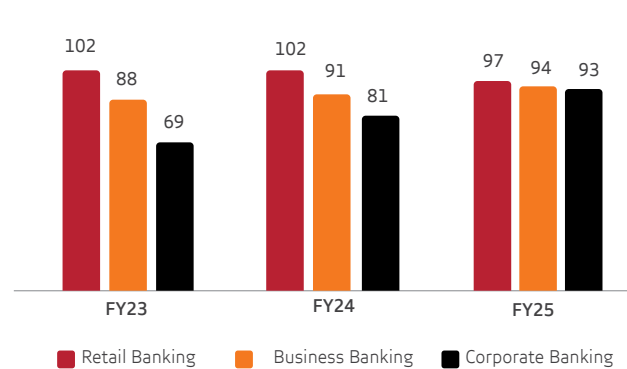
The primary partner for our clients

Performance dashboard

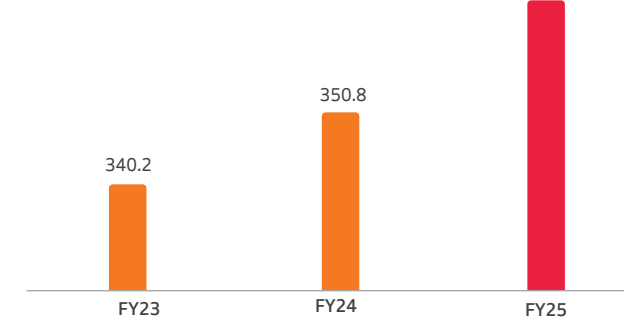
Thick trust index (%)



Customer experience index (%)



Total customers (thousands)



Highlights and awards

- ↑ Thick trust score improved to 85 from 80, above market average.
- ↑ Overall 4% cumulative increase in client experience index
- ↑ 5% growth total customer numbers



- **Global Banking & Finance Awards:** Best Agri Business Bank Botswana
- **Global Banking & Finance Awards:** Best SME Bank Botswana

Operational challenges

- **Retail:** Customer pricing perceptions, card usability issues, KYC related friction points and digital channel availability affected the delivery of seamless customer experiences.
- **BB:** Delayed customer receivables from their suppliers and elevated funding costs constrained client activity and limited opportunities for BB to meet evolving client needs.
- **CIB:** Phased enhancements of technology platforms adversely impact service delivery and customer experience, affecting ability to deepen customer primacy.

Link to material matters

- Structural economic transition
- Earnings resilience amid economic and consumer stress
- Advancing digital transformation with effective governance
- Shifting regulatory and compliance landscape
- Climate change and a just transition

Capitals affected



Contribution to SDGs



The primary partner for our clients **continued**

Driving customer acquisition and primacy through insight, partnerships and tailored solutions

During 2025, the Bank undertook a series of deliberate initiatives to embed a client-centric approach. Central to this was conducting comprehensive Customer Value Proposition (CVP) research to refine our retail strategy across acquisition, retention and customer growth.

Aligned to our strategic focus on targeted customer segments, the research provided deepened insights into client behaviours, preferences, and inclusive banking needs. This enables robust market intelligence and client data to optimise and design differentiated and compelling value propositions that resonate with our priority segments, strengthen client relationships and drive improved lifetime value.

Corporate Banking conducted targeted engagements with top-tier clients, leveraging sector-led solutions to deepen client penetration and enhanced customer relevance. In doing so, the Bank reinforced its role as a primary financial partner, reducing concentration risk and contributing to national economic development through proactive stakeholder engagement. Business Banking formalised nine strategic partnerships to unlock working capital for local enterprises and support clients in their journeys.

To this end, we were recognised as the Best SME & Agri Bank 2025 by Global Finance Magazine, reflecting our continued commitment to sectors that form the backbone of the country's economic diversification agenda, demonstrating our commitment to delivering meaningful value through enhanced client engagement, tailored solutions and differentiated experiences that strengthen loyalty and support long-term growth.

Digital convenience to drive primacy

As customer expectations continue to evolve towards more seamless, accessible and digitally enabled experiences, the Bank remains focused on transforming how customers engage with our services across channels. Building on the flagship phy-gital branch at The Fields Mall in Gaborone, we have continued to evolve this hybrid approach, advancing an integrated customer experience that combines human engagement and intuitive self-service capabilities. We expanded digital onboarding capabilities, accelerated our branch migration strategy through agency banking and digital-first approach, improving accessibility, convenience and operational efficiency while aligning our distribution network to evolving customer behaviours and preferences.

Rewarding our clients to build primacy

Through the credit card rewards proposition, we continued to deliver differentiated customer value by incentivising transactional activity, enhancing customer engagement and supporting sustainable growth through stronger customer retention and loyalty.

Welcoming and seamless experiences

Our customer centric approach is reflected in enhanced customer experience indicators, despite a slight dip in the Retail score, demonstrating the impact of our continued customer focused approach.

The Bank upholds a proactive customer experience philosophy focused on continuous improvement and the systematic removal of customer pain points. This is reflected in the Bank's leading thick trust score in the market, demonstrating strong customer confidence in our brand.

In support of this, we deployed strategic cash solutions tailored to the needs of high-volume corporate and business clients to improve service reliability and transactional efficiency. In parallel, we have enhanced communication of fees and charges by introducing an e-tariff, enabling accessibility. Collectively, these initiatives improve ease of doing business and reinforce our overall client experience.

Sponsorships and thought leadership

Our commitment to being a primary partner to our clients is reinforced through targeted sponsorships and thought leadership platforms that deepen sector engagement and strengthen our market relevance.

The Bank sponsored key events across strategic sectors, enhancing brand visibility and reinforcing our presence in areas critical to economic growth. Through our Business Banking segment, we participated in key agricultural platforms, including the national agricultural show as well as that held in Voorslag and Ghanzi. In addition, the transport and logistics forum expanded sector reach, providing a dedicated platform to advance knowledge within the subsector. This enhanced engagement and reinforced our position as a trusted financial partner across these priority industries.

Complementing this, we leveraged thought leadership as a strategic tool to engage clients and stakeholders on issues shaping the operating environment. Platforms such as the Private Equity Thought Leadership engagements facilitated dialogue on the strategic deployment of pension funds to drive economic growth and development. Our Sustainability Week sponsorship and Green Energy Roundtable convened key stakeholders to advance sustainability dialogue in the clean energy ecosystem. These events promoted solar adoption and support SMEs in transitioning to more sustainable energy solutions.

Collectively, these initiatives enhanced the Bank's reputation as a credible voice on key economic and sustainability issues, positioning us as a platform for dialogue and a trusted partner in sectors that are fundamental to Botswana's growth.

Marketing campaigns to drive customer acquisition

Leveraging our distinctive sector expertise, we continue to deliver tailored products, campaigns, and platforms that strengthen client relationships and enhance positive financial behaviours, as well as deepen product adoption by our clients.

During the year, we launched a series of campaigns aimed at deepening client relationships and driving customer engagement. This included:

- **Win a Moraka Campaign** promoting a savings culture, by rewarding clients with pure livestock and cash prizes, thereby supporting agricultural sector participation and financial inclusion.
- **Win a Car Campaign** encouraging increased card usage and transactional activity rewarding clients for active usage of debit and credit cards.
- **Airtime Top-Up Campaign** supporting greater adoption of our digital channels.

In addition, the Absa Summer Kidz Run attracted over 1 500 participants, promoting youth development through sports and financial literacy through our Future U savings proposition, supporting early engagement with the next generation of clients.

Collectively, these initiatives reinforced customer engagement through relevant and differentiated experiences aligned to evolving client needs.

Brand affinity

Our journey to redefine how we connect with customers and stakeholders has continued to evolve following the launch of our purpose in 2023: Empowering Africa's tomorrow, together... one story at a time. This purpose underpins our brand strategy, Your story matters, rolled out in 2024 and further embedded in 2025 through a focus on human-centred, intuitive and seamless customer experiences.

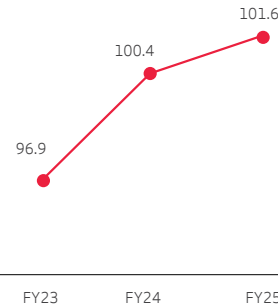
This shapes both customer and employee engagement, fostering a culture of empathy, innovation and excellence as well as contribute to stronger engagement outcomes. As a result, Stakeholder Engagement Index improved to 81.8%, exceeding the all-banks benchmark of 70.53% and Active Advocacy Index closed the year at 80.5%, also outperforming the industry benchmark of 70.1%. These outcomes reflect growing stakeholder confidence, deeper brand affinity and a stronger propensity among customers and stakeholders to recommend and advocate for the Bank.

Find out more... **Next steps 2026**

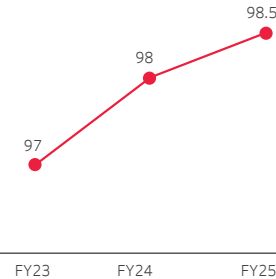
A digitally powered business

Performance dashboard

Digitally active customers



Retail digital channel availability



Highlights and awards



- Increased digital transaction volumes
 - Launch of first to market digital payment solutions



- Zero severity 1 and 2 incidents
- Decrease in mean time to resolution
 - ISO/IEC 27001:2022 re-certified



Global Brands Awards: Best Digital Bank 2025

Operational challenges

- Legacy systems architecture presents integration challenges, reducing time to value
- Fragmented data environments impede seamless analytics and insight generation
- Uneven adoption of new digital tools (including AI) could slow the realisation of operational efficiency benefits.

Link to material matters

- Earnings resilience amid economic and consumer stress
- Advancing digital transformation with effective governance
- Shifting regulatory and compliance landscape

Capitals affected



Contribution to SDGs

SDG 8 **SDG 10**

A digitally powered business continued

Our evolution as a digitally powered business continued to shape our approach in 2025. The Bank advanced its technology modernisation agenda to strengthen system stability, resilience and performance, improving customer outcomes and delivering sustainable long term value.

Our digital agenda continued to evolve with targeted investments in digital capabilities to support over 308,000 customers across Botswana. We continue to embed a data driven operating model. Growing digital adoption, secure modern platforms, more accessibility and continued investment in reliability remain central to customer satisfaction.

A banking environment customers can trust

Our continued focus on delivering customer and client commitments strengthens our reputation as a trusted banking partner. Enhancements in service excellence, security, operational resilience and digital trust capabilities, together with continued investment in people capabilities to respond to evolving regulation and increasingly complex risk environments, supported sustainable performance and long-term value creation through strong governance and disciplined risk management.

Operational resilience and platform stability remained a key focus, supporting strong service performance across channels and high availability levels. Overall service availability remained strong at 99.9%, with digital platform availability of 98.5%, supported by zero severity 1 and severity 2 incidents during the year and extending to 1 650 and 430 consecutive incident-free days respectively. This together with enhanced resolution capabilities contributed to a more reliable customer experience. Continued advancement of our security posture further matured information security governance and recertification under ISO/IEC 27001:2022, reinforcing our commitment to global best practices and enabled customers and clients to transact with confidence.

Technology as a catalyst for growth and differentiation

Technology modernisation continued to support more secure, seamless and intuitive banking experiences, reinforcing technology as an enabler of transformation, growth and long-term resilience. Continued investment enhanced agility and value delivery through multi-cloud capabilities, data-led transformation and AI-enabled platforms that improved scalability, resilience and more personalised customer outcomes.

Built on scalable cloud infrastructure and integrated data capabilities, the Bank's AI strategy continued to evolve through the expansion of Generative and Agentic AI solutions. Capabilities such as Microsoft Copilot supported productivity gains, while predictive AI use cases across customer insights, fraud, credit, collections and automation continued to expand alongside stronger governance and skills development.

Security capabilities continued to evolve in response to an increasingly complex cyber-risk environment. Integration across cloud, data and AI ecosystems, including agentic AI capabilities, enhanced phishing detection and threat response while augmenting human expertise.

Guided by a customer-first, technology-enabled approach, we advanced our architectural maturity by applying digital architecture principles to reduce complexity, drive platform convergence and enable scalable cloud-, data-, and API-led solutions, while continuing to retire and streamline legacy systems.

A customer-first, technology-enabled approach supported continued architectural modernisation through simplified platforms, cloud- data, and API-led solutions, as well as the ongoing rationalisation of legacy systems. Furthermore, payments modernisation initiatives expanded access to more seamless and contemporary payment solutions, including Absa Pay, enhanced real-time payment capabilities and Google Pay.

To support inclusive and innovative finance, we progressed digital asset capabilities through planned custody services with Ripple and participation in global blockchain initiatives with Swift.

Future-ready digital capabilities

Technology talent remained central to enhancing customer and employee experiences, with continued focus on building critical capabilities and supporting a diverse, scalable and future-fit workforce. Investment in future-ready digital skills remained a priority through critical skills academies, youth talent initiatives and professional development programmes. Continued growth in industry-recognised certifications across data, AI, cloud and cybersecurity further enhanced organisational capability.

Innovation and capability building were supported through initiatives designed to foster creativity and future talent development. Fifteen colleagues participated in a technology hackathon focused on customer and business solutions that accelerate value delivery, while the Women in Tech programme continued to promote greater participation in technology careers through its second annual Girl Code Hackathon initiative.

Continued investment in people and a strong performance culture supported the development of digital capabilities required to advance modernisation priorities and long-term value creation.

Rapid value delivery enabled by agile execution

Digital transformation investments are enabling faster innovation, improved customer and client experiences and a stronger competitive and agile position. By embedding best-in-class digital capabilities across the organisation,

technology is driving more personalised journeys, higher service quality and improved employee productivity, while enhancing efficiency, operational resilience, and supporting sustainable growth.

The Bank introduced a suite of first-to-market digital payment innovations, reinforcing its position as a leader in delivering modern, secure and convenient payment experiences. These include

- **Absa Pay:** A secure and convenient tap-to-pay transaction using debit and credit cards directly from Near Field Communication (NFC) enabled smartphones.
- **Multi Currency Virtual Card:** Allowing customers to transact in five currencies (USD, EUR, GBP, ZAR & BWP) within a virtual card in their Absa Banking App, with enhanced security and instant card issuance.
- **Google Pay:** A digital wallet solution that expands customer choice for secure, contactless payments. This functionality is enabled on both wearables and NFC enabled smartphones.
- **Garmin Pay:** Facilitating tap to pay transactions directly from NFC enabled Garmin smartwatches at any POS terminal.

Furthermore, the Bank continued to modernise its technology estate through ATM infrastructure renewal by introducing cash recycling functionality, enhancing service efficiency and enabling more intelligent self-service capabilities. Alongside this, digital onboarding capabilities were expanded to Retail Banking customers to support seamless account opening journeys, reinforcing a digital-first distribution strategy designed to increase channel adoption and integrate physical and digital touchpoints into a more connected customer experience.

We also continued to enhance our digital wallet, Spark by Absa to improve customer experience, expand digital capabilities and support broader adoption across the payments ecosystem. In addition, Mobile Money (MoMo) functionality was introduced on Mobitap, enabling customers to make payments using Mobile Network Operator (MNO) wallets on Absa Mobitap devices, thereby providing greater flexibility and choice at checkout.

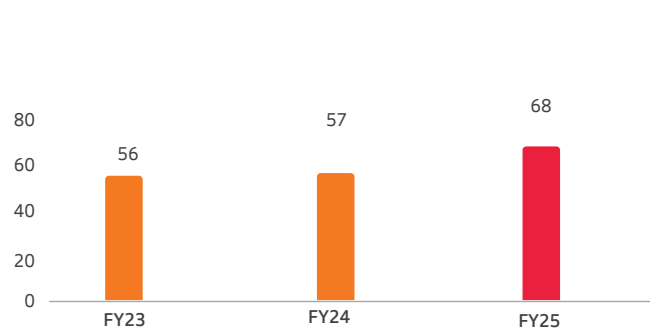
Across all these initiatives, our focus remains aligned to the Group's transformation agenda, while accelerating business value through purpose-led technology, enhancing customer experience and delivering sustainable returns.

Find out more... **Next steps 2026**

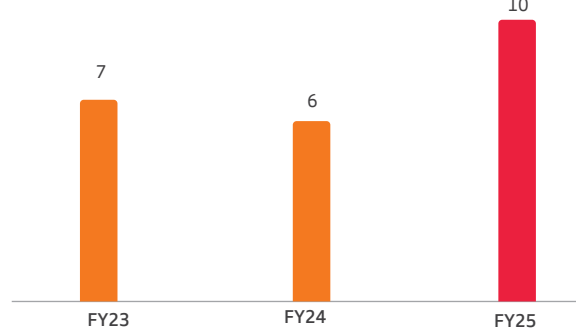
A winning, talented and diverse team

Performance dashboard

Employee experience index (%)



Employee training and development spend (BWP mil)



We measure how well our values are lived through our annual employee survey and regular pulse checks, using the insights to identify gaps and take corrective action where needed.



P2.3 million eKhaya employees scheme dividend paid (2024: P2.1m)



P468 million in staff costs (2024: P432m)

Highlights and awards



- ↑ Overall job satisfaction
- ↑ Employee advocacy is trending up
- ↑ Improved confidence in leadership



- **Top Employer Institute:** Maintained certification for the fifth consecutive year
- **Global Banking & Finance Awards:** Best Bank for HR and Recruitment in Botswana
- **The CEO Maverick:** The Most Influential Visionary Woman leader of the Year 2025

Operational challenges

- **Competition for Critical Skills:** Increasing demand for digital and specialised capabilities continues to place pressure on talent attraction and retention as the Bank accelerates transformation and responds to a more volatile operating environment.
- **Employee Wellbeing and Resilience:** Ongoing socio-economic pressures continue to contribute to elevated mental and emotional strain, with potential implications for employee engagement, productivity and overall workforce wellbeing.
- **Workforce Demographics and Capability Renewal:** A relatively mature workforce profile presents evolving succession, capability renewal and workforce agility considerations.

Link to material matters

- Earnings resilience amid economic and consumer stress
- Advancing digital transformation with effective governance
- Culture transformation and talent stewardship

Capitals affected



Contribution to SDGs

SDG 5 **SDG 8** **SDG 10**

A winning, talented and diverse team continued

Embedding culture as a strategic enabler

We continue to view culture as a strategic differentiator and a critical enabler of long-term performance, colleague engagement and customer value creation. During the year, our culture transformation journey gained further momentum through targeted initiatives focused on fostering a more inclusive, empowering and high-performing environment, resulting in notable improvements in employee experience. This progress was reflected in a strong employee engagement participation rate of 89%, providing broad and diverse colleague perspectives that continue to shape and inform the Bank's culture transformation priorities, while also demonstrating growing alignment to the Bank's purpose, values and culture aspirations.

Our Culture Blueprint remains central to guiding how we lead, collaborate, serve customers and deliver results across the Bank. Developed through employees and leadership engagement, the blueprint reflects a shared vision of an inclusive and empowering workplace culture. Leadership accountability remains central to embedding desired behaviours through performance management, targeted interventions and sustained engagement, supporting improved employee experience, organisational effectiveness and sustainable performance outcomes.

Execution through distributed leadership

Effective leadership and clear accountability continue to underpin the Bank's ability to execute strategy, drive organisational agility and sustain a high-performance culture. Through our distributed leadership model, accountability is embedded across performance contracts and scorecards, ensuring that strategic priorities, customer outcomes and cultural expectations are consistently translated into measurable actions.

Leaders continue to play an active role in fostering an inclusive, collaborative and values-driven working environment. Ongoing leadership and culture initiatives have supported improved alignment to transformation priorities and enhanced organisational responsiveness, while reinforcing a culture focused on performance excellence, customer value creation and sustainable long-term growth.

Driving performance through employee experience

The Bank continued to make progress in enhancing employee experience, with the employee experience score improving to 68% from 57% in 2024. This positive trajectory was supported by an improvement in Employee Net Promoter Score (eNPS), reflecting stronger colleague advocacy and endorsement of the Bank as an employer of choice. Ongoing employee feedback continues to inform focused interventions aimed at improving satisfaction, collaboration, productivity and the Bank's overall effectiveness.

Developing sustainable talent and workforce capability

Continued investment in talent, capability development and workforce resilience supported the Bank's long-term strategic ambitions and sustainable growth objectives during the year. A performance-driven culture, supported by progress made towards equitable remuneration frameworks and enhanced performance management practices, contributed to a high-performers retention rate of 97%, while overall employee turnover remained well controlled at 5.6%, reflecting continued workforce stability across the Bank.

Advancing diversity, equity and inclusion

Building a workforce that reflects diverse perspectives, experiences and capabilities continues to support stronger decision-making, innovation and long-term organisational resilience. During the year, female representation remained strong as executive and middle management level, at 47% and 44% respectively, highlighting continued progress in advancing leadership diversity, while also indicating further opportunity to enhance a balanced representation across leadership levels.

Progress also continued in strengthening female representation across technical and traditionally underrepresented areas, including Information Technology, Markets and Treasury. In addition, continued focus on equitable talent progression, merit-based advancement and inclusive employment practices, including the employment of differently abled colleagues, reinforced the Bank's commitment to equal opportunity, accessibility and belonging across the Bank.

A focus on well-being

Against a backdrop of heightened economic and cost-of-living pressures in Botswana, the Bank continued to place significant emphasis on employee wellbeing as colleagues navigated increased financial, emotional and psychosocial strain. In response, the Bank implemented a range of targeted wellness initiatives, including specialist-led mental health and wellness sessions, trauma counselling, psychologist support and employee education programmes designed to promote holistic wellbeing, resilience and a positive employee experience.

In addition, the Bank partnered with service providers to improve employee understanding of healthcare and insurance-related processes and benefits. We also continued to optimise workforce capacity and workload management practices through proactive resource planning, supporting colleague wellbeing, operational resilience and sustainable performance delivery.

Employee relations

The Bank concluded a total of 15 disciplinary cases in 2025 (2024:5), of which 13 related to ethical breaches (2024:5). These ethical breaches included dishonesty, negligence, bullying, abuse or misappropriation of resources, non-adherence to procedures, and conduct that could bring the Bank's name into disrepute.

Supported and enabled employees

Our employee value proposition and continued investment in people's capability supported the development of a resilient, future-ready and high-performing workforce during the year. Staff costs increased by 8.3% as part of ongoing investment in critical skills, capability development and workforce sustainability, while the eKhaya Colleague Share Scheme distributed dividends of P2.3 million (2024: P2.1 million), reinforcing shared value creation and alignment to the Bank's long-term success.

Ongoing investment in communication, leadership visibility, wellbeing and performance management contributed to a more connected and collaborative working environment. At the same time, graduate, internship and targeted technical, digital and leadership development programmes continued to strengthen succession capacity and future-ready capabilities across the Bank.

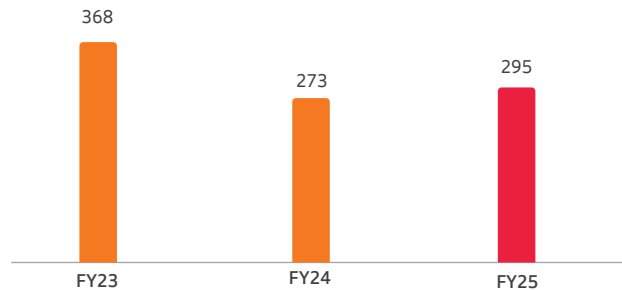
The strength of our leadership culture and commitment to inclusion and empowerment continued to receive external recognition during the year, including our Managing Director's recognition by the "The CEO Mavern" through the Most Influential Visionary Woman Leader of the Year 2025 award and inclusion in the Botswana Top 100 CEOs. These achievements reflect the continued progress we are making in cultivating a values-driven, inclusive and high-performing organisation positioned to deliver long-term impact for our clients, colleagues and broader society.

Find out more... **Next steps 2026**

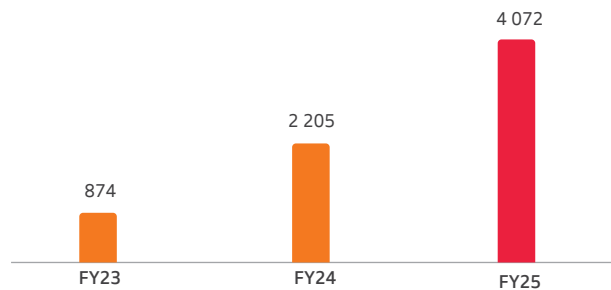
An active force for good in everything we do

Performance dashboard

Sustainable finance (P' millions)



Economic value to communities (P'000)



The achievement of our strategic priorities remains central to delivering our purpose and creating positive contribution toward the SDGs.

Highlights and awards



- Expansion of coverage of scope 2 emissions assessment
- Publication of our inaugural United Nations Global Compact Communication on Progress (UNGC COP)



- **Global Finance:** Sustainable Finance Award 2025
- **Chartered Governance Institute of Southern Africa:** Merit Award in the Regional Companies Category 2025

Operational challenges

- Data availability constraints continue to limit the effective baselining and tracking of the Bank's emissions.
- Balancing climate risk considerations, social expectations and business priorities while ensuring the consistent application of frameworks, standards and policies
- Expansion in SME and emerging sector lending supports financial inclusion, while requiring enhanced management of associated credit risks.

Link to material matters

- Structural economic transition
- Earnings resilience amid economic and consumer stress
- Shifting regulatory and compliance landscape
- Climate change and a just transition

Capitals affected



Contribution to SDGs



An active force for good in everything we do continued

We approach sustainability based on global, African and local market shifts, stakeholder expectations, and our commitment to long-term value creation. We prioritise areas where we can deliver the greatest impact and that align with the UN SDGs.

Delivering sustainable finance at scale

In alignment with Botswana's goal of renewable energy contributing 50% to the country's energy mix by 2030, the Bank launched the Green Energy Loan to enable retail clients to finance residential solar installations. This solution promotes adoption of clean energy, helping households reduce electricity costs, and actively contribute to Botswana's transition to a sustainable future. The launch was complemented by a renewable energy thought leadership session, the Green Energy Roundtable, which convened solar suppliers and installers, government representatives, and key industry players together to explore opportunities for accelerating household access to renewable energy solutions.

Own emissions

Significant progress has been made in establishing scope 2 emissions baseline for the Bank, with coverage expanded from Head Office, as disclosed in our 2024 reporting cycle, to 25 (78%) buildings across the Bank's real estate portfolio, with 4562.2 tCO₂e emissions reported in 2025. This phased approach is informed by ongoing data availability constraints and a deliberate emphasis on robust and verifiable reporting while mitigating greenwashing risk. Furthermore, as part of the Bank's emissions reduction efforts, renewable energy has been deployed as a primary source of power at a branch, building on the ATM installed in 2024, as pilot initiatives. These installations are enabling the Bank to assess operational performance and draw insights that will inform the Bank's renewable energy transition strategy.

Sustainable capital raising

Following the maturity of Botswana's first Sustainability Bond (ABBSF01) on 8 December 2025, which marked the first green and social listing on the Botswana Stock Exchange, the bank continues to strengthen its leadership in sustainable finance by advancing initiatives that deliver long term environmental, social and economic value.

Sustainable issuances remain aligned to portfolio readiness, market conditions and funding needs, with the Bank maintaining a clear commitment to future opportunities that support its sustainability ambitions and strategic growth priorities.

Social Impact

The Bank is part of the United Nations Children's Fund (UNICEF) private sector forum for children's rights, a strategic platform established to engage business leaders in advancing and safeguarding children's rights in Botswana through collaboration. The initiative encourages bold and targeted investments in critical areas including poverty alleviation, nutrition, and access to early education, aligned with Botswana's Economic Transformation Programme. Through this partnership, the Bank contributes to national development priorities through efforts aimed at improving child welfare and socio-economic outcomes.

Products and services

In 2025 the Bank launched a first to market, Purpose Account, reflecting the Bank's commitment to "Empowering Africa's tomorrow, together... one story at a time." This purpose-led savings proposition allocates 50% of Net Funds Transfer Pricing (FTP) income from the product to ESG and community causes, creating a shared-value model that aligns customers' personal financial growth with meaningful social impact and community development.

Enterprise development

The Bank strengthened its support to SMEs and entrepreneurship through initiatives focused on capability building, financial inclusion and economic participation. The Bank continued with its Women in Business Workshops to empower, connect, and uplift women entrepreneurs by providing practical guidance on compliance, legal and tax matters, as well as insights into banking solutions tailored to SME needs. By enhancing knowledge and improving access to tools and resources, the initiative strengthened the ability of women-led businesses to build resilience, access financing and participate more fully in the economy. This effort together with the Bank's flagship products such as the See Her Empowered (SHE) account underscore the Bank's commitment to fostering inclusive growth, SME development, and women economic empowerment in Botswana.

The challenging macroeconomic environment resulted in subdued market activity, affecting business momentum and softening financing demand across the SME segment. Despite these conditions, the Bank maintained its commitment to supporting SMEs, with early signs of recovery emerging and sustainable financing reaching P295.3m in 2025.

The Bank also partnered with UNICEF under the Generation Unlimited (UNICEF Gen-U) initiative to support a nationwide youth employability tour in 2025 aimed at tackling youth unemployment by equipping young people with practical skills and linking them to real economic opportunities. The Bank's involvement included showcasing our range of services and financial solutions for youth, particularly aspiring entrepreneurs.

Sustainable procurement

The Bank hosted a supplier engagement forum, aimed at strengthening collaboration and advancing sustainability across its value chain. The forum brought together key supply chain partners to raise awareness on the Bank's ESG and sustainability roadmap, emphasising the role suppliers play in contributing to the Bank's ESG goals. As supply chain activities contribute to a portion of the Bank's scope 3 emissions, the engagement also encouraged greater alignment with sustainable business practices and responsible operating principles across the supplier ecosystem.

Driving diversity, equity, inclusion and belonging (DEIB) principles

The Bank advanced its diversity agenda by recruiting five differently abled individuals, underscoring its commitment to embedding diversity, equity, inclusion and belonging (DEIB) principles and fostering an inclusive environment that leverages diverse perspectives to drive innovation and business performance.

Enhance governance and climate risk processes

In 2025, the Bank continued enhancing its ESG risk governance by introducing its ESG Risk Policy, establishing an internal framework for defining and managing ESG-related risks that aligns with regulatory requirements and investor expectations. This complemented existing governance mechanisms such as the Greenwashing Policy, the Environmental and Social Management System (ESMS) Standard and sector-specific financing standards, which collectively form part of the Bank's measures in place to enhance ESG governance.

Transparency and accountability were further elevated by the publication of the Bank's inaugural Communication on Progress (CoP) under the United Nations Global Compact (UNGC). This milestone demonstrates the Bank's commitment to reporting against globally recognised principles on human rights, labour, environment and anti-corruption, while reinforcing alignment with international sustainability standards and disclosure practices.

Reflecting the Bank's continued commitment to high standards of governance, transparency and reporting practices that enhance stakeholder confidence, the Bank was honoured with a Merit Award in the Regional Companies Category 2025 by the Chartered Governance Institute of Southern Africa.

Find out more... **Next steps 2026**

Value over time



Our Integrated Report communicates the short-, medium- and long-term value we have created, preserved or eroded for our providers of financial capital and other key stakeholders. Our key performance indicators and management information assess how well we deliver against our strategic objectives. They also measure the value we are creating, preserving or eroding across the capitals that are material to our business model. We recognise that value creation for one type of capital may create, preserve or erode value across another.



Financial capital

Primary interest group: Investors	Unit	Five-year trend	Long term		Medium term		Net outcome: Sustained	
			2021	2022	2023	2024	Short term	2025
Revenue	P'bn	↑	1.6	1.9	2.1	2.3		2.4
Non interest income	P'm	↑	600.8	671.3	715.1	764.0		971.6
Cost-to-income ratio	%	↔	57.3	53.1	57.1	49.7		55.6
Expected credit losses	P'm	↔	79.5	10.4	76.6	89.4		109.3
Gross loans and advances	P'bn	↑	15.6	17.0	17.2	18.0		19.1
Total deposits	P'bn	↑	16.4	17.0	18.7	19.4		20.7
ROE	%	↔	18.4	23.1	20.6	25.5		20.8
Capital adequacy ratio	%	↔	17.7	21.7	20.7	20.7		18.1
Liquid asset ratio	%	↑	15.1	15.0	18.0	15.8		18.0



Human capital

Primary interest group: Employees	Unit	Five-year trend	Long term		Medium term		Net outcome: Positive	
			2021	2022	2023	2024	Short term	2025
Employee experience index	Points/100	↑	58.2	52.9	55.8	54.8		68
Women in senior leadership	%	↔	60	51	50	50		47
Employee headcount	Nr	↓	1 049	1 028	1 039	906		918
Turnover rate	%	↑	4.6	4.6	3.3	5.6		5.6
Employee training and development spend	P'm	↑	7.0	7.7	7.0	6.2		9.7
Female-to-male ratio (gender equality)	%	↔	70:30	70:30	71:29	70:30		69:31
Absa Way Code of Ethics training completion	%	↔	96	100	100	100		99

Value over time continued



Intellectual capital

Net outcome: Positive

Primary interest group: Clients and employees	Unit	Five-year trend	Long term		Medium term		Short term
			2021	2022	2023	2024	2025
Digitally active customers	'000	↑	70.7	75.2	81.6	90.7	106.1
Total severity 1 and 2 incidents	Nr	↓	1	0	0	0	0



Manufactured capital

Net outcome: Positive

Primary interest group: Clients	Unit	Long term Five-year trend	Medium term				
			2021	2022	2023	2024	2025
ATMs	Nr	↑	114	114	117	127	131
Branches	Nr	↔	32	32	32	32	32
PoS devices	Nr	↑	4 761	4 810	4 147	6 300	7 135
Property and equipment	P'm	↓	246	209	189	176	189



Natural capital

Net outcome: Sustained

Primary interest group: Planet	Unit	Five-year trend	Long term		Medium term		Short term
			2021	2022	2023	2024	2025
Trees planted	Nr	↓	723	2 342	3 110	2 861	1 195
Electricity consumption*	GWh	↓	New	New	New	3.98	3.35
Scope 2 emissions*	Tonnes CO ₂	↓	New	New	New	5 422	4 562



Social and relationship capital

Net outcome: Positive

Primary interest group: Society, regulators and industry bodies, clients, investors, communities and suppliers	Unit	Long term Five-year trend	Medium term				
			2021	2022	2023	2024	2025
Customer numbers	Nr	↑	306 272	319 676	340 177	350 800	367 089
Retail Banking-Customer Experience index	%	↑	77	81	102	102	97
Business Banking-Customer Experience index	%	↑	63	54	88	91	94
Corporate Customer Experience index	%	↑	77	63	69	81	93
Customer education participants	Nr	↓	11 584	16 178	23 268	8 033	8390
ReadytoWork participants	Nr	↓	10 610	11 608	11 181	3 691	869
Economic value to communities	P'000	↑	1 064	2 060	874	2 205	4072

* The Bank is adopting a phased approach to measuring electricity consumption and scope 2 emissions, reflecting ongoing data availability constraints. To improve comparability, 2024 figures have been restated to align with the 2025 reporting scope, covering a consistent portfolio of 25 buildings.

Outlook

Creating sustainable long-term value requires a forward-looking approach, adaptive strategic planning and effective allocation of available resources.

By balancing the decade-long global risk outlook with emerging medium-term industry and market dynamics, strengthen our ability to evaluate strategic implications and take deliberate action in the present to support long-term value creation.

Long term
> 3 years



Most severe global risks in the next decade¹

Long term (10 years)

1	Extreme weather events	●	6	Natural resource shortages	●
2	Biodiversity loss and ecosystem collapse	●	7	Inequality	●
3	Critical change to Earth systems	●	8	Cyber security	●
4	Misinformation and disinformation	●	9	Societal polarisation	●
5	Adverse outcomes of AI technologies	●	10	Pollution	●

● Economic
 ● Environmental
 ● Geopolitical
 ● Societal
 ● Technological

Medium-to-long-term trends in the financial services industry

Customers of tomorrow

As customer expectations continue to evolve, future demand is expected to shift toward more seamless, personalised and digitally integrated financial experiences. Demographic trends, changing lifestyles and growing digital adoption will continue reshaping customer engagement, accelerating the move away from standardised offerings toward more flexible and personalised propositions aligned to individual income patterns, lifestyles and life-stage needs. Trust, cyber resilience, transparency and the ethical use of data will remain important differentiators as customers become increasingly conscious of privacy, security and fairness considerations. Furthermore, inclusive access to modern financial tools will play a critical role in enabling greater participation and confidence in Botswana's digital economy.

Impacted capitals



Continued affordability and availability

According to the World Bank, approximately 0.65 million people remain unbanked within a population of just over 2 million, presenting strong potential for future customer growth. This position is further supported by Botswana's relatively young population profile and sizeable underbanked segment (availability). However, the relatively small market size and increasing competition impacts on cost-to-serve dynamics (affordability).

How it links to our strategic pillars

Customer-led growth

Affects our ability to deliver digital experiences that are intuitive and consistent. It affects our value proposition to customers and identification of priority segments.

New growth opportunities

Affects digital and data driven customer experiences, payment solutions and potential for a digital bank.

¹World Economic Forum, Global Risk Perception Survey 2025-2026

Outlook continued

Technology and digital innovation outlook

Botswana's financial landscape is evolving rapidly as digital innovation reshapes how individuals, businesses and institutions interact with money. Aligned with broader African trends the country is benefiting from increased internet and smartphone penetration, stronger financial inclusion initiatives, and a steadily maturing fintech ecosystem. By 2030, Africa's digital payments economy is projected to reach USD 1.5 trillion and Botswana is well positioned to participate in this growth as customers increasingly adopt instant, mobile first payment solutions over traditional cash based methods.

Real time payments, mobile money and digital financial ecosystems are increasingly shaping commerce in Botswana, particularly for SMEs, informal businesses and regional traders activity across the Southern African Development Community (SADC) corridor. Innovations such as instant payments, digital onboarding and AI driven analytics are improving convenience, operational efficiency and access to financial services. However, greater connectivity and transaction velocity also introduce elevated risks related to fraud, cybercrime and data misuse. Increased digitalisation heightens the need for strong cybersecurity, data governance and transparent AI practices, with adherence to regulatory standards essential to maintaining trust and financial stability.

Regulatory outlook and governance

The regulatory landscape in Botswana's financial system is becoming increasingly sophisticated, with a strong focus on financial stability, liquidity resilience and responsible digital conduct. Recent developments, including the implementation of the Liquidity Coverage Ratio (LCR) framework by the Bank of Botswana, are strengthening the sector's ability to withstand short term liquidity shocks by ensuring that financial institutions hold sufficient high quality liquid assets that are aligned with global Basel III standards. This supports overall market confidence while maintaining the flow of credit to the economy.

At the same time, rapid digitalisation is prompting heightened regulatory attention on cybersecurity, data protection and the governance of emerging technologies such as artificial intelligence. Globally, cybercrime costs are projected to exceed USD 10 trillion¹ annually by 2031, underscoring the importance of robust cyber resilience frameworks and proactive oversight. Regulators in Botswana are aligning with global standards to address digital financial risks, requiring the sector to strengthen governance, risk management and compliance to maintain stability and trust.

Impacted capitals



Continued affordability and availability

Technology is becoming more widely accessible, but its rapid advancement requires substantial upfront financial investment. At the same time, the availability of skilled human capital remains constrained, driven by a shortage of specialised skills.

How it links to our strategic ambitions

Customer-led growth:

Affects our ability to deliver digital experiences that are intuitive and consistent

Operational excellence:

Affects our ability to improve our technology performance, resilience and affordability

New growth opportunities:

Affects digital and data driven customer experiences, payments solutions and potential for a digital bank.

Impacted capitals



Continued affordability and availability

Reduced cash infrastructure costs through shared ATM networks, improved access for entry level customers, enhanced system resilience and data security, as well as stronger consumer protection.

How it links to our strategic ambitions

Customer-led growth:

Increased inclusiveness

Driving excellence:

Affects our ability to improve our technology performance, resilience and affordability.

New growth opportunities:

Affects digital and data driven customer experiences, payments solutions and the potential for a digital bank.

¹Cybercrime magazine 2025

Outlook continued

Botswana's ESG trajectory

Botswana's ESG landscape is undergoing transformation, increasingly positioned as one of the national priorities that is expected to shape the country's economic trajectory and sustainable development.

Environment and climate vulnerability

Botswana's increasing exposure to climate-related risks, reinforces the urgency for accelerating the transition towards a more climate-resilient and low-carbon economy. With the country receiving one of the world's highest solar irradiation levels, the launched National Energy Compact in 2025 aims to increase renewable energy contribution from the current 8% to 50% by 2030, while climate finance and carbon market initiatives are expected to support broader decarbonisation, energy security and economic diversification as part of the BETP.

Societal issues

Botswana continues to face persistent social challenges, primarily relating to unemployment, inequality and poverty, which remain key constraints to inclusive and equitable economic development. This is further supported by Botswana's SDG progress which shows that only 25.4% of SDGs targets rated achieved or on track in 2025, demonstrating the need for urgent action. Targeted interventions from both government and the private sector remain key in eliminating these social challenges.

Governance

Strong governance remains a critical enabler of climate and social objectives, ensuring transparency, accountability and the effective integration of ESG considerations into decision-making. In this regard, Botswana is witnessing the emergence of regulatory and policy frameworks, including the draft Guidelines on the Management of Climate-Related Financial Risks by the Bank of Botswana, as well as the development of a national ESG framework by the government. These initiatives lay the foundation for more consistent risk management, enhanced disclosure practices and the systematic integration of sustainability considerations in the country.

Impacted capitals



Continued affordability and availability

Human capital availability constraint due to ESG skills scarcity.

How it links to our strategic ambitions

Customer-led growth:

Affects our value proposition to priority customer segments.

Diversified business

Provides the opportunity to pursue selective growth across priority segments and sectors.

New growth opportunities

Provides opportunities in sustainable and inclusive financing, SME ecosystems and investment.

Medium-term outlook for Botswana's economy

The global environment continues to shape Botswana's medium-term outlook, with developments in the Middle East and broader macroeconomic conditions remaining key influences. According to the 2026 IMF World Economic Outlook, global growth is projected at approximately 3.1–3.3% in 2026, reflecting moderate expansion amid persistent trade and geopolitical uncertainty, while inflation is expected to ease to around 3.7–3.8%. Middle East developments remain a significant external risk, with ongoing conflict and supply disruptions contributing to elevated and volatile oil prices.

Despite external uncertainties, Botswana's medium-term outlook remains cautiously optimistic, supported by a strong institutional framework, prudent macroeconomic management and a clear policy commitment to diversification. Growth is expected to strengthen over the medium term with the Bank of Botswana's monetary policy report projecting real GDP to recover to around 3.1% in 2026 reflecting a gradual stabilisation in the diamond market conditions, public investment and broader-based economic activity. However, persistent conflict in the Middle East continues to skew growth risks to the downside.

Inflation risks remain tilted to the upside, driven by imported price pressures, exchange rate movements, supply chain disruptions, and volatile energy prices. Inflation is expected to breach the Bank of Botswana's objective range of 3–6%, projected at approximately 8.7% in 2026¹. This may require a moderately tight monetary policy stance to balance price stability and sustainable growth. Fiscal pressures remain elevated due to revenue volatility and widening deficits, weighing on sovereign ratings. However, the outlook is expected to improve gradually, supported by economic recovery, fiscal consolidation and diversification efforts.

Despite an improving outlook, structural challenges remain, including continued reliance on diamonds, elevated youth unemployment and skills gaps that constrain broad-based growth. At the same time, increasing digital adoption across the financial sector presents both opportunities and emerging risks, requiring financial institutions to adapt to an evolving operating and regulatory landscape.

Impacted capitals



How it links to our strategic ambitions

The economic outlook in our market has a pervasive effect across all our strategic objectives, namely Customer-led growth, diversified business, operational excellence and new growth opportunities. It affects the Bank directly and indirectly through our customers.

¹Bank of Botswana: MPC Decision 30 April 2026

Outlook continued

Medium-term guidance



To ensure sustained relevance and success over the medium term, we proactively track emerging trends and evolving market dynamics, enabling us to identify strategic opportunities that drive effective execution and long-term value creation.

Our strategic pillars



Customer-led growth



Diversified business



Operational excellence



New growth opportunities

Enabled by

Deepened talent and succession

Strong leadership and organisational resilience

Culture for competitive advantage

Given Botswana's predominantly retail-led banking landscape, Retail Banking continues to make the largest contribution to the Bank's overall performance. However, over the medium term, we anticipate increased contribution from Corporate and Investment Banking as persistent macroeconomic pressures, including elevated cost-of-living pressures and higher household financial strain, continue to constrain consumer spending and borrowing capacity. In contrast, corporate clients are generally better positioned to absorb cyclical pressures through stronger balance sheets and greater financial flexibility.

We remain committed to sustaining Return on Equity (RoE) within the 20% range over the medium term, recognising that the pace and trajectory of economic recovery will remain an important determinant of performance. Delivery of this ambition will be supported by focused execution across key strategic priorities:

- Improving the cost-to-income ratio through improved productivity gains, operational efficiency and disciplined cost management.
- Accelerating revenue diversification to create more balanced and resilient earning streams.
- Sustaining shareholder value through disciplined risk management, capital efficiency and prudent balance sheet optimisation.

Outlook continued

Empowering tomorrow begins today.

Next steps 2026...

Looking ahead, the operating environment is expected to remain uncertain, with ongoing fiscal pressure and tighter liquidity conditions likely to persist in the near term. Our priority will therefore be disciplined execution. Our strategic priorities are clear, we will:

- Drive customer-led growth in core sectors by deepening our relationships with clients and ensuring we remain the primary financial partner across their full banking needs.
- Continue to diversify revenue streams across segments, sectors and income sources, strengthening the resilience and sustainability of our earnings model.
- Intensify the Bank's cyber resilience and fraud prevention capabilities to build trust, safeguard customers and deliver an improved customer experience.
- In parallel, we will be intentional in exploring new growth opportunities, particularly through value-added services.

Aligned to our four strategic pillars, our focus remains on the following key areas:

- **Targeted segment growth and credit optimisation:** Drive growth across SMEs, Commercial and Affluent segments through tailored credit frameworks, differentiated value propositions and enhanced lending capabilities designed to better align with client needs, risk profiles and opportunities to deepen wallet share.
- **Market reach and distribution expansion:** Broaden market reach and improve sales effectiveness through optimisation of our distribution footprint, strategic partnerships and enhanced payments capabilities, thus enabling greater penetration across priority customer segments and sectors.
- **Client experience and value delivery:** Advance customer outcomes and experience through technology-enabled solutions, personalised engagement and value-added offerings that unlock new growth opportunities and strengthen client relevance.
- **Digital enablement:** Accelerate digital enablement to improve productivity, simplify processes and deliver more seamless customer experiences, creating scalable growth and stronger returns over time.

We will also prioritise key enablers to support delivery of our strategic focus areas:

- **Culture transformation:** Continue embedding a high-performance culture that drives accountability, productivity and execution excellence, while fostering an engaging and differentiated employee experience.
- **Talent and succession sustainability:** Build future-ready capability by attracting, developing and retaining critical talent, supported by succession depth, targeted skills development and competitive people strategies.
- **Leadership and organisational resilience:** Strengthen enterprise resilience through leadership capability, clearer accountability and an operating model that supports agility, adaptability and execution effectiveness.
- **Trust, security and digital resilience:** Maintain customer confidence through secure and resilient services, underpinned by robust cybersecurity capabilities, disciplined controls and continued focus on reducing digital fraud risks.
- **Scaled financial inclusion:** Expand access to banking solutions through innovative and customer-led propositions across Business Banking and Retail Banking, supporting broader participation in the financial ecosystem.
- **Leading in sustainable finance:** Advance sustainable finance solutions aligned to national development priorities and targeted sustainability outcomes, reinforcing our position as a leader in enabling sustainable growth.



Perspectives on next steps from our leaders and those who govern us: **Managing Director's message.**



Value preserved... through sound governance

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Protecting value through strong governance

Preserving value through ethics



Ethical leadership

Ethical leadership remains a cornerstone of the Bank's governance framework. The Board Charter serves as the primary governance document guiding the Board and its committees in the execution of their responsibilities, decision-making processes and engagement with stakeholders. Reviewed annually, the Charter provides directors with a clear framework for addressing critical governance matters and supports the Board in exercising its authority responsibly, ethically, and in the best interests of the Bank and its stakeholders. The board charter is aligned with the Constitution of the Bank, adopted by shareholders in July 2024, and is informed by the Banking Act as amended from time to time, Companies Act, Botswana Stock Exchange Listings Requirements, the Guidelines on Corporate Governance for Banks and Deposit-Taking Institutions Licensed and Supervised by the Bank of Botswana, as well as the principles of King IV™.

The Bank's Board of Directors ("the Board") confirms that the Bank has conducted its affairs in compliance with the Companies Act and the Constitution, including the effective management of actual and perceived conflicts of interest. Conflicts of interest are formally considered at each Board and Board committee meeting, supported by annual assessments of directors' independence to reinforce objective and accountable decision-making. Through its oversight and leadership role, the Board continues to set the appropriate tone at the top by promoting integrity, accountability, transparency and responsible corporate citizenship across the organisation.



This Integrated Report outlines how the Board provides strategic direction, approves key policies, oversees implementation and monitors performance, while ensuring transparent reporting and meaningful stakeholder engagement. In fulfilling these responsibilities, the Board maintains a balanced focus on sustainable value creation, taking into account the Bank's operating environment, stakeholder expectations, long-term resilience, and future growth prospects

Find out more... **Board objectives and performance**



The Board is satisfied that its members, both individually and collectively, continue to embody and promote the core characteristics of effective leadership



Our conduct and how we do things are consistent with our purpose



An ethical bank

An ethical culture fosters values-based decision-making and shows how our policies and practices align with **the Absa values**. This drives the proper behaviour concerning our stakeholders.

Our values



Trust



Resourceful



Stewardship



Inclusion



Courage

Policy related initiatives

A key element in creating an ethical environment is the governance framework that guides and holds relevant stakeholders accountable for the expected behaviour. The Absa Way Code of Ethics, as approved by the Board outlines our values and expected behaviours when engaging with our fellow employees, clients, shareholders, governments, regulators, business partners, suppliers, competitors and the broader community. The Absa Way provides a framework for how we think, work and act as the Bank in pursuit of our purpose, and reflects the commitment of both the Board and Management to uphold ethical leadership and responsible corporate citizenship.

- The Compliance and Audit committees oversee the Bank's financial crime control environment, including anti-money laundering counter terrorist financing, know-your-client, customer due diligence and fraud risk management.
- The Compliance Committee receives reports on compliance, conduct and regulatory matters, overseeing alignment with the Anti-Money Laundering Policy and receiving reports from management pursuant to relevant Customer and AML Standards, which set out processes for identification and verification of customers, beneficial ownership checks, enhanced due

diligence for higher-risk categories, sanctions and adverse media screening, transactional monitoring, senior management approvals and regulatory reporting.

- The Audit Committee receives reports on internal control weaknesses, fraud incidents and trends, and updates from internal and external audit. This regular reporting strengthens the combined assurance model and enables the Board to monitor the effectiveness of AML/KYC controls and management's response to emerging risks thereof.
- Over the last year, among other frameworks, the Board reviewed and approved the following key policies to promote an ethical environment with clear responsibilities and accountability:
 - Conflict of Interest Policy
 - Employee Handbook
 - Legal Risk Policy
 - Competition Law Policy
 - Onboarding and Exit of Relationships Policy
 - Environmental Social and Governance Risk Policy
 - Data Management Risk Policy
 - Anti Money Laundering Policy
 - Anti Bribery and Corruption Policy
 - Whistleblowing Policy

Oversight related initiatives:

The Board, with the help of Management, oversees various governance arrangements to embed an ethical culture and monitors the various outcomes and initiatives that contribute to an ethical organisation. Several mechanisms govern employee conduct, including but not limited to compliance mandatory training

- In 2025, Compliance training included topics such as the Absa Way, competition law, conduct risk, anti-bribery and corruption topics, record retention standards, as well as suspicious transaction reporting
- The Financial Crime Steering Committee is a management committee that makes decisions regarding high-risk customers and clients and related financial, compliance, conduct and reputational risk.
- Employee conduct is also monitored through a range of risk mitigation tools, including the C-zone compliance monitoring platform, culture surveys, and the tracking disciplinary actions, grievances and incapacity matters all in accordance with established policies.
- An employee's annual performance assessment therefore includes an assessment of conduct. Unethical and other forms of improper conduct by an employee may result in a range of possible disciplinary sanctions, including dismissal. Details on the employee relations cases over the year are included under the "Winning, Talented and Diverse Team" strategy pillar on page 53 of this report.

Protecting value through strong governance continued

- The annual Global Absa Ethics Day was commemorated on 20 October 2025 under the theme "Ethics Re-envisioned."
- The 2025 Ethics Survey, conducted in June 2025, assessed the Bank's ethical climate, with a particular focus on identifying gaps between stated values and actual behaviours, while strengthening a culture of trust and accountability that supports strategic success. Participation improved significantly, achieving a completion rate of 76%, up from 60% in 2023 and surpassing typical global participation benchmarks. Furthermore, Botswana's Ethical Culture Quotient (ECQ) score increased substantially to 76.4% (2023: 60%), indicating meaningful progress, although it remained below the 2025 global benchmark of 87%.
- Absa's whistleblowing platform is subject to regular internal and external audits to ensure its effectiveness and integrity. During the reporting period, 14 tip-offs were received, resulting in one substantiated case, three unsubstantiated cases, two partially substantiated cases and one case closed due to insufficient evidence. The remaining matters are currently under investigation.
- The Compliance Committee supports the established process for protected disclosures or whistleblowing, aimed at identifying breaches of ethical standards and suspected fraud, while ensuring that such reports are handled appropriately.

On the overall, the Bank has zero tolerance for willful detriment to clients, market integrity and competition caused by inappropriate supply of financial services, including willful and negligent misconduct, breach of regulatory requirements or bank policies and unethical behaviour. Personal accountability is central to our culture and our behaviours throughout the organisation, starting with the Board and senior management.

Whistleblowers can email protect@tip-offs.com or visit <https://www.tip-offs.com>. They can also email the Absa Priority Investigations and Whistleblowing team directly at protected@absa.africa or send an anonymous message.



WhatsApp: 0027 860 660 007
Orange: 1144
Mascom: 71 119 312
BTC: 0800 600 644

Management's commitment to the Absa Way...

“

It starts with me: I commit to abiding by the Absa Way and holding myself accountable against it. Each member of my executive team and each Absa employee commits to the code in their own capacity, as we individually take responsibility for the impact of our actions on the world”



As senior leadership, we are guided by the Absa Way Code of Ethics in delivering our purpose of empowering Africa's tomorrow, together, one story at a time. We are committed to acting with integrity, fairness and transparency in all our engagements, placing customer interests at the centre of our decisions and safeguarding the trust placed in us by all stakeholders.

We uphold the highest standards of ethical conduct, ensuring compliance with applicable laws and regulations and maintaining a zero-tolerance approach to bribery, corruption and misconduct. We are equally committed to protecting personal data, promoting openness and accountability and fostering a respectful, inclusive workplace free from discrimination and harassment.

As our operating environment evolves, we will continue to strengthen our policies and practices, while remaining anchored in our core principles of ethical, responsible and sustainable value creation.

Our target conduct outcomes, include the following commitments:

- Our culture places customer interests at the heart of our strategy, planning and decision-making. We consider customers' and clients' needs over the long term when making decisions.
- We operate in a highly regulated environment. All relevant laws and regulations must be complied with and all communications with our regulators must be open and transparent.

- We are committed to conducting our activities free from any form of bribery or corruption. We adopt a zero-tolerance approach to any acts of bribery or corruption perpetrated by Absa employees, suppliers, other related third parties and customers with whom we do business or who act on our behalf.
- We commit to being transparent, honest and open on our actions, communications and behaviour when dealing with internal and external stakeholders.
- Personal data is valuable, and we will always act fairly, ethically, and carefully when dealing with it. The proper handling and protection of personal data is critical to developing trust and sustaining long-term partnerships with all our stakeholders. All Employees and Stakeholders must protect and maintain the Bank's confidentiality.

Protecting value through strong governance continued

Our leadership

Our Board as at 3 June 2026



Number of Board and Board
Committee Meetings **28 (2024:27)**

Board and Board Committee
Attendance **100% (2024:99%)**

Full Biographies can be found at <https://www.absa.co.bw/about-us/>



Cosmas Moapare 60
Independent Board Chairman



Member of the Human Resources,
Remuneration and Nominations
Committee
Date joined Board: March 2020
Professional Experience: 30 years
Professional and Academic

Qualifications:

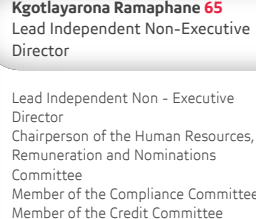
- Chartered Accountant
- Bachelor of Commerce** -
University of Botswana
- Fellow of Botswana Institute
of Chartered Accountants

Areas of Expertise:

- Financial Management and Accounting
- Strategic Development, Transformation
and Leadership
- Governance and Oversight



Kgotlaryarona Ramaphane 65
Lead Independent Non-Executive
Director



Lead Independent Non - Executive
Director

Chairperson of the Human Resources,
Remuneration and Nominations
Committee

Member of the Compliance Committee
Member of the Credit Committee

Date joined Board: August 2018

Professional Experience: 32 years

Professional and Academic Qualifications:

- Master of Business Administration (MBA) - University of Stirling,
United Kingdom
- Bachelor of Commerce -University of Botswana
- Certificate in High Performance Leadership - University of Oxford
- PRINCE II Practitioner

Areas of Expertise:

- Risk and Control Management
- Strategic Development, Transformation and Leadership
- Human Resource Management



Benjamin Monaheng Kodisang 55
Independent Non-Executive Director



Chairperson of the Audit Committee

Date joined Board: March 2020

Professional Experience: 27 years

Professional and Academic

Qualifications:

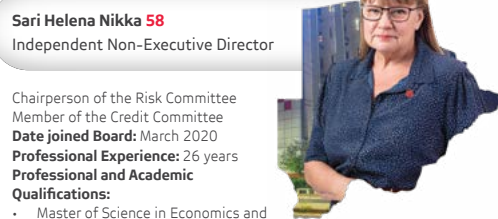
- Chartered accountant
- Bachelor of Commerce (Honours) -
University of South Africa

Areas of Expertise:

- Financial Services including banking
- Strategic Development, Transformation and
Leadership
- Treasury and Capital Management



Sari Helena Nikka 58
Independent Non-Executive Director



Chairperson of the Risk Committee

Member of the Credit Committee

Date joined Board: March 2020

Professional Experience: 26 years

Professional and Academic

Qualifications:

- Master of Science in Economics and
Business Administration -
University of Turku, Finland

Areas of Expertise:

- Financial Services
- Credit and Counterparty Risk
- Sustainability/ESG



Thabo Kagiso Matthews 55
Independent Non-Executive
Director



Chair of the Credit Committee
Member of the Compliance
Committee

Date joined Board: March 2022

Professional Experience: 30 years

Professional and Academic

Qualifications:

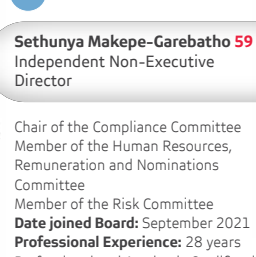
- Bachelor of Arts in Economics and
Computer Science (Honours) - Sussex
University, United Kingdom

Areas of Expertise:

- Economics
- Strategy Development and Business
Transformation
- Information Technology



Sethunya Makepe-Garebatho 59
Independent Non-Executive
Director



Chair of the Compliance Committee
Member of the Human Resources,
Remuneration and Nominations
Committee

Member of the Risk Committee

Date joined Board: September 2021

Professional Experience: 28 years

Professional and Academic Qualifications:

- Master of Science in Project Management -University of Bolton,
United Kingdom
- Bachelor of Laws (LLB) - University of Botswana
- Compliance Management Programme -University of Cape Town,
South Africa
- Post Graduate Diploma in Alternative Dispute Resolution-
University of Pretoria, South Africa

Areas of Expertise:

- Human Resource Management and Compensation
- Labour law
- Governance and Oversight



Dr Wilfred Jiwa Mandlebe 65
Independent Non-Executive
Director



Member of the Audit Committee

Date joined Board: February 2025

Professional Experience: 38 years

Professional and Academic

Qualifications:

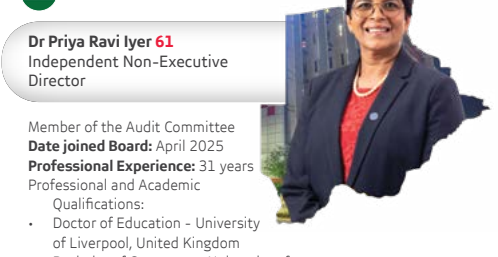
- PHD in Public Policy -Walden
University, United States of
America
- Master of Business
Administration- University of Botswana
- Master of Arts in Economics -Syracuse University, United
States of America
- Bachelor of Arts in Economics and Accounting- University of
Botswana

Areas of Expertise:

- Economics
- Governance and Oversight
- Banking



Dr Priya Ravi Iyer 61
Independent Non-Executive
Director



Member of the Audit Committee

Date joined Board: April 2025

Professional Experience: 31 years

Professional and Academic

Qualifications:

- Doctor of Education - University
of Liverpool, United Kingdom
- Bachelor of Commerce -University of
Calicut, India

Areas of Expertise:

- Financial Management, Audit and
Accounting
- Governance and Oversight
- Sustainability/ESG

Protecting value through strong governance continued

Full Biographies can be found at <https://www.absa.co.bw/about-us/>



Saviour Mwepu Chibiya 54
Non-Executive Director

Absa Group Limited Nominee
Member of the Risk Committee
Date joined Board: April 2022
Professional Experience: 33 years
Professional and Academic Qualifications:

- Fellow of the Zambia Institute of Banking and Financial services
- Economics degree - University of Zambia
- Executive Leadership Development Program – IMD Business School, Switzerland

Areas of Expertise:

- Banking
- Strategic Leadership and Oversight
- Economics



Keabetswe Pheko-Moshagane 47
Executive (Managing) Director

Date joined the Bank: October 2010
Date joined CMC: November 2015
Date joined the Board: April 2019
Professional Experience: 20 years
Professional and Academic Qualifications:

- Masters in Business Administration (MBA) – Management College of South Africa
- Bachelor of Administration in Information Technology - Tshwane University of Technology, South Africa
- Executive Leadership Development Program – IMD Business School, Switzerland

Areas of Expertise:

- Banking
- Strategic Leadership and Oversight
- Information Technology and Digitisation



Kudakwashe Mukushi 49
Executive (Finance) Director

Executive (Finance) Director
Member of the Country Management Committee
Date joined the Bank: June 2025
Date joined CMC: June 2025
Date joined the Board: June 2025
Professional Experience: 24 years
Professional and Academic Qualifications:

- Chartered Financial Analyst (CFA) - CFA Institute, United States of America
- Fellow of the Association of Chartered Accountants (ACCA)
- Fellow of the Botswana Institute of Chartered Accountants (BICA)
- Senior Executive Program - Harvard Business School
- Bachelor of Business Administration in Accounting - Solusi University, Zimbabwe

Areas of Expertise:

- Financial Services
- Commercial Enterprises
- Financial Management, Audit and Accounting



Board transitions

- Kudakwashe Mukushi joined the Board as an Executive Director on 1 June 2025, with the appointment subject to the voting of shareholders at the 40th AGM <https://apis.bse.co.bw/storage/disclosures/08/2025/5736.pdf>

Since the 39th AGM, the following changes occurred:

-  Dr Wilfred Jiwa Mandlebe was confirmed as an Independent Non-Executive Director, having joined the Board on 20 February 2025 - <https://apis.bse.co.bw/storage/disclosures/08/2025/5474.pdf>
-  Dr Priya Ravi Iyer was confirmed as an Independent Non-Executive Director, having joined the Board on 15 April 2025 <https://apis.bse.co.bw/storage/disclosures/08/2025/5652.pdf>
-  Sethunya Makepe-Garebatho, Thabo Matthews and Saviour Chibiya are set to retire by rotation at the 40th AGM and the Board fully supports their re-election.

Composition outlook for 2026:

- The Board will continue to strengthen its composition during 2026 through the finalisation of the recruitment appointment process for the two remaining Non-Executive Director vacancies.

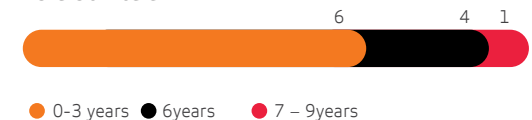
Gender diversity



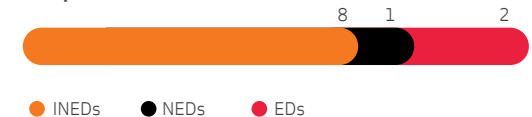
Age



Tenure of Board



Independence



Protecting value through strong governance continued

Country Management Committee (CMC) as at 3 June 2026



Leroy Klein 49
Chief Risk Officer

Date joined the Bank: May 2008
Date joined CMC: September 2017
Professional Experience: 19 years
Professional and Academic Qualifications:

- Chartered Accountant
- Masters of Business Administration (MBA) - Oxford Brookes University, United Kingdom
- Executive Development Programme - University of Stellenbosch, South Africa



John D'Souza 51
Retail Banking Director

Date joined the Bank: February 2015
Date joined CMC: July 2025
Professional Experience: 22 years
Professional and Academic Qualifications:

- Master of Business Management (MBA) - Mangalore University, India
- Bachelor of Science (BSc) - St. Aloysius College, India
- Executive Leadership Development Program - IMD Business School, Switzerland



Tebogo Giddie 43
Corporate Banking Director

Date joined the Bank: June 2020
Date joined CMC: May 2022
Professional Experience: 20 years
Professional and Academic Qualifications:

- Master of Science, Strategic Management - University of Derbyshire, United Kingdom
- Bachelor of Arts, Human Resources Management - Durban University, South Africa



Kago Difele 49
Acting Business Banking Director

Date joined the Bank: July 2018
Date joined CMC: May 2026
Professional Experience: 22
Professional and Academic Qualifications:

- Master Business Administration (MBA) - University of Botswana
- Bachelor of Accountancy - University of Botswana



James Nthoyi 40
Head of Markets

Date joined the Bank: January 2014
Date joined CMC: April 2018
Professional Experience: 14 years
Professional and Academic Qualifications:

- Executive Master of Business Administration - IMD Business School, Switzerland
- Bachelor of Commerce - University of Cape Town, South Africa
- ACI Dealing - Financial markets Association



Segomotso Banda 53
Human Capital Director

Date joined the Bank: April 2022
Date joined CMC: April 2022
Professional Experience: 22 years
Professional and Academic Qualifications:

- Master of Science in Human Resource Management - University of Manchester, United Kingdom
- Bachelor of Commerce Management - University of Botswana



Krishnan Menon Balachandran 50
Chief Operations Officer

Date joined the Bank: January 2020
Date joined CMC: January 2020
Professional Experience: 26 years
Professional and Academic Qualifications:

- Bachelor of Science in Mathematics Calicut - University, India.



Salma Baduel 38
Country Treasurer

Date joined the Bank: February 2014
Date joined CMC: May 2021
Professional Experience: 15 years
Professional and Academic Qualifications:

- Bachelor of Science in Mathematics - University of Botswana
- Executive Masters' Degree in Positive Leadership and Transformation - IE University, Spain



Full Biographies can be found at <https://www.absa.co.bw/about-us/>

Protecting value through strong governance continued



Maungo Mokotedi 48
Chief Credit Officer

Date joined the Bank: July 2018
Date joined CMC: September 2020
Professional Experience: 22 years
Professional and Academic Qualifications:

- Master of Science in Strategic Management - University of Derby, United Kingdom
- Bachelor of Accounting - University of Botswana



Legae Moetedi 46
Acting Compliance Director

Date joined the Bank: January 2025
Date joined CMC: November 2025
Professional Experience: 19 years
Professional and Academic Qualifications:

- Bachelor of Accountancy - University of Botswana
- Postgraduate Diploma in Project Management - University of Sunderland, United Kingdom
- Insurance Proficiency Certificate - Insurance Institute of South Africa
- Member - Compliance Institute of Southern Africa



Dennis Mambure 49
Head of Marketing and Corporate Affairs

Date joined the Bank: May 2022
Date joined CMC: May 2022
Professional Experience: 25 years
Professional and Academic Qualifications:

- Fellow of the Chartered Institute of Marketing - United Kingdom
- Master of Business Administration - University of Suffolk, United Kingdom
- Master of Science in Marketing - National University of Science and Technology, Zimbabwe
- Master of Public Policy and Governance - Africa University, Zimbabwe
- Bachelor of Commerce (Honours in Marketing) - National University of Science and Technology, Zimbabwe.



Barati Rwelengera 48
Chief of Staff, Strategy and Sustainability Officer (CMC Secretariat)

Date joined the Bank: June 2016
Date joined CMC: October 2020
Professional Experience: 22 years
Professional and Academic Qualifications:

- Fellow member of Association of Chartered and Certified Accountants
- Post Graduate Diploma in Business Administration - University of Cape Town, South Africa
- Executive Program on Sustainability Management - Yale University, USA
- PRINCE II Practitioner



Kabelo Itseng 43
Head of Legal

Date joined the Bank: 2016
Date joined CMC: January 2025
Professional Experience: 20 years
Professional and Academic Qualifications:

- Master of Laws - University of Cumbria, UK
- Bachelor of Laws - University of Botswana
- Certificate in Compliance Management - University of Cape Town, South Africa



Attending CMC By Invitation



Idah Nkoloi 45
Chief Internal Auditor

Date joined the Bank: September 2018
Date joined CMC: September 2018
Professional Experience: 20 years
Professional and Academic Qualifications:

- A fellow member of the Association of Chartered and Certified Accountants (ACCA)
- A fellow member of the Botswana Institute of Chartered Accountants (BICA)
- Certified Internal Auditor - Institute of Internal Auditors (IIA)



Yontla Leburu 42
Company Secretary

Date joined the Bank: July 2014
Date joined CMC: September 2022
Professional Experience: 15 years
Professional and Academic Qualifications:

- Master of Laws (LLM) - IE University, Spain
- Post Graduate Compliance Risk Diploma - University of Johannesburg, South Africa
- Bachelor of Laws (LLB) - University of Cape Town, South Africa
- Bachelor of Social Science - University of Cape Town, South Africa
- Corporate Governance Certificate - New York University, USA
- Certified Compliance Professional - Association of Compliance Professionals in Africa



CMC transitions

Leroy Klein transitioned back into his role as Chief Risk Officer, with effect from 1 June 2025, as Kudakwashe Mukushi was appointed the substantive Finance Director

Departures

- 14 July 2025: Valeta Mthimkhulu - Former Retail Banking Director
- 16 March 2026: Puseletso Nyamambi - Former Compliance Director
- 12 May 2026: Keletso Setimela - Former Business Banking Director

Appointments

- 6 January 2025: Kabelo Itseng - Acting Head of Legal
- 15 July 2025: John D'Souza - Acting Retail Director
- 19 August 2025: Kabelo Itseng - Substantive Head of Legal
- 17 November 2025: Legae Moetedi - Acting Compliance Director
- 1 March 2026: John D'Souza - Substantive Retail Director
- 13 May 2026: Kago Difele - Acting Business Banking Director

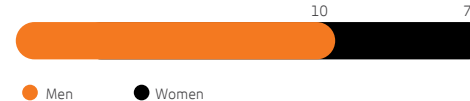
Composition outlook for 2026:

- The Chief Risk Officer is currently serving his notice period and will leave the Bank on 30 June 2026.
- The Board will prioritise substantive appointments to the Business Banking Director, Chief Risk Officer and Compliance Director roles.

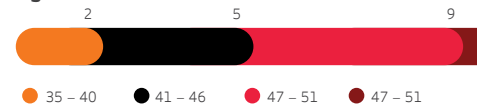


The Board is fully engaged in the appointment process of senior management, considering the ongoing ethical standard of the fit and proper enquiry, prior to relevant regulatory approvals

Gender diversity



Age



Tenure on CMC

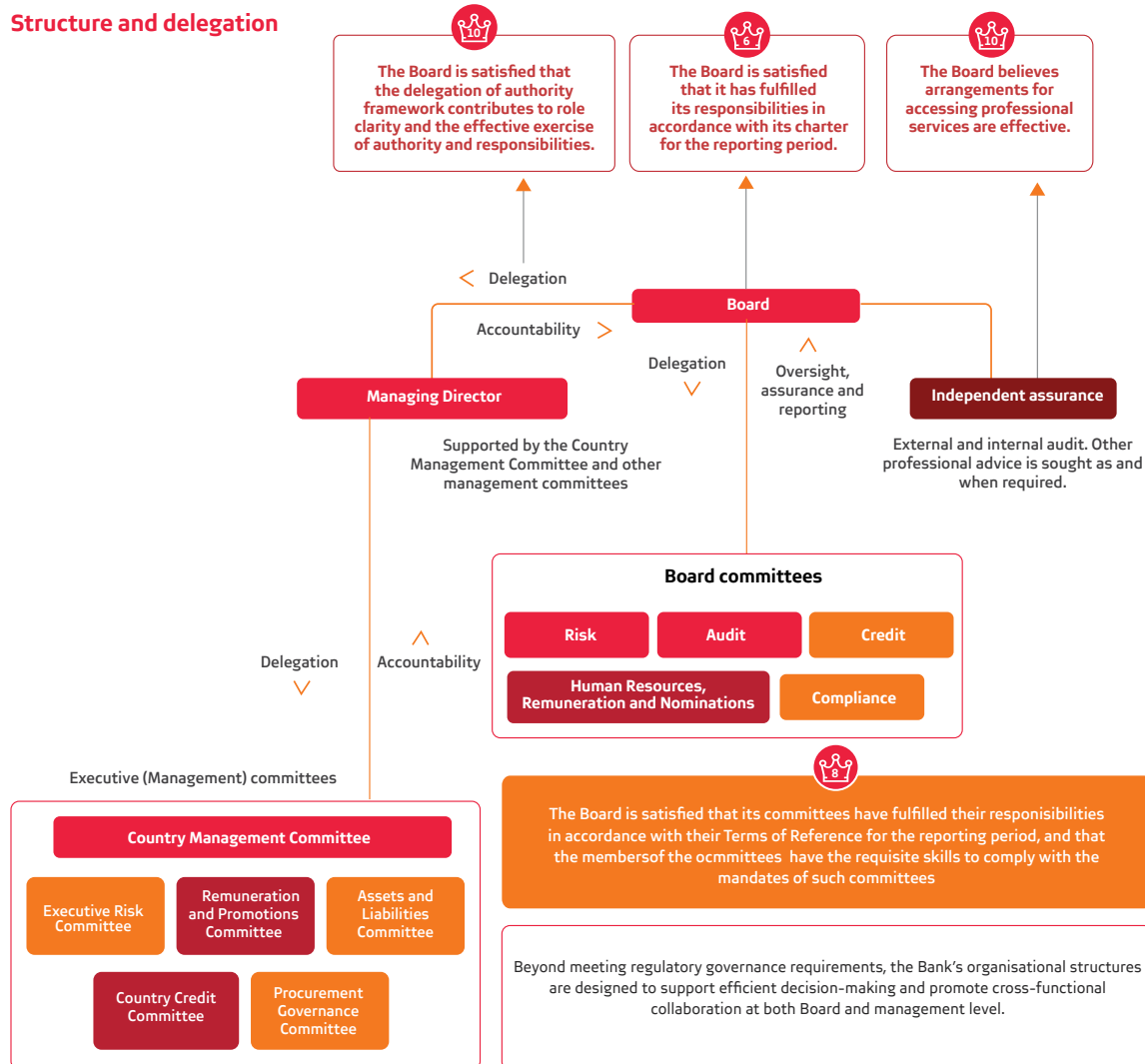


Including CMC by invitation

Full Biographies can be found at <https://www.absa.co.bw/about-us/>

Protecting value through strong governance continued

Structure and delegation



Composition

Sound corporate governance practices are fundamental to the creation, preservation and sustainable growth of shareholder value. They promote ethical, transparent and accountable conduct, while supporting effective risk management and reducing the potential for value erosion. The Bank remains committed to maintaining high standards of business integrity, supported by robust oversight and stewardship from the Board.

An effective governance framework is underpinned by an appropriate Board structure and a clearly defined delegation of authority framework, which together support effective oversight, accountability and decision-making across the Bank. This framework provides for the appropriate allocation and exercise of authority between the Board, its committees and management, within approved governance parameters.

The Board comprises a majority of independent non-executive directors and is chaired by an independent non-executive Chairperson, supported by a Lead Independent Non-Executive Director. The composition of the Board promotes objective judgement, balanced decision-making, and effective governance oversight. To enhance the efficient discharge of its responsibilities, the Board has delegated specific responsibilities to formally constituted Board committees, each operating within approved terms of reference that define their respective roles, responsibilities, authority and membership requirements.

The Board committees currently comprise the Board Audit Committee, Board Risk Committee, Board Credit Committee, Board Compliance Committee and the Board Human Resources, Remuneration and Nominations Committee. Further details on the composition, mandate, and activities of these committees are provided on pages 74 to 75 of this report. The Board has delegated responsibility for the day-to-day management of the Bank to the Managing Director who is supported by the Country Management Committee and various executive management committees. Details of the key executive committees are set out on page 69 to 70 of this report.



The Bank's organisational structures, particularly at Board and management level, are cognisant and promote cross-functional collaboration for efficiency in the decision-making that enables the execution of the Bank's strategy while navigating the necessary trade-offs between the capitals.

Protecting value through strong governance continued

The Board is ultimately responsible for protecting shareholders' interests, establishing management policies and acting as a fiduciary for shareholders, bearing in mind and balancing other stakeholder needs.

The composition and structure of the Board support the effective discharge of its oversight responsibilities and its mandate to exercise balanced and independent judgement in the best interests of the Bank and its stakeholders. The size and composition of the Board are guided by the Banking Act 2023, Guidelines on Corporate Governance for Banks and Deposit - taking Institutions Licensed and Supervised by the Bank of Botswana 2025 ("the Guidelines"), the Botswana Stock Exchange Equity Listings Requirements 2022, as well as other applicable regulatory requirements, internal frameworks, and governance policies. The Board Charter, updated in December 2025, aligns with the recently commenced Banking Act, which prescribes a minimum of seven directors for banks designated as systemically important institutions. In addition, the Charter provides a framework to ensure that the Board comprises individuals with an appropriate balance of skills, experience, expertise and independence, taking into account the scale, complexity and strategic requirements of the Bank's operations. As at the date of publication of this Integrated Report, the Board comprised eleven (11) directors representing a diverse range of qualifications, professional backgrounds, age, gender, ethnicity, culture, skills, experience and industry knowledge.

This diversity enhances the quality of deliberations, supports effective decision-making and contributes to robust governance oversight and thoughtful outcomes.

Independence and tenure

The Board comprises Independent Non-Executive Directors ("INEDs"), Non-Executive Directors ("NEDs") and Executive Directors ("EDs"), and remains compliant with the Board Charter requirement that at least two-thirds of directors be independent. This balanced composition supports objective judgement, effective oversight, and the appropriate distribution of authority, ensuring that no individual or group exercises undue influence over Board decision-making. An independent and balanced Board strengthens the Bank's ability to act in the best interests of the organisation and its stakeholders, thereby supporting sustainable value preservation and creation. The Board undertakes an annual assessment of director independence, taking into account applicable regulatory requirements, governance guidelines and leading practice recommendations. Following this assessment, the Board is satisfied that it continues to comprise a majority of independent non-executive directors. Additionally, the Board is satisfied that in deliberations and decision-making, the Board members set aside their personal interests and act with objectivity. Appropriate processes and controls are in place to identify, disclose and manage actual or perceived conflicts of interest. As at the reporting date, six (6) directors had served on the Board for between 0–3 years, four (4) directors for between 4–6 years, and one (1) director for between 7–9 years, reflecting an appropriate balance of continuity, institutional knowledge and board renewal.

Board changes

At the Bank's 40th Annual General Meeting ("AGM"), which is scheduled for 29 June 2026, one director, being the Finance Director will be proposed for appointment, while three existing directors will be up for rotation and re-election. Detailed information on the AGM and the director profiles are available on page 175 of this report.

During the reporting period, the Board reconstituted its committees in alignment with the Guidelines and following the appointment of new directors to the Board in 2025.

With effect from 1 April 2025, the Board Committees composition was as follows:

Name of Committee/Position	Chairperson	Members
Audit Committee	Benjamin Kodisang	Wilfred Jiwa Mandlebe Sari Nikka
Credit Committee	Thabo Matthews	Kgotlayarona Ramaphane Sethunya Makepe-Garebatho
Risk Committee	Sari Nikka	Kgotlayarona Ramaphane Saviour Chibiya
Human Resources Remuneration and Nominations Committee	Kgotlayarona Ramaphane	Sethunya Makepe-Garebatho Cosmas Moapare
Compliance Committee	Sethunya Makepe-Garebatho	Thabo Matthews Saviour Chibiya

With effect from 1 July 2025, the Board Committees' composition was as follows:

Name of Committee/Position	Chairperson	Members
Audit Committee	Benjamin Kodisang	Wilfred Jiwa Mandlebe Priya Iyer
Credit Committee	Thabo Matthews	Kgotlayarona Ramaphane Sari Nikka
Risk Committee	Sari Nikka	Sethunya Makepe-Garebatho Saviour Chibiya
Human Resources Remuneration and Nominations Committee	Kgotlayarona Ramaphane	Sethunya Makepe-Garebatho Cosmas Moapare
Compliance Committee	Sethunya Makepe-Garebatho	Thabo Matthews Kgotlayarona Ramaphane

In line with the King IV™, the Board adopted an integrated approach in reconstituting its committees, taking into account the respective mandates of each committee, the available skills and experience of directors and the need for effective collaboration across committees. Appropriate cross-membership was maintained to support coordinated oversight, facilitate complementary decision-making in areas of overlapping responsibility and promote a balanced distribution of authority across the committee structures. Skills, diversity, integration, governance requirements and gender representation will continue to inform the ongoing non-executive director recruitment process.

Protecting value through strong governance continued

Board skills and training

The Board comprises individuals with diverse industry and professional skills, knowledge and experience, who collectively provide independent oversight and are not involved in the day-to-day management of the Bank. To support effective governance and sustainable value creation, the Bank maintains a Board Skills Matrix, which is reviewed annually to assess the adequacy of the Board's collective skills, expertise and experience against the Bank's strategic and governance requirements. The Board regularly reviews the Skills Matrix to identify any gaps and to inform succession planning and future director appointments. Ongoing director development and training also remain a priority to strengthen the Board's collective capability and oversight effectiveness.

For the ongoing recruitment process, the Board prioritised expertise in macroeconomics, banking and chartered accountancy, while also considering diversity, gender representation and broader financial services and international market experience. Over the reporting period, the Board members were trained on several topics, including:

- Cybercrime
- ESG overview – Director responsibilities and roles
- Board Performance and Succession Planning
- Financial insights for non-financial directors
- "Being a Director" series, and
- Directorship through Disruption (VBS Mutual Bank heist case study).

Skills, experience and knowledge of our Board (Collective view of 11 members)

- General banking financial services
- Risk and control management
- Sustainability citizenship and social investment
- Treasury / Capital management
- Legal
- Compliance and regulatory
- Strategy development and business transformation
- Commercial enterprises

- Financial management / Accounting / Audit
- Governance and oversight
- Credit / counterparty
- Banking
- Information technology
- Sustainability - climate change and environmental
- HR / Compensation
- Economics
- Deep coverage
- Good coverage

The Board possesses a diverse range of skills and expertise and is satisfied that it remains appropriately constituted and supported by well-capacitated committees, with ongoing recruitment aimed at addressing identified enhancement areas.

Board meetings

The Board and each Board Committee has a minimum of four (4) scheduled meetings per year, however in practice, the Board meets more frequently than (4) times per year, responding to any urgent matters relevant to the Bank's operations and strategic priorities. To support effective governance and oversight, the Company Secretary maintains an annual Board and Committee calendar, together with forward planners, to ensure that key matters receive timely consideration.

Directors are expected to attend all meetings, recognising that active participation is fundamental to the effective discharge of their fiduciary and governance responsibilities. The Board continues to receive strong commitment from its members, including attendance at ad hoc meetings where necessary.

Senior management and assurance providers attend meetings by invitation, in accordance with the Board Charter and relevant committee terms of reference, but do not form part of the quorum.



Protecting value through strong governance continued

During 2025, the Board and its Committees held a total of (28) meetings (2024: 27). All directors complied with the Guidelines requirement to attend at least 75% of meetings, with overall attendance for the year recorded at 100%.

Director	Board	Audit committee	Risk committee	Human Resources, Remuneration and Nominations committee	Credit committee	Compliance committee
Cosmas Moapare	8/8			5/5		
Kgotlayarona Ramaphane	8/8		2/2	5/5	3/3	2/2
Sari Helena Nikka	8/8	2/2	4/4		2/2	
Benjamin Monaheng Kodisang	8/8	4/4			1/1	
Sethunya Makepe-Garebatho	8/8		2/2	5/5	2/2	3/3
Thabo Kagiso Matthews	8/8	1/1			4/4	3/3
Saviour Mwepu Chibiya	8/8		4/4			1/1
Keabetswe Phoko-Moshagane	8/8	4/4	4/4	5/5	4/4	3/3
Kudakwashe Mukushi	6/6	3/3	3/3	3/3	3/3	3/3
Wilfred Jiwa Mandlebe	8/8	3/3				
Priya Ravi Iyer	6/6	2/2				

Notes:

The Compliance Committee was constituted in March 2025 and commenced with its first meeting in June 2025. Wilfred and Priya joined the Board in February and April 2025, respectively. Kudakwashe joined the Bank and its Board on 1 June 2025.

Country Management Committee (CMC)

Mandate	Attendees
This is the overarching executive committee with the purpose, amongst others, to ensure: - Provides overall executive leadership and strategic direction to ensure the effective execution of approved business plans and the optimisation of performance across all business lines and functions - Oversees the conduct of business to ensure full compliance with applicable local and relevant international laws, regulations and supervisory expectations - Ensures the consistent and effective implementation of the Bank's policies, frameworks and governance standards across all areas of the organisation - Safeguards the integrity, robustness, and effectiveness of the Bank's operational, risk, control, compliance and governance frameworks within the broader Group context - Promotes a culture of accountability, ethical conduct and sound decision-making aligned with the Bank's values and strategic objectives - Monitors organisational performance, risk exposure and key operational indicators to support sustainable value creation.	- Managing Director (Chairperson) - Finance Director - Treasurer - Chief Risk Officer - Retail Banking Director - Chief Operating Officer - Corporate Banking Director - Head of Compliance - Head of Marketing and Corporate Affairs - Human Capital Director - Head of Legal - Chief of Staff, Strategy and Sustainability Officer (Secretary) - Business Banking Director - Head of Markets By Invite - Chief Internal Auditor - Company Secretary

Executive Risk Committee (ERC)

Mandate	Attendees
The purpose of the ERC, amongst others, is: - To provide overall oversight regarding the management of the Bank's risk profile, thereby ensuring that it is managed within the risk appetite. It fulfils this purpose on behalf of CMC and the Africa Region (AR) ERC - ERC more specifically, fulfils its purpose through reviewing the franchise-wide risk profile of the Bank, at an aggregate Bank level, or risk type level (as appropriate), to satisfy itself as to the positioning of the Bank's risk profile in relation to the short-term plan, strategy and Board-approved risk appetite - Reviews and recommends to the relevant Board governance committees, the Bank's proposed risk appetite, stress test scenarios and results. - Conducting review and challenge of risk practices and the control environment as required by the Enterprise Risk Management Framework (ERMF), for all principal risks with the exception of capital and liquidity risk, which although are discussed at ERC, are managed through a different governance structure.	- Chief Risk Officer (Chairperson) - Managing Director - Finance Director - Chief Operations Officer - Head of Technology - Compliance Director - Head of Marketing and Corporate Affairs - Retail Director - Head of Business Banking - Corporate Banking Director - People Function Director - Treasurer - Head of Legal - Chief Credit Officer Permanent invites - Chief Internal Auditor - Head of Operational Risk - Head of Governance and Control - Head of Wholesale Credit - Head of Retail Credit - Head of Enterprise Risk - Chief of Staff, Strategy and Sustainability Officer - Head of Fraud

Protecting value through strong governance continued

Assets and Liability Committee (ALCO)

Mandate	Attendees
The objectives of the Country ALCO are, amongst others: - Managing the funding and investment of the Bank's balance sheet - Managing the liquidity and cash flow of the Bank - Managing the exposure of the Bank to interest rate, exchange rate, commodity and equity market movements - Managing the capital position and dividend flow - Managing asset and liability margins and internal transfer pricing arrangements - Managing compliance with all internal and regulatory limits and ratios - Managing the assets and liabilities management strategic agenda - Managing and governing the Sustainable Finance Framework to ensure consistency and oversight - Selection of eligible assets from the approved Sustainable Asset Registers that will be financed/re-financed as well as determine the classification allocation of green, social or sustainable.	- Managing Director (Chairperson) - Corporate Banking Director - Retail Banking Director - Treasurer (alternate chair) - Finance Director - Head of Balance Sheet Management (Secretary) - Chief Risk Officer - Head of Business Banking - Chief Credit Officer By Invite - Head of Markets - Head of Enterprise Risk - Economist

Procurement Governance Committee (PGC)

Mandate	Attendees
The purpose of the PCG, amongst others, is: - Acts as the approval authority for significant procurement decisions, including the onboarding of suppliers above an agreed threshold following local sourcing processes - Provides oversight and approval of supplier strategies and key supplier-related decisions, where required - Ensures appropriate governance over bid evaluations, including the appointment of subject matter experts where necessary - Reviews and challenges bid evaluation outcomes for material contracts, with the authority to request further or revised evaluations where justified - May obtain independent expert advice to support objective and informed decision-making - Has access to relevant financial and non-financial information relating to customers, corporate entities and vendors to support its oversight role - Oversees compliance with applicable procurement policies, including the Third Party Risk Group Policy (TPRGP) - Facilitates timely decision-making through alternative approval mechanisms, including electronic and round-robin approvals where appropriate.	- Chief Operations Officer (Chairperson) - Finance Director - Compliance Director - Head of Legal - Human Capital Director - Head of Procurement (Secretary)

Country Credit Committee

Mandate	Attendees
The Country Credit Committee serves as the senior management credit decision-making function with a defined delegated authority as determined by the Board. The purpose of the committee, amongst others, is: - Ensuring application of all applicable credit policies across the credit function including, but not limited to: - Financing Limits - Modelling - Internal Grading Criteria - Concentration Risk - Maintaining a Sustainable Asset Register (SAR), including the details of approved eligible assets or projects already assigned to be financed through the proceeds of sustainable instruments. The SAR is to be presented to ALCO for review periodically - Managing credit risk by ensuring the appropriate credit watchlist early indicators are monitored - Oversight on restructures including interest and capital amendments, covenant condonement and waivers, concessions, any amendments to the original approved terms and conditions and extensions of terms and extensions of maturities.	- Chief Credit Officer (Chairperson) - Head of Wholesale Credit (Alternate Chair) - Africa Regions (AR) Wholesale Credit Sanctioning - AR Specialist Credit Sector Head - Managing Director - Finance Director - Country Treasurer - Head of Legal - Corporate Banking Director - Business Banking Director - Head of Markets - Chief Risk Officer – Non-voting member

Remunerations and Promotions Committee (RPC)

Mandate	Attendees
The purpose of the RPC, amongst others, is: - Oversees compliance with applicable legal and regulatory requirements relating to appointments, remuneration and reward practices - Provides governance and oversight of internal and external hiring decisions and associated compensation for employees at Vice President level and below - Reviews and approves retention-related interventions, including retention awards, plans and counteroffers - Evaluates and approves in-cycle promotions, as well as out-of-cycle remuneration and promotion adjustments - Considers and approves exceptional remuneration matters, including out-of-cycle salary adjustments and mutual separation arrangements - Oversees engagement on remuneration matters, including pay agreements and related consultations or negotiations - Recommends and approves salary increases, bonuses and long-term incentives, subject to Group and Board approvals where applicable - Approves bonus funding allocations in alignment with decisions of the Board Human Resources, Remuneration and Nomination Committee - Reviews its own effectiveness and performance on a periodic basis.	- Managing Director (Chairperson) - Finance Director - Chief Risk Officer - Human Capital Director

Protecting value through strong governance continued

Board objectives and performance

Governance objectives and focus areas

The Board holds ultimate accountability for safeguarding shareholders' interests, setting the strategic direction, and exercising fiduciary oversight, while appropriately considering the needs of broader stakeholders. It ensures that management maintains a balanced approach between achieving sustainable long-term growth and delivering short-term performance.

The Bank's strategy, as approved by the Board, is aligned with the broader Group strategy endorsed by the Group Board. The Board's annual objectives are designed to reflect key governance priorities and are directly linked to the Bank's strategic goals. Our strategy underpins performance by linking our purpose to disciplined execution, enabling measurable value across **our relationships with others**. Through integrated thinking, the Board assesses the availability and impact of key resources and relationships, monitors performance against **our strategic scorecard** indicators, and provides oversight of the Bank's strategic execution and responsiveness to **the external environment**. The Board also ensures continuous evaluation of the Bank's long-term sustainability, taking into account its reliance on critical resources and relationships, as well as its solvency, liquidity position, and ability to operate as a going concern.

The Board Charter serves as the primary governance framework guiding the Board and its committees in their roles, responsibilities, and interactions with management and stakeholders. It outlines the composition, mandates, and Terms of Reference of Board committees, all of which are reviewed and approved annually. The Charter is aligned with the King IV™ Code and defines the roles and responsibilities of the Board, the Chairperson, management, and shareholders, as well as the overall governance structure.

In fulfilling its mandate, the Board is guided by the following key objectives:

- Providing ethical and effective leadership, acting in good faith, and promoting the long-term success of the Bank for the benefit of its stakeholders;
- Ensuring compliance with applicable laws and regulations, and approving matters reserved for its authority;
- Overseeing business performance and ensuring sustainable value creation for shareholders through sound management practices;
- Reviewing and aligning the Bank's strategy with the Group's strategic direction, while adapting to local market dynamics where necessary;
- Upholding the Bank's purpose, values, and behaviours across all Board activities; and
- Executing critical oversight and control responsibilities.

During a joint strategy session with management in October 2024, the Board considered and approved the Bank's 2025 strategy. Subsequently, on 2 December 2024, the Board approved its specific objectives and focus areas for 2025. Performance against these objectives was formally assessed on 18 March 2026.



Board objectives reflect the key areas for the year and are linked to the Bank's strategic ambitions.

Corporate strategy

Stakeholders affected



During the period under review, the Board maintained effective oversight of strategy execution and the 2025 short-term plan. A strategic review in June 2025 enabled assessment of progress, validation of key assumptions, and alignment with a changing operating environment. The Board also approved a scenario-based planning approach to respond to heightened economic uncertainty. Despite challenging conditions, the Bank achieved 5% year-on-year revenue growth, outperforming the broader market trend.

Key outcomes included:

- Financial performance: Profit before tax declined by 10% year-on-year and was 3% below target, largely due to modest revenue growth, higher operating costs, and increased impairments.
- Returns: While some value indicators improved, headline earnings and cost-to-income performance fell short of expectations due to macroeconomic pressures. Find out more: **Finance Director's report**
- Risk oversight: The 2025 Risk Appetite Statement was approved and regularly monitored, with enhanced focus on sovereign risk indicators in response to increased volatility.

Overall, the Board concluded that strategic execution remained sound, notwithstanding a constrained operating environment.

Capitals affected



Link to material matters:

- Structural economic transition
- Earnings resilience amid economic and consumer stress
- Advancing digital transformation with effective governance
- Shifting regulatory and compliance landscape
- Culture transformation and talent stewardship
- Climate change and a just transition.

2026 focus areas:

- Oversight of the Bank's response to macroeconomic and market volatility, informed by the Board-approved business scenario planning framework
- Monitoring of financial performance, including progress against revenue growth and diversification objectives
- Evaluation of performance against key indicators and operational efficiency measures, with corrective actions implemented where required
- Oversight of disciplined and agile risk management practices to ensure alignment with approved risk appetite and regulatory requirements
- Oversight of capital allocation to prioritise investment in strategically relevant, high-return initiatives that support long-term competitiveness.

Ratings:

Substantive achievement

Modest achievement

Limited achievement

Protecting value through strong governance continued

Customer primacy

Stakeholders affected



The Board continued to prioritise client centricity and the end-to-end customer experience, monitoring key performance indicators linked to value creation and the Bank's aspiration to be the primary partner of its clients.

Key outcomes under this objective included:

- Customer experience scores in Corporate and Investment Banking were sustained within target levels
- Improvements were realised in loan turnaround times
- Customer retention was strengthened through targeted engagement and service enhancements
- Brand perception was stabilised in a competitive environment, with noted improvement in brand consideration scores.

Capitals affected



Link to material matters:

- Structural economic transition
- Earnings resilience amid economic and consumer stress
- Advancing digital transformation with effective governance
- Shifting regulatory and compliance landscape
- Climate change and a just transition.

2026 focus areas:

- Prioritising value creation across the full client lifecycle while strengthening and embedding the Absa brand
- Monitoring the Bank's health indicators and customer engagement metrics to sustain competitiveness and deliver a consistently superior client experience across all segments.

Winning, talented and diverse team

Stakeholders affected



The Board noted meaningful progress in advancing the employee agenda, including clear improvements in embedding the culture transformation programme.

Key outcomes during the period included:

- Enhanced organisational clarity on priorities and execution focus following the refinement of business scenarios; and
- Sustained employee engagement levels despite a challenging and volatile operating environment.

Link to material matters:

- Earnings resilience amid economic and consumer stress
- Advancing digital transformation with effective governance
- Culture transformation and talent stewardship.

Capitals affected



2026 focus areas:

- Fostering a culture aligned with the Bank's purpose and values, while building a sustainable and future-fit workforce
- Implementing targeted initiatives to attract and retain scarce and critical talent, supported by competitive reward frameworks
- Overseeing robust succession planning and leadership pipeline development to mitigate key-person risks and ensure continuity
- Enhancing employee experience, engagement, and wellbeing to strengthen the Bank's position as an employer of choice.

Digitally powered business

Stakeholders affected



The Board acknowledged meaningful progress in enhancing the security and resilience of the Bank's digital platforms and supporting infrastructure. However, continued focus is required to further strengthen performance.

Key outcomes during the period included:

- Improving the speed and efficiency of digital execution in line with strategic objectives
- Strengthening data and analytics capabilities to enable more insight-driven decision-making
- Accelerating end-to-end digital onboarding and lending processes to enhance customer experience and operational efficiency.

Link to material matters:

- Earnings resilience amid economic and consumer stress
- Advancing digital transformation with effective governance
- Shifting regulatory and compliance landscape

Capitals affected



2026 focus areas:

- Oversight of a secure and resilient operating environment, with a strong emphasis on cyber security and data protection
- Oversight of the technology strategy to drive enterprise-wide productivity gains and enhance customer experience
- Ensuring appropriate governance frameworks are in place to support the responsible use of artificial intelligence and analytics
- Monitoring progress of digital transformation initiatives to advance automation and improve scalability.

Active force for good in everything that we do

Stakeholders affected



The Board maintained rigorous oversight of progress on the Bank's sustainability strategy and corporate citizenship initiatives.

Key outcomes during the period included:

- The sustainability sub-risk rating improved to "at target" from "at trigger," reflecting enhanced risk management practices and reduced exposure to ESG-related operational and reputational risks
- The Bank strengthened its leadership in sustainable finance through innovative offerings, including the Green Energy Loan, and expanded support for SMEs, promoting economic diversification and long-term growth
- Progress was made in advancing climate action, including the completion of scope 2 emissions assessment and the piloting of reduction initiatives, establishing a baseline for future science-aligned targets
- The quality and transparency of integrated reporting were further enhanced, earning regional recognition and reinforcing the Bank's commitment to high standards of disclosure and governance.

Capitals affected



Link to material matters:

- Structural economic transition
- Earnings resilience amid economic and consumer stress
- Shifting regulatory and compliance landscape
- Climate change and a just transition.

2026 focus areas:

- Oversight of the Bank's ESG commitments and the effective execution of related initiatives
- Strengthening accountability frameworks to minimise regulatory breaches and promote consistent, right-first-time execution
- Oversight of compliance with applicable laws and regulations, ensuring ethical and transparent operations while managing cost pressures responsibly
- Promoting sound corporate governance through robust practices, high-quality integrated reporting, and enhanced disclosures.

Ratings:

Substantive achievement

Modest achievement

Limited achievement

Protecting value through strong governance continued

Evaluation and effectiveness

As the focal point and custodians of corporate governance, there is a direct correlation between the performance of the Board and the performance of the organisation over which it provides oversight. Board culture similarly influences the organisational culture, and it is therefore important to assess and develop the culture that is wanted at all levels.

King IV™ under Principle 9 provides that the Board should ensure that the evaluation of its performance, its Committees, its Chairperson and its individual members, to support continued improvement in its performance and effectiveness. Regular performance assessments provide the Board with an opportunity to review and improve its performance. During the reporting period, the Board undertook an externally facilitated performance evaluation, reinforcing its commitment to robust governance practices and continuous improvement.

Methodology and approach: the evaluation was conducted as a structured self-assessment supported by independent facilitation.

- It comprised a comprehensive online questionnaire completed by all eleven Board members, aligned to King IV™ principles, governance best practice, and international benchmarking standards
- Confidential one-on-one interviews conducted by the independent facilitator to further probe insights, trends and areas of divergence. Quantitative scoring on a five-point scale (1 = poor; 5 = excellent), complemented by qualitative commentary to provide context and depth to the results.
- Full anonymity of responses to ensure candid participation and integrity of outcomes.
- The evaluation covered the Board, its Committees, individual Directors, and key governance role players, applying both internal assessment criteria and external private-sector benchmarking.

Overall performance and benchmarking

- The Board achieved an overall performance rating of 4.2 out of 5.0, which falls within the “Good” performance category. Importantly, this score is aligned with the private sector benchmark of 4.2, indicating that the Board’s effectiveness is consistent with comparable organisations.
- Performance across all assessed areas was within the “Good” range, demonstrating a consistently effective governance framework, with particularly strong performance evident in Board Committee structures.

Dimensions of effectiveness assessed: the evaluation assessed Board effectiveness across key governance dimensions, with the following outcomes:

- Board Composition (4.0) – Appropriate mix of skills, experience and independence, with opportunities to further strengthen diversity and succession planning.
- Board Culture (4.2) – Strong ethical foundation, effective meeting dynamics, and high-quality engagement, underpinned by integrity, transparency and accountability
- Roles and Responsibilities (4.1) – Clear oversight of strategy, risk, compliance and performance, with continued focus on strengthening technology and information governance.
- Board Committees (4.3) – Reflection of well-functioning committee structures with effective oversight across audit, risk, credit, compliance, human capital and remuneration matters.
- Board Role Players (4.1) – Strong collaboration between the Board, Chair, and Management, with effective delegation and oversight arrangements.

The evaluation confirmed that the Board operates effectively and provides sound oversight of the organisation. Key strengths include a strong ethical culture and constructive Board dynamics; as well as effective Committee structures. Areas identified for continued focus include: Enhancing aspects of Board composition and succession planning; ongoing Director development and targeted training; continued optimisation of Board and Committee processes to enhance efficiency; and further strengthening oversight in selected areas such as technology governance.

The secretariat is executed by Yonta Leburu, whose qualifications and experience are presented on page 70 of this report, with a full biography available at <https://www.absa.co.bw/about-us/>. In accordance with the BSE Listings Requirements, the Board undertook an annual, independently facilitated assessment of the Company Secretary, which included a structured questionnaire completed by Board members. The assessment considered her qualifications, experience, governance expertise, as well as the quality, effectiveness and timeliness of the support and advice provided to the Board and its Committees. Furthermore, the assessment considered the independence of the Company Secretary and the extent to which she maintains an appropriate arm’s length relationship with the Board. The Board is satisfied that the Company Secretary maintains the requisite level of independence, fulfils her responsibilities objectively, and is not a director of the Company. The outcome of the evaluation confirmed a high level of competence and effectiveness in the execution of her duties. Accordingly, the Board is satisfied that the Company Secretary possesses the necessary competence, qualifications, experience and independence required for the role during the reporting period.

The Board is satisfied that it continues to operate at an effective level, with performance outcomes aligned to leading governance benchmarks. The evaluation process provides a structured basis for continuous improvement, and the Board will monitor progress against agreed actions as part of its annual governance cycle.



The Board is satisfied that the evaluation process is improving its performance and effectiveness.



Protecting value through strong governance continued

Board Committees' reports

Board Committees support the Board in discharging its duties and responsibilities. Each committee comprises directors with the appropriate skills and experience and is chaired by independent non-executive director. All committees operate under formally approved terms of reference, which are reviewed annually and aligned with applicable legislation, regulatory requirements and governance best practices. As noted on page 72 the Board reconstituted its committees following the appointment of new Board members. As the Board advances the process to fill the remaining two non-executive director vacancies, the composition of the committees will be reassessed, with particular focus on compliance with the Guidelines, the appropriate mix of skills and competencies, succession planning and diversity considerations.

Our governance structures and processes support the decision-making, which enables us to navigate the necessary trade-offs between the capable

Board Risk Committee

Sari Nikka

Chairperson



	Mandate	2025 Focus areas and material decisions	2026 Focus areas
Members - Sethunya Makepe-Garebatho - Saviour Chibiya Mandatory attendees: - Managing Director - Finance Director - Chief Internal Auditor - Chief Operations Officer - Chief Risk Officer - Compliance Director - Treasurer - Head of Legal - Chief of Staff, Strategy and Sustainability Officer Other attendees Senior management	Primary objective is to ensure that the Bank maintains an effective risk management framework and supporting policies to enable the achievement of its strategic objectives: - Provides oversight of the Bank's overall risk profile, including advising the Board on risk appetite, risk tolerance and risk culture - Oversees the identification, measurement, management and monitoring of key risks, ensuring alignment with the Board-approved risk appetite - In collaboration with the Audit Committee, ensures that robust internal control and assurance frameworks are in place and operating effectively across the Bank - Provides assurance to the Board that executive management has implemented effective risk management processes and that these remain appropriate and responsive to the evolving risk environment - Oversees the management of key risk categories, including capital and liquidity risk, market risk, operational and resilience risk, strategic, sustainability and reputational risk - Provides oversight of the Bank's sustainability risk framework and related disclosures - Ensures that appropriate capital and liquidity management processes are in place and remain adequate to support the Bank's risk profile and strategic objectives.	The Committee convened four (4) meetings during the reporting period. - Committee reviewed and approved the Bank's risk appetite and principal risk profile, ensuring continued alignment with the Bank's strategic objectives and operating environment - The Committee provided oversight of a cross-functional strategic initiative focused on improving reporting accuracy - Oversight was provided on the Internal Capital Adequacy Assessment Process (ICAAP), including the adequacy of capital relative to the Bank's risk profile - Committee reviewed internal liquidity stress metrics to assess the Bank's resilience under stressed conditions - Ongoing consideration was given to macroeconomic and geopolitical developments, including sovereign risk and their potential impact on the Bank's risk profile, risk appetite measures and overall performance - The Committee reviewed and approved key risk management frameworks and policies, including: Enterprise Risk Management Framework; Market Risk Management Framework; Non-Traded Market Risk Policy; Business Continuity Management Policy; Information Security and Cybersecurity Policy; Enterprise Stress Testing Framework; Environmental Social and Governance Risk Policy; Change Risk Policy and Data Management Risk Policy.	The Committee approved its 2026 forward workplan on 19 November 2025. Focus will be on the following: - Ongoing oversight of capital, liquidity and funding management across the Bank - Further enhancement of the integration of macroeconomic and sovereign risk assessments into the risk management framework and performance monitoring - Continued monitoring of risks arising from geopolitical developments and their potential impact on the Bank - Strengthening cyber and technology risk management through the enhancement of key risk indicators (KRIs) and reporting capabilities.

Protecting value through strong governance continued

Board Audit Committee

Benjamin Kodisang

Chairperson



	Mandate	2025 Focus areas and material decisions	2026 Focus areas
Members • Dr Priya Iyer • Dr Wilfred Mandlebe Mandatory Attendees • Managing Director • Finance Director • Compliance Director • Chief Operations Officer • Chief Risk Officer • Chief Internal Auditor • Head of Legal • External Auditors • Country Treasurer • Other attendees –senior management officials as necessary	The Committee's primary mandate is to ensure that the Bank maintains an effective audit framework and robust control environment to support the achievement of its strategic objectives • It oversees the integrity of financial reporting, including the review of accounting policies, financial statements and disclosure controls and procedures, as well as management's approach to internal controls • The Committee evaluates the adequacy, independence and effectiveness of both internal and external audit functions, ensuring compliance with applicable regulatory and financial reporting requirements • It oversees the relationship with external auditors and provides assurance to the Board regarding the effectiveness of management's control assurance processes • The Committee monitors financial controls, accounting systems and shareholder reporting and assesses the management of key financial risks. • In line with corporate governance best practice, the Committee is chaired by an Independent Non-Executive Director who is not the Chairperson of the Board • The Chief Internal Auditor reports functionally to the Committee and is responsible for delivering independent, risk-based assurance and advisory services aimed at enhancing value creation and protection • The Internal Audit function maintains a Quality Assurance and Improvement Programme (QAIP), which ensures continuous evaluation and enhancement of audit activities in accordance with professional standards • The Committee oversees the appointment of the Finance Director and regularly assesses the competence, experience and resourcing of the Finance function • Both internal and external auditors have unrestricted access to the Chairperson of the Committee.	• The Committee convened four (4) meetings during the reporting period • Oversight was exercised on the appropriateness of dividend declarations, including recommending the final dividend to the Board for approval • The Committee reviewed the Bank's solvency position • Oversight was provided on the successful onboarding of the substantive Finance Director, effective 1 June 2025 • Continued focus was placed on strengthening the control environment, including monitoring remediation efforts and enhancing control function capabilities • The Committee oversaw improvements in regulatory financial reporting processes • Internal and external audit plans were reviewed and approved. • Audit materiality thresholds were reviewed and approved • The dividend and repatriation policy was endorsed • A detailed review of Group recharge arrangements was undertaken, with recommendations submitted to the Board • The Committee confirmed its satisfaction with the independence of the external auditors • As per the BSE Listing requirements, assessment of the performance of the Chief Internal Auditor and Finance Director was conducted: • The Committee is satisfied with the performance of the Chief Internal Auditor, Ms Idah Nkoloi, whose qualifications and experience are indicated on page 70 of this report • The Committee exercised oversight on the appointment of the Finance Director, Kudakwashe Mukushi, and his qualifications and experience are detailed on page 68 of this report. The Committee is satisfied that the Finance Director possesses the requisite expertise and experience to fulfil his role effectively and continues to perform appropriately in this capacity.	The Committee approved its 2026 forward workplan on 19 November 2025. Focus will be on the following: • Fulfilment of statutory responsibilities, including oversight of annual and interim financial reporting and regulatory disclosures • Continued strengthening and stabilisation of the Bank's control environment • Ongoing monitoring and enhancement of fraud risk management, including strengthening documentation and related controls • Improvement of operational risk management, with particular emphasis on fraud risk in response to evolving market trends.

Protecting value through strong governance continued

Board Credit Committee

Thabo Matthews

Chairperson



	Mandate	2025 Focus areas and material decisions	2026 Focus areas
Members Kgotlayarona Ramaphane Sari Nikka Mandatory attendees: - Managing Director - Finance Director - Chief Credit Officer Other invitees: - Economist - Chief Risk Officer - Head of Corporate Credit - Head of Retail Credit - Retail Director - Corporate Banking Director - Business Banking Director - Head of Business Support and Corporate Recoveries	Primary mandate is to provide oversight of the Bank's credit risk management framework, ensuring that lending activities are conducted within an appropriate risk appetite and in support of the Bank's strategic objectives. It serves as the ultimate sanctioning authority for credit exposures above delegated limits, ensuring sound and consistent credit decision-making across the Bank: - Oversees the development, implementation, and periodic review of the Bank's credit policy, lending strategy and credit risk appetite - It monitors the overall quality and composition of the Bank's credit portfolio, including sector concentrations, impairments and emerging risks - Ensures compliance with regulatory requirements relating to lending limits, capital adequacy and statutory ratios - It provides oversight of governance and control processes associated with lending, including the management of non-performing loans, credit losses and recoveries - Considers broader economic, environmental and reputational factors in credit decision-making to ensure a holistic assessment of risk - Provides assurance to the Board that effective credit risk management practices are in place and that the Bank's lending activities remain prudent, sustainable and aligned to stakeholder expectations	The Committee convened four (4) meetings during the reporting period. - The Committee considered the macroeconomic environment, including economic recovery trends, market volatility and sector-specific stress factors, to assess potential impacts on sector limits and the Bank's credit risk appetite - Oversight was provided on the delegation of credit authority to management and the Chief Credit Officer, including the review and approval of credit exposures exceeding delegated mandates - Committee conducted detailed reviews of key sector exposures, including agriculture, construction, wholesale and trade, manufacturing, tourism, financial services and the diamond sector, to assess concentration risks and emerging trends - Ongoing oversight was maintained over Portfolio Credit Reviews, with a focus on asset quality and early identification of risk - Committee monitored single-name exposures on the watchlist and evaluated management actions implemented to mitigate associated risks - Quarterly reviews of retail and wholesale credit portfolio performance were undertaken - Continued oversight was provided on the Credit function, including its resourcing, structure, and capacity to effectively support the Bank's credit risk management objectives - The Committee reviewed and approved key credit risk frameworks and policies, including the Credit Risk Management Framework and Primary Risk Policy.	The Committee approved its 2026 forward workplan on 20 November 2025. Focus will be on the following: - Continued monitoring of the macroeconomic environment and its impact on the Bank's credit risk appetite and portfolio performance - Ongoing assessment of sovereign risk and its implications for the Bank's credit exposures - Enhanced monitoring of emerging industry and sector trends to inform proactive credit risk management - Continued oversight of large and single-name exposures, with emphasis on concentration risk management - Monitoring of large exposures relative to qualifying capital to ensure compliance with Central Bank regulatory requirements.

Protecting value through strong governance continued

Board Compliance Committee

Sethunya Makepe-Garebatho

Chairperson



	Mandate	2025 Focus areas and material decisions	2026 Focus areas
Members - Thabo Matthews - Kgotlayarona Ramaphane	The Committee's primary mandate is to ensure that the Bank operates with integrity and in full compliance with applicable laws, regulations and internal policies, thereby supporting the achievement of its strategic objectives.	The Committee convened three (3) meetings during the reporting period. - Oversight was exercised over the Bank's overall regulatory compliance posture, ensuring adherence to applicable laws and supervisory requirements - The Committee monitored the embedment of Conduct Risk Outcomes, including the review of whistleblowing reports and oversight of mandatory compliance training programmes - Oversight was provided on the progress of the annual Know Your Customer (KYC) refresh programme - The Committee oversaw enhancements in regulatory reporting processes and practices - Reports on emerging compliance trends and thematic risks were reviewed to inform proactive risk management - The Committee monitored compliance readiness and the implementation of new and revised regulatory requirements - Review of report received on the Rewards Market Data Analysis survey - Oversight was provided on reputational risk, including the monitoring of Key Risk Indicators (KRIs) - The Committee reviewed and approved key compliance frameworks and policies, including the Competition Law Policy; Onboarding and Exit of Relationships Policy; Anti-Money Laundering (AML) Policy; Anti-Bribery and Corruption (ABC) Policy; Sanctions Policy and the Whistleblowing Policy.	The Committee approved its 2026 forward workplan on 20 November 2025. Focus will be on the following: - Continued enhancement of regulatory reporting capabilities and processes - Oversight of compliance with the provisions and embedment of the Data Protection Act - Monitoring management initiatives to ensure readiness for, and alignment with, the forthcoming Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG) mutual evaluation - Oversight of the recruitment of a substantive Compliance Director and continued assessment of the Compliance function, including its resourcing, structure, and capacity to support the Bank's strategic objectives within an increasingly complex regulatory environment.
Mandatory attendees: - Managing Director - Finance Director - Chief Internal Auditor - Chief Operations Officer - Chief Risk Officer - Compliance Director - Head of Legal	Established in June 2025, the Committee provides independent oversight of the Bank's compliance and conduct risk framework, with a focus on ensuring that regulatory, financial crime and conduct risks are appropriately identified, assessed, managed and monitored. Among other responsibilities, the Committee: - Supports the Board in fulfilling its governance responsibilities relating to regulatory compliance, ethical conduct, and financial crime risk management - Oversees the adequacy and effectiveness of compliance frameworks, policies, and processes, ensuring alignment with regulatory requirements and evolving best practice - Oversees the Bank's engagement with regulators and monitors adherence to supervisory requirements, including regulatory reporting and disclosures - Monitors compliance with financial crime regulatory requirements, including Anti-Money Laundering (AML), Combating the Financing of Terrorism (CFT), and Anti-Bribery and Corruption (ABC) frameworks - Oversees the appointment, performance, independence, and resourcing of the Compliance Director, ensuring that the compliance function is appropriately capacitated and operates without undue restriction - Ensures that the Compliance Director has direct access to the Chairperson of the Committee, supporting independence and transparency in reporting.		
Other attendees –Senior management as appropriate such as the Money Laundering Reporting Officer			

Protecting value through strong governance *continued*

Human Resources, Remuneration and Nominations Committee ("HR Committee")

Kgotlayarona Ramaphane

Chairperson



	Mandate	2025 Focus areas and material decisions	2026 Focus areas
Members • Cosmas Moapare • Sethunya Makepe-Garebatho Mandatory attendees • Managing Director • Finance Director • Human Capital Director Other invitees: Senior management as and when necessary	The Committee's primary mandate is to provide oversight of the Bank's human capital, remuneration, and Board nomination frameworks, ensuring alignment with the Bank's strategic objectives and long-term sustainability. It also supports the Board in fulfilling its governance responsibilities relating to the composition, structure, and effectiveness of the Board and its committees. Key responsibilities include: • Setting and overseeing the implementation of remuneration policies and frameworks to ensure fair, responsible, and risk-aligned reward practices • Providing assurance to the Board that human capital practices, remuneration structures, and nomination processes support prudent risk management and sustainable value creation • Overseeing the Bank's human resources strategy, including talent management, employee engagement, organisational culture, and succession planning for executive management and critical roles. • Monitoring key human capital metrics, including staff turnover, diversity and inclusion, productivity, and critical vacancies. • Overseeing leadership development to support continuity of capability across the organisation • Reviewing and approving the Bank's remuneration policy to ensure alignment with risk appetite, performance outcomes, and long-term strategy • Overseeing reward frameworks, including incentive structures, compensation practices, and performance measurement systems. • Approving remuneration for senior executives and reviewing incentive pools, salary increases, and benefit structures. • Ensuring remuneration practices remain aligned with regulatory expectations and stakeholder interests • Overseeing remuneration disclosures and ensuring compliance with applicable regulatory and reporting requirements.	The Committee convened five (5) meetings during the reporting period. • The Committee reviewed and approved the short-term incentive pool and allocation principles • Approval was granted for the annual salary mandate • Approval was granted for new Country Management Committee (CMC) appointments and associated remuneration • The Committee reviewed and approved short-term and long-term incentive outcomes for the CMC population. Find out more: Remuneration report • The Employee Handbook was finalised and endorsed, consolidating key human capital policies into a single, accessible framework • The Committee considered the outcomes of the Colleague Experience Survey, including key insights and management's proposed actions • Oversight was exercised on emerging and revised employee legislation, including the Employment and Labour Relations Act • Progress was made on Non-Executive Director (NED) recruitment, including the consideration and shortlisting of candidates for Board vacancies • The Committee reviewed Board succession plans and conducted skills assessments to ensure continued Board effectiveness.	The Committee approved its 2026 forward workplan on 21 November 2025. Focus will be on the following: • Strengthening succession planning across the organisation to ensure leadership continuity • Enhancing performance management practices to support the achievement of strategic objectives • Building a sustainable and future-fit workforce aligned to evolving business needs • Attracting and retaining critical and scarce skills in a competitive and dynamic financial services environment • Finalising the recruitment of vacant Country Management Committee (CMC) roles.



The committees are satisfied that they have fulfilled their responsibilities in accordance with their respective terms of reference during the reporting period, and that committee members possess the requisite skills to effectively discharge the mandates of their respective committees.

Rewarding value creation

Remuneration report



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The HR Committee is satisfied that the 2025 remuneration outcomes fairly reflect the Bank's performance and remains aligned with our pay-for-performance philosophy.

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Kgotlayarona Ramaphane

Board Human Resources
Remuneration and Nominations
Committee ("HR Committee")

On behalf of the HR Committee and the Board, I am pleased to present the 2025 Remuneration Report, which outlines our remuneration philosophy, governance framework and implementation outcomes for the reporting period.

Our approach to remuneration remains firmly anchored in supporting the Bank's strategic objectives, enabling sustainable performance, and reinforcing a culture of accountability, fairness and value creation for all stakeholders. During the year, Management completed a comprehensive review of the Employee Handbook, which was subsequently endorsed by the HR Committee and recommended to the Board for approval.

The Handbook consolidates the Bank's key human capital policies, including the remuneration policy, into a unified governance framework that strengthens policy alignment, enhances clarity and supports consistent people practices across the organisation. The Committee remains satisfied that the Bank's remuneration policy and approach continue to be appropriate, effective and aligned with the evolving needs of the business. Accordingly, no material changes were made during the year.

Our remuneration principles continue to balance the attraction, retention and motivation of talent with prudent risk management, sustainable performance outcomes and the interests of shareholders. We value the constructive engagement and feedback received from shareholders at the Bank's 39th AGM regarding our remuneration practices and disclosures. These perspectives continue to inform and enhance the quality of the HR Committee's deliberations and oversight. I look forward to further engagement at the Bank's 40th AGM, scheduled for 29 June 2026.

This report includes an overview of our remuneration framework and implementation thereof, with individual remuneration for non-executive directors ("NED"), and executive directors, as well as averaged remuneration data for our Country Management Committee ("CMC"), senior management, middle management and non-management cadres depicted. A strong and holistic Employee Value Proposition (EVP) remains central to the Bank's approach to attracting, retaining and developing talent, while reinforcing the desired organisational culture. While remuneration is not the sole component, it represents a significant element of the EVP. In this context, the Board seeks to maintain an appropriate balance between targeted investment in remuneration, particularly for executives, key talent and critical skills, both current and future and its commitment to fair and responsible remuneration practices on the overall.

During 2025, the Bank implemented a simpler performance management approach aimed at strengthening a high-performance culture across the

Bank. The enhanced framework improved the differentiation of remuneration outcomes by more closely aligning reward with performance, particularly in relation to short-term incentives, including the allocation of incentive pools across businesses, functions and individuals based on relative performance outcomes. Focus areas by the HR Committee remained as follows:

- Fair and responsible remuneration across the job grades
- Ensuring an appropriate remuneration mix at all levels
- Attracting and retaining top talent, critical skills, and mitigating the impact of macro issues and talent competition in the financial services sector

The HR Committee will continue with its focus on holistic human capital and remuneration's strategic role in enabling sustainable organisational performance and stakeholder value creation.

As a bank, our remuneration framework and policies guide the actions we take in this regard, factoring into consideration good corporate governance and international best practice, as well as feedback received from our various stakeholders. As indicated, there were no material changes to our framework, and as part of the Absa Group, our remuneration policy is anchored on the following principles:

- Support the realisation of our stakeholder aspirations, with a specific focus on rewarding our employees for the achievement of our strategy within our risk appetite relative to performance and shareholder returns.
- Align the long-term interests of our executives and shareholders by ensuring transparent remuneration outcomes aligned to the value we create in the short, medium and long-term. This entails a specific emphasis on the contribution of longer-term incentives for senior and executive employees, which are aligned with market practice.
- Attract, retain and engage high-caliber individuals with the skills, ambition and talent to deliver our strategy.
- Drive our culture while taking ownership and accountability for responsible, sustainable business growth and success.
- Pay-for-performance by aligning incentive outcomes to performance and value created. Within this context, we apply various provisions to ensure the effective alignment of risk and reward within the context of the Bank's performance outcomes and to discourage inappropriate behaviour.
- Deliver fair and responsible remuneration through regular reviews of remuneration differentials and appropriate decisions that impact our junior employees. This includes a concerted emphasis on addressing differentials in reward, considering market-based pay.
- Continuously build confidence and trust in our reward outcomes through high-quality reward governance, engagement in our disclosure with shareholders, and internal transparency and effective communication.

Rewarding value creation continued

From an NED perspective, and as previously disclosed, the Board assesses the appropriateness of NED fees on a biennial basis, following which recommendations are submitted to shareholders for consideration. NED fees were last adjusted at the 38th Annual General Meeting ("AGM"), with no increases proposed at the 39th AGM held in June 2025. Considering prior shareholder feedback, the Bank engaged an independent external firm to conduct a NED remuneration benchmarking exercise. The outcomes of this review have contributed to the proposed adjustments of NED fees, which will be presented for shareholder approval at the 40th AGM. The main drivers for our NED fees include consideration of the fees paid by our large banking competitors, level of general increase applied to our employees (with particular reference to those applicable to senior management), and overall inflation. More details on the 2026 NED fee proposals can be viewed on the the Shareholder Information section on page 175 of this report.

In terms of executive directors' and employee remuneration, our principles and practices were designed to deliver remuneration that is market-competitive; fair and responsible; incentivise performance; assists in attracting and retaining talent and those with scarce skills; and is aligned with the risk and conduct expectations of the Bank. In doing so, the Board remained cognisant of the balance of stakeholder interests over the long term when considering the fixed and variable remuneration outcomes. Factors considered include a comparison of the remuneration practices and policies of competitor banks, available market information, talent and critical skills retention, overall Absa Group performance and approach to remuneration. In considering the salary mandates, short and long-term incentives, the HR Committee and the Board applied the following fundamental principles to guide decision-making.

- Overall Group performance;
- Relative and absolute Bank performance;
- The individual executive's performance, underpinned by balanced scorecards;
- An appropriate mix of short-term and long-term remuneration, to ensure alignment with the creation of long-term stakeholder value;
- Appropriate consideration of the experience and tenure of executives in their roles, and for more recent appointments, to ensure that there is an appropriate runway to develop into their roles;
- Ensuring that we do not have a disproportionate allocation of the short-term incentive pool to more senior levels, with junior employees continuing to receive an appropriate share of the short-term incentive pool and
- Market competitiveness of our executive remuneration relative to our peers and other large organisations in our market.

The Board, through the HR Committee thus reviewed and exercised oversight on the critical decisions regarding executive and bank-wide remuneration, including the salary mandate and country bonus pool distribution principles. The eKhaya Colleague Share Scheme provides employees in South Africa with an equity ownership interest in Absa Group while employees in Botswana are entitled to an equivalent gross value linked to the benefits which South African Scheme Participants will receive under the Absa eKhaya Colleague Share Scheme, accounted for as a cash-settled share-based payment arrangement. During 2025, the eKhaya Colleague Share Scheme distributed dividends of P2.3 million to our employees. Find out more: **A winning, talented and diverse team.**

Bank performance is a critical lens through which remuneration decisions are made, and key considerations included the operating environment vis a vis financial performance. Despite a challenging external environment, the Bank continued to deliver a resilient performance in 2025, and the Board has sought to ensure an appropriate balance of stakeholder interests in our remuneration outcomes. A key consideration was the extent to which targets and actual

performance were achieved in relation to revenue, pre-provision profit and return on equity. Find out more: **Strategic Scorecard**. As the HR Committee, we are of the view that the 2025 remuneration implementation decisions represent a fair and balanced outcome based on the Bank's performance, are appropriately aligned with shareholder and stakeholder interests over the long term.

During 2026 we will focus on:

- Robust succession planning across the organisation
- Strengthening performance management culture in support of achieving our performance and strategic goals
- Building a sustainable and future fit workforce.



Rewarding value creation continued

Remuneration of Non-Executive Directors in 2025 is as follows

	Board	Audit Committee	Risk Committee	HR Committee	Credit Committee	Compliance Committee	Round Robin Applications	Special Meetings	Lead Independent Director	Subsidiary Entities	Total
Director											
Cosmas Moapare (Board Chairperson)	761 000						18 200	24 800		6 300	810 300
Kgotlayarona Ramaphane (Lead Independent Director)	250 400		29 700	100 000	36 300	24 200	18 200	27 900	120 000	6 300	613 000
Sethunya Makepe-Garebatho	250 400		29 700	48 400	24 200	75 000	18 200	27 900			473 800
Sari Helena Nikka	250 400	57 500	118 800		24 200		18 200	24 800			493 900
Benjamin Monaheng Kodisang	250 400	229 500			25 000		18 200	24 800			547 900
Thabo Kagiso Matthews	250 400	28 750			87 100	36 300	18 200	24 800			445 550
Wilfred Jiwa Mandlebe	208 667	86 250					15 600	24 800			335 317
Priya Iyer	177 367	57 500					15 600	21 700			272 167
Saviour Mwepu Chibiya	Director remuneration paid by Absa Group Limited.										

Notes:

- The Compliance Committee commenced operations in 10 June 2025
- Board Committee reconstituted with effect from 1 April 2025 and 1 July 2025. Further detailed can be found on page 79 of this report
- Dr Wilfred Mandlebe was appointed to the Board on 20 February 2025
- Dr Priya Iyer was appointed to the Board on 15 April 2025
- Saviour Chibiya is a non-executive director and Group nominee, with his remuneration being paid by the Group. Details on his remuneration can be found on page 45 of the Absa Group Remuneration Report - <https://www.absa.africa/wp-content/uploads/2026/04/Absa-Group-Limited-Remuneration-Report.pdf>

Remuneration of Executive Directors* in 2025 is as follows:

Awarded remuneration**	Keabetswe Pheko-Moshagane		Kudakwashe Mukushi*
	2024 (BWP)	2025 (BWP)	2025 (BWP)
Salary	4 185 231	4 421 456	1 398 753
Medical aid	62 360	111 192	57 169
Pension and retirement benefits	565 006	596 897	349 688
Other employee benefits	572 667	704 343	111 244
Total fixed remuneration	5 385 264	5 833 888	1 916 854
Non-deferred cash award	1 594 858	1 724 573	550 000
Deferred share award	852 843	949 484	
Total short-term incentives	2 447 701	2 674 057	550 000
Other Payments			
Ekhaya Scheme	61 094	102 111	102 111

*Executive (Finance) Director, Mr Kudakwashe Mukushi joined the Bank and it's Board on 1 June 2025.

** Notes detailing the components of the type of remuneration can be found in "Categories of Remuneration" on page 84 of this report.

Rewarding value creation continued

Outstanding Absa Group share-based long-term incentives for Executive (Managing) Director Keabetswe Pheko-Moshagane

Keabetswe Pheko-Moshagane	Number (No) of shares under award at 1 Jan 2025	Market value of shares under award at 1 Jan 2025 (BWP)	No of shares awarded during 2025	Market value of shares on award date (BWP)	Total No of shares (incl. dividend shares) released during 2025	Market value of release on the release date (BWP)	Number of shares forfeited in 2025	Market value of forfeiture on the forfeiture date (BWP)	No of shares under award at 31 Dec 2025	Market value of shares under award at 31 Dec 2025 (BWP)	Last scheduled vesting date
Share incentive plan performance 2022 (SIPP)	22 241	3 163 155			18 893	2 539 801	7 184	965 753			1-Apr-25
Share incentive plan deferral 2022 (SIPD)	1 112	158 151			1 395	187 531					1-Apr-25
Share incentive plan performance 2023 (SIPP)	24 424	3 473 625							24 424	4 683 743	1-Apr-26
Share incentive plan deferral 2023 (SIPD)	4 045	575 287			2 382	320 215			2 022	387 755	1-Apr-26
Share incentive plan performance 2024 (SIPP)	29 129	4 142 779							29 129	5 586 012	1-Apr-27
Share incentive plan deferral 2024 (SIPD)	6 722	956 015			2 447	328 953			4 481	859 313	1-Apr-27
Share incentive plan performance 2025 (SIPP)			32 230	4 513 080					32 230	6 180 685	3-Apr-28
Share incentive plan deferral 2025 (SIPD)			6 174	864 529					6 174	1 183 976	3-Apr-28

Outstanding Absa Group share-based long-term incentives for Executive (Finance) Director Kudakwashe Mukushi

Kudakwashe Mukushi	Number (No) of shares under award at 1 Jan 2025	Market value of shares under award at 1 Jan 2025 (BWP)	No of shares awarded during 2025	Market value of shares on award date (BWP)	Total No of shares (incl. dividend shares) released during 2025	Market value of release on the release date (BWP)	Number of shares forfeited in 2025	Market value of forfeiture on the forfeiture date (BWP)	No of shares under award at 31 Dec 2025	Market value of shares under award at 31 Dec 2025 (BWP)	Last scheduled vesting date
Share incentive plan retention buyout award September 2025 (SIPR)			12 501	1 630 944	13 032	2 277 905					1-Dec-25
Share incentive plan retention buyout award December 2025 (SIPR)			7 208	1 011 127					7 208	1 382 264	1-Dec-26

The Absa Group Share Incentive Plan ("SIP") Long-Term Performance Award is designed to incentivise long-term performance with vesting of awards, subject to fulfilment of a combination of financial and non-financial Absa Group performance targets measured over a three-year performance period. Awards will vest on or around the third anniversary of the grant date, subject to the achievement of the performance targets, and continued employment requirements, as set out in the SIP rules. The actual value of the vesting to accrue to each participant will be based on the share price on the vesting date and will include any dividend shares (based on dividends declared during the vesting period), and referenced to the number of shares that will vest following application of the performance targets.

Rewarding value creation continued

Remuneration of the Country Management Committee in 2025 is as follows:

(BWP)	2024	2025
Awarded remuneration*		
Total CMC Salary	22 555 843	21 783 527
Average CMC Salary	1 611 132	1 675 656
Medical aid	713 817	1 050 646
Pension and retirement benefits	2 288 865	2 279 391
Other employee benefits**	25 409 247	7 856 170
Total Fixed Remuneration	50 967 772	32 969 734
Total non-deferred cash award	8 666 045	7 947 723
Deferred share award	893 955	1 032 277
Total Short-Term Incentives	9 560 000	8 980 000
Face value of long-term incentive award (on target award)	16 022 708	21 927 718
Other Payments		
Ekhaya Scheme	794 224	1 225 332

Total number of individuals in the CMC population in calculation of the above are 13 (2024:14) (2024:14), exclusive of the Managing Director and Finance Director.

*Notes detailing the components of the type of remuneration can be found in "Categories of Remuneration" on page 84 of this report.

A year on year decrease in "other employee benefits" and total fixed remuneration was recorded despite relatively stable headcount. The decrease was primarily attributable to interim appointments during the reporting period, as interim appointees are not eligible for related allowances in terms of policy.

All shares referred to, form part of the Absa Group Limited share incentive plans. No shares are awarded for Absa Bank Botswana Limited.

Remuneration of Management in 2025 is as follows:

Senior Management:

(BWP)	2024	2025
Awarded remuneration*		
Total Senior Management Salary	48 108 697	52 731 188
Average Senior Management Salary	874 704	878 853
Medical aid	1 559 669	1 752 640
Pension and retirement benefits	6 021 914	6 434 291
Other employee benefits	11 119 227	10 405 265
Total Fixed Remuneration	66 809 507	71 323 384
Total non-deferred cash award	10 258 460	13 654 382
Total Short-Term Incentives	10 258 460	13 654 382
Other Payments		
Ekhaya Scheme	2 819 339	6 126 660

Senior Management refers to employees at Vice President (VP) job grade with a total number of individuals at 60 (2024:55).

*Notes detailing the components of the type of remuneration can be found in "Categories of Remuneration" on page 84 of this report.

Rewarding value creation continued

Middle Management:

(BWP)	2024	2025
Awarded remuneration*		
Total Middle Management Salary	94 916 417	107 097 023
Average Middle Management Salary	347 679	374 465
Medical aid	6 530 816	7 143 919
Pension and retirement benefits	12 791 413	14 325 053
Other employee benefits	19 115 069	20 381 111
Total Fixed Remuneration	133 353 715	148 947 106
Total non-deferred cash award	12 684 800	15 089 540
Total Short-Term Incentives	12 684 800	15 089 540
Other Payments		
Ekhaya Scheme	14 296 026	29 203 746

Middle Management refers to employees at Assistant Vice President (AVP) and BA4 job grades with a total number of individuals at 286 (2024: 273)

*Notes detailing the components of the type of remuneration can be found in "Categories of Remuneration" on page 84 of this report.

Remuneration of non-management in 2025 is as follows:

(BWP)	2024	2025
Awarded remuneration*		
Total Non- Management Salary	113 167 687	120 319 896
Average Non-Management Management Salary	183 714	197 895
Medical aid	16 358 869	16 306 802
Pension and retirement benefits	15 204 705	16 019 463
Other employee benefits	13 476 287	11 161 989
Total Fixed Remuneration	158 207 548	163 808 150
Total non-deferred cash award	7 155 420	10 832 000
Total Short-Term Incentives	7 155 420	10 832 000
Other Payments		
Ekhaya Scheme	33 373 507	62 083 488

Non-Management refers to employees at BA1 – BA3 job grades with a total number of individuals at 608 (2024: 616)

*Notes detailing the components of the type of remuneration can be found in "Categories of Remuneration" on page 84 of this report.

Categories of remuneration:

- Fixed remuneration: fixed remuneration is inclusive of payments made in respect of salary, medical aid benefits, pension and other monthly benefits, including allowances.
- Variable remuneration: variable remuneration is inclusive of bonus payments of which a portion may be delivered in the form of share / cash-based payments. Variable remuneration is used to reward the delivery of performance targets. Discretionary annual bonus awards are the primary variable remuneration mechanism and are used to reward performance.
- Non-deferred cash awards: for all employees, non-deferred cash award is the portion of the short-term incentive award not subject to deferral, paid in cash in March 2025 and March 2026 in respect of prior year performance.
- Deferred share awards: this is the portion of the short-term incentive award that is subject to deferral into Absa Group shares on 50% of the portion that exceeds ZAR1 million. Deferred awards were granted in April 2025 for the 2024 short-term incentive award, and will be granted in April 2026 for 2025 performance.
- Total short-term incentives: short-term incentives are not defined as incentives that are settled in the next 12 months after the reporting period, but rather represent the category of performance-based awards (comprising a cash payment and a deferred award) per the Group's remuneration policy, to which no future performance targets apply. The only conditions attached to deferred short-term incentives relate to the continued service requirements over the vesting period (three years).
- Face value of long-term incentive award (on-target award): the long-term incentives (LTIP) relate to awards which have future Group performance criteria that will determine the final vesting outcome, in addition to a continued service condition. This is the 'on-target' value of the award. The 2025 LTIP is reported as part of the 2024 total compensation and the 2024 LTIP as part of the 2025 total compensation.
- EKhaya Scheme: the Absa eKhaya Colleague Share Scheme was launched on 1 September 2023, and provides employees in South Africa with an equity ownership interest in Absa Group while employees in Botswana will be entitled to an equivalent gross value linked to the benefits which South African Scheme Participants will receive under the Absa eKhaya Colleague Share Scheme, accounted for as a cash-settled share-based payment arrangement. This is adopted as the eKhaya Colleague Phantom Scheme in Botswana. The scheme will run over a period of five years.

King IV™ application

The Bank operates within a comprehensive regulatory framework as a licensed financial institution and a listed entity, and as part of the Absa Group. As such, it is subject to both local regulatory requirements, including stock exchange listing rules, as well as Group governance standards.

The Bank has adopted the Group Governance Framework, which sets out minimum standards across key areas, including internal controls, financial management, disclosure practices, risk management, legal and regulatory compliance, internal audit, ethics, human capital management, information governance, stakeholder engagement, and sustainability. In addition, the Bank has adopted the Group's Legal Entities and Directors Policy, which operationalises governance principles to support effective Board oversight and legal entity governance within the context of both Group requirements and local obligations.

While the Group has transitioned to King V™, the Bank is in the process of assessing the implications of this transition and identifying the necessary enhancements to its governance frameworks and processes to enable alignment within the short term. The governance practices applied by the Board in accordance with the principles of King IV™ are summarised on the following pages:

King IV™ Principle	Status	Comments
Principle 1: The governing body should lead ethically and effectively.	Applied 	The Board leads the Bank ethically and effectively, setting the tone for integrity, accountability, and responsible corporate citizenship. Directors exercise independent judgement and promote constructive challenge and collective decision-making in the best interests of the Bank and its stakeholders The Board reinforces ethical conduct through adherence to the Absa Way and applicable codes of conduct, and ensures compliance with “fit and proper” requirements for both Board members and senior management. Conflicts of interest are proactively managed through formal declarations at each meeting, supporting transparent and objective decision-making...Find out more: Preserving value through ethics.
Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	Applied 	The Board governs the ethics of the Bank in a way that supports the establishment of an ethical culture. The Absa Way defines the Bank's values and expected standards of behaviour in engagements with employees, customers, shareholders, regulators, business partners, and the broader community. The Board provides oversight of the frameworks, structures, and processes that support ethical conduct, including enterprise-wide risk management, compliance risk, and the associated lines of defence During the reporting period, the Board strengthened its governance of ethics through the establishment of the Board Compliance Committee, which receives quarterly Conduct Risk reports from the Compliance Director. These reports include key indicators relating to the implementation and monitoring of adherence to the Absa Way... Further details on ethical leadership are provided on page 65 of this report.
Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	Applied 	The Board ensures that the Bank is and is seen to be a responsible corporate citizen. In fulfilling this responsibility, the Board recognises the Bank's role as a trusted financial institution, employer, market participant, and contributor to the economies and communities in which it operates The Board adopts a stakeholder-inclusive approach in overseeing the Bank's strategy and related policies, promoting transparent disclosure and maintaining open and effective communication channels with stakeholders. The Board annually reviews and approves the Bank's strategy, including its citizenship and sustainability priorities. Furthermore, the Board receives quarterly updates on sustainability initiatives and progress against the Bank's citizenship objectives, and continues to exercise oversight of the sustainability strategy approved in 2022. The strategy was further refined and approved by the Board in March 2026, strengthening its role in guiding the Bank's contribution to sustainable development and long-term value creation Further details on the Bank's progress as a responsible corporate citizen are provided on page 55 of this report.
Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	Applied 	The Board is accountable for the Bank's performance and ensures that its strategy and operations support sustainable value creation, while considering the potential positive and negative impacts on the economy, society, and the environment. The Board and Management engage in an annual integrated strategy session to review and refine the Bank's strategic direction, aligned to its core purpose and key strategic priorities. The Board approves the Bank's strategy, with the 2025 strategy having been endorsed in October 2024. In response to the evolving macroeconomic environment, Management undertook comprehensive scenario planning during the reporting period and reassessed certain short-term strategic initiatives. This resulted in a refined strategic response, which was subject to robust deliberation and subsequently approved by the Board in July 2025 The Board also approved the approach and content of the Integrated Report on 3 June 2026, which outlines the Bank's value creation and preservation processes. Kindly refer to page 8 for detail on our ambition, page 23 for detail on our material matters, page 32 for insight into the strategy and page 93 for details on the financial performance. Other reports such as the Pillar III disclosures as per the Basel II Guidelines can be accessed on a quarterly basis here https://www.absa.co.bw/bank-reports/.

King IV™ application continued

King IV™ Principle	Status	Comments
Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium and long-term prospects.	Applied ●	The Annual Financial Statements for the year ended 31 December 2025 were approved by the Board on 18 March 2026 and published on 26 March 2026. These, together with other corporate publications, are available to stakeholders here https://www.absa.co.bw/bank-reports/ . The Board maintains ongoing oversight of the Bank's performance, receiving quarterly updates on financial results, strategic execution, and key risks that may impact the Bank's short-, medium-, and long-term prospects. Through this oversight, the Board ensures that the Integrated Report and related disclosures provide relevant, reliable, and transparent information to enable stakeholders to make an informed assessment of the Bank's performance and future outlook.
Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.	Applied ●	The Board has approved key policies and frameworks that underpin sound corporate governance and continues to monitor their effective implementation across the Bank. The Board Charter and the Terms of Reference of Board Committees are reviewed and approved annually to ensure continued alignment with evolving regulatory requirements and governance best practice. Further details on the Board's role as the focal point of governance are provided on page 76 of this report.
Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	Applied ●	During the reporting period, the Board strengthened its composition through the appointment of two additional Independent Non-Executive Directors (INEDs) and the reconstitution of Board Committees to enhance effectiveness and alignment with governance requirements. As at the date of approval of this report, the Board comprised eleven (11) directors, of whom four (4) are women, with independent non-executive directors representing more than two-thirds of the Board, thereby supporting independence, diversity, and balanced decision-making. Further details on the application of principle 7 are indicated from pages 71 to 75 of this report.
Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of its duties.	Applied ●	The Board has established a clear delegation framework to support effective governance, with authority appropriately distributed between the Board, its Committees, and Management. Details of these arrangements are set out on pages 71 to 73 of this report. The Board ensures that its Committees operate within clearly defined mandates, with regular reporting to the Board providing oversight of their activities and decisions. Reports of the key Management Committees and Board Committees are presented on pages 79 to 83 of this report. During the reporting period, the Board strengthened its governance structures through the establishment of the Board Compliance Committee, which was constituted in March 2025 and commenced its activities in June 2025.
Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its chair and its individual members support continued improvement in its performance and effectiveness.	Applied ●	The Board is satisfied that the evaluation process is improving the performance of the Board and a summary of the process and findings on the 2025 Board evaluation is on page 78 of this report.
Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to the role clarity and the effective exercise of authority and responsibilities.	Applied ●	The Board retains oversight of senior management appointments and ensures that the executive leadership team is appropriately constituted to drive the Bank's strategy and operations. All CMC appointments are subject to Board approval. Through the Human Resources, Remuneration and Nominations Committee, the Board ensures that robust succession planning and leadership development frameworks are in place for senior management. The Board receives quarterly updates on succession planning and talent development, enabling continuous monitoring of leadership continuity and capability. Further details on senior management appointments and changes during the reporting period are provided on page 70 of this report.
Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	Applied ●	The Board provides ongoing oversight of the Bank's risk governance framework, ensuring that key risks, including compliance, remuneration, and enterprise-wide risks, are effectively identified, assessed, managed, and monitored through robust lines of defence. The Board actively oversees the integrity of the control environment and ensures that risk appetite and growth objectives remain appropriately balanced and aligned to the Bank's strategic priorities. Following the approval of the Bank's strategy and short-term plan in October 2024, the Board reviewed and approved the Risk Appetite Statement in March 2025, ensuring alignment with the evolving strategic direction. In response to continued volatility in the operating environment, including political and economic developments, the Board through the Risk Committee maintains an agile approach to risk oversight to ensure ongoing alignment between risk appetite, strategy, and performance. Further details on the Bank's material risks and related responses are provided on pages 23 to 31 of this report.

King IV™ application continued

King IV™ Principle	Status	Comments
Principle 12: The governing body should govern technology and information in a way that supports the organisation in setting and achieving its strategic objectives.	Applied 	The Board recognises technology as a key strategic enabler and exercises ongoing oversight of its governance and management. The Board receives quarterly updates from Management on the implementation and performance of key technology initiatives, including progress against strategic objectives. During the reporting period, focused oversight was maintained on technology risk, with particular emphasis on cybersecurity, through the Board Risk Committee to ensure the resilience and integrity of the Bank's information systems and infrastructure.
Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	Applied 	The Board governs the Bank's compliance with applicable laws, regulations, and adopted standards in a manner that supports ethical conduct and good governance. Oversight of compliance is exercised through the Board and the Board Compliance Committee During the reporting period, the Board received quarterly compliance reports to assess the effectiveness of the Bank's compliance management framework. These reports included updates on regulatory developments, emerging market practices, and evolving governance standards, enabling the Board to proactively respond to changes in the external environment The Board remains committed to promoting responsible business practices and ensuring that compliance governance supports the Bank's ambition to be an "active force for good" across its environmental, social, and governance (ESG) priorities.
Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	Applied 	The Board ensures that the Bank remunerates fairly, responsibly, and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium, and long term During the reporting period, the Board exercised robust oversight over key remuneration decisions, including the approval of the salary mandate, incentive pool, and executive remuneration The 2025 Remuneration Report, presented on page 84, reflects the Board's commitment to transparency and responsiveness to stakeholder feedback. It provides an overview of the remuneration policy and approach, as well as an implementation report detailing remuneration awarded to members of the Board and executive management.
Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and external reporting purposes.	Applied 	The Board ensures the integrity of the control environment through a coordinated assurance model. Oversight of risk and control effectiveness is exercised through the Enterprise Risk Management Framework, supported by the Bank's lines of defence The Board receives independent assurance from Internal and External Audit through the Board Audit Committee, enabling it to assess the adequacy and effectiveness of internal controls, risk management, and governance processes.
Principle 16: In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	Applied 	The Board adopts a stakeholder-inclusive approach in the execution of its governance responsibilities, ensuring that the legitimate and reasonable needs, interests, and expectations of stakeholders are considered in decision-making. The Board engages with, and considers, stakeholder feedback on an ongoing basis, including interactions at the Annual General Meeting, where key matters and expectations raised by shareholders are deliberated. Insights from these engagements are incorporated into the Bank's governance practices and disclosures, particularly within the Shareholder Information section of this report. Find out more: <i>Our relationship with others</i>



Consolidated and separate financial statements for the year ended 31 December 2025

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General Information

Country of incorporation and domicile

Botswana

Nature of business and principal activities

Absa Bank Botswana Limited (“the Bank”) is a public limited company listed on the Botswana Stock Exchange and domiciled in Botswana. The annual financial statements of the Group comprise of the Bank and its wholly owned subsidiaries Absa Insurance Services (Pty) Ltd and Absa Securities Botswana (Pty) Ltd, (together referred to as “the Group”). Absa Insurance Services (Pty) Ltd (private limited company) is an insurance agent which earns its fees from referral of life and non-life insurance products.

The Bank offers a range of retail banking, business banking, corporate and investment banking and wealth management solutions. Absa Securities Botswana (Pty) Ltd provides investments advisory and market making activities covering debt capital markets, equity capital markets and mergers and acquisitions.

Directors

Cosmas Moapare
Benjamin Monaheng Kodisang
Keabetswe Pheko-Moshagane
Kgotlayarona Ramaphane
Thabo Kagiso Matthews
Sari Helena Nikka
Saviour Mwepu Chibiya
Sethunya Dorothy Makepe-Garebatho
Wilfred Jiwa Mandlebe
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Plot 2482b, Tshekedi Crescent
Extension 9, Gaborone, Botswana

Business address

5th Floor, Building 4, Prime Plaza Plot 74358, Central Business District Gaborone

Postal address

PO Box 478
Gaborone, Botswana

Holding company

Absa Group Limited incorporated in South Africa

Auditors

KPMG
Fairgrounds Office Park
Plot 67977, Off Tlokweng Road
PO Box 1519, Gaborone

Secretary

Yonta Leburu

Company registration numbers

Absa Bank Botswana Limited BW00001237900
Absa Insurance Services Proprietary Limited BW00001179345
Absa Securities Botswana Proprietary Limited BW00002543818

Date of incorporation

17 March 1975

Directors' Responsibilities and Approval

The directors are responsible for overseeing the preparation, integrity and objectivity of the annual financial statements that fairly present the state of the affairs of Absa Bank Botswana Limited and its subsidiaries Absa Insurance Services (Pty) Limited and Absa Securities Botswana (Pty) Limited ("the Group") as at the end of the financial year and the net income and cash flows for the reporting period and other information contained in this report.

To enable the directors to meet these responsibilities:

- All directors will endeavor to maintain the highest ethical standards in ensuring the Group's business is conducted in a manner that in all reasonable circumstances is above reproach.
- The Board sets standards and management implements systems of internal control and accounting information systems aimed at providing reasonable assurance that both on and off statement of financial position assets are safeguarded and the risk of error, fraud or loss is reduced in a cost-effective manner. These controls, contained in established policies and procedures, include the proper delegation of responsibilities and authorities within a clearly defined framework, effective accounting procedures and adequate segregation of duties.
- The Board and management identify all key areas of risk across the Group and endeavor to mitigate or minimise these risks by ensuring that appropriate infrastructure, controls, systems and discipline are applied and managed within predetermined procedures and constraints; and
- The internal audit function operates unimpeded and independently from operational management, appraises, evaluates and, when necessary, recommends improvements to the systems of internal control and accounting practices, based on audit plans that take cognisance of the relative degrees of risk of each function or aspect of the business.

To the best of their knowledge and belief, based on the above, the directors are satisfied that there has been no material breakdown in the operation of the systems of internal control and procedures during the year under review.

The Group consistently adopts appropriate and recognised accounting policies which are supported by reasonable and prudent judgements and estimates on a consistent basis. The annual financial statements of the Group have been prepared in accordance with the provisions of the Companies Act of Botswana (Companies Act, 2003); the Botswana Banking Act, 2023 (No. 8 of 2023); comply with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS® Accounting Standards) and the applicable legislation.

The directors have reviewed the Group's budget for the 3 years to 31 December 2028 and, in light of this review and the current financial position, they are satisfied that the Group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Group's consolidated and separate financial statements. The consolidated and separate financial statements have been audited by the Group's external auditors and their report is presented on pages 8 to 19.

The consolidated and separate financial statements set out on pages 20 to 145, which have been prepared on the going concern basis, were approved by the Board of Directors on 18 March 2026 and were signed on their behalf by:

Approval of financial statements

Cosmas Moapare
Board Chairman

Keabetswe Pheko-Moshagane
Managing Director

Corporate Governance Report

The Absa Group Limited (Absa Group) adopted a governance framework for all subsidiaries including Absa Bank Botswana Limited (the Group) as set out in the Absa Group Limited Group Policy on Legal Entities and Directors (the Code). The Board of the Group adopted the Absa Group Policy on Legal Entities and Directors.

The directors of the Group are of the opinion that the Group has applied the principles and recommendations of the Code, in all material respects, regarding the period under review.

1. Board of directors

The Board consists of:

- a) 8 Independent non-executive directors
- b) 1 non-executive director
- c) 2 Executive directors

2. Company secretary

All directors have access to the advice and services of the company secretary, who provides guidance to the Board as a whole and to individual directors regarding how their responsibilities should be discharged in the best interest of the Group.

3. Audit committee

The Board has concluded that the audit committee has satisfied its responsibilities.

4. Internal audit

The internal audit function is conducted by the local internal audit function with oversight from Absa Group internal audit.

5. Remuneration policy

The Group has adopted the Absa Group Limited Human Resources policies. The executive directors of the Group are full time employees of the Group and therefore earn no directors' fees for their services as directors.

6. Risk management

The Group manages the risk of the business in partnership with Absa Group Limited. Risk policies, standards and strategies are jointly created between the two parties with execution managed by the local Risk team, country management team and Board of directors.

7. Integrated sustainability reporting and disclosure

The Group's results are consolidated into the financial statements of Absa Group Limited, where sustainability reporting is addressed at the group level.

8. Managing stakeholder relationships

As a subsidiary, the Group is governed by the stakeholder management activities of Absa Group Limited.

9. Fundamental and affected transactions

Directors are requested to declare their directorships in other organisations, at least, on a quarterly basis. The Group has appropriate policies and procedures to govern any potential conflict of interest, in instances where the Group does conduct business with entities in which its directors have an interest.

10. Information technology governance

Information Technology governance is performed in terms of the Absa Group Limited Information Technology Policy.

11. Compliance

The Group has a Compliance Officer that monitors compliance with the applicable legislation. The Compliance Officer forms part of the Group Compliance function.

Directors' Report

The directors have pleasure in submitting their report on the consolidated and separate financial statements of Absa Bank Botswana Limited and the group for the year ended 31 December 2025.

1. Review of financial results and activities

The consolidated and separate financial results of Absa Bank Botswana Limited are set out in the attached consolidated and separate financial statements on pages 21 to 145.

The Directors have concluded that there are no material uncertainties that could have cast significant doubt over the Group's ability to continue as a going concern for at least a year from the date of approval of the financial results.

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
Key performance indicators				
Profit for the year	740 930	841 334	724 801	818 696
Total comprehensive income	712 045	836 167	695 916	813 529
Dividends declared and paid:				
• Dividends paid	452 800	375 000	452 800	375 000
• Interim dividend paid	-	200 000	-	200 000
• Dividend declared subsequent to the year end	492 024	453 000	492 024	453 000
Net assets	3 559 348	3 297 554	3 433 438	3 187 774

2. Stated capital

There have been no changes to the authorised or issued share capital during the year under review. The stated capital is disclosed in note 37 of the financial statements.

3. Directorate

The directors in office at the date of this report are as follows:

Directors	Office	Designation	Nationality	Changes
Cosmas Moapare	Chairperson	Non-executive Independent	Botswana	
Benjamin Monaheng Kodisang	Other	Non-executive Independent	South Africa	
Keabetswe Pheko-Moshagane	Chief Executive Officer	Executive	Botswana	

Kgotlayarona Ramaphane	Other	Non-executive Independent	Botswana	
Thabo Kagiso Matthews	Other	Non-executive Independent	Botswana	
Sari Helena Nikka	Other	Non-executive Independent	Finland	
Saviour Mwepu Chibiya	Other	Non-executive	Zambia	
Sethunya Dorothy Makepe-Garebatho	Other	Non-executive Independent	Botswana	
Wilfred Jiwa Mandlebe	Other	Non-executive Independent	Botswana	Appointed Thursday, 20 February 2025
Priya Ravi Iyer	Other	Non-executive Independent	India	Appointed Tuesday, 15 April 2025
Kudakwashe Mukushi	Finance Director	Executive	Zimbabwe	Appointed Sunday, 01 June 2025

4. Property, plant and equipment

Details of changes in property, plant and equipment during the year are reflected in note 24 of the financial statements.

5. Events after the reporting period

A final dividend of P492 million was also declared on the 18th of March 2026 subject to regulatory approval. For more information refer to note 53.

6. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern.

Independent Auditors Report

for the year ended 31 December 2025

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Fax +267 397 5281
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Independent Auditor's Report

To the shareholders of Absa Bank Botswana Limited

Opinion

We have audited the consolidated and separate financial statements of Absa Bank Botswana Limited (the Group and Company), which comprise the consolidated and separate statements of financial position as at 31 December 2025, the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, material accounting policies and notes to the consolidated and separate financial statements, as set out on pages 20 to 145.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Absa Bank Botswana Limited as at 31 December 2025, and of its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), and the requirements of the Companies Act of Botswana (Companies Act 2003) and the Botswana Banking Act, 2023 (No. 8 of 2023).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the consolidated and separate financial statements of public interest entities in Botswana. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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Partners: G Motenani, JA Verster
"South African"

VAT Number: P00043683854

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

Key audit matters

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

Expected credit losses (ECL) on loans and advances to customers at amortised cost (IFRS 9)	
The disclosure associated with ECL on loans and advances to customers at amortised cost is set out in the consolidated and separate financial statements in the following material accounting policies and notes: - Material accounting policies 1.14 - Financial instruments and 1.21 - Judgements and estimates, Expected credit losses (ECL) of financial assets - Note 2 - Incorporation of forward-looking information into the IFRS 9 modelling - Note 8 - Expected credit losses - Note 21 - Loans and advances to customers - Note 22 - Credit risk reconciliation	
Key audit matter	How the matter was addressed in our audit
The Group's and Company's loans and advances to customers and related expected credit losses (ECL) are material to the consolidated and separate financial statements. We identified the expected credit losses on loans and advances to customers as a key audit matter considering the high degree of estimation uncertainty, significant judgements and assumptions applied in estimating the ECL on loans and advances to customers.	Making use of our internal credit risk and economic experts, our audit procedures addressed the key areas of significant judgement and estimation in determining the ECL on loans and advances to customers, as set out below. - We have evaluated the design and implementation and tested the operating effectiveness of controls over loan origination to disbursement. - We have evaluated the design and implementation and tested the operating effectiveness of controls over loan origination to disbursement.

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Independent Auditors Report continued

for the year ended 31 December 2025

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Expected credit losses (ECL) on loans and advances to customers at amortised cost (IFRS 9)

The disclosure associated with ECL on loans and advances to customers at amortised cost is set out in the consolidated and separate financial statements in the following material accounting policies and notes:

- Material accounting policies 1.14 - Financial instruments and 1.21 - Judgements and estimates, Expected credit losses (ECL) of financial assets
- Note 2 - Incorporation of forward-looking information into the IFRS 9 modelling
- Note 8 - Expected credit losses
- Note 21 - Loans and advances to customers
- Note 22 - Credit risk reconciliation

Key audit matter

In particular, we focused on the following areas of significant judgement and estimation which required the use of our internal credit risk and economic experts, additional audit effort and increased discussions with management during the course of the audit:

How the matter was addressed in our audit

effectiveness of controls over the review and authorisation of loan settlement and account closure.

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Expected credit losses (ECL) on loans and advances to customers at amortised cost (IFRS 9)

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- Material accounting policies 1.14 - Financial instruments and 1.21 - Judgements and estimates, Expected credit losses (ECL) of financial assets
- Note 2 - Incorporation of forward-looking information into the IFRS 9 modelling
- Note 8 - Expected credit losses
- Note 21 - Loans and advances to customers
- Note 22 - Credit risk reconciliation

Key audit matter

How the matter was addressed in our audit

Modelled ECL

- A significant portion of the ECL is calculated on a modelled basis which incorporates observable data, assumptions and estimations. The development and execution of these models requires significant management judgement, including estimation of the probability of default (PD), exposure at default (EAD) and loss given default (LGD) model parameters.
- Significant increases in credit risk (SICR) are assessed based on the current risk of default of an account relative to its risk of default at initial recognition. This assessment incorporates judgement and estimation by management.
- We tested the completeness and accuracy of data inputs into the ECL models by agreeing a sample of data inputs back to information sourced by management from internal systems and external data providers.
- We have evaluated the design and implementation of the controls relating to ECL models, including assessing the significant assumptions applied with reference to the requirements of IFRS 9, Financial Instruments (IFRS 9) expected credit loss methodology.
- Our internal credit risk and economic experts evaluated the design and implementation of management's ECL modelling controls which support the assumptions used in determining the probability of default (PD), exposure at default (EAD) and loss given default (LGD) parameters included in the ECL models.

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Independent Auditors Report continued

for the year ended 31 December 2025

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Expected credit losses (ECL) on loans and advances to customers at amortised cost (IFRS 9)	
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- Material accounting policies 1.14 - Financial instruments and 1.21 - Judgements and estimates, Expected credit losses (ECL) of financial assets - Note 2 - Incorporation of forward-looking information into the IFRS 9 modelling - Note 8 - Expected credit losses - Note 21 - Loans and advances to customers - Note 22 - Credit risk reconciliation	
Key audit matter	How the matter was addressed in our audit
Modelled ECL (continued)	- We independently recalculated ECL estimates and benchmarked the ECL model calculations for material portfolios based on the assumptions as per the model documentation, and independently reperformed the PD, EAD and LGD parameters, to test the assumptions and appropriateness of the judgement applied in the ECL calculations. - We have assessed the appropriateness of the significant increases in credit risk (SICR) methodologies and calibrations of the ECL models by testing the stage allocations including the SICR for a sample of portfolios and individual exposures. The reperformed ECL balances have been compared to the Group's and Company's ECL balances per stage and per portfolio and any differences identified were investigated.

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Expected credit losses (ECL) on loans and advances to customers at amortised cost (IFRS 9)	
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- Material accounting policies 1.14 - Financial instruments and 1.21 - Judgements and estimates, Expected credit losses (ECL) of financial assets - Note 2 - Incorporation of forward-looking information into the IFRS 9 modelling - Note 8 - Expected credit losses - Note 21 - Loans and advances to customers - Note 22 - Credit risk reconciliation	
Key audit matter	How the matter was addressed in our audit
Estimation and incorporation of multiple forward-looking macro-economic scenarios	
- The macro-economic scenarios forecasts involve significant judgement and given the uncertain macro-economic environment, both locally and internationally, there is complexity in incorporating these scenario forecasts, forward looking information and probability weightings into the estimation of ECL. The key macro-economic drivers include policy rates, consumer price index and real gross domestic product of credit risk. - Management adjustments are applied to ECL model outputs where the existing models do not fully incorporate macro-economic factors which impact the ECL.	- We have tested the design and implementation of controls over the approval of updated macro-economic forecasts and related ECL impacts. - Our internal credit risk and economic experts assessed the appropriateness of the scenario forecasts, forward looking information and probability weightings by benchmarking these against external evidence and economic data. - We performed an independent ECL quantification analysis on economic forecasts, considering third party and our own data, to assess the reasonability of the macro-economic management adjustments.

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Independent Auditors Report continued

for the year ended 31 December 2025

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Expected credit losses (ECL) on loans and advances to customers at amortised cost (IFRS 9)

The disclosure associated with ECL on loans and advances to customers at amortised cost is set out in the consolidated and separate financial statements in the following material accounting policies and notes:

- Material accounting policies 1.14 - Financial instruments and 1.21 - Judgements and estimates, Expected credit losses (ECL) of financial assets
- Note 2 - Incorporation of forward-looking information into the IFRS 9 modelling
- Note 8 - Expected credit losses
- Note 21 - Loans and advances to customers
- Note 22 - Credit risk reconciliation

Key audit matter	How the matter was addressed in our audit
<i>Estimation and incorporation of multiple forward-looking macro-economic scenarios (continued)</i>	• We obtained an understanding and evaluated the governance processes over management adjustments (MA's) and challenged the appropriateness of the assumptions and inputs used in the MAs by agreeing a sample of MAs to supporting information and documents. • We have assessed management's rationale for the macro-economic variable (MEV) adjustments and evaluated them against our understanding of the factors used based on independent data. • Where there was a range of uncertain potential outcomes, we have considered a range of possible outcomes, formed an independent view using independent data and compared to that of management and the inquiry with management was used to evaluate the differences.

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Expected credit losses (ECL) on loans and advances to customers at amortised cost (IFRS 9)

The disclosure associated with ECL on loans and advances to customers at amortised cost is set out in the consolidated and separate financial statements in the following material accounting policies and notes:

- Material accounting policies 1.14 - Financial instruments and 1.21 - Judgements and estimates, Expected credit losses (ECL) of financial assets
- Note 2 - Incorporation of forward-looking information into the IFRS 9 modelling
- Note 8 - Expected credit losses
- Note 21 - Loans and advances to customers
- Note 22 - Credit risk reconciliation

Key audit matter	How the matter was addressed in our audit
<i>Stage 3 ECL impairment assessed on an individual basis</i>	
• A significant portion of loans and advances to customers are assessed for recoverability on an individual basis, in the wholesale portfolio which requires specific audit effort. Significant judgements, estimates and assumptions are applied by management to: ○ Determine if the financial asset is credit impaired; ○ Evaluate the valuation and recoverability of collateral; ○ Determine the expected future cash flows to be collected; and ○ Estimate the timing of the future cash flows.	• We gained an understanding of management's processes over judgements used to determine whether specific exposures are credit impaired and tested the design, implementation and operating effectiveness of controls over the judgements applied. • Our procedures focused on assessing the reasonability of the estimate of the amount and timing of expected future cash flows used in calculating the ECL. We have performed the following for a sample of stage 3 exposures: • For a sample of collateral, we tested the Group and Company's legal right to the collateral by inspecting legal agreements and bond registration information, as well as the reasonability of the valuation of the

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Independent Auditors Report continued

for the year ended 31 December 2025

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Expected credit losses (ECL) on loans and advances to customers at amortised cost (IFRS 9)

The disclosure associated with ECL on loans and advances to customers at amortised cost is set out in the consolidated and separate financial statements in the following material accounting policies and notes:

- Material accounting policies 1.14 - Financial instruments and 1.21 - Judgements and estimates, Expected credit losses (ECL) of financial assets
- Note 2 - Incorporation of forward-looking information into the IFRS 9 modelling
- Note 8 - Expected credit losses
- Note 21 - Loans and advances to customers
- Note 22 - Credit risk reconciliation

Key audit matter	How the matter was addressed in our audit
Stage 3 ECL impairment assessed on an individual basis (continued)	collateral by evaluating key assumptions against available market and internal information. • We also assessed the reasonableness of the timing of the cash flows with reference to the relevant underlying collateral. • Where management specialists were used to value the collateral, we have assessed the competence and objectivity of those specialists.
Disclosures related to IFRS 7, Financial instruments disclosures (IFRS 7)	
• IFRS 7 disclosures are significant as they rely on material data inputs and explain the management judgement, estimates and assumptions used in determining the ECL on loans and advances to customers, including management	• We evaluated whether the disclosures are consistent with the ECL information tested which included the ECL data, models, estimates, management adjustments and macro-economic forecasts and in compliance with the requirements of IFRS 7.

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Other information

The directors are responsible for the other information. The other information comprises the General Information, Directors' Responsibilities and Approval, Corporate Governance Report and Directors' Report, but does not include the consolidated and separate financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the Absa Bank Botswana Limited Integrated Report 2025, which is expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we have obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of Botswana (Companies Act 2003) and the Botswana Banking Act, 2023 (No. 8 of 2023), and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the

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Independent Auditors Report continued

for the year ended 31 December 2025

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directors either intend to liquidate the Group and/or Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the

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consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Signed by:



KPMG
Firm of Certified Auditors
Practicing member: Adele Venter (CAP 0040 2026)
Certified Auditor of Public Interest Entity
BAOA Certificate Number

25 March 2026
Gaborone

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Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

for the year ended 31 December 2025

Figures in Pula thousand	Note(s)	Group		Company	
		2025	2024	2025	2024
Effective interest income	3	2 292 096	2 141 533	2 292 096	2 141 533
Effective interest expense	4	(876 441)	(623 430)	(876 441)	(623 430)
Net interest income		1 415 655	1 518 103	1 415 655	1 518 103
Fee and commission income	5	633 797	596 855	582 591	543 907
Fee and commission expense	5	(44 282)	(64 541)	(44 282)	(64 639)
Net fee and commission income		589 515	532 314	538 309	479 268
Net trading income	6	374 855	224 287	374 855	224 287
Other income	7	7 237	7 354	30 768	36 919
Total income		2 387 262	2 282 058	2 359 587	2 258 577
Expected credit losses	8	(109 272)	(89 446)	(109 272)	(89 446)
Net operating income		2 277 990	2 192 612	2 250 315	2 169 131
Staff costs	9	(551 277)	(486 467)	(551 191)	(486 467)
Infrastructure costs	10	(191 924)	(182 968)	(191 924)	(182 968)
Administration and general expenses	11	(583 195)	(465 378)	(576 285)	(471 930)
Operating expenses		(1 326 396)	(1 134 813)	(1 319 400)	(1 141 365)
Profit before taxation		951 594	1 057 799	930 915	1 027 766
Taxation	12	(210 664)	(216 465)	(206 114)	(209 070)
Profit for the year		740 930	841 334	724 801	818 696
Other comprehensive income:					
Items that are or may be reclassified to profit or loss					
Gains (losses) on Fair value arising during the reporting period		(37 032)	(6 624)	(37 032)	(6 624)
Deferred tax		8 147	1 457	8 147	1 457
Total items that are or may be reclassified to profit or loss		(28 885)	(5 167)	(28 885)	(5 167)
Other comprehensive income for the year net of taxation		(28 885)	(5 167)	(28 885)	(5 167)
Total comprehensive income for the year		712 045	836 167	695 916	813 529
Earnings per share					
Per share information					
Basic and diluted earnings per share (thebe)	13	87.05	98.73		

Consolidated and Separate Statements of Financial Position

for the year ended 31 December 2025

		Group		Company	
Figures in Pula thousand	Note(s)	2025	2024	2025	2024
Assets					
Cash	14	678 491	716 116	678 491	716 116
Balances at central bank	15	245 174	23 759	245 174	23 759
Loans and advances to banks*	19	863 671	520 744	863 671	520 744
Non-current assets held for sale	26	5 561	-	5 561	-
Trading portfolio assets	16	10 507	4 375	10 507	4 375
Derivative financial instruments	17	159 973	131 235	159 973	131 235
Financial assets at fair value through OCI	18	3 096 821	3 600 418	3 096 821	3 600 418
Due from related parties	20	2 715 126	2 622 031	2 778 998	2 676 572
Loans and advances to customers	21	18 549 663	17 419 041	18 549 663	17 419 041
Other receivables	23	221 896	204 675	218 782	204 675
Taxation refundable*	28	4 625	4 980	-	-
Property plant and equipment	24	239 054	175 601	239 054	175 601
Intangible assets	25	6 887	471	6 887	471
Deferred tax asset	27	93 472	91 376	92 186	89 938
Investments in subsidiaries	54	-	-	-	-
		26 890 921	25 514 822	26 945 768	25 562 945
Equity and Liabilities					
Liabilities					
Deposits from banks	29	997 664	498 272	997 664	498 272
Due to related parties	20	139 756	521 569	330 804	682 594
Customer deposits	30	20 737 440	19 391 772	20 737 440	19 397 092
Derivative financial instruments	17	125 342	126 216	125 342	126 216
Other payables	31	452 688	417 986	448 313	416 081
Provisions	34	35 994	28 927	30 151	22 390
Current tax payable	28	11 688	23 608	11 615	23 608
Debt securities in issue	35	573 627	674 950	573 627	674 950
Subordinated debt	36	253 186	533 968	253 186	533 968
Deferred income	32	4 188	-	4 188	-
		23 331 573	22 217 268	23 512 330	22 375 171
Shareholders' equity					
Share capital	37	17 108	17 108	17 108	17 108
General risk reserve	38	126 989	126 989	118 347	118 347
Fair value reserve	38	(41 456)	(12 571)	(41 456)	(12 571)
Share based payment reserve	38	15 001	12 453	15 001	12 453
Share capital reserve	38	2 060	2 060	2 060	2 060
Retained income	38	3 439 646	3 151 515	3 322 378	3 050 377
Total equity attributable to equity holders		3 559 348	3 297 554	3 433 438	3 187 774
Total Equity and Liabilities		26 890 921	25 514 822	26 945 768	25 562 945

*The Group reassessed the liquidity of loans and advances to banks and taxation refundable and determined that these items are more liquid in nature. Consequently, the order of liquidity in the statement of financial position has been revised for the 2025 year-end and comparatives have been updated to reflect this change. Although an opening statement of financial position is not presented, the prior-year liquidity ordering would have differed, particularly for loans and advances to banks (P763 847 thousand) and taxation refundable (P9 766 thousand for the Group and P9 787 thousand for the Company), which would have been repositioned under the revised presentation.

Consolidated and Separate Statements of Changes in Equity

for the year ended 31 December 2025

Figures in Pula thousand	Stated capital	Share based payment reserve	Share capital reserve	Fair value reserve	General risk reserve	Total reserves	Retained income	Total equity
Group								
Balance at 01 January 2024	17 108	12 563	2 060	(7 404)	126 989	134 208	2 885 181	3 036 497
Profit for the year	-	-	-	-	-	-	841 334	841 334
Other comprehensive income	-	-	-	(5 167)	-	(5 167)	-	(5 167)
Total comprehensive income for the year	-	-	-	(5 167)	-	(5 167)	841 334	836 167
Recognition of share based payment	-	(110)	-	-	-	(110)	-	(110)
Dividends paid	-	-	-	-	-	-	(575 000)	(575 000)
Total contributions by and distributions to owners of company	-	110)	-	-	-	(110)	(575 000)	(575 110)
Balance at 31 December 2024	17 108	12 453	2 060	(12 571)	126 989	128 931	3 151 515	3 297 554
Balance at 01 January 2025	17 108	12 453	2 060	(12 571)	126 989	128 931	3 151 516	3 297 555
Profit for the year	-	-	-	-	-	-	740 930	740 930
Other comprehensive income	-	-	-	(28 885)	-	(28 885)	-	(28 885)
Total comprehensive income for the year	-	-	-	(28 885)	-	(28 885)	740 930	712 045
Recognition of share based payment	-	2 548	-	-	-	2 548	-	2 548
Dividends paid	-	-	-	-	-	-	(452 800)	(452 800)
Total contributions by and distributions to owners of company	-	2 548	-	-	-	2 548	(452 800)	(450 252)
Balance at 31 December 2025	17 108	15 001	2 060	(41 456)	126 989	102 594	3 439 646	3 559 348

Note (s)

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Dividend paid per share for the year is 53.14 Thebe (2024 : 67 Thebe). Proposed dividend per share for the year is 57.74 Thebe (2024 : 53.14 Thebe).

Consolidated and Separate Statements of Changes in Equity

for the year ended 31 December 2025

Figures in Pula thousand	Stated capital	Share based payment reserve	Share capital reserve	Fair value reserve	General risk reserve	Total reserves	Retained income	Total equity
Company								
Balance at 01 January 2024	17 108	12 563	2 060	(7 404)	118 347	125 566	2 806 679	2 949 353
Profit for the year	-	-	-	-	-	-	818 696	818 696
Other comprehensive income	-	-	-	(5 167)	-	(5 167)	-	(5 167)
Total comprehensive income for the year	-	-	-	(5 167)	-	(5 167)	818 696	813 529
Recognition of share based payment	-	(110)	-	-	-	(110)	-	(110)
Dividends paid	-	-	-	-	-	-	(575 000)	(575 110)
Total contributions by and distributions to owners of company	-	(110)	-	-	-	(110)	(575 000)	(575 110)
Balance at 31 December 2024	17 108	12 453	2 060	(12 571)	118 347	120 289	3 050 377	3 187 774
Balance at 01 January 2025	17 108	12 453	2 060	(12 571)	118 347	120 289	3 050 377	3 187 774
Profit for the year	-	-	-	-	-	-	724 801	724 801
Other comprehensive income	-	-	-	(28 885)	-	(28 885)	-	(28 885)
Total comprehensive income for the year	-	-	-	(28 885)	-	(28 885)	724 801	695 916
Recognition of share based payment	-	2 548	-	-	-	2 548	-	2 548
Dividends paid	-	-	-	-	-	-	(452 800)	(452 800)
Total contributions by and distributions to owners of company	-	2 548	-	-	-	2 548	(452 800)	(450 252)
Balance at 31 December 2025	17 108	15 001	2 060	(41 456)	118 347	93 952	3 322 378	3 433 438

Note(s)

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The accompanying notes form an integral part of these consolidated and separate financial statements.

Consolidated and Separate Statements of Cash Flows

for the year ended 31 December 2025

		Group		Company	
Figures in Pula thousand	Note(s)	2025	2024	2025	2024
Cash flows from operating activities					
Cash used in operations	39	(685 141)	(342 627)	(674 388)	(327 341)
Net increase in loans and advances to customers		(1 238 948)	(938 882)	(1 238 948)	(938 882)
Interest received	40	2 297 823	2 139 343	2 297 823	2 139 343
Interest paid	41	(870 873)	(612 670)	(870 873)	(612 670)
Income tax paid	28	(213 075)	(165 619)	(209 176)	(156 986)
Increase in deposits due to customers		1 335 057	684 668	1 329 737	689 987
(Increase) /Decrease in amounts due from related parties		507 242	(1 242 356)	497 910	(1 271 594)
Decrease in deposits due to other banks		499 392	70 751	499 392	70 751
Purchase of trading portfolio assets		(6 671)	(1 836 859)	(6 671)	(1 836 859)
Proceeds from disposal of trading portfolio assets		-	2 023 464	-	2 023 464
Increase/ (decrease) in derivative financial instruments		(29 612)	2 393	(29 612)	2 393
Net cash from operating activities		1 595 194	(218 394)	1 595 194	(218,394)
Cash flows from investing activities					
Purchase of property, plant and equipment	24	(69 530)	(29 496)	(69 530)	(29 496)
Proceeds from sale of property, plant and equipment	24	157	248	157	248
Purchase of financial instruments held at FVOCI		(1 682 790)	(2 813 569)	(1 682 790)	(2 813 569)
Proceeds from non-current asset held for sale		4 188	-	4 188	-
Purchases of intangible assets	25	(7 694)	(475)	(7 694)	(475)
Proceeds from long term financial instruments held at FVOCI		2 695 854	1 598 973	2 695 854	1 598 973
Net cash used in investing activities		940 185	(1 244 319)	940 185	(1 244 319)
Cash flows from financing activities					
Dividends paid to shareholders	42	(452 800)	(575 000)	(452 800)	(575 000)
Issuance of debt securities	44	133 800	304 100	133 800	304 100
Redemption of debt securities	44	(231 000)	(259 000)	(231 000)	(259 000)
Capital payment of lease liabilities		(34 384)	(32 362)	(34 384)	(32 362)
Redemption of subordinated debt		(279 863)	(102 590)	(279 863)	(102 590)
Net cash used financing activities		(864 247)	(664 852)	(864 247)	(664 852)
Total cash movement for the year		1 671 132	(2 127 565)	1 671 132	2 127 565)
Cash and cash equivalents at the beginning of the year		3 078 589	5 203 057	3 078 589	(5 203 057
Effect of foreign exchange movement on cash and cash equivalents		239	3 097	239	3 097
Cash and cash equivalents at the end of the year	43	4 749 960	3 078 589	4 749 960	3 078 589

The accounting policies on pages 25 to 45 and the notes on pages 46 to 145 form an integral part of the consolidated and separate financial statements.

Material Accounting Policies

for the year ended 31 December 2025

Corporate information

Absa Bank Botswana Limited (the Company or Bank) is a public limited company incorporated and domiciled in Botswana. The Company and its subsidiaries (the Group) operate primarily in Botswana.

The consolidated and separate financial statements for the year ended 31 December 2025 were authorised for issue in accordance with a resolution of the directors on Wednesday, 18 March 2026.

1. Material accounting policies

Management has considered the principles of materiality in IFRS Practice Statement 2 Making Materiality Judgements and only those accounting policies which are considered material have been presented in these consolidated and separate financial statements.

1.1 Basis of preparation

The consolidated and separate financial statements have been prepared on the going concern basis in accordance with and in compliance with, IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and the requirements of the Companies Act of Botswana (Companies Act 2003) ; the Botswana Banking Act, 2023 (No. 8 of 2023) .

The Consolidated and separate financial statements of Absa Bank Botswana Limited were authorised for issuance by the board of directors on 18 March 2026 and are available for inspection at the registered office.

The consolidated and separate financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the material accounting policies set out below. They are presented in Pula, which is the group's functional and presentation currency. All amounts have been rounded to the nearest thousand unless otherwise stated.

These accounting policies are consistent with the previous period, unless otherwise stated.

1.2 Consolidation

Basis of consolidation

The consolidated and separate financial statements include those of the group comprising of Absa Bank Botswana Limited, Absa Insurance Services Proprietary Limited and Absa Securities Botswana Proprietary Limited.

Subsidiaries are all entities over which the group has control. The group controls and hence consolidates an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The group will only consider potential voting rights that are substantive when assessing whether it controls another entity. In order for the right to be substantive the holder must have the practical ability to exercise that right and such rights must not be protective in nature. Protective rights are designed at inception to protect the interests of the holder against future risks without giving that party participative power over the entity, hence that party cannot at inception have power or prevent another party from having power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the group. They are deconsolidated from the date that control ceases.

Material Accounting Policies continued

for the year ended 31 December 2025

1.2 Consolidation (continued)

Basis of consolidation (continued)

Intragroup transactions and balances are eliminated on consolidation and consistent accounting policies are used throughout the group for the purposes of the consolidation. Changes in ownership interests in subsidiaries are accounted for as equity transactions if they occur after control has already been obtained and they do not result in loss of control.

Investments in subsidiaries

Subsidiaries are entities that are controlled by the Bank. Control exists when the Bank has power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power to affect those returns. Investments in subsidiaries are measured at cost less impairment.

The cost of these investments are assessed for impairment when there are indicators that an impairment may have occurred. Where an indicator of impairment exists, the recoverable amount of the investment is calculated and an impairment loss is recognised to the extent that the recoverable amount of the investment is less than its cost.

1.3 Translation of foreign currencies

Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated and separate financial statements are presented in Pula which is the Group's functional and presentation currency.

In preparing the consolidated financial statements, transactions in currencies other than the functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Refer to note 5 for exchange gains and losses recognised.

Foreign currency transactions

A foreign currency transaction is recorded initially at the rate of exchange at the date of the transaction. The application of average exchange rates is permitted if they provide a reasonable approximation of the actual exchange rate (for example, in the case of foreign denominated interest income).

At each subsequent reporting date:

- foreign currency monetary amounts are reported using the closing rate;
- non-monetary items carried at historical cost are reported using the exchange rate at the date of the transaction; and
- non-monetary items carried at fair value are reported at the rate that existed when the fair values were determined.

1.4 Revenue recognition

Net interest income

Interest revenue, which is calculated using the Effective Interest Rate (EIR) method are separately presented in the statement of comprehensive income. Effective interest on loans and advances at amortised cost and debt instruments at fair value through other comprehensive income as well as the interest expense on financial liabilities held at amortised cost are calculated using the effective interest rate method. This results in the recognition of interest and direct and incremental fees and costs on a time portion basis, over the expected lives of the assets and liabilities.

The EIR method requires the Group to estimate future cash flows in some cases based on its experience of customers' behaviour considering all contractual terms of the financial instrument as well as the expected lives of the assets and liabilities. Due to the large number of products and types (both assets and liabilities) there are no individual estimates that are material to the results or financial position.

Effective interest rate (EIR) method

Effective interest income and effective interest expenses are calculated using the effective interest method. The effective interest rate (EIR) is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument to that instrument's net carrying amount on initial recognition. The Group's EIR method recognised interest income using a rate of return that represents the best estimate of a constant rate of return over the expected behavioural life of loans and deposits and recognised the effect of potentially different interest rates charged at various stages and other characteristics of the product life cycle (including prepayments and penalty interest and charges). This estimation by nature requires an element of judgement regarding the expected behavior and life cycle of the instruments as well expected changes to Group's base rate and other fee income/expense that are integral parts of the instrument.

IFRS 9 Financial Instruments (IFRS 9) requires interest income to be calculated on stage 1 or stage 2 financial assets by multiplying the EIR by the gross carrying amount of such assets. Dissimilar to stage 1 and stage 2 assets, IFRS 9 requires interest income on stage 3 financial assets to be calculated based on the net carrying value of the exposure, that is, the gross carrying value less the expected credit loss (ECL) allowance. In order to practically give effect to this requirement, the Group first suspends the recognition of contractual interest, and second, multiplies the net carrying

value by the EIR. Unrecognised interest (which is referred to as interest in suspense (IIS) is the difference between the interest calculated on the gross carrying amount of the financial asset (that is, the interest charged), and the net interest amount, calculated based on the net carrying amount of the financial asset. In some instances, an entity may recover cash flows which are in excess of the cumulative interest previously recognised over the life of the instrument. The IIS recovered is presented as a gain within ECL.

Revenue from contracts with customers

Revenue from contracts with customers is measured based on the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The company recognises the revenue from contracts with customers when it transfers control over to the customers.

Revenue from contracts with customers is presented in "fee and commission income".

The following is a description of the principal activities from which the Group generates its revenue from contracts with customers:

Fees and commission income

Credit-related fees and commissions

Banking fees such as bundled service fees, transactional fees and account management fees are recognised over the period over which the underlying service is provided to the customer. Transactional fees such as cash withdrawal fees, deposit fees, debit order fees etc. are recognised at the point in time of transactions with customers and payment is received monthly. The performance obligation on bundled services is satisfied on a monthly basis.

Absa Bank Botswana Limited recognises the interchange income earned as card issuer in the income line; similarly, the interchange collected on behalf of the issuer in a payment's acceptance arrangement (where the Bank is the acquirer), nets off the commission received by the merchant for that card's processing.

Insurance commissions

Income consists of commission received from insurance entities for selling insurance products to customers. The commission is recognised as revenue once all performance obligations have been satisfied and the commission is not at risk of being refunded. To the extent that commission is received and there is a potential clawback/refund, a refund liability is recognised for the expected commissions that may be repaid until all related conditions have been satisfied.

Material Accounting Policies continued

for the year ended 31 December 2025

1.4 Revenue recognition (continued)

In assessing whether the Group is acting as a principal or agent to the transaction, consideration is given to the rights held by other parties against the Group and the Group's exposure to risks and rewards. Evidence that suggests that the Group is acting as an agent include:

- Minimal legal obligations owing to the buyer and seller
- No liability for the non-performance of obligations by its clients and/or the market counterparties under the transactions executed.
- The immediate and entire transfer or any risks and rewards to the other party with no residual exposure retained.
- No exposure to client or market counterparty credit risk arising from amounts receivable.
- The nature and amount of remuneration received.

When the Group is acting as an agent, amounts collected on behalf of the principal are not income. Only the net commission retained by the Group is, in this case, recognised as income.

Commitment fees

Commitment fees relate to loan commitments where it is not probable that the loan will be drawn. Such fees are regarded as a return for the provision of a service and are amortised to income over the commitment period. These fees may be received upfront or on a monthly basis. They are typically received by the company in return for loan commitments issued. For loan commitments where drawdown is probable, the fee will be recognised as deferred income on balance sheet and subsequently recognised as an adjustment to EIR on the loan upon drawdown. The remaining portion will continue to be deferred until further loan drawdown takes place or else be recognised as fee income when the loan commitment expires without being drawn. To the extent that the drawdown of the loan commitment is not probable, the commitment fee is regarded as compensation for the provision of a service and is amortised to profit or loss as fee income over the loan commitment period.

Fees and commission expense

Fee and commission expenses are expenses which are direct and incremental to the generation of fee and commission income.

Net trading income

In accordance with IFRS 9 trading positions are held at fair value and the resulting gains and losses are included in profit or loss together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

Income arises from both the sale and purchase of trading positions margins which are achieved through market-making and customer business and from changes in fair value caused by movements in interest and exchange rates, equity prices and other market variables.

Other income

Other income consists of contractual receipts from point of sale services and insurance recoveries. These are recognised at a point in time of transactions with customers. The payment for these transactions is received monthly.

1.5 Leases

The Group's leases consist mostly of property leases including branches, head offices, ATM sites and other administrative buildings. None of these leases are considered individually significant to the group. Leases are negotiated for an average term of three to five years although this differs depending on the jurisdiction and type of property. Some leases will include renewal options but these are generally renewals at market rates to be negotiated at the time of renewing the contract. These rates will only be included in the lease liability once it is reasonably certain that the group will exercise the extension option. Most leases in the Group have fixed escalations with a limited number of inflation linked leases.

Group as lessee

Where the Group is a lessee a right-of-use asset and corresponding lease liability are recognised at commencement date. The right-of-use asset is initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, with depreciation recognised on a straight-line basis over the lease term. The right-of-use asset is included within property, plant and equipment in the statement of financial position. The lease liability is initially measured at the present value of the lease payments discounted using the interest rate implicit in the lease if readily determinable or the lessee's incremental borrowing rate. After the commencement date, the lease liability is measured by increasing the carrying amount to reflect interest thereon, and reducing the carrying amount to reflect lease payments made. Any reassessments and/or lease modifications will be reflected by re-measuring the carrying amount of the lease liability. Interest is recognised within net interest income and the lease liability is included within 'other payables' in the statement of financial position and the right of use asset is included in the property, plant and equipment. Interest is recognised within net interest income and the lease liability is included within other payables in the statement of financial position.

The lease payments in relation to short term leases (leases with a lease term of twelve (12) months or less at commencement date) and leases in which the underlying asset is of low value are recognised as an expense on a straight-line basis over the lease term.

1.6 Employee benefits

Staff costs

Short-term employee benefits including salaries, accrued performance costs, salary deductions and taxes are recognised over the reporting period in which the employees provide the services to which the payments relate. Performance costs are recognised to the extent that the Group has a present obligation to its employees that can be measured reliably are recognised on an undiscounted basis over the period of service that employees are required to work to qualify for the benefits.

Defined benefits and contribution schemes

The Group recognises contributions due to defined contribution plans as an expense as and when the services are rendered by employees that entitle them to such contributions. Any contributions unpaid at the reporting date are therefore included as a liability.

1.7 Share-based payments

The Group operates equity-settled and cash-settled share-based payment plans.

Absa Group Limited operates a number of share schemes across multiple subsidiaries within the Absa Group. An individual subsidiary within the Absa Group that receives services as part of a share-based payment arrangement that is equity-settled, from the perspective of the Absa Group, accounts for that award as equity-settled in its separate financial statements only when:

- The awards granted are settled with the subsidiary's own equity instruments; or
- The entity has no obligation to settle the share-based payment transaction.

Where these criteria are not met, the award is cash settled in the separate financial statements of the subsidiary.

In terms of the rules of the share-based payment schemes currently in effect within Group, there are cash-settled and equity settled schemes (explained further in note 50). Schemes where Absa Group Limited has the ultimate obligation to settle the deferred awards, and is accordingly considered to be the grantor of the awards under IFRS 2, are accounted for as equity-settled share-based payment arrangements. Schemes where the awards granted are settled in cash are accounted for as cash-settled share-based payment arrangements.

Material Accounting Policies continued

for the year ended 31 December 2025

1.7 Share-based payments (continued)

Employee services settled in equity instruments

The cost of the employee services received in respect of the shares or share options granted is recognised in profit or loss over the period that employees provide services, generally the period from which the award is granted (or the employee notified) to the vesting date of the shares or options. The overall cost of the award is calculated using the number of shares and options expected to vest and the fair value of the shares or options at the date of grant.

The number of shares and options expected to vest takes into account the likelihood that performance and service conditions included in the terms of the awards will be met. Failure to meet the non-vesting condition is treated as a cancellation, resulting in an acceleration of recognition of the cost of the employee services. This is only if the employee or entity can choose whether to meet the non-vesting condition or not.

The fair value of shares is the market price ruling on the grant date, in some cases adjusted to reflect restrictions on transferability. The fair value of options granted is determined using option pricing models to estimate the numbers of shares likely to vest. These take into account the exercise price of the option, the current share price, the risk-free interest rate, the expected volatility of the share price over the life of the option and other relevant factors. Market conditions that must be met in order for the award to vest are also reflected in the fair value of the award, as are any other non-vesting conditions.

The accounting treatment under IFRS 2 applies regardless of any intra-group recharge arrangements that might be in place. Any recharge arrangements are accounted for separately from the share-based payment as an adjustment to the increase in equity recognised in respect of the share-based payment (as described above).

Recharge arrangements that exist between entities within the Group do not impact the nature of the share-based payment transaction, and therefore do not affect the classification as either equity-settled or cash-settled. Group entities account for intergroup recharges within equity.

Employee services settled in cash

The fair value of the amount payable to employees in terms of a cash-settled share-based payment is recognised as an expense, with a corresponding increase in liabilities, over the vesting period. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised as staff costs in profit or loss. No amount is recognised for services received if the awards granted do not vest because of a failure to satisfy a vesting condition. (Refer to note 31 for the carrying amount of liabilities arising from cash-settled arrangements).

The accounting treatment under IFRS 2 Share-based Payment (IFRS 2), applies regardless of any intra-group recharge arrangements that might be in place. Intergroup recharges are accounted for directly within equity.

Cash-settled share-based payments

The Company accounts for share-based payment arrangements as cash-settled share-based payments when:
The Company has an obligation to settle the transaction in cash, rather than by issuing equity instruments, or
The amount payable is based on the price or value of the Company or another member of the Group's equity instruments, but the settlement is in cash.

The fair value of the amount payable to employees in terms of a cash-settled share-based payment is recognised as an expense, with a corresponding increase in liabilities, over the vesting period. The liability is remeasured at each reporting date and at settlement date. Any changes in the fair value of the liability are recognised in profit or loss. No amount is recognised for services received if the awards granted do not vest because of a failure to satisfy a vesting condition.

1.8 Taxation

Income tax expense represents the tax payable on the current period's taxable income adjusted by changes in deferred tax assets and liabilities.

Current taxation

Income tax payable on taxable profits ("current taxation") is recognised as an expense in the reporting period in which the profits arise. Income tax recoverable on tax allowable losses is recognised as a current tax asset only to the extent that it is regarded as recoverable by offset against taxable profits arising in the current or prior reporting period. Current tax is measured using tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred taxation

Deferred tax is provided in full using the liability method on temporary differences arising from the differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated annual financial statements. Deferred tax is determined using tax rates and legislation enacted or substantively enacted by the reporting date which are expected to apply when the deferred tax asset is recognised or the deferred tax liability is settled.

Deferred tax assets and liabilities are only offset when there is both a legal right to set-off and an intention to settle on a net basis.

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.

Current and deferred tax

Current and deferred tax are recognised in profit or loss except when they relate to items that are recognised in other comprehensive income or directly in equity in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination the tax effect is included in the accounting for the business combination.

Withholding taxation

Dividends are taxed at 10% or other applicable rates as prescribed by double tax agreements in place in the hands of the recipients of the dividends.

1.9 Property, plant and equipment

Properties in the course of construction for production supply or administrative purposes are carried at cost less any recognised impairment loss. Cost includes professional fees and for qualifying assets borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property plant and equipment when completed and ready for its intended use. Depreciation of these assets on the same basis as other property assets commences when the assets are ready for their intended use.

Property plant and equipment is stated at cost which includes direct and incremental acquisition costs less accumulated depreciation and provisions for impairment if required. Subsequent costs are capitalised if these result in an enhancement to the asset.

Depreciation is recognised so as to write off the cost of assets less their residual values over their useful lives using the straight-line method. The estimated useful lives residual values and depreciation method are reviewed at the end of each reporting period with the effect of any changes in estimate accounted for on a prospective basis. Right of use assets are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Material Accounting Policies continued

for the year ended 31 December 2025

Useful lives and residual values

Property, plant and equipment	Useful lives – Years
Freehold property	50
Office equipment, computers and ATMs.	3-7
Furniture and fixtures	5
Motor vehicles	5
Buildings	30

Freehold land is not depreciated.

Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. This condition is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter the assets (or disposal group) are measured at the lower of their carrying amount or fair value less cost to sell. Any impairment loss on a disposal group is first allocated to reduce goodwill and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets, investment properties, insurance assets and employee benefit assets, which continue to be measured in accordance with the Group's accounting policies.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss until finally sold.

Property, equipment and intangible assets, once classified as held for sale, are not depreciated or amortised.

1.10 Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets	Useful lives – Years
Computer software, other	3-5
Internally generated intangible assets	
Research and development	

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if and only if all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Subsequent to initial recognition internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Amortisation of intangible assets

For intangible assets with a finite useful life, the depreciable amount of the asset is allocated on a systematic basis over its useful life. Amortisation begins when the asset is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Judgement is applied to the point at which amortisation commences and may require a group of intangible assets to be ready as a whole before amortisation can begin. Amortisation

methods, useful lives and residual values are reviewed at each reporting date and revised where appropriate to reflect changes in the expected pattern of consumption of future economic benefits.

1.11 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired.

If any indication exists or when annual impairment testing for an asset is required the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an assets or cash generating units (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal recent market transactions are taken into account. If no such transactions can be identified an appropriate valuation model is used. These calculations are corroborated by valuation multiples and quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on most recent budgets and forecast calculations which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations are recognised in the statement of profit or loss in expense categories consistent with the function of the impaired asset.

For non-financial assets an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists the Group estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its cost amount nor exceed the carrying amount that would have been determined net of depreciation had no impairment loss been recognised for the asset in prior years.

Material Accounting Policies continued

for the year ended 31 December 2025

1.12 Provisions

In terms of IAS 37 Provisions, Contingent Liabilities and Contingent Assets, a provision is recognised when the Group has a present obligation as a result of a past event and it is probable that a transfer of economic benefits will be required to settle the obligation. Further, a reliable estimate of the amount of the obligation is required to be made.

1.13 Contingent liabilities

Contingent liabilities are possible obligations whose existence will be confirmed only by uncertain future events and present obligations where the transfer of economic resources is not uncertain or cannot be reliably measured. Contingent liabilities are not recognised on the statement of financial position but are disclosed unless the outflow of economic resources is remote.

1.14 Financial instruments

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are capitalised to the initial carrying amount of the financial asset/liability as appropriate on initial recognition.

Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Group recognises financial assets and liabilities when it becomes a party to the terms of the contract which is the trade date.

On initial recognition it is presumed that the transaction price is the fair value unless there is observable information available in an active market to the contrary. The best evidence of an instrument's fair value on initial recognition is typically the transaction price. However, if fair value can be evidenced by comparison with other observable current market transactions in the same instrument or is based on a valuation technique whose inputs include only data from observable markets then the instrument should be recognised at the fair value derived from such observable market data.

For valuations that have made use of significant unobservable inputs the difference between the model valuation and the initial transaction price (Day One profit) is recognised in profit or loss either on a straight-line basis over the term of the transaction or over the reporting period until all model inputs will become observable where appropriate or released in full when previously unobservable inputs become observable.

Classification and measurement of financial instruments

On initial recognition the Group classifies its financial assets into the following measurement categories:

- Amortised cost;
- Fair value through other comprehensive income;
- Fair value through profit or loss.

The classification and subsequent measurement of financial assets depends on:

- The business model within which the financial assets are managed; and
- The contractual cash flow characteristics of the asset (that is whether the cash flows represent solely payments of principal and interest).

Business model assessment:

The business model reflects how the Group manages the financial assets in order to generate cash flows and returns. The Group makes an assessment of the objective of a business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The factors considered in determining the business model include:

- how the financial assets' performance is evaluated and reported to management;
- how the risks within the portfolio are assessed and managed; and
- the frequency volume timing for past sales expectations in future periods and the reasons for such sales.

The Group reclassifies debt instruments when and only when the business model for managing those asset changes. Such changes are highly unlikely and therefore expected to be very infrequent.

Assessment of whether contractual cash flows are solely payments of principal and interest (SPPI)

In making the assessment of whether the contractual cash flows have SPPI characteristics the Group considers whether the cash flows are consistent with a basic lending arrangement. That is the contractual cash flows recovered must represent solely the payment of principal and interest. Principal is the fair value of the financial asset on initial recognition. Interest typically includes only consideration for the time value of money and credit risk but may also include consideration for other basic lending risks and costs such as liquidity risk and administrative costs together with a profit margin.

Where the contractual terms include exposure to risk or volatility that is inconsistent with a basic lending arrangement the cash flows would not be considered to be SPPI and the assets would be mandatorily measured at fair value through profit or loss as described below. In making the

assessment the Group considers inter alia contingent events that would change the amount and timing of cash flows prepayment and extension terms leverage features terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements) and features that modify consideration of the time value of money (e.g. tenor mismatch). Contractual cash flows are assessed against the SPPI test in the currency in which the financial asset is denominated.

Debt Instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective such as loans and government and corporate bonds. The Group classifies its debt instruments as follows:

Amortised cost – Financial assets are classified within this measurement category if they are held within a portfolio whose primary objective is the collection of contractual cash flows where the contractual cash flows on the instrument are SPPI and that are not designated at fair value through profit or loss. These financial assets are subsequently measured at amortised cost where interest is recognised as effective interest within Effective interest income using the effective interest rate method. The carrying amount is adjusted by the cumulative expected credit losses recognised.

Fair value through other comprehensive income – This classification applies to financial assets which meet the SPPI test and are held within a portfolio whose objectives include both the collection of contractual cash flows and the selling of financial assets. These financial assets are subsequently measured at fair value with movements in the fair value recognised in other comprehensive income with the exception of interest income expected credit losses and foreign exchange gains and losses that are recognised within profit or loss. When the financial asset is derecognised the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to Net trading income in profit or loss. Interest income from these financial assets is included as Effective interest within Effective interest income using the effective interest rate method.

Fair value through profit or loss – Financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are mandatorily measured at fair value through profit or loss. Gains and losses on these instruments are recognised in profit or loss. The Group may also irrevocably designate financial assets that would otherwise meet the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so would eliminate or significantly reduce an accounting mismatch that would otherwise arise. These will be subsequently measured at fair value through profit or loss with gains and losses recognised as net trading income from banking and trading activities or in profit or loss (refer note 6).

Material Accounting Policies continued

for the year ended 31 December 2025

1.14 Financial instruments (continued)

Financial liabilities

Financial liabilities that are held at amortised cost are measured in accordance with the effective interest rate method. That is the initial fair value (which is normally the amount borrowed) is adjusted for premiums discounts repayments and the amortisation of coupon fees and expenses to represent the effective interest rate of the liability (refer note 4).

Financial liabilities classified as held for trading are subsequently measured at fair value through profit or loss with changes in fair value being recognised in profit or loss.

A financial liability may be designated at fair value through profit or loss if;

- i. measuring the instrument at fair value eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases; or
- ii. if the instrument belongs to a group of financial assets or financial liabilities that are managed on a fair value basis in accordance with a documented risk management or investment strategy. Own credit gains or losses arising from the valuation of financial liabilities designated at fair value through profit or loss are recognised in other comprehensive income and are not subsequently recognised in profit or loss.

Expected credit losses on financial assets

Expected credit losses (ECL) reflects:

- i. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- ii. the time value of money (represented by the EIR); and
- iii. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Group uses a mixed approach to impairment where parameters are modelled at an individual financial instrument level or on a portfolio basis when they are only evident at this higher level. A collective approach will only be carried out when financial instruments share similar risk characteristics which could include factors such as instrument type collateral type industry geography and credit risk ratings. Credit losses are the present value of the difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive.

The Group recognises expected credit losses based on unbiased forward-looking information. Expected credit losses are recognised on:

- i. financial assets at amortised cost
- ii. lease receivables
- iii. debt instruments at fair value through other comprehensive income
- iv. loan commitments not measured at fair value
- v. financial guarantee contracts not measured at fair value.

Impairment is recognised based on a three-stage approach:

Stage 1: Exposures where there has not been a significant increase in credit risk since origination. For these exposures an expected credit loss is recognised based on the credit losses expected to result from default events that are possible within 12 months of the reporting date. Interest income is calculated based on the gross carrying value of these instruments.

Stage 2: The assessment of whether an exposure should be transferred from stage 1 to stage 2, is based on whether there has been a significant increase in credit risk. This is a relative measure, where the credit risk at the reporting date is compared to the risk that existed upon initial recognition of the instrument.

Any exposure that is more than thirty (30) days past due will also be included in this stage. Interest income is calculated based on the gross carrying value of these instruments.

Stage 3: Exposures which are credit impaired. For these exposures expected credit losses are based on lifetime losses. Assets are considered to be credit impaired as guided by the regulatory definition of default which includes unlikelihood to pay indicators as well as any assets that are more than ninety (90) days past due. Interest income is calculated based on the carrying value net of the loss allowance.

As noted, ECL comprises the unbiased probability weighted credit losses determined by evaluating a range of possible outcomes and considering future economic conditions. ECL is calculated (for both 12-month ECL and lifetime losses ECL) as a function of the EAD; PD and LGD. These terms are interpreted as follows per the requirements of IFRS 9:

- EAD is the estimated amount at risk in the event of a default (before any recoveries) including behavioral expectation of limit usage by customers in the various stages of credit risk.
- PD is the probability of default at a particular point in time which may be calculated based on the defaults that are possible to occur within the next 12 months; or over the remaining life; depending on the stage allocation of the exposure.
- LGD is the difference between the contractual cash flows due and the cash flows expected to be received discounted to the reporting

date at the effective interest rate. The expectation of cash flows takes into account cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. These forecast losses are discounted to the reporting date based on the EIR. The expectation of cash flows takes into account cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms. The estimate reflects the amount and timing of cash flows expected from the enforcement of collateral less the costs of obtaining and selling the collateral. The collection of any cash flows expected beyond the contractual maturity of the contract is also included.

Forward looking information

Forward-looking information is factored into the measurement of expected losses through the use of multiple expected macro-economic scenarios that are either reflected in estimates of PD and LGD for material portfolios; or adjusted through expert credit judgement where the effects could not be statistically modelled.

Curing of a Distressed Restructure

The distressed restructure classification is discontinued when the following conditions are met;

It is established that the obligor is able to meet the requirements of the revised terms and conditions of the restructure.

A minimum observation period of 12 months or as per local regulatory requirement where requirement is in excess of 12 months after the restructure is has been put in place during which the obligor must comply with the revised terms and conditions;

In most cases this will equate to a minimum of 12 full consecutive monthly payments. In the case of clients with longer dated repayment terms (e.g. quarterly) the 12-month observation period will still apply but more emphasis should be placed on qualitative factors in the assessment of the cure; and

The classification of the loan into a performing category may be made subsequent to an evaluation by the Business Unit Watch List Committee regarding the qualitative factors in addition to compliance with the revised payment terms and conditions. Qualitative factors include compliance with the loan covenants and compliance with other existing loan obligations. Where these conditions are not met the obligor continues to be under probation and considered to be a distressed restructure until all requirements are met. Compliance with the conditions is assessed quarterly at a minimum by the appropriate SLoD (Second Line of Defense) (official (e.g. Distressed Asset Manager).

Material Accounting Policies continued

for the year ended 31 December 2025

1.14 Financial instruments (continued)

Derecognition of financial assets

In the course of its normal banking activities, the Group makes transfers of financial assets, either legally (where legal rights to the cash flows from the asset are passed to the counterparty) or beneficially (where the Group retains the rights to the cash flows but assumes a responsibility to transfer them to the counterparty). Depending on the nature of the transaction, this may result in derecognition of the assets in their entirety, partial derecognition or no derecognition of the assets subject to the transfer. The gain or loss on derecognition of financial assets is determined as the difference between the carrying value of the financial asset derecognised (including impairment, if any) and the fair value of any proceeds received.

Full derecognition only occurs when the rights to receive cash flows from the asset have been discharged cancelled or have expired or the Group transfers both its contractual right to receive cash flows from the financial assets (or retains the contractual rights to receive the cash flows but assumes a contractual obligation to pay the cash flows to another party without material delay or reinvestment) and substantially all the risks and rewards of ownership including credit risk prepayment risk and interest rate risk. When an asset is transferred in some circumstances the Group may retain an interest in it (continuing involvement) requiring the Group to repurchase it in certain circumstances for other than its fair value on that date.

Modifications to financial assets

Modifications to financial assets are assessed as follows:

A loan modification is a permanent change to one or more of the terms of the loan. Enforcing or adopting terms that were present in the original terms of the facility is not a modification. The treatment of a renegotiation or modification of the contractual cash flows of a financial asset depend on whether the modification is done for commercial reasons or because of financial difficulty of the borrower.

Contractual modifications on commercial terms are treated as a new transaction resulting in derecognition of the original financial asset and the recognition of a 'new' financial asset. Any difference between the carrying amount of the derecognized asset and the fair value of the new asset is recognized in profit or loss.

When the Bank modifies the contractual conditions due to the financial difficulties of the borrower, the asset is not derecognized unless the terms of the contract are substantively changed (such as the inclusion of an equity participation or a substantial change in counterparty). If the asset is not substantially modified, then the gross carrying amount of the financial asset is recalculated to be the present

value of the modified cash flows discounted at the original EIR and the resulting modification gain/losses recognised in profit or loss as part of the total impairment loss. Modification gains or losses typically occur on stage 2 and 3 assets.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged cancelled or expires.

Modification

Where an existing financial liability is replaced by another from the same party on substantially different terms or the terms of an existing liability are substantially modified (taking into account both quantitative and qualitative factors) such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in profit or loss. Where the terms of an existing liability are not substantially modified the liability is not derecognised. Costs incurred on such transactions are treated as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Write offs

The gross carrying amount of a financial asset shall be directly reduced ('written off') when the entity has no reasonable expectations of recovering it in its entirety or a portion thereof. The corresponding impairment allowance is also reduced. This reduction occurs when the asset is a stage 3 financial asset. A write-off constitutes a de-recognition event for accounting purposes. Such loans are written off after all the necessary procedures have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the impairment line of the profit or loss. The point of derecognition for loans with collateral that has been repossessed occurs when the creditor relinquishes control over the collateral. The point of which an account will be written-off is appropriate at the point when the entity has no reasonable expectations of recovering a financial asset (the asset is reduced to perfecting collateral (no longer any planned direct pursuit of the obligor) either in its entirety or a portion thereof;

- Where it does not make sense from a cost perspective to endeavor any further collection efforts;
- Where local regulators dictate a different outcome to the above two instances local regulation will supersede Group requirements.

Enforcement of collateral

Property pledged as collateral by customers is repossessed following the foreclosure of the loans that are in default. Repossessed properties are maintained off balance sheet with the respective loan recognized to the extent of discounted fair value of collateral held. The repossessed

assets are not recognized on the statement of financial position as title or ownership of the assets never transfers to the Group. Properties held as collateral are taken into consideration when calculating credit exposures and impairment provisions.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Ordinary share capital proceeds are included in equity net of transaction costs. The key feature which distinguishes an equity instrument from a financial liability is whether there is a contractual obligation of the issuer to deliver cash or another financial asset to the holder of the instrument.

Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged cancelled or expires.

Modification

Where an existing financial liability is replaced by another from the same party on substantially different terms or the terms of an existing liability are substantially modified (taking into account both quantitative and qualitative factors) such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability and the difference in the respective carrying amounts is recognised in profit or loss. Where the terms of an existing liability are not substantially modified the liability is not derecognised. Costs incurred on such transactions are treated as an adjustment to the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Derivative Financial Instruments

Derivative instruments are contracts whose value is derived from one or more underlying financial instruments or indices defined in the contract. The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks including foreign exchange forward contracts and interest rate swaps. Notional amounts of the contracts are not recorded on the statement of financial position.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss (refer note 6) immediately.

Material Accounting Policies continued

for the year ended 31 December 2025

1.14 Financial instruments (continued)

Derivatives embedded in financial liability non-derivative host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL. Embedded derivatives are not separated from financial asset non-derivative host contracts and the entire contract, including any embedded derivatives, is assessed as a whole for classification purposes.

1.15 Cash and cash equivalents

For the purposes of the statement of cash flows cash comprises cash on hand and demand deposits and cash equivalents comprise highly liquid investments that are convertible into cash with an insignificant risk of changes in value with original maturities of three months or less. Unrestricted balances held with central banks are included as well (i.e. the primary reserve requirement).

1.16 Earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity holders of the Group and the number of basic weighted average number of ordinary shares excluding treasury shares held in employee benefit trusts or held for trading. When calculating the diluted earnings per share the weighted average number of shares in issue is adjusted for the effects of all dilutive potential ordinary shares held.

1.17 Segmental reporting

The Group's segmental reporting is in accordance with IFRS 8 Operating Segments (IFRS 8). Operating segments are reported in a manner consistent with the internal reporting provided to the Country Management Committee (CMC) which is responsible for allocating resources and assessing performance of the operating segments and has been identified as the Chief Operation Decision Maker (CODM).

All transactions between segments are carried out in the normal course of business. Income and expenses directly associated with each segment are included in determining business segment performance.

Assets excluding loans and advances to customers financial instruments trading portfolio assets and derivative instruments and liabilities excluding deposits due to customers derivative financial instruments and debt securities in issue are not identifiable to any one of the reportable segments and can be used interchangeably between segments. As a result these are not reviewed by chief operating decision maker. Therefore, segmental disclosure relating to these has not been provided.

All transactions between segments are carried in the normal course of business. Our management reporting system reports our inter-segment service at a cost reduction and does not take them as internal revenue. Inter-segment service mainly represents utilisation of manpower resource of one segment by another on a project-by-project basis. Inter-segment services are charged based on an internal cost rate including certain indirect and direct overhead costs but without profit margin.

The segment analysis for the year is detailed on note 49.

1.18 Loan commitments

The Group enters into commitments to lend to its customers subject to certain conditions. Such loan commitments are made either for a fixed period or are cancellable by the Group subject to notice conditions.

Under IFRS 9 loan commitments must be measured with reference to the quantum of ECL required to be recognised. In the case of undrawn loan commitments, the inherent credit risk is managed and monitored by the Group together with the drawn component as a single exposure. The EAD on the entire facility is therefore used to calculate the cumulative ECL. As a result the total ECL is recognised in the ECL allowance in respect of the financial asset unless the total allowance exceeds the gross carrying amount of the financial asset. If this is the case the excess ECL is recognised as a provision on the face of the statement of financial position.

Undrawn loan commitments and letters of credit are commitments under which over the duration of the commitment the Bank is required to provide a loan with pre-specified terms to the customer. Similar to financial guarantee contracts these contracts are in the scope of the ECL requirements. The nominal contractual value of financial guarantees letters of credit and undrawn loan commitments where the loan agreed to be provided is on market terms are not recorded on in the statement of financial position. The nominal values of these instruments together with the corresponding ECL are disclosed on our financial statement notes. The Bank occasionally issues loan commitments at below market interest rates. Such commitments are subsequently measured at the higher of the amount of the ECL allowance and the amount initially recognized less when appropriate the cumulative amount of income recognized.

1.19 Financial guarantees

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of the debt instrument. Financial guarantees are initially recognized in the consolidated financial statements at fair value on the date that the guarantee was given. Other than where the fair value option is applied subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial

measurement, less amortisation calculated to recognise in profit or loss any fee income earned over the reporting period, and the amount of the loss allowance expected from the guarantee at the reporting date. Any increase in the liability relating to guarantees is recognised in profit or loss.

The premium is recognized in the income statement in Net fees and commission income on a straight-line basis over the life of the guarantee.

The Group has elected not to apply IFRS 17 Insurance Contracts as permitted for financial guarantee contracts since the bank has not explicitly asserted that it considers such contracts to be insurance contracts.

1.20 Stated capital and equity

Equity instruments issued by the group are recognised at the proceeds received, net of direct issue costs. Other components of equity include the following:

- Share capital reserve
- General risk reserve
- Retained earnings
- Fair value reserve and Share based payment reserve

Retained earnings includes all current and prior period retained profits.

All transactions with owners of the parent are recorded separately within equity.

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved in a general meeting prior to the reporting date (Refer to notes 37 and 38 for more details).

1.21 Judgements and estimates

In the preparation of the consolidated financial statements management is required to make judgements estimates and assumptions that affect reported income expenses assets liabilities and disclosure of contingent assets and liabilities. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements within the next financial period.

Judgements made by management that could have a significant effect on the amounts recognised in the consolidated financial statements include:

- Expected credit losses of financial assets
- Accounting treatment for repossessed assets (Note 1.14)
- Useful lives and residual values of property plant and equipment (Note 24)
- Income taxes
- Basis for determining fair values of investments
- Valuation of the share-based payment reserve

Material Accounting Policies continued

for the year ended 31 December 2025

1.21 Judgements and estimates (continued)

Expected credit losses (ECL) of financial assets

The consideration of credit risk is a fundamental process for the Group as it ultimately determines the impairment losses recognised from an accounting perspective. This section describes the processes and assumptions applied in estimating impairment under IFRS 9.

Approach to impairment of credit exposures

The measurement of ECL involves a significant level of complexity and judgement including estimation of probability of default (PD), loss given default (LGD), a range of unbiased future economic scenarios, estimation of expected losses, estimation of exposure at default (EAD) and assessing significant increases in credit risk.

The purpose of estimating ECL is neither to estimate a worst-case scenario nor to estimate the best-case scenario. The estimate reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes. In some cases relatively simple modelling is considered to be sufficient without the need to consider the outcome under different scenarios. For example, the average credit losses of a large group of financial instruments with shared risk characteristics may be a reasonable estimate of the probability-weighted amount. In other situations the identification of scenarios that specify the amount and timing of the cash flows for particular outcomes and the estimated probability of those outcomes will be needed.

Under IFRS 9 the Group recognises ECL based on a stage allocation methodology with such categorisation informing the level of provisioning required. The ECL allowance calculated on stage 1 assets reflects the 12 months losses associated with events of default that are expected to occur within 12 months of the reporting date (12-month ECL).

Assets classified within stage 2 and stage 3 carry an ECL allowance calculated based on the lifetime losses associated with defaults that are expected to occur over the lifetime of the exposure (lifetime ECL). The assessment of whether an exposure should be transferred from stage 1 to stage 2 is based on whether there has been a significant deterioration in credit risk. This is a relative measure where the credit risk at the reporting date is compared to the risk that existed upon initial recognition of the instrument. Exposures are classified within stage 3 if they are credit impaired.

For IFRS 9 purposes two distinct PD estimates are required:

- 12-month PD: the likelihood of accounts entering default within 12 months of the reporting date.
- Lifetime PD: the likelihood of accounts entering default during the remaining life of the asset.

For the purposes of credit modelling under IFRS 9 the PD is calculated on a point in time (PIT) basis and reflects the likelihood of default assessed based on the prevailing economic conditions at the reporting date adjusted to take into account estimates of future economic conditions that are likely to impact the risk of default. PIT PDs do not equate to a long run average. This is a key distinction between the IFRS 9 ECL models and the Group's Basel III models. Under Basel III the PD is the average of default within the next 12 months calculated based on the long-run historical average over the full economic cycle.

IFRS 9 provides that financial asset should be written off and accordingly derecognised when the Group believes there to be no reasonable expectation of recovery. The Group has well-governed internal policies which define how an individual account should be assessed for write-off and which ensure that post write-off recoveries remain insignificant over the long run. Further the policies are recalibrated over time as and when actual recovery experience changes. Whilst the Group's write-off policy determines the point of derecognition at an individual account level it also impacts the level of recoveries modelled on a collective basis for the purposes of determining LGDs to be applied at a portfolio level. Under IFRS 9 the Group applies the write-off assumptions consistently at both an individual account level and on a collective modelling basis. This means that the Group's LGD model includes only the present value of forecast recoveries on a pool of loans up until the designated point of write-off. Recoveries which are therefore forecast to be received post the point of write-off are excluded from the LGD model. Recoveries of amounts previously written off are recognised as an ECL gain in the statement of comprehensive income as and when the cash is received.

In calculating LGD losses are discounted to the reporting date using the EIR determined at initial recognition or an approximation thereof. For debt instruments such as loans and advances the discount rate applied is the EIR calculated on origination or acquisition date. For financial guarantee contracts or loan commitments for which the EIR cannot be determined losses are discounted using a rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows (to the extent that such risks have not already been taken into account by adjusting the cash shortfalls).

Approach to impairment of credit exposures

The EAD model estimates the exposure that an account is likely to have at any stage of default in future. This incorporates both the amortising profile of a term loan as well as behavioural patterns such as the propensity of the client to draw down on unutilised facilities in the lead up to a default event.

Expert credit judgement may in certain instances be applied to account for situations where known or expected risk factors have not been considered in the ECL assessment or modelling process or where

uncertain future events have not been incorporated into the modelled approach. Adjustments are intended to be short term measures and will not be used to incorporate any continuous risk factors. The Group has a robust policy framework which is applied in the estimation and approval of management adjustments.

Retail portfolio

Ratings assigned across each Retail portfolio are based on automated application and behavioural scoring systems. The underlying rating is calculated at point of application and updated monthly thereafter.

The rating is used in decisions concerning underwriting and account management and is used to calculate regulatory capital economic capital and IFRS 9 ECL. The methodology and data employed in the risk estimation and the rating processes can be summarised as follows:

- Internal risk estimates of PD EAD and LGD are based on historical experience and are reliant on historical data.
- PDs are assigned at account level and consist of three elements namely:
 - a term structure capturing typical default behavior by the months since observation;
 - a behavioral model which incorporates client level risk characteristics; and
 - a macro-economic model that incorporates forward looking macro-economic scenarios
- EADs are assigned at an account level and are based on the EAD pool to which the account has been assigned. EAD estimates incorporate all relevant data and information including account balances as well as utilised and unutilised limits if present.
- LGDs are assigned at account level and are based on the LGD pool to which the account has been assigned. Relevant historical data used in LGD estimates include observed exposure at the point of default recovery strategies re-defaults cure and write-off rates. The models make use of risk drivers such as loan-to-value (LTV) and attributes that describe the underlying asset.

Wholesale portfolio

The Wholesale rating process relies both on internally developed PD EAD and LGD rating models and vendor provided solutions. The Wholesale rating process relies on quantitative and qualitative assessments that could be manual or automated. Wholesale PDs and LGDs are modelled using the parameters from regulatory models as a starting point. Parameters are adjusted for differences between requirements under Basel III and IFRS 9.

PD ratings are assigned on a customer level. Information used in the calculation of customer PD ratings includes financial statements projected cash flows equity price information behavioral information as well as quality assessments on strength of support. In converting Basel III compliant PDs to PDs appropriate for the purposes of IFRS 9 the main adjustments effected comprise:

Material Accounting Policies continued

for the year ended 31 December 2025

1.21 Judgements and estimates (continued)

- a macroeconomic adjustment that changes the paradigm from a long-run average default rate to a PD that reflects the prevailing macroeconomic conditions thereby adjusting the PD from a seven-year historical average to a PD reflective of the macro-economic environment at the reporting date; and
- an adjustment to the regulatory PD to convert it from a PD over twelve (12) months to a PD over the lifetime of an exposure to be able to assess significant increases in credit risk and estimate lifetime provisions for stage 2 and 3.
- LGD estimates depend on the key drivers of recovery such as collateral value seniority of claim and costs involved as part of the recovery process. LGD models are based on internal and external loss data and the judgement of credit experts. The main adjustments to LGD comprise a macroeconomic adjustment that changes the long-run LGD to reflect a given macroeconomic scenario as well as the exclusion of forecast recoveries expected beyond the point of write-off. Lifetime projections of LGD take into account the expected balance outstanding on a loan at the time of default as well as the value of associated collateral at that point in time.
- EAD models aim to replicate the expected utilisation of a customer's facility should a default occur. EADs are assigned for each facility using models incorporating internal and external default data as well as the experience of credit experts in relation to particular products or customer groups.

Definition of a significant increase in credit risk

The Group uses various quantitative qualitative and backstop measures as indicators of a significant increase in credit risk. The thresholds applied for each portfolio will be reviewed on a regular basis to ensure they remain appropriate. Where evidence of a significant increase in credit risk is not yet available at an individual instrument level instruments that share similar risk characteristics are assessed on a collective basis.

Key drivers of a significant increase in credit risk include:

- Where the weighted average (PD) for an individual exposure or group of exposures as at the reporting date evidences a material deterioration in credit quality relative to that determined on initial recognition;
- Adverse changes in payment status and where accounts are more than 30 days in arrears at reporting date. In certain portfolios a more conservative arrears rule is applied where this is found to be indicative of increased credit risk (e.g. 1 day in arrears);
- Accounts in the Retail portfolio which meet the portfolio's impairment high risk criteria, such as certain modified accounts, customers' repayment patterns on other products; as well as information based on internal and external behavioral scorecards; and
- The Group's watch list framework applied to the Wholesale portfolio

which is used to identify customers facing financial difficulties or where there are grounds for concern regarding their financial health.

Definition of credit impaired

Assets classified within stage 3 are considered to be credit impaired when an exposure is in default. Important to the Group's definition of default is the treatment of exposures which are classified as within forbearance. Forbearance is a concession granted to a counterparty for reasons of financial difficulty that would not otherwise be considered by the Group. The definition of forbearance is not limited to measures that give rise to an economic loss (that is a reduction in the counterparty's financial obligation).

Default within Wholesale and Retail is aligned with the regulatory definition and therefore assets are classified as defaulted when either:

- The Group considers that the obligor is unlikely to pay its credit obligations without recourse by the Group to actions such as realising security. Elements to be taken as indications of unlikelihood to pay include the following:
- The Group consents to a distressed restructuring / forbearance of the credit obligation where this is likely to result in a diminished financial obligation caused by the material forgiveness of principal interest or fees;
- The customer is under debt review business rescue or similar protection;
- Advice is received of customer insolvency or death; or
- The obligor is past due 90 days or more on any credit obligation to the Group.

In addition, within the Retail portfolios:

- All forms of forbearance are treated as in default regardless of whether the restructure has led to a diminished financial obligation or not; and
- The Group requires an exposure to reflect at least 12 consecutive months of performance in order to be considered to have been cured from Stage 3. This probation period applies to all exposures including those that may have been classified as defaulted for reasons other than forbearance and debt review (e.g. owing to the fact that they become more than 90 days past due).

Determination of the lifetime of a credit exposure

The determination of initial recognition and asset duration (lifetime) are critical judgements in determining quantum of lifetime losses that apply. The date of initial recognition reflects the date that a transaction (or account) was first recognised on the statement of financial position. The PD recorded at this time provides the baseline used for subsequent determination of a significant increase in credit risk. When determining the period over which the entity is expected to be

exposed to credit risk but for which the ECL would not be mitigated by the entity's normal credit risk management actions, the Group considers factors such as historical information and experience about:

- the period over which the entity was exposed to credit risk on similar financial instruments;
- the length of time for related defaults to occur on similar financial instruments following a significant increase in credit risk; and
- the credit risk management actions that an entity expects to take once the credit risk on the financial instrument has increased such as the reduction or removal of undrawn limits.

For asset duration the approaches which are applied (in line with IFRS 9 requirements) are:

- Term lending: the contractual maturity date reduced for behavioural trends where appropriate (such as expected settlement and amortisation); and
- Revolving facilities: for Retail portfolios asset duration is based on behavioural life and this is normally greater than contractual life. For wholesale portfolios a sufficiently long period to cover expected life modelled and an attrition rate is applied to cater for early settlement.

Incorporation of forward-looking information into the IFRS 9 modelling

The Group's IFRS 9 impairment models consume macroeconomic information to enable the models to provide an output that is based on forward looking information. The macro-economic variables and forecast scenarios are sourced from one of the world's largest research companies and are reviewed and approved in accordance with the Group's macroeconomic governance framework. This review includes the testing of forecast estimates the appropriateness of variables and probability weightings as well as the incorporation of these forecasts into the ECL allowance (refer note 2).

The Group has adopted the use of three economic scenarios: a base scenario a mild upside scenario and a mild downside scenario.

Share-based payments

As explained in section 1.7 schemes are linked to the shares of the Company's holding company Absa Group Limited. The initial fair value of awards is determined at grant date and is measured after taking into account all terms and conditions of the share incentive scheme excluding non-market vesting conditions. In the case of certain schemes, options are granted to employees with a zero-strike price. In this case Absa Bank Botswana Limited may consider Absa Group Limited's share price on the grant date to be the best indication of the grant date fair value. Where management determines this valuation approach to be less appropriate, based on the specific terms and conditions, then an appropriate option pricing model (for instance, a Black Scholes or Monte Carlo simulation) is applied. Significant inputs into this pricing model include the following:

Material Accounting Policies continued

for the year ended 31 December 2025

1.21 Judgements and estimates (continued)

Inputs	At 31 December 2025
Risk-free discount rate	6.59 to 6.31% (2024: 7.45% to 7.56%)
Share price volatility	Flat 25.65% (2024: Flat 29.04%)
Dividend yield	7.24% % to 7.68% (2024: 3.92% to 6.28%)

The cumulative expense recognised at each reporting date will reflect the extent to which the vesting period has expired as well as the Group's best estimate of the number of equity instruments that will ultimately vest.

Basis for determining fair values of investments

The 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. Fair values should be first calculated with reference to observable inputs where these are available in the market. Only where these are unavailable should fair value techniques be applied which employ less observable inputs. Unobservable inputs may only be used where observable inputs or less observable inputs are unavailable. IFRS 13 Fair Value Measurement does not mandate the use of a particular valuation technique but rather sets out a principle requiring an entity to determine a valuation technique that is appropriate in the circumstances for which sufficient data is available and for which the use of relevant observable inputs can be maximised. Where management is required to place greater reliance on unobservable inputs the fair values may be more sensitive to assumption changes and different valuation methodologies that may be applied. For this reason there is a direct correlation between the extent of disclosures required by IFRS 13 and the degree to which data applied in the valuation is unobservable.

The fair values of quoted investments in active markets are based on current bid prices (level 1). If the market for a financial asset is not active the Group establishes fair value by using valuation techniques (level 2 and level 3). These include the use of recent arm's length transactions discounted cash flow analysis option pricing models and other valuation techniques commonly used by market participants.

Debt securities and treasury and other eligible bills

These instruments are valued based on quoted market prices from an exchange dealer broker industry group or pricing service where available. Where unavailable fair value is determined by reference to quoted market prices for similar instruments or in the case of certain mortgage-backed securities valuation techniques using inputs derived from observable market data and where relevant assumptions in respect of unobservable inputs.

Derivatives

Derivative contracts can be exchange-traded or traded Over The Counter ("OTC"). OTC derivative contracts include forward swap and option contracts related to interest rates bonds foreign currencies credit spreads equity prices and commodity prices or indices on these instruments. Fair values of derivatives are obtained from quoted market prices dealer price quotations discounted cash flow and pricing models. Bid-offer valuation adjustments for assets and liabilities where the Group is not a market maker mid-prices are adjusted to bid and offer prices respectively unless the relevant mid-prices are reflective of the appropriate exit price

as a practical expedient given the nature of the underlying instruments. Bid-offer adjustments reflect expected close out strategy and for derivatives the fact that they are managed on a portfolio basis.

The methodology for determining the bid-offer adjustment for a derivative portfolio will generally involve netting between long and short positions and the bucketing of risk by strike and term in accordance with the hedging strategy. Bid-offer levels are derived from market sources such as broker data. For those assets and liabilities where the Group is a market maker and has the ability to transact at or better than mid-price (which is the case for certain equity bond and vanilla derivative markets) the mid-price is used since the bid-offer spread does not represent the transaction cost.

Measurement of assets and liabilities at Level 2

The following table presents information about the valuation techniques and significant observable inputs used in measuring assets and liabilities categorised as Level 2 in the fair value hierarchy:

Category of asset	Valuation techniques applied	Significant observable inputs
Debt instruments Derivatives	Discounted cash flow models	Underlying price of market instruments and/or interest rates
Foreign exchange derivatives	Discounted cash flow techniques and/or option pricing models such as the Black Scholes model	Interest rate curves repurchase agreements money market curves and/or volatilities.
Interest rate derivatives	Discounted cash flow and/or option pricing models	Interest rate curves repurchase agreement curves money market curves and/or volatility

2. Incorporation of forward-looking information into the IFRS 9 modelling

The Group's impairment models consume macro-economic information to enable the models to provide an output that is based on forward-looking information.

As at 31 December 2025, the Group believes that the probability of the baseline scenario presented below is more likely to occur as opposed to

alternative scenarios. Despite the current market conditions being marked by global shocks and high uncertainty, the Group has maintained its probability-weightings of 40%, 30%, and 30% for the baseline, upside, and downside scenarios respectively. The ranges between the baseline, mild upside and downside macroeconomic scenarios are adjusted in financial periods where unprecedented market conditions occur.

The following table shows the key forecast assumptions for the economic scenarios as at 31 December 2025:

Material Accounting Policies continued

for the year ended 31 December 2025

2. Incorporation of forward-looking information into the IFRS 9 modelling (continued)

31 December 2025	Baseline				Upside				Downside			
(%)	2025	2026	2027	2028	2025	2026	2027	2028	2025	2026	2027	2028
Real GDP	(2.50)	2.00	2.50	2.70	0.50	3.30	3.70	4.20	(3.00)	-	0.20	1.50
CPI	2.90	6.20	4.70	3.80	2.60	4.00	3.10	2.80	3.20	7.40	6.50	6.00
Policy rate	3.50	2.10	2.20	2.20	1.90	1.70	1.70	1.90	1.90	2.80	3.20	3.20

Source: Absa Group Limited internal review

31 December 2024	Baseline				Upside				Downside			
(%)	2024	2025	2026	2027	2024	2025	2026	2027	2024	2025	2026	2027
Real GDP	(0.50)	3.60	3.80	3.90	1.50	6.70	5.00	5.00	(1.80)	2.30	3.00	2.90
CPI	3.10	3.40	3.70	3.60	2.80	2.50	2.80	3.10	3.60	5.40	5.30	5.10
Policy rate	2.14	1.65	1.87	2.12	2.11	1.40	1.62	1.65	2.17	3.03	4.25	4.25

Source: Absa Group Limited internal review

Global

The baseline assumption is for the global economy to have grown by 3.2% in 2025, moderating marginally to growth of 3.1% for 2026. Heightened uncertainties created by geo-political conflict and by the volatile decision making by the new US administration are expected to persist. The US Federal Reserve is expected to continue a path of gradual policy rate cuts, whilst other major central banks are generally seen as at or nearing the end of their interest rate cycles. Oil price softness is expected to persist, as is the general trend of heightened prices for base and precious metals. Global risks appetite is expected to continue to favour emerging market assets, particularly from those countries with improving fundamentals. In our mild downside scenario, global economic growth is modestly lower, the US policy rate falls by less as more aggressive import tariffs stoke heightened inflation, whilst commodity prices fall for metals on demand concerns and oil prices rise on an intensification of geopolitical concerns. For the mild upside scenario, the global economy grows more quickly, but inflation fears abate as tariffs are less aggressive and global policy rates are able to fall somewhat further than in Baseline. The faster economic growth will boost most commodities, with oil expected to buckle that trend and instead respond to improved geopolitical tensions by declining.

Botswana

Botswana's economy continues to take strain from a weak global diamond market, though this is offset somewhat by the end of the debilitating drought. At the time of our forecasting, GDP was expected to contract by 2.5% in 2025 in our baseline forecast. Although any improvement in the diamond market is likely to be modest in 2026, overall economic activity is expected to show positive growth of 2%, helped by better agricultural conditions and a base effect from mining. We do not anticipate significant changes in the monetary policy rate. In our mild downside scenario, the recession is larger (GDP -3% in 2025, and only flat in 2026) as the diamond market's struggles intensify and a shortfall in government revenues forces some spending reduction. Interest rates rise as the pula weakens and inflation pushes higher. Conversely, our mild upside scenario envisions a stronger H2 2025, allowing the country to avoid recession in the year, while much improved weather conditions, a firmer recovery in the market for diamonds, and an accelerated economic reform program from the new government boosts economic growth above 3% in 2026 and over the medium-term. Somewhat better inflation provides space for some modest further monetary accommodation by the Bank of Botswana.

Sensitivity of expected credit losses

The table below reflects the impact of assigning a probability weighting of macroeconomic scenarios at a rate of Baseline 40% Downside 30% and Upside 30% on the stage 1 and stage 2 loans and advances to customers:

	Consolidated and Company			
	2025 P '000	% change	2024 P '000	% change
ECL allowance on stage 1 and stage 2 loans and advances to customers	8 943		196 779	
Baseline	(6 732)	(109)	74 490	(48)
Upside	(10 771)	(117)	64 002	(40)
Downside	(2 781)	(105)	58 287	(46)

Notes to the Consolidated and Separate Financial Statements

for the year ended 31 December 2025

Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
3. Effective interest income				
Financial assets at fair value through OCI	150 197	144 823	150 197	144 823
Loans to related parties	103 112	116 767	103 112	116 767
Loans and advances to banks	1 883	3 025	1 883	3 025
Loans and advances to customers	2 036 904	1 876 918	2 036 904	1 876 918
Total interest income	2 292 096	2 141 533	2 292 096	2 141 533
4. Effective interest expense				
Deposits from banks	(22 912)	(965)	(22 912)	(965)
Customer deposits	(764 093)	(499 388)	(764 093)	(499 388)
Debt securities in issue	(32 994)	(43 982)	(32 994)	(43 982)
Subordinated debt	(28 270)	(47 768)	(28 270)	(47 768)
Interest on lease liabilities	(5 984)	(3 257)	(5 984)	(3 257)
Loans from related parties	(22 188)	(28 070)	(22 188)	(28 070)
Total interest expense	(876 441)	(623 430)	(876 441)	(623 430)
5. Net fee and commission income				
Fee and commission income at a point in time				
Insurance commissions	51 822	53 222	616	274
Interchange fees	216 503	201 702	216 503	201 702
Withdrawal fees	10 294	8 117	10 294	8 117
Application banking fees	11 338	9 522	11 338	9 522
	289 957	272 563	238 751	219 615
Fee and commission income over time				
Maintenance charges	130 877	129 624	130 877	129 624
Service fees	196 810	178 846	196 810	178 846
	327 687	308 470	327 687	308 470
Fee and commission income	617 644	581 033	566 438	528 085
Foreign exchange gains	16 153	15 822	16 153	15 822
Fee and commission income	633 797	596 855	582 591	543 907
Fee and commission expense				
Inter-bank transaction fees	(44 814)	(63 363)	(44 814)	(63 363)
Commission expenses	532	(1 178)	532	(1 276)
Fee and commission expense	(44 282)	(64 541)	(44 282)	(64 639)
Net fee and commission income	589 515	532 314	538 309	479 268

Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
6. Net trading income				
Gains on currency trading and derivative instruments	453 195	192 132	453 195	192 132
Losses on fair value (FV) movement on financial assets held at FV	(4 735)	(2 173)	(4 735)	(2 173)
Markets - Bond Sales	20 008	4 402	20 008	4 402
Exchange losses and gains	(30 029)	7 079	(30 029)	7 079
Gains / losses on currency trading and derivative instruments with related parties	(63 584)	22 847	(63 584)	22 847
	374 855	224 287	374 855	224 287
7. Other income				
Management fee income*	-	-	23 531	29 569
Contractual receipts from point of sale services**	5 815	5 076	5 815	5 076
Insurance recoveries	1 273	2 026	1 273	2 026
Foreign exchange gains	-	4	-	-
Gain on disposal of property and equipment	149	248	149	248
	7 237	7 354	30 768	36 919

*Management fee income includes management fee income received from the Bank's subsidiaries, Absa Insurance Services (Proprietary) Limited and Absa Securities Botswana (Proprietary) Limited.

** Contractual receipts from point of sale services were disclosed as rental income.

Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
8. Expected credit losses				
Stage 3 expected losses	(103 265)	(152 649)	(103 265)	(152 649)
Stage 2 expected losses	5 960	23 892	5 960	23 892
Stage 1 expected losses	(38 634)	5 403	(38 634)	5 403
Expected credit loss expense	(135 939)	(123 354)	(135 939)	(123 354)
Recoveries of loans and advances to customers previously written off	37 202	44 681	37 202	44 681
Debt collection agents costs	(10 535)	(10 773)	(10 535)	(10 773)
Statement of comprehensive income charge	(109 272)	(89 446)	(109 272)	(89 446)

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
9. Staff costs				
Salaries and current services costs	(382 549)	(342 088)	(382 549)	(342 088)
Training costs	(7 392)	(5 818)	(7 306)	(5 818)
Staff medical costs	(27 303)	(25 377)	(27 303)	(25 377)
Leave pay	(3 131)	(950)	(3 131)	(950)
Payroll related allowances	(26 307)	(27 951)	(26 307)	(27 951)
Staff welfare	(27 565)	(19 452)	(27 565)	(19 452)
Pension cost	(39 809)	(37 499)	(39 809)	(37 499)
Cash-settled share-based payments	(27 271)	(21 269)	(27 271)	(21 269)
Equity-settled share-based payments	(9 950)	(6 063)	(9 950)	(6 063)
Total staff costs	(551 277)	(486 467)	(551 191)	(486 467)
Average number of employees during period	919	914	919	914
10. Infrastructure costs				
Equipment maintenance costs	(32 354)	(29 486)	(32 354)	(29 486)
Property maintenance costs	(4 498)	(2 899)	(4 498)	(2 899)
Depreciation of property plant and equipment	(34 299)	(35 230)	(34 299)	(35 230)
Depreciation of right-of-use assets	(28 623)	(23 164)	(28 623)	(23 164)
Amortisation of intangible assets	(1 278)	(490)	(1 278)	(490)
Short-term leases*	(19 525)	(27 368)	(19 525)	(27 368)
Software licensing and other information technology	(71 347)	(64 331)	(71 347)	(64 331)
Total infrastructure costs	(191 924)	(182 968)	(191 924)	(182 968)

* Rentals amounting to P 10,152 thousand (2024: P10,287 thousand) has been classified as short term and low value leases to reflect the appropriate nature of expenses. The costs include recoveries such as water, electricity etc.

Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
11. Administration and general expenses				
Auditors' remuneration:				
Financial statements	(7 015)	(7 308)	(6 799)	(7 106)
Consultancy legal and professional fees	(107 579)	(93 402)	(107 481)	(93 384)
Marketing advertising and sponsorship	(29 729)	(23 466)	(29 729)	(23 466)
Travel and accommodation	(2 154)	(2 429)	(2 154)	(2 429)
Cash-in-transit	(22 949)	(21 865)	(22 949)	(21 865)
Directors' fees	(3 948)	(3 337)	(3 948)	(3 337)
Donations	(4 072)	(2 205)	(4 072)	(2 205)
Stationery and postage	(25 837)	(10 909)	(25 837)	(10 909)
Telephone	(13 762)	(20 280)	(13 762)	(20 280)
	(210 030)	(177 893)	(209 932)	(177 875)

Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
Included as part of the administrative and general are expenses incurred with related parties				
Transitional service costs – recharges by related parties	(244 140)	(131 227)	(243 486)	(134 780)
Recoveries	6 168	10 498	6 168	10 498
Total related party expenses (note 20)	(237 972)	(120 729)	(237 318)	(124 282)
Security expenses	(23 189)	(18 520)	(23 189)	(18 520)
Withholding and VAT expenses	(44 148)	(51 551)	(44 148)	(51 551)
Other costs – general non-related party	(60 841)	(89 377)	(54 899)	(92 596)
	(128 178)	(159 448)	(122 236)	(162 667)
Total administrative and general expenses	(583 195)	(465 378)	(576 285)	(471 930)

IESBA fee disclosure : Financial statement audit fees P 5,573 thousand (2024: P5,753 thousand) and interim review audit fees for KPMG Botswana is P 362 thousand (2024: P 340 thousand). This includes both Group and Company. Management is currently in discussions with the auditors regarding the provision of other services relating to the review of the BA 610 for SARB regulatory requirements.

Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
12. Taxation expense				
Major components of the tax expense				
Current				
Normal tax – current year	207 647	197 562	203 250	189 936
Prior year under provision	(3 034)	-	(3 034)	-
	204 613	197 562	200 216	189 936
Deferred				
Movement in deferred tax asset – current year	2 577	18 903	2 424	19 134
Prior year under provision	3 474	-	3 474	-
	6 051	18 903	5 898	19 134
Total income tax recognised in the current year	210 664	216 465	206 114	209 070

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

12. Taxation expense(continued)

Reconciliation between operating profit and tax expense

The tax on the Group's and company's profit before tax differs from the theoretical amount that would arise using the statutory tax rate of 22% applicable to the profits of the consolidated entities and the company as follows:

Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
Profit before tax	951 594	1 057 799	930 915	1 027 766
Income tax expense calculated at 22% (2024: 22%)	209 350	232 716	204 801	226 109
Tax effect of adjustments on taxable income				
Tax on non-deductible expenses	1 754	1 054	1 753	1 054
Prior year under/(over) provision- current tax	3 034	(318)	3 034	(445)
Prior year over provision-deferred tax	(3 474)	(16 987)	(3 474)	(17 648)
Income tax expense recognised in profit or loss	210 664	216 465	206 114	209 070
Effective tax rate	22.14 %	20.46 %	22.14 %	20.34 %
Reconciliation or breakdown of non-deductible expenses				
Penalties and fines	1 724	-	1 724	-
Donations and sponsorships	6 249	4 791	6 249	4 791
Total non-deductible differences	7 973	4 791	7 973	4 791
Tax on non-deductible expenses at 22% (2024:22%)	1 754	1 054	1 754	1 054

13. Earnings per share

Basic earnings per share

From continuing operations (thebe per share)

Number of shares

Issued shares at the beginning of the year

Weighted average number of ordinary shares

Group and Company

Figures in Pula thousand	Group and Company	
	2025	2024
	87.05	98.73
	852 161	852 161
	852 161	852 161

Basic earnings per share is calculated by dividing the net profit attributable to shareholders by the weighted average number of ordinary shares in issue during the year. No other adjustments were made to this figure. There were no potentially dilutive shares at 31 December 2025 (31 December 2024: Nil). The issued shares above have been rounded to the nearest thousand.

Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
14. Cash				
Cash and cash equivalents consist of:				
Local currency (Pula)	608 237	673 613	608 237	673 613
Foreign currency	70 254	42 503	70 254	42 503
	678 491	716 116	678 491	716 116
Exposure to currency risk				
USD	23 723	28 337	23 723	28 337
ZAR	18 832	9 852	18 832	9 852
GBP	1 923	1 108	1 923	1 108
EURO	2 168	2 865	2 168	2 865
Other	23 608	341	23 608	341
	70 254	42 503	70 254	42 503
15. Balances at central bank				
Current account	23 198	23 764	23 198	23 764
Standing deposit facility	222 000	-	222 000	-
Gross balances at central bank	245 198	23 764	245 198	23 764
Expected credit losses	(24)	(5)	(24)	(5)
	245 174	23 759	245 174	23 759
16. Trading portfolio assets				
Debt securities	10 507	4 375	10 507	4 375
Trading portfolio assets	10 507	4 375	10 507	4 375
Maturity analysis				
Between 2- 5 years	-	2 236	-	2 236
Over 10 years	10 565	2 229	10 565	2 229
Total	10 565	4 465	10 565	4 465
Fair value adjustment	(58)	(90)	(58)	(90)
Trading portfolio assets	10 507	4 375	10 507	4 375

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

17. Derivative financial instruments

Group and Company

2025	Notional Contract Amount Assets P'000	Notional Contract Amount Liabilities P'000	Assets P'000	Liabilities P'000
Foreign exchange derivatives				
Forward foreign exchange	71 821	48 364	3 576	17 902
Currency swap	79 372	49 663	117 846	68 889
Over the counter options bought and sold	8 454	12 051	38 551	38 551
Foreign exchange derivatives	159 647	110 078	159 973	125 342
Total derivatives	159,647	110,078	159,973	125,342
2024	Notional Contract Amount Assets P'000	Notional Contract Amount Liabilities P'000	Assets P'000	Liabilities P'000
Foreign exchange derivatives				
Forward foreign exchange	2 299	2 100	8 161	6 997
Currency swap	113 711	114 346	121 567	117 641
Over the counter options bought and sold	1 366	26	1 507	1 578
Foreign exchange derivatives	117 376	116 472	131 235	126 216
Total derivatives	117 376	116 472	131 235	126 216

Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
18. Financial assets at fair value through OCI				
Bank of Botswana certificates	2 582 624	3 011 196	2 582 624	3 011 196
Treasury bonds	564 617	605 320	564 617	605 320
Fair value adjustment	(49 603)	(16 117)	(49 603)	(16 117)
Expected credit losses	(817)	19	(817)	19
	3 096 821	3 600 418	3 096 821	3 600 418
Bank of Botswana certificates				
Less than 1 month	199 882	-	199 882	-
1-3 months	819 952	475 592	819 952	475 592
3-12 months	1 562 790	2 535 604	1 562 790	2 535 604
Total	2 582 624	3 011 196	2 582 624	3 011 196
Treasury bonds				
1- 5 years	407 343	327 200	407 343	327 200
Over 5 years	157 274	278 120	157 274	278 120
Total	564 617	605 320	564 617	605 320
Total gross amount financial assets at FV through OCI	3 147 241	3 616 516	3 147 241	3 616 516
Fair value adjustment	(49 603)	(16 117)	(49 603)	(16 117)
Expected credit losses	(817)	19	(817)	19
Total carrying amount financial assets at FV through OCI	3 096 821	3 600 418	3 096 821	3 600 418

Financial assets at fair value through other comprehensive income (OCI) include Bank of Botswana Certificates and Treasury Bonds. Bank of Botswana certificates, amounting to P520 million (2024: P440 million) have been pledged as collateral for use of the secured intra-day trading facilities with Bank of Botswana.

Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
19. Loans and advances to banks				
Current accounts	863 724	520 766	863 724	520 766
Expected credit losses	(53)	(22)	(53)	(22)
Total carrying amount of loans and advances to banks	863 671	520 744	863 671	520 744

The fixed term placements and current account balances are accounts held with other banks both local and foreign banks. The carrying amount of the balances approximates their fair value.

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

20. Related parties

Holding company
Subsidiaries

Fellow subsidiaries

Absa Group Limited
Absa Insurance Services Proprietary Limited
Absa Securities Botswana Proprietary Limited
Absa Bank Kenya PLC
Absa Bank Zambia PLC
Absa Bank (Mauritius) Limited
Absa Life Botswana
Absa Bank Limited

Absa Group Limited ("AGL") owns 67.82% of the ordinary shares of Absa Bank Botswana Limited and is the ultimate holding company. The rest are widely held on the Botswana Stock Exchange. The Group provides and utilises services of its holding company and other group entities providing and receiving loans, overdrafts, interest and non-interest-bearing deposits, and current accounts to these entities as well as other services.

Subsidiaries

The Bank has two wholly owned subsidiaries Absa Insurance Services (Pty) Limited which is an insurance sales agent and Absa Securities Botswana (Pty) Limited, which is licensed as a security investment and market maker. The following table shows related party transactions.

Group 2025	Admin and management fees received P '000	Admin and management fees paid P '000	Interest received P '000	Interest paid P '000	Dividends paid P '000	Recoveries received P '000	Recoveries paid P '000	Utilisation fees P '000	Losses on currency trading and derivatives instruments P '000
Shareholders									
Absa Group Limited	-	-	-	(20 510)	(307 130)	-	-	-	-
	-	-	-	(20 510)	(307 130)	-	-	-	-
Other Absa Group Limited Subsidiaries									
Absa Bank Limited	-	(236 862)	103 112	(22 188)	-	6 643	(7 158)	(386)	(63 584)
	-	(236 862)	103 112	(22 188)	-	6 643	(7 158)	(386)	(63 584)

2024	Admin and management fees received P '000	Admin and management fees paid P '000	Interest received P '000	Interest paid P '000	Dividends paid P '000	Recoveries paid* P '000	Utilisation fees P '000	Gains on currency trading and derivatives instruments P '000
Shareholders								
Absa Group Limited	-	-	-	(40 675)	(389 952)	-	-	-
	-	-	-	(40 675)	(389 952)	-	-	-
Other Absa Group Limited Subsidiaries								
Absa Bank Limited	-	(79 426)	113 639	(28 070)	-	(393)	(52 509)	22 847
Other	-	-	3 128	-	-	-	-	-
	-	(79 426)	116 767	(28 070)	-	(393)	(52 509)	22 847

*The net recovery is an income of P 10,498 thousand (refer note 11).

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

20. Related parties (continued)

In prior year gains and losses arising from currency trading and derivative transactions were not included within the related parties. These amounts were previously included within net trading income but not separately reflecting the counter party.

Previously, interest received amounting to P113 639 thousand and interest paid amounting to P68 745 from Absa entities were incorrectly classified under Absa Group Limited instead of Absa Bank Limited. In addition, certain interest received from Other subsidiaries amounting to P3 128 thousand had been incorrectly classified under Absa Bank Limited. These classification errors were identified and corrected during the current financial period.

Furthermore, admin and management fees paid amounting to P79 426 thousand, recoveries paid amounting to P2 845 thousand, and utilisation fees amounting to P52 509 thousand were previously classified under Absa Group Limited, and this has been corrected in the current year's financial statements. These items are now appropriately classified under Absa Bank Limited.

Company 2025

	Admin and management fees received P '000	Admin and management fees paid P '000	Interest received P '000	Interest paid P '000	Dividends paid P '000	Recoveries received P '000	Recoveries paid P '000	Utilisation fees P '000	Losses on currency trading and derivatives instruments P '000
Shareholders									
Absa Group Limited	-	-	-	(20 510)	(307 130)	-	-	-	-
	-	-	-	(20 510)	(307 130)	-	-	-	-
Subsidiaries									
Absa Insurance Services Limited	23 265	-	-	-	-	-	-	-	-
	23 265	-	-	-	-	-	-	-	-
Other Absa Group Limited Subsidiaries									
Absa Bank Limited	-	(235 941)	103 112	(22 188)	-	6 643	(7 158)	(387)	(63 584)

2024

	Admin and management fees received P '000	Admin and management fees paid P '000	Interest received P '000	Interest paid P '000	Dividends paid P '000	Recoveries paid P '000	Utilisation fees P '000	Gains on currency trading and derivatives instruments P '000
Shareholders								
Absa Group Limited	-	-	-	(40 675)	(389 952)	-	-	-
	-	-	-	(40 675)	(389 952)	-	-	-
Subsidiaries								
Absa Insurance Services Limited	25 944	-	-	-	-	-	-	-
	25 944	-	-	-	-	-	-	-
Other Absa Group Limited Subsidiaries								
Absa Bank Limited	-	(79 426)	113 639	(28 070)	-	(393)	(52 509)	22 847
Other	-	-	3 127	-	-	-	-	-
	-	(79 426)	116 766	(28 070)	-	(393)	(52 509)	22 847

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

20. Related parties (continued)

In prior year gains and losses arising from currency trading and derivative transactions were not included within the related parties. These amounts were previously included within net trading income but not separately reflecting the counter party.

Previously, interest received amounting to P113 639 thousand and interest paid amounting to P68 745 from Absa entities were incorrectly classified under Absa Group Limited instead of Absa Bank Limited. In addition, certain interest received from Other subsidiaries amounting to P3 128 thousand had been incorrectly classified under Absa Bank Limited. These classification errors were identified and corrected during the current financial period.

Furthermore, admin and management fees paid amounting to P79 426 thousand, recoveries paid amounting to P2 845 thousand, and utilisation fees amounting to P52 509 thousand were previously classified under Absa Group Limited, and this has been corrected in the current year's financial statements. These items are now appropriately classified under Absa Bank Limited.

The table below shows balances with other related party companies.

Group

2025

	Current amounts receivable P '000	Loans to Related parties P '000	Total due from related parties P '000	Current amounts payable P '000	Clawback payable P '000	Deposits from Related parties P '000	Total due to Related parties P '000	Loans from Related parties Subordinated Debt P '000
Shareholders								
Absa Group Limited	-	-	-	-	-	-	-	253 186
	-	-	-	-	-	-	-	253 186
Other Absa Group Limited Subsidiaries								
Absa Bank Limited	99 573	2 614 582	2 714 155	139 062	-	-	139 062	-
Other Absa Group Limited subsidiaries	673	-	673	695	-	-	695	-
	100 246	2 614 582	2 714 828	139 757	-	-	139 757	-
	100 246	2 614 582	2 714 829	139 757	-	-	139 757	253 186

Derivatives included in Related party balances

	Assets P '000	Liabilities P '000
Absa Bank Limited	54 439	35 383
	54 439	35 383

2024

	Current amounts receivable P '000	Loans to Related parties P '000	Total due from related parties P '000	Current amounts payable P '000	Clawback payable P '000	Deposits from Related parties P '000	Total due to Related parties P '000	Loans from Related parties Subordinated Debt P '000
Shareholders								
Absa Group Limited	-	-	-	-	-	-	-	533 968
	-	-	-	-	-	-	-	533 968
Other Absa Group Limited Subsidiaries								
Absa Bank Limited	132 236	2 487 208	2 619 444	214 537	-	302 551	515 088	-
Other Absa Group Limited subsidiaries	2 587	-	2 587	2 548	1 934	-	4 482	-
	134 823	2 487 208	2 622 031	217 085	1 934	302 551	519 570	-
	134 823	2 487 208	2 622 031	217 085	1 934	302 551	521 570	533 968

Current amount receivable amounting to P14 119 thousand and current amount payable amounting to P61 232 thousand were previously reported under Absa Group limited instead of Absa Bank Limited. Clawbacks amounting to P1 934 thousand were previously recorded under Absa Insurance Services instead of Absa Life Botswana (Other Absa Group subsidiaries). The classification error has been corrected for the comparative period to ensure accurate presentation of related party transactions and alignment with the correct other Absa Group limited subsidiaries.

Derivatives included in Related party balances

	Assets P '000	Liabilities P '000
Absa Bank Limited	78 092	5 284
	78 092	5 284

Previously, derivative balance from Absa Bank Limited were incorrectly classified under Absa Group Limited. This classification errors was identified and corrected during the current financial period.

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

20. Related parties (continued)

Company

2025	Current amounts receivable P '000	Loans to Related parties P '000	Total due from related parties P '000	Current amounts payable P '000	Deposits from Related parties P '000	Total due to Related parties P '000	Loans from Related parties Subordinated Debt P '000
Shareholders							
Absa Group Limited				-	-	-	253 186
				-	-	-	253 186
Subsidiaries							
Absa Insurance	62 887	-	62 887	181 613	-	181 613	-
Services Limited							
Absa Securites	1 622	-	1 622	894	-	894	-
Botswana Proprietary limited							
	64 509	-	64 509	182 507	-	182 507	-
Other related parties							
Absa Bank Limited	99 574	2 614 582	2 714 156	138 141	-	138 141	-
Other Absa Group Limited subsidiaries	674	-	674	695	-	695	-
	100 248	2 614 582	2 714 830	138 836	-	138 836	-
Total	164 757	2 614 582	2 779 339	321 343	-	321 343	253 186

Derivatives included in Related party balances

	Assets P '000	Liabilities P '000
Absa Bank Limited	54 439	35 383
	54 439	35 383

2024

	Current amounts receivable P '000	Loans to Related parties P '000	Total due from related parties P '000	Current amounts payable P '000	Deposits from Related parties P '000	Total due to Related parties P '000	Loans from Related parties Subordinated Debt P '000
Shareholders							
Absa Group Limited				-	-	-	533 968
				-	-	-	33 968
Subsidiaries							
Absa Insurance							
Services	53 192	-	53 192	163 508	-	163 508	-
Absa Securities	1 349	-	1 349	552	-	552	-
	54 541	-	54 541	164 060	-	164 060	-
Other related parties							
Absa Bank Limited	132 236	2 487 208	2 619 444	214 537	302 551	517 088	-
Other Absa Group Limited subsidiaries	2 587	-	2 587	1 445	-	1 445	-
	134 823	2 487 208	2 622 031	215 982	302 551	518 533	-
Total	189 364	2 487 208	2 676 572	380 042	302 551	682 593	533 968

Current amount receivable amounting to P14,119 thousand and current amount payable amounting to P61,232 thousand were previously reported under Absa Group limited instead of Absa Bank Limited. The classification error has been corrected for the comparative period to ensure accurate presentation of related party transactions and alignment with the correct other Absa Group limited subsidiaries.

Derivatives included in Related party balances

	Assets P '000	Liabilities P '000
Absa Bank Limited	78 092	5 284
	78 092	5 284

Previously, derivative balance from Absa Bank Limited were incorrectly classified under Absa Group Limited. This classification errors was identified and corrected during the current financial period.

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

20. Related parties (continued)

Related party transactions excluding key management personnel

The current amounts payable and receivable relate to management fees receivable and payable from related parties. The loans to and from related parties relate to current accounts and short-term fixed deposit accounts. These balances form part of the cash and cash equivalents on the Statement of cash flows. In relation to subordinated debt with related parties, please refer to note 36 for more details on terms and conditions not mentioned herein.

The recharges and other costs are unsecured interest free and are repayable on demand. Current accounts, fixed deposits, loans and deposits held with the group are at negotiated commercial terms.

Transactions with key management personnel

IAS 24 Related Party Disclosures ("IAS 24") requires the identification of key management personnel who are individuals responsible for planning directing and controlling the activities of the entity including directors. Key management personnel are defined as executive and non-executive directors and members of the country management committee. A number of banking transactions are entered into with key management personnel in the normal course of business under terms that are no more favorable than those arranged with other employees. These include loans deposits and foreign currency transactions.

Loans include mortgages, asset finance transactions, overdrafts and other credit facilities. Loans to key management personnel are provided on the same terms and conditions as loans to employees of the Group including interest rates and collateral requirements. No loans to key management personnel or entities controlled by key management personnel were written off as irrecoverable. These loans have been assessed for ECL provisions under IFRS 9. The ECL has been assessed as immaterial.

Other transactions :Sethunya Dorothy Makepe-Garebatho (a director) disposed her personal ordinary shares in the Company 100 000 during the reporting period. Due clearance to deal was obtained, and the transaction was executed off market. She is also a director and shareholder of Diamond Pipe Bar and Bottle store which owns 80 000 (2024:80 000) shares which makes up approximately 0.009% of the Company's total shares. No other director has shares or transactions with the company.

The Group issues loans to staff at rates less than market value. Mortgages are issued to staff at Prime less 2.5%, personal loans at Prime less 2% and car loans at Prime less 2%. These loans are included in loans and advances to customers on the statement of financial position, see note 1.13.

Group and Company

2025

	Remuneration P '000	Pension contributions P '000	Share-based payments P '000	Interest received P '000	Interest paid P '000	Total P '000
Directors compensation						
Non-executive directors	(3 948)	-	-	-	-	(3 948)
Executive directors	(7 575)	(714)	(5 141)	99	(17)	(13 348)
	(11 523)	(714)	(5 141)	99	(17)	(17 296)
Key management compensation						
Key management	(29 027)	(2 191)	(7 043)	925	(141)	(37 477)
	(29 027)	(2 191)	(7 043)	925	(141)	(37 477)

2024

	Remuneration P '000	Pension contributions P '000	Share-based payments P '000	Interest received P '000	Interest paid P '000	Total P '000
Directors compensation						
Non-executive directors	(3 337)	-	-	-	-	(3 337)
Executive directors	(7 271)	(667)	(4 083)	-	(163)	(12 184)
	(10 608)	(667)	(4 083)	-	(163)	(15 521)
Key management compensation						
Key management	(30 136)	(1 994)	(4 940)	-	(1 121)	(38 191)
	(30 136)	(1 994)	(4 940)	-	(1 121)	(38 191)

The total loans to key management personnel amounted to P33 184 thousand (2024: P32 378 thousand). New loans during the year amounted to P9 844 thousand (2024: P7 244 thousand).

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

21. Loans and advances to customers

	Group and Company	
	2025 P '000	2024 P '000
Mortgages	4 288 001	4 377 981
Personal and term loans	2 965 813	4 538 021
Credit cards	506 525	456 118
Instalment credit agreements	802 846	738 010
Overdrafts	1 477 225	860 464
Foreign currency loans	785 990	959 394
Scheme loans	8 313 935	6 117 673
Gross loans and advances to customers	19 140 335	18 047 661
Less: Expected credit losses		
Stage 3	(378 201)	(405 477)
Stage 2	(70 563)	(81 414)
Stage 1	(141 907)	(141 729)
Allowance for impairment	(590 671)	(628 620)
Net loans and advances to customers	18 549 663	17 419 041

In the prior year the Group's loan portfolio was presented under the following categories: mortgages amounting to P2 327 760 thousand; personal and term loans amounting to P5 493 046 thousand; credit cards at P482 879 thousand; and overdrafts at P1 928 899 thousand. The group and company incorrectly disclosed mortgages amounting to P2 050 221 thousand under personal and term loans P955 025 thousand, credit cards P26 761 thousand, and overdrafts P1 068 535 thousand.

The reclassification was necessary because in prior periods certain mortgage balances were included within overdrafts personal and term loans and credit cards categories. These balances have now been appropriately reclassified to ensure consistent and accurate presentation of loan types.

Loans and advances to customers-sector analysis

	Group and Company	
	2025 P '000	2024 P '000
Private individuals	12 797 350	12 309 183
Other financial institutions	786 998	806 988
Parastatals	484 202	606 126
Business	5 071 784	4 325 364
Total loans	19 140 334	18 047 661

Expected credit losses – sector analysis

	Group and Company	
	2025 P '000	2024 P '000
Private individuals		
Stage 3	(292 398)	(267 175)
Stage 2	(36 579)	(64 705)
Stage 1	(116 691)	(112 393)
Total	(445 668)	(444 273)
Other financial institutions		
Stage 2	(13 479)	(1 579)
Stage 1	(6 368)	(14 304)
Total	(19 847)	(15 883)
Parastatals		
Stage 2	(1 851)	-
Stage 1	(1 498)	-
Total	(3 349)	-
Business		
Stage 3	(85 803)	(138 302)
Stage 2	(18 654)	(15 130)
Stage 1	(17 350)	(15 032)
Total	(121 807)	(168 464)
Total expected credit losses	(590 671)	(628 620)

In the prior year, errors were identified in the presentation of the expected credit loss (ECL) information. The Stages were previously reported as follows :stage 3 P277 415 thousand, stage 2 P58 811 thousand, stage 1 P108 047 thousand. These inaccuracies required correction and have been restated in the current financial year to ensure the accuracy and reliability of the Group's credit risk disclosures.

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

22. Credit risk reconciliation

Expected credit losses

Group and Company

2025

	Balances at the beginning of the reporting year P '000	Asset moved / Allowance transferred to stage 1 P '000	Asset moved / Allowance transferred to stage 2 P '000	Asset moved / Allowance transferred to stage 3 P '000	Current period provision /(reversal) P '000	Amounts written off P '000	Total P '000
Financial assets at fair value through OCI							
Stage 1	(19)	-	-	-	836	-	817
Total expected credit losses	(19)	-	-	-	836	-	817
Balances with central bank							
Stage 1	5	-	-	-	19	-	24
Total expected credit losses	5	-	-	-	19	-	24
Loans and advances to banks							
Stage 1	22	-	-	-	31	-	53
Total expected credit losses	22	-	-	-	31	-	53
Loans and advances to customers							
Stage 1	141 729	(23 006)	16 240	6 766	178	-	141 907
Stage 2	81 414	1 552	(1 582)	30	(10 851)	-	70 563
Stage 3	405 477	2 741	19 599	(22 340)	139 956	(167 232)	378 201
Total expected credit losses	628 620	(18 713)	34 257	(15 544)	129 283	(167 232)	590 671
Provisions for undrawn facilities and guarantees							
Stage 1	(1 284)	-	-	-	581	-	(703)
Stage 2	993	-	-	-	4 890	-	5 883
Stage 3	4 345	-	-	-	-	-	4 345
Total expected credit losses	4 054	-	-	-	5 471	-	9 525
Loans to Absa Group companies							
Stage 1	340	-	-	-	(7)	-	333
Total expected credit losses	340	-	-	-	(7)	-	333
Total expected credit losses	633 022	(18 713)	34 257	(15 544)	135 633	(167 232)	601 423

Notes to the Consolidated and Separate Financial Statements continued

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22. Credit risk reconciliation (continued)

Movement in stages on loans and advances to customers relates to customer balances that would have defaulted during the period and therefore default in payment leading to stage movements for the increase in impairment in some stages, in some cases where the impairment reduced, these would have been driven by improved portfolio quality and model benefits for some corporate clients moving to lower stages. The gross impairment charge before recovery is P135 939 thousand (2024: 123 354 thousand) (refer note 8). The total write-off during the year amounts to P167 232 thousand (2024: 102 254 thousand). Also refer to note 1.14 for accounting policy for curing of distressed assets.

2024

	Balances at the beginning of the reporting year P '000	Asset moved / Allowance transferred to stage 1 P '000	Asset moved / Allowance transferred to stage 2 P '000	Asset moved / Allowance transferred to stage 3 P '000	Current period provision /(reversal) P '000	Amounts written off P '000	Total P '000
Financial assets at fair value through OCI							
Stage 1	128	-	-	-	(147)	-	(19)
Total expected credit losses	128	-	-	-	(147)	-	(19)
Balances with central bank							
Stage 1	13	-	-	-	(8)	-	5
Total expected credit losses	13	-	-	-	(8)	-	5
Loans and advances to banks							
Stage 1	128	-	-	-	(106)	-	22
Total expected credit losses	128	-	-	-	(106)	-	22
Loans and advances to customers							
Stage 1	137 827	56 743	(38 050)	(18 693)	3 902	-	141 729
Stage 2	98 739	(3 573)	4 236	(663)	(17 325)	-	81 414
Stage 3	370 029	(2 722)	(27 406)	30 125	137 704	(102 253)	405 477
Total expected credit losses	606 595	50 448	(61 220)	10 769	124 281	(102 253)	628 620
Provisions for undrawn facilities and guarantees							
Stage 1	28	-	-	-	(1 312)	-	(1 284)
Stage 2	1 176	-	-	-	(183)	-	993
Stage 3	4 344	-	-	-	1	-	4 345
Total expected credit losses	5 548	-	-	-	(1 494)	-	4 054
Loans to Absa Group companies							
Stage 1	-	-	-	-	340	-	340
Total expected credit losses	-	-	-	-	340	-	340
Total expected credit losses	612 412	50 448	(61 220)	10 769	122 866	(102 253)	633 022

In the prior year, provisions for expected credit losses (ECL) on loans and advances to customers were incorrectly reported as Stage 1: P443 thousand, Stage 2: P23 219 thousand, and Stage 3: P147 940 thousand. These figures have been corrected in the current financial year to align the disclosure with the accurate credit risk data used by the Credit function. The revision relates solely to presentation and does not affect the underlying ECL amounts recognised.

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

22. Credit risk reconciliation (continued)

Group and Company

2025

	Gross Carrying amount P '000	ECL P '000	Gross Carrying amount P '000	ECL P '000	Gross Carrying amount P '000	ECL P '000	Total Gross Carrying amount P '000	Total ECL P '000	Net Carrying amount P '000
Balance at 01 January 2025	16 430 062	(141 729)	1 048 813	(81 414)	568 786	(405 477)	18 047 661	(628 620)	17 419 041
New assets originated	5 556 794	(48 197)	747 269	(35 812)	15 101	(12 582)	6 319 164	(96 591)	6 222 573
Payments and assets derecognised	(4 579 690)	66 732	(625 635)	12 406	(21 166)	55 402	(5 226 491)	134 540	(5 091 951)
Transfer (from)/ to stage 1	1 647	(23 006)	(1 647)	16 240	-	6 766	-	-	-
Transfer (from)/ to stage 2	(680)	1 552	680	(1 582)	-	30	-	-	-
Transfer (from)/ to stage 3	(19)	2 741	(3 108)	19 599	3 127	(22 340)	-	-	-
Balance at 31 December 2025	17 408 114	(141 907)	1 166 372	(70 563)	565 848	(378 201)	19 140 334	(590 671)	18 549 663

The following significant changes in the gross carrying amount of loans and advances to customers during the period contributed to changes in the loss allowance:

- The Group did not originate any credit impaired assets during the current reporting period.
- The total write-offs recognised during the current period related predominantly to exposures in the Retail portfolios.

2024

	Gross Carrying amount P '000	ECL P '000	Gross Carrying amount P '000	ECL P '000	Gross Carrying amount P '000	ECL P '000	Total Gross Carrying amount P '000	Total ECL P '000	Net Carrying amount P '000
Balance at 01 January 2024	15 179 591	(116 459)	1 369 062	(118 782)	626 002	(371 354)	17 174 655	(606 595)	16 568 060
New assets originated	6 054 127	(61 916)	435 393	(10 196)	20 891	(19 076)	6 510 411	(91 188)	6 419 223
Payments and assets derecognised	(8 980 420)	(13 801)	3 452 537	108 780	(109 522)	(25 816)	(5 637 405)	69 163	(5 568 242)
Transfer (from)/ to stage 1	4 183 472	56 743	(4 195 255)	(38 050)	11 783	(18 693)	-	-	-
Transfer (from)/ to stage 2	(74 642)	(3 573)	69 810	4 236	4 832	(663)	-	-	-
Transfer (from)/ to stage 3	67 934	(2 723)	(82 734)	(27 402)	14 800	30 125	-	-	-
Balance at 31 December 2024	16 430 062	(141 729)	1 048 813	(81 414)	568 786	(405 477)	18 047 661	(628 620)	17 419 041

In the prior year, the Group identified errors in the calculation of the gross carrying amounts and expected credit losses (ECL) for financial assets across all impairment stages. Stage 1 gross carrying amount of P20 734 500 thousand and ECL of P137 382 thousand were incorrectly determined. Similarly, stage 2 gross carrying amount of P3 287 047 thousand and ECL of P75 520 thousand and stage 3 gross carrying amount of P600 208 thousand and ECL of P415 718 thousand were also incorrectly calculated. These inaccuracies necessitated correction, and the comparative figures have been restated in the current financial year. The restatement ensures that the Group's credit risk disclosures are accurate, reliable, and compliant with the applicable financial reporting framework. Importantly, the restatement does not affect the previously reported closing balances or the net carrying amounts of loans and advances. The adjustments relate solely to the internal allocation and movement schedules within the gross carrying amount and ECL reconciliation, with no impact on profit or loss, total assets, equity, or regulatory capital.

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
23. Other receivable				
Settlement accounts	19 914	-	19 914	-
Clearing accounts	14 419	4 365	14 419	4 365
Card transactions	75 518	100 631	75 518	100 631
Other receivables	18 960	9 710	15 848	9 710
Non-financial				
Prepayments	22 158	17 015	22 156	17 015
Staff fair value*	70 927	72 954	70 927	72 954
Other receivables	221 896	204 675	218 782	204 675
*Day one prepayment on staff loans issued at below market rates.				
Break up of current and non-current assets				
Current assets	150 969	131 833	147 855	131 833
Non-current assets	70 927	72 842	70 927	72 842
	221 896	204 675	218 782	204 675

24. Property, plant and equipment

Group and Company	2025			2024		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	305 460	(249 781)	55 679	314 866	(248 933)	65 933
Furniture and fixtures	130 954	(96 457)	34 497	111 795	(87 663)	24 132
Motor vehicles	20 881	(12 844)	8 037	20 133	(10 894)	9 239
IT equipment	228 963	(192 580)	36 383	203 187	(176 323)	26 864
Capital - Work in progress	25 541	-	25 541	4 299	-	4 299
Right of use assets	260 787	(181 870)	78 917	198 381	(153 247)	45 134
Total	972 586	(733 532)	239 054	852 661	(677 060)	175 601

Reconciliation of property, plant and equipment - Group and Company

	Buildings	Furniture and fixtures	Motor vehicles	IT equipment	Right of use assets	Capital - Work in progress	Total
Cost							
At 01 January 2024	300 115	124 008	21 965	181 541	181 996	4 866	814 491
Additions	586	3 492	-	10 941	649	13 828	29 496
Disposals and scrappings	(627)	(104)	(1 832)	(4 499)	-	-	(7 062)
Transfers from assets under construction	14 395	-	-	-	-	(14 395)	-
Reclassifications	397	(15 601)	-	15 204	-	-	-
Other changes, movements	-	-	-	-	15 736	-	15 736
At 31 December 2024	314 866	111 795	20 133	203 187	198 381	4 299	852 661
Additions	1 015	19 703	1 794	25 776	63 134	21 242	132 664
Disposals and scrappings	(118)	(544)	(1 046)	-	-	-	(1 708)
Transfers to non-current asset held for sale	(10 303)	-	-	-	-	-	(10 303)
Other changes, movements	-	-	-	-	(728)	-	(728)
At 31 December 2025	305 460	130 954	20 881	228 963	260 787	25 541	972 586
Depreciation and impairment							
At 01 January 2024	(243 205)	(75 454)	(9 642)	(167 344)	(130 083)	-	(625 728)
Disposals	627	104	1 832	4 499	-	-	7 062
Depreciation	(6 355)	(12 313)	(3 084)	(13 478)	(23 164)	-	(58 394)
At 31 December 2024	(248 933)	(87 663)	(10 894)	(176 323)	(153 247)	-	(677 060)
Disposals	119	543	1 046	-	-	-	1 708
Depreciation	(967)	(9 337)	(2 996)	(16 257)	(28 623)	-	(58 180)
At 31 December 2025	(249 781)	(96 457)	(12 844)	(192 580)	(181 870)	-	(733 532)

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

25. Intangible assets

Group and Company

	Software 2025 P '000	Software 2024 P '000
Cost		
Balance at the beginning of the year	6 656	26 716
Additions	7 694	475
Disposals	-	(20 535)
Balance at the end of the year	14 350	6 656
Accumulated amortisation		
Balance at the beginning of the year	(6 185)	(26 231)
Amortisation charge	(1 278)	(489)
Disposals	-	20 535
Balance at the end of the year	(7 463)	(6 185)
Carrying amount at the end of the year	6 887	471

26. Non-current assets held for sale

The Group has classified the old Francistown Branch property as a non-current asset held for sale in accordance with IFRS 5.6-5.8, as its carrying amount will be recovered principally through a sale transaction rather than through continuing use. The property has a carrying cost of P10.3 million.

A committed buyer has been identified, and the sale is considered highly probable as required by IFRS 5.8. The Bank has received a deposit of P 4.187 million from the prospective purchaser. This amount has been recognised as deferred income, as the risks and rewards of ownership have not yet transferred to the buyer in accordance with IFRS 15 and IFRS 5.26.

Completion of the sale is pending finalisation of the change of ownership records at the Deeds Office, which represents the final administrative step before transfer of control. The sale is expected to be completed within the next financial year, satisfying the requirement in IFRS 5.8(b) that disposal occur within 12 months of classification.

In line with IFRS 5.15-5.18, the asset is presented separately on the statement of financial position as "Non current assets held for sale" and is measured at the lower of its carrying amount and fair value less costs to sell.

	Group		Company	
Figures in Pula thousand	2025	2024	2025	2024
Assets and liabilities				
Non-current assets held for sale				
Cost	10 303	-	10 303	-
Depreciation	(4 742)	-	(4 742)	-
Property plant and equipment	5 561	-	5 561	-

27. Deferred tax asset

The net deferred tax asset at the end of the year is as follows:

	Group		Company	
Figures in Pula thousand	2025	2024	2025	2024
Deferred tax balances				
Deferred tax assets	93 472	91 376	92 186	89 938

Deferred tax assets and liabilities are attributable to the following:

Group

2025

	Balance at 1 January P '000	Recognised in profit or loss P '000	Recognised in OCI P '000	Balance at 31 December P '000
Property plant and equipment	(10 408)	(1 331)	-	(11 739)
Trading portfolio assets	(1 434)	(16 864)	-	(18 298)
Receivables	11 000	11 109	-	22 109
Expected credit losses	77 940	(8 874)	-	69 066
Other liabilities	13 375	(337)	-	13 038
Financial assets at fair value through OCI	(3 222)	6 047	8 147	10 972
Other	4 125	4 199	-	8 324
	91 376	(6 051)	8 147	93 472

2024

	Balance at 1 January P '000	Recognised in profit or loss P '000	Recognised in OCI P '000	Balance at 31 December P '000
Property plant and equipment	(5 890)	(4 518)	-	(10 408)
Trading portfolio assets	(1 849)	415	-	(1 434)
Receivables	(3 704)	14 704	-	11 000
Expected credit losses	76 104	1 836	-	77 940
Other liabilities	45 833	(32 458)	-	13 375
Financial assets at fair value through OCI	(5 990)	4 225	(1 457)	(3 222)
Other	2 275	1 850	-	4 125
	106 779	(13 946)	(1 457)	91 376

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27. Deferred tax asset (continued)

Company

2025		Balance at 1 January P '000	Recognised in profit or loss P '000	Recognised in OCI P '000	Balance at 31 December P '000
Property plant and equipment		(10 408)	(1 331)	-	(11 739)
Trading portfolio assets		(1 433)	(16 864)	-	(18 297)
Receivables		11 000	11 109	-	22 109
Expected credit losses		77 921	(8 874)	-	69 047
Other liabilities		11 954	(185)	-	11 769
Financial assets at fair value through OCI		(3 221)	6 047	8 147	10 973
Other		4 125	4 199	-	8 324
		89 938	(5 899)	8 147	92 186

2024		Balance at 1 January P '000	Recognised in profit or loss P '000	Recognised in OCI P '000	Balance at 31 December P '000
Property plant and equipment		(5 890)	(4 518)	-	(10 408)
Trading portfolio assets		(1 848)	415	-	(1 433)
Receivables		(3 704)	14 704	-	11 000
Expected credit losses		76 085	1 836	-	77 921
Other liabilities		44 580	(32 626)	-	11 954
Financial assets at fair value through OCI		(5 989)	4 225	(1 457)	(3 221)
Other		2 275	1 850	-	4 125
		105 509	(14 114)	(1 457)	89 938

Reconciliation of deferred tax asset (expense movements)

Group

	2025			2024		
	Recognised in profit or loss P '000	Recognised in OCI P '000	Total movement P '000	Recognised in profit or loss P '000	Recognised in OCI P '000	Total movement P '000
Property plant and equipment	(1 331)	-	(1 331)	(4 518)	-	(4 518)
Trading portfolio assets	(16 864)	-	(16 864)	415	-	415
Receivables	11 109	-	11 109	14 704	-	14 704
Expected credit losses	(8 874)	-	(8 874)	1 836	-	1 836
Other liabilities	(337)	-	(337)	(32 458)	-	(32 458)
Financial assets at fair value through OCI	6 047	8 147	14 194	(795)	3 563	2 768
Other	4 199	-	4 199	1 850	-	1 850
	(6 051)	8 147	2 096	(18 966)	3 563	(15 403)

Company

Property plant and equipment	(1 331)	-	(1 331)	(4 518)	-	(4 518)
Trading portfolio assets	(16 864)	-	(16 864)	415	-	415
Receivables	11 109	-	11 109	14 704	-	14 704
Expected credit losses	(8 874)	-	(8 874)	1 836	-	1 836
Other liabilities	(185)	-	(185)	(32 626)	-	(32 626)
Financial assets at fair value through OCI	6 047	8 147	14 194	(795)	3 563	2 768
Other	4 199	-	4 199	1 850	-	1 850
	(5 899)	8 147	2 248	(19 134)	3 563	(15 571)

Notes to the Consolidated and Separate Financial Statements continued

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28. Taxation

Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
Balance at beginning of the year	(18 628)	5 715	(23 608)	9 787
Current tax recognised in profit or loss	(204 613)	(197 163)	(200 217)	(189 936)
Tax paid	213 075	165 619	209 176	156 986
Prior year under / (over) provision	3 034	7 201	3 034	(445)
Tax (payable)/refundable at the reporting date	(7 132)	(18 628)	(11 615)	(23 608)
Reconciliation of tax paid				
Payments during the year	213 075	165 619	209 176	156 986
29. Deposits from banks				
Fixed deposits accounts	-	400 300	-	400 300
Current accounts	997 664	97 972	997 664	97 972
	997 664	498 272	997 664	498 272

The carrying amount of both fixed and current deposits from banks approximates its fair value.

30. Customer deposits

Cheque account deposits	5 032 646	5 510 200	5 032 646	5 515 521
Savings and transmission accounts	5 962 873	7 211 387	5 962 873	7 211 387
Fixed deposits accounts	9 741 921	6 670 185	9 741 921	6 670 184
Customer deposits	20 737 440	19 391 772	20 737 440	19 397 092
Interest bearing deposits	15 704 794	13 881 572	15 704 794	13 881 572
Non- interest-bearing deposits	5 032 646	5 510 200	5 032 646	5 515 520
	20 737 440	19 391 772	20 737 440	19 397 092
Maturity analysis				
On demand	15 964 638	14 336 420	15 964 638	14 341 741
Maturing within one year	4 077 098	4 451 711	4 077 098	4 451 711
Maturing after one year	695 704	603 641	695 704	603 640
	20 737 440	19 391 772	20 737 440	19 397 092
Category analysis of customer deposits				
Pula	3 775 465	3 587 753	3 775 465	3 593 073
Foreign currency	1 267 968	1 945 156	1 267 968	1 945 156
Cheque account deposits	5 043 433	5 532 909	5 043 433	5 538 229
Pula	5 533 799	6 065 577	5 533 799	6 065 577
Foreign currency	418 287	1 123 100	418 287	1 123 100
Savings and transmission accounts	5 952 086	7 188 677	5 952 086	7 188 677

Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
Pula	9 614 454	6 505 155	9 614 454	6 505 155
Foreign currency	127 467	165 031	127 467	165 031
Fixed deposits accounts	9 741 921	6 670 186	9 741 921	6 670 186
	20 737 440	19 391 772	20 737 440	19 397 092
Sector analysis of customer deposits				
Private individuals	7 483 449	7 550 031	7 483 449	7 550 031
Other financial institutions	6 240 956	5 341 809	6 240 956	5 341 809
Parastatals	1 912 749	1 439 089	1 912 749	1 439 089
Business	4 349 195	4 367 390	4 349 195	4 372 710
Local government	751 091	691 441	751 091	691 441
Central government	-	2 012	-	2 012
	20 737 440	19 391 772	20 737 440	19 397 092

Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
31. Other payables				
Financial liabilities				
Trade payables	7 116	16 456	7 119	16 456
Lease liability	87 621	53 897	87 621	53 897
Accrued expenses	37 959	40 637	34 935	40 526
Settlement accounts	41 621	59 546	41 621	59 546
Card transactions	6 766	48 732	6 766	48 732
Clearing accounts	84 643	48 937	84 643	48 937
Other payables	12 826	18 869	12 309	18 869
Non-financial liabilities				
Staff related accruals	71 057	67 984	71 057	67 984
Withholding tax	34 350	17 564	34 350	17 564
Value added taxation	21 902	23 524	21 065	21 730
Cash-settled share-based payments	46 827	21 840	46 827	21 840
Total	452 688	417 986	448 313	416 081

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Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
32. Deferred income				
Deferred income	4 188	-	4 188	-

Split between non-current and current portions

The deferred income balance relates to proceeds received in advance from the prospective purchaser of the old Francistown Branch property, which has been classified as a non current asset held for sale in accordance with IFRS 5 (refer to Note :26).

The Group received P4.187 million from the identified buyer prior to the transfer of the risks and rewards of ownership. In line with IFRS 15

- Revenue from Contracts with Customers, as well as IFRS 5.26, the amount received has not yet been recognised as revenue because:

- control of the property has not transferred to the buyer
- the risks and rewards of ownership remain with the Bank; and
- the sale remains subject to administrative completion, specifically the change of ownership at the Deeds Office.

Accordingly, the amount received has been recognised as deferred income within current liabilities, reflecting the Bank's obligation to complete the sale transaction. The sale is expected to be completed within the current financial year, consistent with the classification criteria under IFRS 5.8(b).

33. Lease liabilities

The Group leases a number of branch and office premises, in addition a number of ATMs and residential premises. The leases typically run for an average lease term of 3 to 5 years, with an option to renew the lease. Some leases provide for additional rent payments that are based on changes in local price indices. Some leases will include renewal options but these are generally renewals at market rates to be negotiated at the time of renewing the contract. These rates will only be included in the lease liability once it is reasonably certain that the Group will exercise the extension option.

Right of use assets relate to leased branch and office premises, leased ATMs and residential premises that are presented within property plant and equipment (refer to note 24).

Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
Lease liabilities				
Movement in lease liability				
Opening balance	53 897	63 537	53 897	63 537
New leases	63 080	649	63 080	649
Modifications	247	22 073	247	22 073
Interest expense	6 009	3 257	6 009	3 257
Payment of capital	(34 384)	(32 362)	(34 384)	(32 362)
Payment of interest	(1 228)	(3 257)	(1 228)	(3 257)
	87 621	53 897	87 621	53 897
Maturity analysis of lease liabilities				
Less than one year	33 886	21 880	33 886	21 880
Between one and two years	27 232	16 753	27 232	16 753
Between two and three years	19 639	9 880	19 639	9 880
Between three and four years	13 948	4 683	13 948	4 683
Between four and five years	3 914	3 500	3 914	3 500
More than five years	-	3 350	-	3 350
	98 619	60 046	98 619	60 046

34. Provisions

Reconciliation of provisions - Group - 2025

	Balance at 01 January 2025 P'000	Provisions recognised during the year P'000	Provisions paid or released during the year P'000	Balance at 31 December 2025 P'000
Fees refundable	10 181	-	-	10 181
Litigation	8 155	2 290	-	10 445
Commission refundable	6 537	6 304	(6 998)	5 843
Provision for undrawn facilities and guarantees	4 054	21 935	(16 464)	9 525
	28 927	30 529	(23 462)	35 994

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34. Provisions (continued)

Reconciliation of provisions - Group - 2024

	Balance at 01 January 2024 P'000	Provisions recognised during the year P'000	Provisions paid or released during the year P'000	Balance at 31 December 2024 P'000
Retrenchment costs	91 000	-	(91 000)	-
Fees refundable	10 181	-	-	10 181
Litigation	471	8 000	(316)	8 155
Commission refundable	5 774	6 427	(5 664)	6 537
Provision for undrawn facilities and guarantees	5 548	15 944	(17 438)	4 054
	112 974	30 371	(114 418)	28 927

Reconciliation of provisions - Company - 2025

	Balance at 01 January 2025 P'000	Provisions recognised during the year P'000	Provisions paid or released during the year P'000	Balance at 31 December 2025 P'000
Fees refundable	10 181	-	-	10 181
Litigation	8 154	2 290	-	10 444
Provision for undrawn facilities and guarantees	4 055	21 935	(16 464)	9 526
	22 390	24 225	(16 464)	30 151

Reconciliation of provisions - Company - 2024

	Balance at 01 January 2024 P'000	Provisions recognised during the year P'000	Provisions paid or released during the year P'000	Balance at 31 December 2024 P'000
Retrenchment costs	91 000	-	(91 000)	-
Fees refundable	10 181	-	-	10 181
Litigation	470	8 000	(316)	8 154
Provision for undrawn facilities and guarantees	5 549	15 944	(17 438)	4 055
	107 200	23 944	(108 754)	22 390

Provisions have been raised on financial guarantees, letters of credit and undrawn committed facilities which is in line with the requirements of IFRS 9. Refer to note 22 for the ECL movements of the provision for undrawn facilities and guarantees.

Fees refundable relates to a provision raised as a result of Optional Issuer fees charged to customers in prior years. The bank will continue with its efforts to identify and refund this to the relevant customers as per the Bank of Botswana directive to refund all customers affected. Any amount outstanding at that point will be treated as unclaimed funds accordingly and be remitted to Bank of Botswana.

Litigation provision relates to various matters which are before the courts. The provisions have been raised relating to cases where legal team has advised that settlement is probable and material to the financial statements.

Commission refundable relates to a provision for Absa Insurance Services (Pty) Ltd as a result of policy surrenders by customers should the loans be early settled. Provision for undrawn facilities and guarantees represents expected credit losses (ECL) on off-balance sheet exposures, measured in accordance with IFRS 9: Financial Instruments. Expected credit losses on letters of credit recognised on-balance sheet are similarly determined in accordance with IFRS 9. Letters of credit that are recognised on balance sheet would form part of the loans and advances balance to customers, ECL on those is included there. For loan commitments (i.e., off-balance sheet exposures) ECL on these items would be included in provisions balance.

All the provisions are current in nature and there is no discounting impact.

35. Debt securities in issue

	Group - 2025 P'000	Group - 2024 P'000	Company - 2025 P'000	Company - 2024 P'000
Floating rate medium term notes	573 627	674 950	573 627	674 950

In 2014 the Bank established a floating rate debt securities product placed with institutional investors. These comprise of various maturities and interest rates that are linked to market reference rates. In 2025 the Bank issued new notes with nominal value of P134 million (2024: P304 million) and redeemed notes with nominal a value P231 million (2024: P259 million). All floating rate instruments are linked to the Monetary Policy Rate (MPR).

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

35. Debt securities in issue (continued)

Group and Company – 2025

Issuance date	Principal P'000	Balance P'000	Reference rate	Spread rate %	All in rate %	Interest basis	Redemption date	Stock code
05/09/2022	100 000	102 150	3.50%	5.00%	8.50%	Floating	06/09/2027	Unlisted
05/09/2022	100 000	102 586	–%	–%	8.00%	Fixed	06/09/2027	Unlisted
06/12/2023	88 200	88 681	–%	–%	8.30%	Fixed	06/12/2028	ABB021
22/01/2024	12 000	12 911	–%	–%	6.00%	Fixed	24/09/2026	Unlisted
08/01/2025	15 000	15 245	3.50%	5.10%	8.60%	Floating	08/01/2026	Unlisted
20/02/2025	19 000	19 148	3.50%	5.12%	8.62%	Floating	20/02/2026	Unlisted
20/02/2025	27 000	27 218	3.50%	5.12%	8.62%	Floating	20/02/2026	Unlisted
18/12/2025	100 000	100 479	–%	–%	12.50%	Fixed	18/12/2030	ABB022
19/12/2025	1 500	1 507	3.50%	8.75%	12.25%	Floating	19/12/2028	Unlisted
19/12/2025	27 000	27 118	3.50%	8.75%	12.25%	Floating	19/12/2028	Unlisted
19/12/2025	27 000	27 118	3.50%	8.75%	12.25%	Floating	19/12/2028	Unlisted
22/12/2025	300	301	3.50%	8.75%	12.25%	Floating	22/12/2028	Unlisted
22/12/2025	22 000	22 074	3.50%	8.75%	12.25%	Floating	22/12/2028	Unlisted
22/12/2025	22 000	22 074	3.50%	8.75%	12.25%	Floating	22/12/2028	Unlisted
22/12/2025	5 000	5 017	3.50%	8.75%	12.25%	Floating	19/12/2028	Unlisted
	566 000	573 627						

There were no defaults on the above debt securities during the year.

Group and Company – 2024

Issuance date	Principal P'000	Balance P'000	Reference rate %	Spread rate %	All in rate %	Interest basis	Redemption date	Stock code
08/04/2022	3 000	3 038	1.90%	3.86%	5.76%	Floating	08/04/2025	Unlisted
20/05/2022	3 000	3 074	1.90%	3.86%	5.76%	Floating	05/02/2025	Unlisted
20/05/2022	2 500	2 548	1.90%	3.86%	5.76%	Floating	03/03/2025	Unlisted
30/05/2022	3 000	3 041	1.90%	2.86%	5.76%	Floating	02/04/2025	Unlisted
06/06/2022	7 000	7 031	1.90%	3.86%	5.76%	Floating	04/06/2025	Unlisted
27/07/2022	2 000	2 051	1.90%	3.86%	5.76%	Floating	27/01/2025	Unlisted
29/07/2022	1 000	1 026	1.90%	3.86%	5.76%	Floating	29/01/2025	Unlisted
05/08/2022	2 000	2 049	1.90%	3.86%	5.76%	Floating	05/02/2025	Unlisted
05/09/2022	100 000	102 586	–%	–%	8.00%	Fixed	06/09/2027	Unlisted
05/09/2022	100 000	102 231	1.90%	5.00%	6.90%	Floating	06/09/2027	Unlisted
11/12/2023	88 200	88 721	–%	–%	8.30%	Fixed	06/12/2028	ABB021
08/12/2023	80 000	80 399	–%	–%	7.00%	Fixed	08/12/2025	ABBSF01
22/01/2024	120 000	123 296	–%	–%	6.15%	Fixed	22/01/2026	Unlisted
10/05/2024	15 000	15 480	–%	–%	4.95%	Fixed	09/05/2025	Unlisted
04/06/2024	17 000	17 055	1.90%	2.60%	4.50%	Floating	04/06/2025	Unlisted
04/06/2024	1 000	1 003	1.90%	2.60%	4.50%	Floating	04/06/2025	Unlisted
22/07/2024	50 000	51 090	–%	–%	4.88%	Fixed	23/07/2025	Unlisted
22/07/2024	10 000	10 218	–%	–%	4.88%	Fixed	23/07/2025	Unlisted
22/07/2024	3 500	3 576	–%	–%	4.88%	Fixed	23/07/2025	Unlisted
22/07/2024	1 500	1 533	–%	–%	4.88%	Fixed	23/07/2025	Unlisted
22/07/2024	500	511	–%	–%	4.88%	Fixed	23/07/2025	Unlisted
31/07/2024	5 000	5 103	–%	–%	4.88%	Fixed	31/07/2025	Unlisted
26/09/2024	12 000	12 191	–%	–%	6.00%	Fixed	24/09/2026	Unlisted
20/12/2024	10 000	10 028	–%	–%	8.50%	Fixed	18/12/2026	Unlisted
20/12/2024	9 000	9 024	–%	–%	8.20%	Fixed	19/12/2025	Unlisted
20/12/2024	8 000	8 022	–%	–%	8.20%	Fixed	19/12/2025	Unlisted
20/12/2024	5 000	5 013	–%	–%	8.20%	Fixed	19/12/2025	Unlisted
20/12/2024	2 000	2 006	–%	–%	8.50%	Fixed	18/12/2026	Unlisted
20/12/2024	2 000	2 006	–%	–%	8.20%	Fixed	19/12/2025	Unlisted
	663 200	674 950						

There were no defaults on the above debt securities during the year.

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

Figures in Pula thousand	Group		Company	
	2025	2024	2025	2024
36. Subordinated Debt				
Absa Group Limited BWP	253 186	253 309	253 186	253 309
Absa Group Limited USD	-	280 659	-	280 659
	253 186	533 968	253 186	533 968

Interest rates:

Particulars	Initial call date	Interest rate	Maturity	Details
Subordinated debt from Absa Group Limited	21/02/2022	7.46%	21/01/2032	Interest rate at 4.81% plus Monetary Policy Rate.

Disposed during the year

Particulars	Initial call date	Interest rate	Maturity	Details
Subordinated debt from Absa Group Limited	18/03/2022	7.47%	18/03/2030	Interest rate at 2.96% plus 3-month SOFR.

37. Share capital

Authorised

852 161 250 Ordinary shares of no par value	852 161 250	852 161 250	852 161 250	852 161 250
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Every shareholder shall have one vote for every share held. All dividends shall be declared and paid to the members in proportion to the shares held by them respectively.

Reconciliation of number of shares issued:

Reported as at 01 January 2025	852 161 250	852 161 250	852 161 250	852 161 250
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Issued

Stated capital	17 108	17 108	17 108	17 108
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38. Reserves

All reserves are shown net of deferred tax where applicable.

Share capital reserve

The share capital reserve is a contingency reserve set aside by the Group.

General risk reserve

The general risk reserve comprises of the following:

- A general risk reserve for the bank which was created in accordance with previous requirement of the regulator, Bank of Botswana, to hold a general risk reserve limited to a maximum of 1.25% of the Bank's credit risk weighted assets. This requirement is no longer applicable as expected credit losses held under IFRS 9 requirements exceed this threshold and no transfer has been made in the current year. The Group is awaiting confirmation from the regulator on whether to release the reserve. The Group treats the reserve as non-distributable reserve (NDR).
- A reserve relating to Absa Insurance Services (Pty) Ltd that was created in accordance with the requirement of the regulator, Non-Bank Financial Institutions Regulatory Agency, to maintain a minimum capital target which shall be the higher of P30 000 or 4% of annual income or 25% of operating expenses.

Retained earnings

The retained earnings comprise the cumulative total profit recognised from inception (reduced by any amounts transferred to as separate reserve) and reduced by dividends paid to date.

Fair value reserve

The fair value reserve comprises only the cumulative net change in the fair value of debt instruments measured at FVOCI until such time as they are derecognised. Upon derecognition of debt instruments measured at FVOCI the cumulative amount recognised in other comprehensive income is released to profit or loss. Since the cumulative net change in the fair value of equity instruments designated as at FVOCI is not recycled to profit or loss upon derecognition the Group recognises the cumulative net change in fair value of these instruments in retained earnings.

Share based payment reserve

The reserve comprises the credit to equity for equity-settled share-based payment arrangements in terms of IFRS 2. The standard requires that the expense be charged to the profit or loss component of the statement of comprehensive income while a credit needs to be raised against equity over the vesting period (i.e., the period between the allocation date and the date on which employees will become entitled to their options). When options are exercised the reserve related to the specific options is transferred to share capital and/or share premium. If the options lapse after vesting the related reserve is transferred to retained earnings. If the options lapse before vesting the related reserve is reversed through the profit or loss component of the statement of comprehensive income.

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

	Group P'000	2025 P'000	Company P'000	2024 P'000
39. Cash used in operations				
Profit after taxation	740 930	841 334	724 801	818 696
Adjustments for non-cash items:				
Taxation	210 664	216 465	206 114	209 070
Net Interest income	(1 415 655)	(1 518 103)	(1 415 655)	(1 518 103)
Gain on disposal of property plant and equipment	(157)	(248)	(157)	(248)
Net gain arising on foreign exchange gains and losses	-	8 806	-	8 806
Expected credit losses	109 197	88 644	109 197	88 644
Depreciation	62 922	58 394	62 922	58 394
Amortisation	1 278	490	1 278	490
Net loss/(gain) arising on financial assets designated as at fair value through profit or loss	539	(55)	539	(55)
Cash-settled share-based payments	27 271	21 269	27 271	21 269
Equity-settled share-based payments	9 304	6 063	9 304	6 063
Changes in working capital:				
Increase/(decrease) in provisions	1 596	(82 553)	2 290	(83 316)
Decrease in amounts owing to related parties	(381 812)	18 082	(351 790)	56 284
(Increase)/decrease in other receivables	(17 221)	76 040	(14 107)	74 708
Decrease in other payables	(33 997)	(77 255)	(36 395)	(68 043)
	(685 141)	(342 627)	(674 388)	(327 341)
40. Interest received				
Interest income as per profit or loss	2 292 096	2 141 533	2 292 096	2 141 533
Accrued interest movement	5 727	(2 190)	5 727	(2 190)
	2 297 823	2 139 343	2 297 823	2 139 343
41. Interest paid				
Interest expense as per profit or loss	(876 441)	(623 430)	(876 441)	(623 430)
Accrued interest movement	5 568	10 760	5 568	10 760
	(870 873)	(612 670)	(870 873)	(612 670)
42. Dividends paid				
Prior year final dividend paid during the year	452 800	375 000	452 800	375 000
Interim dividend paid	-	200 000	-	200 000
	452 800	575 000	452 800	575 000

Dividend paid per share for the year is 53.14 Thebe (2024 : 67 Thebe). Proposed dividend per share for the year is 57.74 Thebe (2024 :53.14 Thebe).

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
43. Cash and cash equivalents				
Current accounts****	23 199	23 764	23 199	23 764
Standing deposits****	222 000	-	222 000	-
Cash	678 491	716 116	678 491	716 116
Loans and advances to banks**	863 724	520 766	863 724	520 766
Bank of Botswana notes*****	1 019 834	475 592	1 019 834	475 592
Loans and advances due from related parties***	1 942 712	1 342 351	1 942 712	1 342 351
	4 749 960	3 078 589	4 749 960	3 078 589

- ** These are the components of cash and cash equivalents included in the Loans and advances to banks caption balance on the statement of financial position and relate to bank balances which are highly liquid.
- *** These are the components of cash and cash equivalents included in the due from related companies caption balance on the statement of financial position and relate to current deposits which are highly liquid.
- **** Current accounts and Standing deposits are part of balances at central bank which are highly liquid.
- *****Bank of Botswana notes are disclosed under financial assets at fair value through other comprehensive income which are highly liquid treasury bills with a maturity date of three months or less from date of acquisition, which are readily convertible to known amounts of cash, not subject to significant risk of changes in value and are held for short term cash management purposes.

44. Changes in liabilities arising from financing activities

Reconciliation of liabilities arising from financing activities - Group and Company - 2025

	Opening balance	Issuance	Other non-cash movements	Total movements	Redemption	Closing balance
Debt securities	674 950	133 800	(4 123)	129 677	(231 000)	573 627
Subordinated debt	533 968	-	(919)	(919)	(279 863)	253 186
	1 208 918	133 800	(5 042)	128 758	(510 863)	826 813
Total liabilities from financing activities	1 208 918	133 800	(5 042)	128 758	(510 863)	826 813

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

44. Changes in liabilities arising from financing activities (continued)

Reconciliation of liabilities arising from financing activities – Group and Company – 2024

	Opening balance	Issuance	Other non-cash movements	Total movements	Redemption	Closing balance
Debt securities	625 567	304 100	4 283	308 383	(259 000)	674 950
Subordinated debt	625 487	-	11 071	11 071	(102 590)	533 968
Total liabilities from financing activities	1 251 054	304 100	15 354	319 454	(361 590)	1 208 918

45. Financial instruments

Categories of financial instruments

Categories of financial assets

Group – 2025 (P '000)

	Note(s)	Fair value through other comprehensive income debt instruments	Fair value through profit or loss – Mandatory	Amortised cost	Outside the scope of IFRS 9	Total
Due from related parties	20	-	-	2 715 126	-	2 715 126
Loans and advances to customers	21	-	-	18 549 663	-	18 549 663
Trading portfolio assets	16	-	10 507	-	-	10 507
Financial assets at fair value through OCI	18	3 096 821	-	-	-	3 096 821
Derivatives	17	-	159 973	-	-	159 973
Other assets	-	-	-	128 811	442 685	571 496
Cash	14	-	-	678 491	-	678 491
Balances at central bank	15	-	-	245 174	-	245 174
Loans and advances to banks	19	-	-	863 671	-	863 671
Total		3 096 821	170 480	23 180 936	442 685	26 890 922

Group – 2024 (P '000)

	Note(s)	Fair value through other comprehensive income debt instruments	Fair value through profit or loss – Mandatory	Amortised cost	Outside the scope of IFRS 9	Total
Due from related parties	20	-	-	2 622 031	-	2 622 031
Loans and advances to customers	1.13	-	-	17 419 041	-	17 419 041
Trading portfolio assets	16	-	4 375	-	-	4 375
Financial assets at fair value through OCI	18	3 600 418	-	-	-	3 600 418
Derivative financial instruments	17	-	131 235	-	-	131 235
Other assets	-	-	-	114 706	362 397	477 103
Cash	14	-	-	716 116	-	716 116
Balances at central bank	15	-	-	23 759	-	23 759
Loans and advances to banks	19	-	-	520 744	-	520 744
Total		3 600 418	135 610	21 416 397	362 397	25 514 822

Company – 2025(P '000)

	Note(s)	Fair value through other comprehensive income debt instruments	Fair value through profit or loss – Mandatory	Amortised cost	Outside the scope of IFRS 9	Total
Due from related parties	20	-	-	2 778 998	-	2 778 998
Loans and advances to customers	21	-	-	18 549 663	-	18 549 663
Trading portfolio assets	16	-	10 507	-	-	10 507
Financial assets at fair value through OCI	18	3 096 821	-	-	-	3 096 821
Derivative financial instruments	17	-	159 973	-	-	159 973
Other assets	-	-	-	125 699	436 772	562 471
Cash	14	-	-	678 491	-	678 491
Balances at central bank	15	-	-	245 174	-	245 174
Loans and advances to banks	19	-	-	863 671	-	863 671
Total		3 096 821	170 480	23 241 696	436 772	26 945 769

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

45. Financial instruments (continued)

Company – 2024(P'000)

	Note(s)	Fair value through othe comprehensive income debt instruments	Fair value through profit or loss - Mandatory	Amortised cost	Outside the scope of IFRS 9	Total
Due from related parties	20	-	-	2 676 572	-	2 676 572
Loans and advances to customers	21	-	-	17 419 041	-	17 419 041
Trading portfolio assets	16	-	4 375	-	-	4 375
Financial assets at fair value through OCI	18	3 600 418	-	-	-	3 600 418
Derivative financial instruments	17	-	131 235	-	-	131 235
Other assets	-	-	-	114 706	355 979	470 685
Cash	14	-	-	716 116	-	716 116
Balances at central bank	15	-	-	23 759	-	23 759
Loans and advances to banks	19	-	-	520 744	-	520 744
Total		3 600 418	135 610	21 470 938	355 979	25 562 945

Categories of financial liabilities

Group – 2025(P'000)

	Note(s)	Fair value through profit or loss -Held for trading	Amortised cost	Outside the scope of IFRS 9	Outside the Total
Other liabilities	-	-	278 553	226 003	504 556
Due to related parties	20	-	139 757	-	139 757
Subordinated debt	36	-	253 186	-	253 186
Derivative financial instruments	17	125 342	-	-	125 342
Customer deposits	30	-	20 737 440	-	20 737 440
Deposits from banks	29	-	997 664	-	997 664
Debt securities in issue	35	-	573 627	-	573 627
Total		125 342	22 980 227	226 003	23 331 572

Group – 2024(P'000)

	Note(s)	Fair value through profit or loss - Held for trading	Amortised cost	Outside the scope of IFRS 9	Total
Other liabilities	-	-	287 074	183 447	470 521
Due to related parties	20	-	521 569	-	521 569
Subordinated debt	36	-	533 968	-	533 968
Derivative financial instruments	17	126 216	-	-	126 216
Customer deposits	30	-	19 391 772	-	19 391 772
Deposits from banks	29	-	498 272	-	498 272
Debt securities in issue	35	-	674 950	-	674 950
Total		126 216	21 907 605	183 447	22 217 268

Company – 2025(P'000)

	Note(s)	Fair value through profit or loss - Held for trading	Amortised cost	Outside the scope of IFRS 9	Total
Other liabilities	-	-	275 014	219 252	494 266
Due to related parties	20	-	330 804	-	330 804
Subordinated debt	36	-	253 186	-	253 186
Derivative financial instruments	17	125 342	-	-	125 342
Customer deposits	30	-	20 737 440	-	20 737 440
Deposits from banks	29	-	997 664	-	997 664
Debt securities in issue	35	-	573 627	-	573 627
Total		125 342	23 167 735	219 252	23 512 329

Notes to the Consolidated and Separate Financial Statements continued

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45. Financial instruments (continued)

Company – 2024(P'000)

Note(s)	Fair value through profit or loss - Held for trading	Amortised cost	Outside the scope of IFRS 9	Total
Other liabilities	-	286 963	175 116	462 079
Due to related parties	20	-	-	682 594
Subordinated debt	36	-	533 968	533 968
Derivative financial instruments	17	126 216	-	126 216
Customer deposits	30	-	19 397 092	19 397 092
Deposits from banks	29	-	498 272	498 272
Debt securities in issue	35	-	674 950	674 950
Total	126 216	22 073 839	175 116	22 375 171

The lease liability is included in other liabilities which is outside of the scope of IFRS 9.

46. Risk management

Capital risk management

The Group manages its capital at group level considering both regulatory and economic capital. The Group's lead regulator Bank of Botswana sets and monitors capital requirements for the Group. The Group is required to comply with the provisions of the Basel III framework in respect of regulatory capital. The Group has adopted the standardised and basic indicator approaches to credit and operational risk management respectively. The Group calculates requirements for market risk in its trading and banking portfolios based upon the Group's value at risk (VaR) models. Banking operations are categorised as either trading book or banking book and risk-weighted assets are determined according to specified requirements that seek to reflect the varying levels of risk attached to assets and exposures not recognised in the statement of financial position. The Group's policy is to maintain a strong capital base so as to ensure investor creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and the Group recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position. The Group has complied with all externally imposed capital requirements throughout the year in line with the Directive on the Revised International Convergence of Capital Measurement and Capital Standards For Botswana (Basel II) (issue date September 8 2015 and effective 1 January 2016).

Tier 1: comprising mainly shareholders' funds is the highest tier.

Tier 2: includes perpetual medium and long term subordinated debt and general provisions for expected credit loss.

Both tiers can be used to meet trading and banking activity requirements although Tier 2 capital included in the risk asset ratio calculation may not exceed Tier 1 capital. The Bank of Botswana has set the individual minimum capital ratio requirements for banks in Botswana at 12.5% (2024: 12.5%) which is above the Basel Committee minimum guideline of 8%. The Group has complied with Basel II/III imposed capital requirements through the year.

	Group and company 2025 P'000	Group and company 2024 P'000
Common Equity Tier (CET I) Capital		
Stated capital	8 523	8 523
Share premium	8 586	8 586
Share capital reserve	2 060	2 060
General risk reserve	126 989	126 989
Retained earnings brought forward from the previous financial year	2 698 521	2 310 181
Current year's audited profit	740 930	841 334
Total retained earnings	3 439 451	3 151 515
CET I Capital (before regulatory adjustment)	3 585 609	3 297 673
Regulatory Adjustments Applicable-CET I Capital		
Less: Intangible assets	(6 887)	(471)
Total CET I Capital	3 578 722	3 297 202
Tier II Capital		
Subordinated redeemable debt	250 000	529 863
Unencumbered general provisions	205 061	216 211
Total Tier II Capital	455 061	746 074
Unimpaired Capital	4 033 783	4 043 156
Risk-Weighted Assets (RWAs)		
Credit Risk weighted assets	19 329 827	17 296 908
Market risk weighted assets	829 233	261 195
Operational risk weighted assets	2 187 989	2 020 574
Total risk weighted assets	22 347 049	19 578 677
Capital adequacy ratio	18.05 %	20.65 %

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

During 2025, the Group refined the presentation of its regulatory capital disclosures to ensure full alignment with regulatory reporting requirements. This included restructuring the format and categories used to present Common Equity Tier I (CET I) Capital, regulatory adjustments, Tier II Capital, and Risk-Weighted Assets (RWAs) in line with regulatory templates.

As part of this enhancement, comparative figures were also corrected and reclassified to align with the updated presentation. These revisions were undertaken to improve clarity, consistency, and comparability with regulatory submission requirements.

Risk management processes

The Group's approach is to provide direction on:

- understanding the principal risks to achieving Group strategy;
- establishing risk appetite; and
- establishing and communicating the risk management framework.

The process is then broken down into five steps: identify, assess, control, report and manage/challenge. Each of these steps is broken down further, to establish end-to-end activities within the risk management process and the infrastructure needed to support it.

Market risk

Market risk is the risk of a reduction in the Group's earnings or capital due to:

Traded market risk

The risk of the Group being impacted by changes in the level or volatility of market rates or prices. This includes changes in interest rates, inflation rates, credit spreads, property prices, commodity prices, equity and bond prices and foreign exchange levels.

Non-traded market risk

The risk of the Group being exposed to interest rate risk arising from loans, deposits and similar instruments held for longer term strategic purposes rather than for the purpose of profiting from changes in interest rates.

Market risk exposure arises from equity commodity investments (listed or unlisted), loans or deposits that are interest bearing, any assets and liabilities in foreign currencies, or any investments in tradable securities, indices, etc.

The Group's market risk management objectives include: the protection and enhancement of the statement of financial position and statement of comprehensive income and facilitating business growth within a controlled and transparent risk management framework.

Market risk measurement

The techniques used to measure and control market risk include:

- Daily value at risk (DVAR)
- Stress tests
- Stop loss

Daily value at risk (DVAR)

DVAR is an estimate of the potential loss which might arise from unfavourable market movements if the current positions were to be held unchanged for one business day.

The Group uses an internal DVaR model based on the historical simulation method to derive the quantitative market risk measures under normal conditions. The DVaR model utilises a two-year data history of unweighted historical price and rate data and a holding period of one day with a confidence interval of 95%. This internal model is also used for measuring VaR over both a one-day and a 10- day holding period at a 99% confidence level (Stressed VaR). The Var model however has a limitation of assuming normal conditions. To complement it; tail metrics stress testing and other sensitivity measures are used.

Stress tests

Stress tests provide an indication of the potential size of the losses that could arise in extreme conditions. If the potential losses exceed the trigger limit the positions captured by the stress test are reviewed by Assets and Liabilities Committee (ALCO).

Stop loss

Stop loss policy has been instituted incorporating a 'management trigger level' at USD100, 000. If this trigger level is reached then all open positions must be closed immediately so as to protect the Group against any further exchange rate losses.

Analysis of traded market risk exposures

Group

2025

	12 months to 31 December 2025		
	Average P '000	High P '000	Low P '000
Interest rate risk	567	1 026	238
Foreign currency risk	646	1 636	211
	1 213	2 662	449

2024

	12 months to 31 December 2024		
	Average P '000	High P '000	Low P '000
Interest rate risk	425	705	171
Foreign currency risk	769	1 661	174
	1 194	2 366	345

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

	Interest rates Average	2025 Interest rates High	Interest rates Low	Interest rates Average	2024 Interest rates High	Interest rates Low
Assets						
Loans and advances to banks:						
BWP	2.58%	5.50 %	1.40%	1.56%	2.20%	1.20%
USD	1.88%	3.00 %	1.00%	1.88%	2.00%	1.50%
ZAR	6.78%	6.80 %	1.75 %	5.90%	5.90%	5.90%
Bank of Botswana certificates						
7 day	2.12%	3.50 %	1.90 %	2.18 %	2.40%	1.90%
1 month	2.48%	3.99 %	2.23%	2.43 %	2.74%	2.24 %
Loans and advances						
Corporate	10.36%	29.16 %	- %	6.67%	8.51%	6.01%
Retail	16.53%	34.75 %	- %	5.56%	8.51%	6.01%
Staff	4.64%	4.76 %	4.26 %	3.63%	6.01%	3.51%
Balance with related parties						
USD	4.81%	5.80 %	3.45%	5.04%	6.13 %	0.88%
ZAR	7.01%	8.08 %	6.25%	7.73%	8.25 %	715%
	Interest rates Average	2025 Interest rates High	Interest rates Low	Interest rates Average	2024 Interest rates High	Interest rates Low
Liabilities						
Deposits due to customers:						
Corporate	0.25%	10.00%	- %	5.51%	12.95%	-%
Retail	1.89%	10.75%	- %	2.09%	7.00%	-%
Staff	1.94%	15.75%	- %	2.09%	7.00%	-%
Deposits from banks:						
BWP	7.23%	14.50%	1.25%	1.51%	2.20%	0.95%
USD	2.37%	4.75%	0.75%	2.28%	5.70%	-%
Balances with related parties						
USD	4.75%	4.75%	4.75%	5.08%	5.75%	4.50%
ZAR	8.52%	8.83%	8.10%	9.48%	9.88%	9.14%
Medium term notes	7.41%	12.50%	6.46%	6.27%	8.50%	4.25%
Floating rate notes	6.51%	12.25%	4.25%	6.53%	8.61%	4.25%

Market risk regulatory capital calculations (Trading and Banking Books)

The Group is required to hold adequate capital to cover losses due to exposures to Market Risk. For day-to-day risk management the Bank uses internal models such as Daily Value at Risk (DVaR) Net interest income and Economic Value of Equity (EVE) sensitivity etc. However, for regulatory capital calculations and as required by the Bank of Botswana the Bank uses the Standardised Measurement Method. This entails using the prescribed methods to calculate the capital charge for the market risk that the Bank is exposed to. The Internal Models Approach (use of DVaR Stressed Value at Risk SVaR) for regulatory capital calculations is not permitted under current Bank of Botswana regulatory guidelines.

The risks that form part of the Group's capital charge are as follows: the interest rate and equity risks pertaining to financial instruments in the trading book; and Foreign exchange risk and commodities risk in the trading and banking books. In particular; the General and Specific Interest rate risk the general and specific equity risks the FX risks (including banking book) and commodity risks. The Group uses the standardised maturity method for calculating its general interest rate risk with adjustments for basis and correlation effects. The measurement methods are in line with Basel 3 which became effective 1 January 2016.

Foreign currency risk

The Group undertakes transactions denominated in foreign currencies; consequently exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

Additional foreign exchange exposure is taken through the trading book; in particular through FX forwards (including unmaturing spot transactions) FX Swaps and other market making activities.

The Group manages foreign exchange exposures in line with ALCO and Absa Bank Botswana market risk guidelines. Typically, all currencies other than the US dollar are fully matched with open positions being taken on the US dollar up to a maximum open position of US\$17million. The limit was adhered to throughout the year.

The Group conducts its foreign currency operations in accordance with guidelines periodically received from its regulator Bank of Botswana. The current intraday limit is set at US\$50million and the overnight limit is US\$25 million. These limits were adhered to throughout the year. The following tables show foreign currency balances:

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

Group

2025	BWP P '000	USD P '000	ZAR P '000	Other GBP P '000	EUR P '000	Other P '000	Total P '000
Assets							
Cash	631 437	23 723	18 832	1 923	2 168	408	678 491
Balances at the Central Bank	245 174	-	-	-	-	-	245 174
Trading portfolio assets	10 507	-	-	-	-	-	10 507
Derivative financial instruments	127 280	-	32 693	-	-	-	159 973
Financial assets at fair value through OCI	2 641 537	455 284	-	-	-	-	3 096 821
Loans and advances to banks	10 366	539 948	74 564	26 422	210 012	2 359	863 671
Due from related parties	69 229	2 378 679	250 040	-	10 407	6 771	2 715 126
Loans and advances to customers	17 763 674	769 892	16 096	-	1	-	18 549 663
Other receivables	128 811	-	-	-	-	-	128 811
Total assets	21 628 015	4 167 526	392 225	28 345	222 588	9 538	26 448 237
Liabilities							
Deposits from banks	352 258	489 625	1 378	-	154 403	-	997 664
Due to related parties	16 988	19 822	102 946	-	-	-	139 756
Customer deposits	18 923 717	1 611 179	119 759	26 786	55 998	1	20 737 440
Derivative financial instruments	-	57 026	68 316	-	-	-	125 342
Other payables	278 553	-	-	-	-	-	278 553
Debt securities in issue	573 627	-	-	-	-	-	573 627
Subordinated debt	253 186	-	-	-	-	-	253 186
Total liabilities	20 398 329	2 177 652	292 399	26 786	210 401	1	23 105 568
Net position	1 229 686	1 989 874	99 826	1 559	12 187	9 537	3 342 669

Group

2024

	BWP P '000	USD P '000	ZAR P '000	Other GBP P '000	EUR P '000	Other P '000	Total P '000
Assets							
Cash	673 613	28 337	9 852	1 108	2 865	341	716 116
Balances at the Central Bank	23 759	-	-	-	-	-	23 759
Trading portfolio assets	4 375	-	-	-	-	-	4 375
Derivative financial instruments	-	131 235	-	-	-	-	131 235
Financial assets at fair value through OCI	2 834 816	765 602	-	-	-	-	3 600 418
Loans and advances to banks	-	358 322	-	115 258	44 950	2 213	520 743
Due from related parties	15 862	1 956 272	486 482	-	162 910	505	2 622 031
Loans and advances to customers	16 459 565	625 706	333 757	7	6	1	17 419 042
Other receivables	204 675	-	-	-	-	-	204 675
Total assets	20 216 665	3 865 474	830 091	116 373	210 731	3 060	25 242 394
Liabilities							
Deposits from banks	496 818	-	-	-	1 454	-	498 272
Due to related parties	12 188	148 351	361 030	-	-	-	521 569
Customer deposits	16 158 483	2 877 808	193 532	115 302	46 646	1	19 391 772
Derivative financial instruments	-	126 216	-	-	-	-	126 216
Other payables	417 986	-	-	-	-	-	417 986
Debt securities in issue	674 950	-	-	-	-	-	674 950
Subordinated debt	253 309	280 659	-	-	-	-	533 968
Total liabilities	18 013 734	3 433 034	554 562	115 302	48 100	1	22 164 733
Net position	2 202 931	432 440	275 529	1 071	162 631	3 059	3 077 661

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

Group

2025

	BWP P '000	USD P '000	ZAR P '000	Other GBP P '000	EUR P '000	Other P '000	Total P '000
Assets							
Cash	631 437	23 723	18 832	1 923	2 168	408	678 491
Balances at the Central Bank	245 175	-	-	-	-	-	245 175
Trading portfolio assets	10 507	-	-	-	-	-	10 507
Derivative financial instruments	127 280	32 693	-	-	-	-	159 973
Financial assets at fair value through OCI	2 641 537	455 284	-	-	-	-	3 096 821
Loans and advances to banks	10 366	539 948	74 564	26 422	210 012	2 359	863 671
Due from related parties	133 101	2 378 679	250 040	-	10 407	6 771	2 778 998
Loans and advances to customers	17 763 674	769 893	16 096	-	-	-	18 549 663
Other receivables	127 646	-	-	-	-	-	127 646
Total assets	21 690 723	4 200 220	359 532	28 345	222 587	9 538	26 510 945
Liabilities							
Deposits from banks	352 258	489 625	1 378	-	154 403	-	997 664
Due to related parties	208 036	19 822	102 946	-	-	-	330 804
Customer deposits	18 923 717	1 611 179	119 759	26 786	55 998	1	20 737 440
Derivative financial instruments	-	57 026	68 316	-	-	-	125 342
Other payables	275 015	-	-	-	-	-	275 015
Debt securities in issue	573 627	-	-	-	-	-	573 627
Subordinated debt	253 186	-	-	-	-	-	253 186
Total liabilities	20 585 839	2 177 652	292 399	26 786	210 401	1	23 293 078
Net position	1 104 884	2 022 568	67 133 1 559	12 186	9 537		3 217 867

2024

	BWP P '000	USD P '000	ZAR P '000	Other GBP P '000	EUR P '000	Other P '000	Total P '000
Assets							
Loans and advances to Cash	673 613	28 337	9 852	1 108	2 865	341	716 116
Balances at the Central Bank	23 759	-	-	-	-	-	23 759
Trading portfolio assets	4 375	-	-	-	-	-	4 375
Derivative financial instruments	-	131 235	-	-	-	-	131 235
Financial assets at fair value through OCI	2 834 816	765 602	-	-	-	-	3 600 418
Loans and advances to banks	-	358 323	-	115 258	44 950	2 213	520 744
Due from related parties	70 403	1 956 272	486 482	-	162 910	505	2 676 572
Loans and advances to customers	16 459 565	625 706	333 757	7	6	1	17 419 042
Other receivables	204 675	-	-	-	-	-	204 675
Total assets	20 271 206	3 865 475	830 091	116 373	210 731	3 060	25 296 936
Liabilities							
Deposits from banks	496 818	-	-	-	1 454	-	498 272
Due to related parties	173 213	148 351	361 030	-	-	-	682 594
Customer deposits	16 163 803	2 877 808	193 532	115 302	46 646	1	19 397 092
Derivative financial instruments	-	126 216	-	-	-	-	126 216
Other payables	416 081	-	-	-	-	-	416 081
Debt securities in issue	674 950	-	-	-	-	-	674 950
Subordinated debt	253 309	280 659	-	-	-	-	533 968
Total liabilities	18 078 174	3 433 034	554 562	115 302	48 100	1	22 329 173
Net position	2 093 032	432 441	275 529	1 071	162 631	3 059	2 967 763

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

Sensitivity of currency

The following sensitivity analysis monitors how a 5% increase or decrease in the major non-equity currency instruments affects various currencies:

Group and Company	2025 P '000	2024 P '000
5% (decrease) in US Dollar/BWP exchange rate (P '000)	(194 909)	(24 281)
As a percentage (decrease) of total shareholders' equity and profit or loss	(6.00) %	(1.00)
5% (decrease) in ZAR/BWP exchange rate (P '000)	(830)	(325)
As a percentage (decrease)/increase of total shareholders' equity and profit or loss	- %	-%
5% increase/(decrease) in GBP/BWP exchange rate (P '000)	(109)	25
As a percentage increase/(decrease) of total shareholders' equity and profit or loss	- %	-%
5% (decrease)/increase in EUR/BWP exchange rate (P '000)	(1 194)	2 361
As a percentage (decrease)/increase of total shareholders' equity and profit or loss	- %	-

Sensitivity analysis

A reasonably possible strengthening of the US dollar, ZAR, GBP, EUR against all other countries as at 31 December 2025 would have affected the measured of financial instruments denominated in foreign currency and affected equity and profit or loss by amounts shown above. This analysis assumes that all other variables in particular interest rates remain constant and ignores any impact of forecast sales and purchase.

Interest rate risk

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 instrument 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 interest rate exposure. The Assets and Liabilities Committee (ALCO) is the monitoring body for compliance with these limits and is assisted by Risk Management in its day-to-day monitoring activities. The table below shows the repricing profile of the Bank's non-trading portfolios:

Group

2025

	Up to 1 month P '000	1 - 3 months P '000	3 - 12 months P '000	1 - 5 years P '000	Over 5 years P '000	Non- interest bearing P '000	Total P '000
Assets							
Cash	-	-	-	-	-	678 491	678 491
Balances at the Central Bank	222 000	-	-	-	-	23 174	245 174
Trading portfolio assets	-	-	-	-	10 565	(58)	10 507
Derivative financial instruments	53 159	2 463	21 583	57 787	24 981	-	159 973
Financial assets at fair value through OCI	199 882	819 952	1 562 789	407 343	157 274	(50 419)	3 096 821
Loans and advances to banks	863 724	-	-	-	-	(53)	863 671
Due from related parties	532 414	1 510 807	593 567	78 636	-	(298)	2 715 126
Loans and advances to customers	3 394 796	590 044	200 972	5 204 088	9 750 434	(590 671)	18 549 663
Other receivables	-	-	-	-	-	128 811	128 811
	5 265 975	2 923 266	2 378 911	5 747 854	9 943 254	188 977	26 448 237
Liabilities							
Deposits from banks	997 664	-	-	-	-	-	997 664
Due to related parties	20 518	-	-	-	-	119 238	139 756
Customer deposits	14 109 984	1 546 961	4 374 501	671 286	34 708	-	20 737 440
Derivative financial instruments	39 175	2 463	21 583	26 259	35 862	-	125 342
Debt securities in issue	-	-	-	-	573 627	-	573 627
Subordinated debt	-	-	-	-	253 186	-	253 186
Other payables	-	-	-	-	-	278 553	278 553
	15 167 341	1 549 424	4 396 084	697 545	897 383	397 791	23 105 568
Interest rate sensitivity gap	(9 901 366)	1 373 842	(2 017 173)	5 050 309	9 045 871	(208 814)	3 342 669

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

2024

	Up to 1 month P '000	1 - 3 months P '000	3 - 12 months P '000	1 - 5 years P '000	Over 5 years P '000	Non- interest bearing P '000	Total P '000
Assets							
Cash	-	-	-	-	-	716 116	716 116
Balances at the Central Bank	23 759	-	-	-	-	-	23 759
Trading portfolio assets	4 375	-	-	-	-	-	4 375
Derivative financial instruments	131 235	-	-	-	-	-	131 235
Financial assets at fair value through OCI	-	475 592	2 535 604	327 200	278 120	(16 098)	3 600 418
Loans and advances to banks	520 766	-	-	-	-	(22)	520 744
Due from related parties	2 622 031	-	-	-	-	-	2 622 031
Loans and advances to customers	1 551 683	126 843	1 207 379	1 852 329	13 309 424	(628 617)	17 419 041
Other receivables	-	-	-	-	-	114 706	114 706
	4 853 849	602 435	3 742 983	2 179 529	13 587 544	186 085	25 152 425
Liabilities							
Deposits from banks	237 901	-	260 371	-	-	-	498 272
Due to related parties	76 822	-	-	-	302 551	142 196	521 569
Customer deposits	14 342 659	935 218	3 752 003	360 852	1 040	-	19 391 772
Derivative financial instruments	13 182	172	21 158	88 673	106	2 925	126 216
Debt securities in issue	-	-	129 634	251 778	293 538	-	674 950
Subordinated debt	-	-	-	280 659	253 309	-	533 968
Other payables	-	-	-	-	-	287 074	287 074
	14 670 564	935 390	4 163 166	981 962	850 544	432 195	22 033 821
Interest rate sensitivity gap	(9 816 715)	(332 955)	(420 183)	1 197 567	12 737 000	(246 110)	3 118 604

Company

2025

	Up to 1 month P '000	1 - 3 months P '000	3 - 12 months P '000	1 - 5 years P '000	Over 5 years P '000	Non- interest bearing P '000	Total P '000
Assets							
Cash	-	-	-	-	-	678 491	678 491
Balances at the Central Bank	222 000	-	-	-	-	23 174	245 174
Trading portfolio assets	-	-	-	-	10 565	(58)	10 507
Derivative financial instruments	53 159	2 463	21 583	57 787	24 981	-	159 973
Financial assets at fair value through OCI	199 882	819 952	1 562 789	407 343	157 274	(50 419)	3 096 821
Loans and advances to banks	863 724	-	-	-	-	(53)	863 671
Due from related parties	596 286	1 510 807	593 567	78 636	-	(298)	2 778 998
Loans and advances to customers	3 394 796	590 044	200 972	5 204 088	9 750 434	(590 671)	18 549 663
Other receivables	-	-	-	-	-	127 646	127 646
	5 329 847	2 923 266	2 378 911	5 747 854	9 943 254	187 812	26 510 944
Liabilities							
Deposits from banks	997 664	-	-	-	-	-	997 664
Due to related parties	211 565	-	-	-	-	119 239	330 804
Customer deposits	14 109 984	1 546 961	4 374 501	671 286	34 708	-	20 737 440
Derivative financial instruments	39 175	2 463	21 583	26 259	35 862	-	125 342
Debt securities in issue	-	-	-	-	573 627	-	573 627
Subordinated debt	-	-	-	-	253 186	-	253 186
Other payables	-	-	-	-	-	275 015	275 015
	15 358 388	1 549 424	4 396 084	697 545	897 383	394 254	23 293 078
Interest rate sensitivity gap	(10 028 541)	1 373 842	(2 017 173)	5 050 309	9 045 871	(206 442)	3 217 866

Notes to the Consolidated and Separate Financial Statements continued

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46. Risk management (continued)

2024

	Up to 1 month P '000	1 - 3 months P '000	3 - 12 months P '000	1 - 5 years P '000	Over 5 years P '000	Non- interest bearing P '000	Total P '000
Assets							
Cash	-	-	-	-	-	716 116	716 116
Balances at the Central Bank	23 759	-	-	-	-	-	23 759
Trading portfolio assets	4 375	-	-	-	-	-	4 375
Derivative financial instruments	131 235	-	-	-	-	-	131 235
Financial assets at fair value through OCI	-	475 592	2 535 604	327 200	278 120	(16 098)	3 600 418
Loans and advances to banks	520 766	-	-	-	-	(22)	520 744
Due from related parties	2 622 031	-	-	-	-	54 541	2 676 572
Loans and advances to customers	1 551 683	126 843	1 207 379	1 852 329	13 309 424	(628 617)	17 419 041
Other receivables	-	-	-	-	-	114 706	114 706
	4 853 849	602 435	3 742 983	2 179 529	13 587 544	240 626	25 206 966
Liabilities							
Deposits from banks	237 901	-	260 371	-	-	-	498 272
Due to related parties	76 822	-	-	-	302 551	303 221	682 594
Customer deposits	14 840 937	432 235	3 762 028	360 852	1 040	-	19 397 092
Derivative financial instruments	13 182	172	21 158	88 673	106	2 925	126 216
Debt securities in issue	-	-	129 634	251 778	293 538	-	674 950
Subordinated debt	-	-	-	280 659	253 309	-	533 968
Other payables	-	-	-	-	-	286 963	286 963
	15 168 842	432 407	4 173 191	981 962	850 544	593 109	22 200 055
Interest rate sensitivity gap	(10 314 993)	170 028	(430 208)	1 197 567	12 737 000	(352 483)	3 006 911

Other price risks

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes personnel technology and infrastructure and from external factors other than credit market and liquidity risks. Operational risks arise from all of the Bank's operations and are faced by all business entities.

The Bank's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address Operational risk is delegated to senior management within each Business unit. This responsibility is supported by implementation of the localised operational risk standards for the management of risk in the following areas:

- requirements for the reconciliation and monitoring of transactions
- compliance with regulatory and other legal requirements
- reporting of operational losses and proposed remedial action

Compliance with the operational risk standards is supported by a programme of periodic conformance and internal audit reviews undertaken by assurance providers. The results of reviews are tracked for resolution by management and the respective governance forums.

Credit risk

Credit risk is the risk of suffering financial loss due to a borrower, counterparty to a derivative transaction, or an issuer of debt securities defaulting on its contractual obligations.

The Group's approach is to provide direction on:

- understanding the principal risks to achieving Group strategy;
- establishing risk appetite; and
- establishing and communicating the risk management framework.

The process is then broken down into five steps: identify, assess, control, report and manage/challenge. Each of these steps is broken down further, to establish end-to-end activities within the risk management process and the infrastructure needed to support it.

Steps and activities are:

Identify

- Establish the process for identifying and understanding business-level risks.

Assess

- Agree and implement measurement and reporting standards and methodologies.

Control

- Establish key control processes and practices, including limit structures, impairment allowance criteria and reporting requirements.
- Monitor the operation of the controls and adherence to risk direction and limits.
- Provide early warning of control or appetite breaches.
- Ensure that risk management practices and conditions are appropriate for the business environment

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

Report

- Interpret and report on risk exposures, concentrations and risk-taking outcomes.
- Interpret and report on sensitivities and Key Risk Indicators.
- Communicate with external parties.

Manage and challenge

- Review and challenge all aspects of the Group's risk profile.
- Assess new risk-return opportunities.
- Advise on optimising the Group's risk profile.
- Review and challenge risk management practices.

Maximum credit risk exposure

Group

2025

	Gross Maximum Exposure P '000	12 months expected credit losses - stage 1 P '000	Lifetime expected credit losses - stage 2 P '000	Credit impaired - stage 3 P '000
Balances at central banks	245 199	245 199	-	-
Loans and advances to banks	863 724	863 724	-	-
Financial assets at fair value through OCI	3 097 638	3 097 638	-	-
Loans and advances to customers	19 140 334	17 740 510	525 218	874 606
Due from related parties	2 715 459	2 715 459	-	-
Total gross maximum exposure to credit risk (excluding derivatives)	26 062 354	24 662 530	525 218	874 606
Expected credit losses	(591 899)	(132 413)	(72 595)	(386 891)
Total net exposure to credit risk as disclosed on the statement of financial position	25 470 455	24 530 117	452 623	487 715
Assets not subject to IFRS 9 ECL requirements	977 782	-	-	-
Total financial assets	26 448 237	24 530 117	452 623	487 715
Gross off balance sheet exposures	4 828 966	4 828 966	-	-
Expected credit losses and provision	(9 525)	(9 525)	-	-
Net off balance sheet exposures	4 819 441	4 819 441	-	-

2024

	Gross Maximum Exposure P '000	12 months expected credit losses - stage 1 P '000	Lifetime expected credit losses - stage 2 P '000	Credit impaired - stage 3 P '000
Balances at central banks	23 764	23 764	-	-
Loans and advances to banks	520 766	520 766	-	-
Financial assets at fair value through OCI	3 600 418	3 600 418	-	-
Loans and advances to customers	18 047 658	16 557 738	921 138	568 786
Due from related parties	2 622 031	2 622 031	-	-
Total gross maximum exposure to credit risk (excluding derivatives)	24 814 637	23 324 717	921 138	568 786
Expected credit losses	(628 968)	(137 732)	(75 520)	(415 717)
Total net exposure to credit risk as disclosed on the statement of financial position	24 185 669	23 186 985	845 618	153 069
Assets not subject to IFRS 9 ECL requirements	966 431	-	-	-
Total financial assets	25 152 100	23 186 985	845 618	153 069
Maximum credit risk exposures (continued)				
Gross off balance sheet exposures	3 790 061	3 790 061	-	-
Expected credit losses and provision	(4 054)	(4 054)	-	-
Net off balance sheet exposures	3 786 007	3 786 007	-	-

The write-off amount for the year is P167 232 thousand (2024: P 102.264 thousand) refer to note 22..

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

Company

2025

	Gross Maximum Exposure P '000	12 months expected credit losses - stage 1 P '000	Lifetime expected credit losses - stage 2 P '000	Credit impaired - stage 3 P '000
Balances at central banks	245,199	245,199	-	-
Loans and advances to banks	863,724	863,724	-	-
Financial assets at fair value through OCI	3,097,639	3,097,638	-	-
Loans and advances to customers	19,140,335	17,740,510	525,218	874,606
Due from related parties	2,779,331	2,779,331	-	-
Total gross maximum exposure to credit risk (excluding derivatives)	26,126,228	24,726,402	525,218	874,606
Expected credit losses	(591,899)	(132,413)	(72,595)	(386,891)
Total net exposure to credit risk as disclosed on the statement of financial position	25,534,329	24,593,989	452,623	487,715
Assets not subject to IFRS 9 ECL requirements	976,617	-	-	-
Total financial assets	26,510,946	24,593,989	452,623	487,715
Gross off balance sheet exposures	4,828,966	4,828,966	-	-
Expected credit losses and provision	(9,525)	(9,525)	-	-
Net off balance sheet exposures	4,819,441	4,819,441	-	-

The following significant changes in the gross carrying amount of loans and advances to customers during the period contributed to changes in the loss allowance:

- The Group did not originate any credit impaired assets during the current reporting period.
- The total write-offs recognised during the current period related predominantly to exposures in the Retail portfolios.

2024

	Gross Maximum Exposure P '000	12 months expected credit losses - stage 1 P '000	Lifetime expected credit losses - stage 2 P '000	Credit impaired - stage 3 P '000
Balances at central banks	23 764	23 764	-	-
Loans and advances to banks	520 766	520 766	-	-
Financial assets at fair value through OCI	3 600 418	3 600 418	-	-
Loans and advances to customers	18 047 658	16 557 738	921 138	568 786
Due from related parties	2 676 572	2 676 572	-	-
Total gross maximum exposure to credit risk (excluding derivatives)	24 814 637	23 324 717	921 138	568 786
Expected credit losses	(628 968)	(137 406)	(75 520)	(415 717)
Total net exposure to credit risk as disclosed on the statement of financial position	24 185 669	23 186 985	845 618	153 069
Assets not subject to IFRS 9 ECL requirements	966 431	-	-	-
Total financial assets	25 152 100	23 186 985	845 618	153 069
Gross off balance sheet exposures	790 061	3 790 061	-	-
Expected credit losses and provision	(4 054)	(4 054)	-	-
Net off balance sheet exposures	3 786 007	3 786 007	-	-

The write-off amount for the year is P167 232 thousand (2024: P102.264 thousand) refer to note 22.

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

Enforcement of collateral

Carrying value of assets held by the Bank at the reporting date as a result of the enforcement of collateral is as follows:

Group

2025

	2025 P '000	2024 P '000
Asset financing- movable property	8 644	4 729
Residential property	109 889	173 198
Balance at the end of the reporting period	118 533	177 927
Forced sale value of repossessed assets	178 177	549 916

The policy for financial assets that are written off but still subject to enforcement activity is disclosed under note 1.14 . Repossessed properties are maintained off balance sheet with the respective loan recognised to the extent of discounted fair value of collateral held. During the period there were no changes to the Group's collateral policy. The repossessed assets are not recognised on the statement of financial position as title or ownership of the assets never transfers to the Group (refer note 1.14).

Growth

The loans and advances to customers experienced growth of 6.49% year on year (2024: 1.3%). The growth was mainly driven by expansionary appetite to supported targeted growth on unsecured lending through the scheme platform followed by secured mortgages.

Portfolio Performance

The quality of the retail portfolio improved evidenced by a continued reduction in coverage. The growth in impairment charge in comparison to the previous year is driven mainly by the significant growth of the portfolio and MEV adjustments. The current normalised year impairment performance has been stable and improving. This was achieved through use of data analytics to enhance collection and lending strategies to navigate against threats of general distress in market caused by economic downturn.

Loans and advances to customers-credit mitigation

Group

2025

	Collateral-credit impaired financial assets					Net unsecured exposure P '000
	Gross maximum exposure (excluding impairment) P '000	Guarantees credit insurance and credit derivatives P '000	Physical collateral P '000	Cash collateral P '000	Other P '000	
On-statement of financial position exposure						
Balances at central bank	245 174	-	-	-	-	245 174
Financial assets at fair value OCI	3 097 638	-	-	-	-	3 097 638
Trading portfolio assets	10 507	-	-	-	-	10 507
Due from related parties	2 715 459	-	-	-	-	2 715 459
Loans and advances to banks	863 724	-	-	-	-	863 724
Derivative financial assets	159 973	-	-	-	-	159 973
Loans and advances to customers	19 140 334	(11 866)	(92 687)	(104)	(21 195)	19 014 482
Other receivables	128 811	-	-	-	-	128 811
Total exposures subject to credit risk	26 361 620	(11 866)	(92 687)	(104)	(21 195)	26 235 768

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

2024

	Collateral-credit impaired financial assets					
	Gross maximum exposure (excluding impairment) P '000	Guarantees credit insurance and credit derivatives P '000	Physical collateral P '000	Cash collateral P '000	Other P '000	Net unsecured exposure P '000
On-statement of financial position exposure						
Balances at central bank	23 764	-	-	-	-	23 764
Financial assets at fair value OCI	3 600 418	-	-	-	-	3 600 418
Trading portfolio assets	4 375	-	-	-	-	4 375
Due from related parties	2 622 371	-	-	-	-	2 622 371
Loans and advances to banks	520 766	-	-	-	-	520 766
Derivative financial assets	131 235	-	-	-	-	131 235
Loans and advances to customers	18 047 661	(325 120)	(913 420)	(20 104)	(484 779)	16 304 238
Other receivables	114 706	-	-	-	-	114 706
Total exposures subject to credit risk	25 065 296	(325 120)	(913 420)	(20 104)	(484 779)	23 321 873

Company

2025

	Collateral-credit impaired financial assets					
	Gross maximum exposure (excluding impairment) P '000	Guarantees credit insurance and credit derivatives P '000	Physical collateral P '000	Cash collateral P '000	Other P '000	Net unsecured exposure P '000
On-statement of financial position exposure						
Balances at central bank	245 199	-	-	-	-	245 199
Financial assets at fair value OCI	3 097 638	-	-	-	-	3 097 638
Trading portfolio assets	10 507	-	-	-	-	10 507
Due from related parties	2 779 331	-	-	-	-	2 779 331
Loans and advances to banks	863 724	-	-	-	-	863 724
Derivative financial assets	159 973	-	-	-	-	159 973
Loans and advances to customers	19 140 334	(11 866)	(92 687)	(104)	(21 195)	19 014 482
Other receivables	127 646	-	-	-	-	127 646
Total exposures subject to credit risk	26 424 352	(11 866)	(92 687)	(104)	(21 195)	26 298 500

2024

	Collateral-credit impaired financial assets					
	Gross maximum exposure (excluding impairment) P '000	Guarantees credit insurance and credit derivatives P '000	Physical collateral P '000	Cash collateral P '000	Other P '000	Net unsecured exposure P '000
On-statement of financial position exposure						
Balances at central bank	23 764	-	-	-	-	23 764
Financial assets at fair value OCI	3 616 516	-	-	-	-	3 616 516
Trading portfolio assets	4 375	-	-	-	-	4 375
Due from related parties	2 676 572	-	-	-	-	2 676 572
Loans and advances to banks	520 766	-	-	-	-	520 766
Derivative financial assets	131 235	-	-	-	-	131 235
Loans and advances to customers	18 047 661	(325 120)	(913 420)	(20 104)	(484 779)	16 304 238
Other receivables	114 706	-	-	-	-	114 706
Total exposures subject to credit risk	25 135 595	(325 120)	(913 420)	(20 104)	(484 779)	23 392 172

The Group does not sell or re-pledge collateral received except in circumstances where the borrower has defaulted, and where the underlying contractual terms permit such action. In all cases where collateral is realised or re-pledged, the Group remains obligated to return equivalent assets to the counterparty if the borrower cures the default.

The following table sets out information regarding the credit quality of financial instruments to which the impairment requirements in IFRS 9 are applicable.

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

Group							
2025		Stage 1	Stage 2	Stage 3			
Analysis of credit risk exposure mitigation and collateral	Gross maximum exposure (excluding impairment)	DG1-9	DG10-19	DG10-19	DG20-21	DG20-21	Default
On-statement of financial position exposure	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Balances at central bank	245 199	245 199	-	-	-	-	-
Financial assets at fair value OCI	3 097 638	2 654 989	442 649	-	-	-	-
Due from related parties	2 715 459	2 715 459	-	-	-	-	-
Loans and advances to banks	863 724	746 859	116 765	-	-	-	-
Loans and advances to customers	19 140 334	13 811 277	-	193 370	1	19 817	19 817
Other assets	299 291	-	-	-	-	-	-
Total exposures subject to credit risk	26 361 645	20 173 783	559 414	193 370	1	19 817	19 817

Group							
2024		Stage 1	Stage 2	Stage 3			
Analysis of credit risk exposure mitigation and collateral	Gross maximum exposure (excluding impairment)	DG1-9	DG10-19	DG10-19	DG20-21	DG20-21	Default
On-statement of financial position exposure	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Balances at central bank	23 764	23 764	-	-	-	-	-
Financial assets at fair value OCI	3 600 418	3 600 418	-	-	-	-	-
Due from related parties	2 622 031	2 622 031	-	-	-	-	-
Loans and advances to banks	520 766	520 339	427	-	-	-	-
Loans and advances to customers	18 047 658	12 852 679	4 587 298	368 769	11 491	227 421	227 421
Other assets	250 316	-	-	-	-	-	-
Total exposures subject to credit risk	25 064 953	19 619 231	4 587 725	368 769	11 491	227 421	227 421

Company

2025		Stage 1	Stage 2	Stage 3			
Analysis of credit risk exposure mitigation and collateral	Gross maximum exposure (excluding impairment)	DG1-9	DG10-19	DG10-19	DG20-21	DG20-21	Default
On-statement of financial position exposure	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Balances at central bank	245 199	245 199	-	-	-	-	-
Financial assets at fair value OCI	3 097 638	2 654 989	442 649	-	-	-	-
Due from related parties	2 779 331	2 715 459	-	-	-	-	-
Loans and advances to banks	863 724	746 959	116 765	-	-	-	-
Loans and advances to customers	19 140 334	13 811 277	5 115 869	193 370	1	19 817	19 817
Other assets	298 126	-	-	-	-	-	-
Total exposures subject to credit risk	26 424 352	20 173 883	5 675 283	193 370	1	19 817	19 817

2024		Stage 1	Stage 2	Stage 3			
Analysis of credit risk exposure mitigation and collateral	Gross maximum exposure (excluding impairment)	DG1-9	DG10-19	DG10-19	DG20-21	DG20-21	Default
On-statement of financial position exposure	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Balances at central bank	23 764	23 764	-	-	-	-	-
Financial assets at fair value OCI	3 600 418	3 600 418	-	-	-	-	-
Due from related parties	2 676 572	2 676 572	-	-	-	-	-
Loans and advances to banks	520 766	520 339	427	-	-	-	-
Loans and advances to customers	18 047 658	12 852 679	4 587 298	368 769	11 491	227 421	227 421
Other assets	250 316	-	-	-	-	-	-
Total exposures subject to credit risk	25 119 494	19 673 772	4 587 725	368 769	11 491	227 421	227 421

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

Credit exposure by industry

Group

2025

	Loans and advances to customers P'000	Loans and advances to banks P'000	Balances with related companies P'000	Derivative financial instruments P'000	Balances Gross at central bank P'000	Financial assets at fair value through P'000	Trading portfolio assets P'000	Other receivables P'000	Total P'000
Private individuals	12 797 351	-	-	-	-	-	-	-	12 797 351
Mining companies	148 147	-	-	-	-	-	-	-	148 147
Parastatals	484 202	-	-	-	-	-	-	-	484 202
Private sector	4 923 637	-	-	-	-	-	-	128 811	5 052 448
Financial institutions	786 997	863 724	2 715 126	159 973	245 198	3 097 638	10 507	-	7 879 163
Gross exposure	19 140 334	863 724	2 715 126	159 973	245 198	3 097 638	10 507	128 811	26 361 311
Expected credit losses	(590 671)	(53)	-	-	(24)	(817)	-	-	(591 565)
Net exposure	18 549 663	863 671	2 715 126	159 973	245 174	3 096 821	10 507	128 811	25 769 746

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

2024

	Loans and advances to customers P '000	Loans and advances to banks P '000	Balances with related companies P '000	Derivative financial instruments P '000	Balances Gross at central bank P '000	Financial assets at fair value through P '000	Trading portfolio assets P '000	Other receivables P '000	Total P '000
Private individuals	12 309 187	-	-	-	-	-	-	-	12 309 187
Mining companies	66 819	-	-	-	-	-	-	-	66 819
Parastatals	458 645	-	-	-	-	-	-	-	458 645
Private sector	4 258 543	-	-	-	-	-	-	114 706	4 373 249
Financial institutions	954 464	520 766	2 622 371	131 235	23 764	3 600 399	4 375	-	7 857 374
Gross exposure	18 047 658	520 766	2 622 371	131 235	23 764	3 600 399	4 375	114 706	25 065 274
Expected credit losses	(628 617)	(22)	(340)	-	(5)	19	-	-	(628 965)
Net exposure	17 419 041	520 744	2 622 031	131 235	23 759	3 600 418	4 375	114 706	24 436 309

Company

2025

	Loans and advances to customers P '000	Balances Loans and advances to banks P '000	with related companies P '000	Balances Derivative financial instruments P '000	Financial Gross at central bank P '000	assets at fair value through P '000	Trading portfolio assets P '000	Other receivables P '000	Total P '000
Private individuals	12 797 351	-	-	-	-	-	-	-	12 797 351
Mining companies	148 147	-	-	-	-	-	-	-	148 147
Parastatals	484 202	-	-	-	-	-	-	-	484 202
Private sector	4 923 637	-	-	-	-	-	-	127 646	5 051 283
Financial institutions	786 997	863 724	2 779 331	159 973	245 199	3 097 638	10 507	-	7 943 369
Gross exposure	19 140 334	863 724	2 779 331	159 973	245 199	3 097 638	10 507	127 646	26 424 352
Expected credit losses*	(590 671)	(53)	(333)	-	(24)	(817)	-	-	(591 898)
Net exposure	18 549 663	863 671	2 778 998	159 973	245 175	3 096 821	10 507	127 646	25 832 454

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

2024

	Loans and advances to customers P '000	Loans and advances to banks P '000	Balances with related companies P '000	Derivative financial instruments P '000	Balances Gross at central bank P '000	Financial assets at fair value through P '000	Trading portfolio assets P '000	Other receivables P '000	Total P '000
Private individuals	12 309 187	-	-	-	-	-	-	-	12 309 187
Mining companies	66 819	-	-	-	-	-	-	-	66 819
Parastatals	458 645	-	-	-	-	-	-	-	458 645
Private sector	4 258 543	-	-	-	-	-	-	114 706	4 373 249
Financial institutions	954 464	520 766	2 676 912	131 235	23 764	3 600 399	4 375	-	7 911 915
Gross exposure	18 047 658	520 766	2 676 912	131 235	23 764	3 600 399	4 375	114 706	25 119 815
Expected credit losses*	(628 617)	(22)	(340)	-	(5)	19	-	-	(628 965)
Net exposure	17 419 041	520 744	2 676 572	131 235	23 759	3 600 418	4 375	114 706	24 490 850

Credit exposure by area

2025

	Loans and advances to customers P '000	Loans and advances to banks P '000	Balances with related companies P '000	Derivative financial instruments P '000	Balances Gross at central bank P '000	Financial assets at fair value through P '000	Trading portfolio assets P '000	Other receivables P '000	Total P '000
Botswana	19 140 334	247 790	2 619 003	159 973	245 198	3 097 638	10 507	128 811	25 649 254
South Africa	-	74 564	95 782	-	-	-	-	-	170 346
Europe	-	246 855	-	-	-	-	-	-	246 855
Other	-	2 358	674	-	-	-	-	-	3 032
USA	-	292 157	-	-	-	-	-	-	292 157
Gross exposure	19 140 334	863 724	2 715 459	159 973	245 198	3 097 638	10 507	128 811	26 361 644
Expected credit losses	(590 671)	(53)	(333)	-	(24)	(817)	-	-	(591 898)
Net exposure	18 549 663	863 671	2 715 126	159 973	245 174	3 096 821	10 507	128 811	25 769 746

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

2024

	Loans and advances to customers P '000	Loans and advances to banks P '000	Balances with related companies P '000	Derivative financial instruments P '000	Balances Gross at central bank P '000	Financial assets at fair value P '000	Trading portfolio assets P '000	Other receivables P '000	Total P '000
Botswana	18 047 658	139 939	-	131 235	23 764	3 600 399	4 375	114 706	22 062 076
South Africa	-	-	2 621 865	-	-	-	-	-	2 621 865
UK	-	115 263	-	-	-	-	-	-	115 263
Europe	-	44 952	-	-	-	-	-	-	44 952
Other	-	2 213	506	-	-	-	-	-	2 719
USA	-	218 399	-	-	-	-	-	-	218 399
Gross exposure	18 047 658	520 766	2 622 371	131 235	23 764	3 600 399	4 375	114 706	25 065 274
Expected credit losses	(628 617)	(22)	(340)	-	(5)	19	-	-	(628 965)
Net exposure	17 419 041	520 744	2 622 031	131 235	23 759	3 600 418	4 375	114 706	24 436 309

Company

2025

	Loans and advances to customers P '000	Balances Loans and advances to banks P '000	Balances with related companies P '000	Balances Derivative financial instruments P '000	Financial Gross at central bank P '000	Financial assets at fair value P '000	Trading portfolio assets P '000	Other receivables P '000	Total P '000
Botswana	19 140 334	247 790	2 682 875	159 973	245 199	3 097 638	10 507	127 646	25 711 962
South Africa	-	74 564	95 782	-	-	-	-	-	170 346
Europe	-	246 855	-	-	-	-	-	-	246 855
Other	-	2 358	674	-	-	-	-	-	3 032
USA	-	292 157	-	-	-	-	-	-	292 157
Gross exposure	19 140 334	863 724	2 779 331	159 973	245 199	3 097 638	10 507	127 646	26 424 352
Expected credit losses	(590 671)	(53)	(333)	-	(24)	(817)	-	-	(591 898)
Net exposure	18 549 663	863 671	2 778 998	159 973	245 175	3 096 821	10 507	127 646	25 832 454

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

2024

	Loans and advances to customers P '000	Loans and advances to banks P '000	Balances with related companies P '000	Derivative financial instruments P '000	Balances Gross at central bank P '000	Financial assets at fair value through P '000	Trading portfolio assets P '000	Other receivables P '000	Total P '000
Botswana	18 047 658	139 939	54 542	131 235	23 764	3 600 399	4 375	114 706	22 116 618
South Africa	-	-	2 621 865	-	-	-	-	-	2 621 865
UK	-	115 263	-	-	-	-	-	-	115 263
Europe	-	44 952	-	-	-	-	-	-	44 952
Other	-	2 213	505	-	-	-	-	-	2 718
USA	-	218 399	-	-	-	-	-	-	218 399
Gross exposure	18 047 658	520 766	2 676 912	131 235	23 764	3 600 399	4 375	114 706	25 119 815
Expected credit losses	(628 617)	(22)	(340)	-	(5)	19	-	-	(628 965)
Net exposure	17 419 041	520 744	2 676 572	131 235	23 759	3 600 418	4 375	114 706	24 490 850

Off – Balance sheet industrial analysis

2025

	Group 2025 P '000	2024 P '000	Company 2025 P '000	2024 P '000
Commitments not on the statement of financial position				
Private individuals	360 265	360 734	360 265	360 734
Mining companies	419 760	434 557	419 760	434 557
Parastatals	197 326	155 496	197 326	155 496
Private sector	3 524 578	2 828 902	3 524 578	2 828 902
Financial institutions	327 037	10 372	327 037	10 372
Gross Exposure	4 828 966	3 790 061	4 828 966	3 790 061
Expected credit losses	(9 525)	(4 054)	(9 525)	(4 054)
Net exposure	4 819 441	3 786 007	4 819 441	3 786 007

Liquidity risk

Liquidity risk is the risk that the Group may be unable to meet its financial obligations as they fall due without incurring unacceptable losses. Ultimate responsibility for liquidity risk management rests with the board of directors which has established an appropriate liquidity risk management framework for the management of the Group's short medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rate the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay. Assets are included based on contractual maturity.

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

Group								
2025								
	Less than 1 month P '000	1-3 months P '000	3-12 months P '000	1-5 years P '000	5+ years P '000	Nominal amount P '000	Discount effect P '000	Total P '000
Assets								
Cash	678 491	-	-	-	-	678 491	-	678 491
Balances at the Central Bank	245 174	-	-	-	-	245 174	-	245 174
Trading portfolio assets	-	-	-	-	10 507	10 507	-	10 507
Financial assets at fair value through OCI	199 065	819 953	1 562 789	407 343	157 274	3 146 424	(49 603)	3 096 821
Loans and advances to banks	863 671	-	-	-	-	863 671	-	863 671
Due from related parties	532 116	1 510 807	593 567	78 636	-	2 715 126	-	2 715 126
Loans and advances to customers	2 804 125	590 044	200 972	5 204 088	10 446 969	19 246 198	(696 535)	18 549 663
Other receivables	128 811	-	-	-	-	128 811	-	128 811
Total assets	5 451 453	2 920 804	2 357 328	5 690 067	10 614 750	27 034 402	(746 138)	26 288 264
Liabilities								
Due to related parties	139 756	-	-	-	-	139 756	-	139 756
Customer deposits	14 116 399	1 546 961	4 374 501	671 286	34 708	20 743 855	(6 415)	20 737 440
Debt securities in issue	-	-	-	-	837 150	837 150	(263 523)	573 627
Subordinated debt	-	-	-	-	495 547	495 547	(242 361)	253 186
Deposits from banks	997 664	-	-	-	-	997 664	-	997 664
Other payables	289 553	-	-	-	-	289 553	(11 000)	278 553
Total liabilities	15 543 372	1 546 961	4 374 501	671 286	1 367 405	23 503 525	(523 299)	22 980 226
Off balance sheet	4 828 966	-	-	-	-	4 828 966	-	4 828 966
Total liabilities exposure	20 372 338	1 546 961	4 374 501	671 286	1 367 405	28 332 491	(523 299)	27 809 192
Liquidity gap (excluding derivatives)	(14 920 885)	1 373 843	(2 017 173)	5 018 781	9 247 345	(1 298 089)	(222 839)	(1 520 928)

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

2024

	Less than 1month P '000	1-3 months P '000	3-12 months P '000	1-5 years P '000	5+ years P '000	Nominal amount P '000	Discount effect P '000	Total P '000
Assets								
Cash	716 116	-	-	-	-	716 116	-	716 116
Balances at the Central Bank	23 759	-	-	-	-	23 759	-	23 759
Trading portfolio assets	4 375	-	-	-	-	4 375	-	4 375
Financial assets at fair value through OCI	-	475 611	2 535 604	327 200	278 120	3 616 535	(16 117)	3 600 418
Loans and advances to banks	520 744	-	-	-	-	520 744	-	520 744
Due from related parties	2 622 031	-	-	-	-	2 622 031	-	2 622 031
Loans and advances to customers	923 065	126 843	1 207 379	1 852 329	13 309 425	17 444 916	(25 875)	17 419 041
Other receivables	114 706	-	-	-	-	114 706	-	114 706
Total assets	4 924 796	602 454	3 742 983	2 179 529	13 587 545	25 063 182	(41 992)	25 021 190
Liabilities								
Due to related parties	219 018	-	-	-	302 551	521 569	-	521 569
Customer deposits	14 924 100	431 950	3 730 545	348 379	1 040	19 436 013	(44 241)	19 391 772
Debt securities in issue	-	-	141 384	251 778	293 538	686 700	(11 750)	674 950
Subordinated debt	-	-	-	284 764	253 309	538 073	(4 105)	533 968
Deposits from banks	498 272	-	-	-	-	498 272	-	498 272
Other payables	293 219	-	-	-	-	293 219	(6 149)	287 070
Total liabilities	15 934 609	431 950	3 871 929	884 921	850 438	21 973 846	(66 245)	21 907 601
Off balance sheet	3 790 061	-	-	-	-	3 790 061	(4 054)	3 786 007
Total liabilities exposure	19 724 670	431 950	3 871 929	884 921	850 438	25 763 907	(70 299)	25 693 608
Liquidity gap (excluding derivatives)	(14 799 874)	170 504	(128 946)	1 294 608	12 737 107	(700 725)	28 307	(672 418)

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

Company

2025	Less than 1month P '000	1-3 months P '000	3-12 months P '000	1-5 years P '000	5+ years P '000	Nominal amount P '000	Discount effect P '000	Total P '000
Assets								
Cash	678 491	-	-	-	-	678 491	-	678 491
Balances at the Central Bank	245 174	-	-	-	-	245 174	-	245 174
Trading portfolio assets	10 507	-	-	-	-	10 507	-	10 507
Financial assets at fair value through OCI	199 065	819 953	1 562 789	-	564 617	3 146 424	(49 603)	3 096 821
Loans and advances to banks	863 671	-	-	-	-	863 671	-	863 671
Due from related parties	595 988	1 510 807	593 567	78 636	-	2 778 998	-	2 778 998
Loans and advances to customers	2 804 125	590 044	200 972	5 204 088	10 446 969	19 246 198	(696 535)	18 549 663
Other receivables	127 646	-	-	-	-	127 646	-	127 646
Total assets	5 524 667	2 920 804	2 357 328	5 282 724	11 011 586	27 097 109	(746 138)	26 350 971
Liabilities								
Due to related parties	330 804	-	-	-	-	330 804	-	330 804
Customer deposits	14 116 398	1 546 961	4 374 501	671 286	34 708	20 743 854	(6 414)	20 737 440
Debt securities in issue	-	-	-	-	837 150	837 150	(263 523)	573 627
Subordinated debt	-	-	-	-	495 547	495 547	(242 361)	253 186
Deposits from banks	997 664	-	-	-	-	997 664	-	997 664
Other payables	275 015	-	-	-	-	275 015	-	275 015
Total liabilities exposure	15 719 881	1 546 961	4 374 501	671 286	1 367 405	23 680 034	(512 298)	23 167 736
Off balance sheet	4 828 966	-	-	-	-	4 828 966	-	4 828 966
	20 548 847	1 546 961	4 374 501	671 286	1 367 405	28 509 000	(512 298)	27 996 702
Liquidity gap (excluding derivatives)	(15 024 180)	1 373 843	(2 017 173)	4 611 438	9 644 181	(1 411 891)	(233 840)	(1 645 731)

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

2024

	Less than 1month P'000	1-3 months P'000	3-12 months P'000	1-5 years P'000	5+ years P'000	Nominal amount P'000	Discount effect P'000	Total P'000
Assets								
Cash	716 116	-	-	-	-	716 116	-	716 116
Balances at the Central Bank	23 759	-	-	-	-	23 759	-	23 759
Trading portfolio assets	4 375	-	-	-	-	4 375	-	4 375
Financial assets at fair value through OCI	-	238 885	2 772 330	327 200	278 120	3 616 535	(16 117)	3 600 418
Loans and advances to banks	380 806	-	139 938	-	-	520 744	-	520 744
Due from related parties	1 326 168	975 970	374 434	-	-	2 676 572	-	2 676 572
Loans and advances to customers	923 066	126 843	1 207 379	1 852 329	13 309 424	17 419 041	-	17 419 041
Other receivables	114 706	-	-	-	-	114 706	-	114 706
Total assets	3 488 996	1 341 698	4 494 081	2 179 529	13 587 544	25 091 848	(16 117)	25 075 731
Liabilities								
Due to related parties	380 043	-	-	-	302 551	682 594	-	682 594
Customer deposits	14 840 937	432 235	3 762 028	360 852	1 040	19 397 092	-	19 397 092
Debt securities in issue	-	-	141 384	251 778	293 538	686 700	(11 750)	674 950
Subordinated debt	-	-	-	284 764	253 309	538 073	(4 105)	533 968
Deposits from banks	498 272	-	-	-	-	498 272	-	498 272
Other payables	293 113	-	-	-	-	293 113	(6 149)	286 964
Total liabilities	16 012 365	432 235	3 903 412	897 394	850 438	22 095 844	(22 004)	22 073 840
Off balance sheet	3 790 061	-	-	-	-	3 790 061	(4 054)	3 786 007
Total liabilities exposure	19 802 426	432 235	3 903 412	897 394	850 438	25 885 905	(26 058)	25 859 847
Liquidity gap (excluding derivatives)	(16 313 430)	909 463	590 669	1 282 135	12 737 106	(794 057)	9 941	(784 116)

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

46. Risk management (continued)

Group and Company

The following table details the Group's liquidity analysis for its derivative instruments.

2025	Less than 1 year P '000	1-5 years P '000	Over 5 years P '000	Total P '000
Gross settled:				
Derivative financial assets	77 205	57 787	24 981	159 973
Derivative financial liabilities	63 221	26 259	35 862	125 342

2024	Less than 1 year P '000	Total P '000
Gross settled:		
Derivative financial assets	131 235	131 235
Derivative financial liabilities	126 216	126 216

Stress liquidity risk

Stress liquidity risk management refers to the management of liquidity risk during times of unexpected outflows arising from bank specific or systemic stress events. Treasury regularly performs liquidity scenario analyses and stress tests to assess the adequacy of the Group's stress funding sources liquidity buffers and contingency funding strategies in the event of such a stressed scenario. Scenario analysis and stress testing encompasses a range of realistic adverse events which while remote could have a material impact on the liquidity of the Bank's operations.

Through scenario analysis and stress testing, the Bank aims to manage and mitigate liquidity risk by:

- determining, evaluating and testing the impact of adverse liquidity scenarios;
- identifying appropriate rapid and effective responses to a crisis; and
- setting liquidity limits, sources of stress funding and liquidity buffers as well as formulating a funding strategy designed to minimise liquidity risk.

The Bank's overall objective is to ensure that during a liquidity stress event the Group's stress funding sources and liquidity buffers exceed the estimated stress funding requirements for a period of at least 30 days. Stress testing and scenario analysis are used to evaluate the efficiency of identified sources of stress funding along a continuum of risk scenarios and to formulate and test contingency plans. A detailed contingent funding and liquidity plan has been designed to protect depositors creditors and shareholders during adverse liquidity conditions. The plan includes early warning indicators and sets out the crisis response strategy addressing sources of stress funding

strategies for crisis avoidance/minimisation and the internal and external communication strategy. Liquidity simulation exercises are conducted regularly to test the robustness of the plan and to ensure that key stakeholders remain up to date on liquidity matters.

The key measure used by the Bank for managing liquidity risk is the ratio of net liquid assets to deposits from customers. To monitor the percentage of long-term assets maturing after 1 year as a percentage of total liabilities a medium-term mismatch ratio for both foreign currency and local currency is performed individually. Net liquid assets are considered as including cash and cash equivalents and investment grade debt securities for which there is an active and liquid market less any deposits from banks debt securities issued other borrowings and commitments maturing within the next month. A similar but not identical calculation is used to measure the Group's compliance with the liquidity limit established by the Group's lead regulator the Bank of Botswana. Primary reserve held is nil (2024: nil) of net local currency deposits and liquid asset ratio is 10% of net local currency deposits.

	Group		Company	
	2025	2024	2025	2024
At 31 December				
Foreign currency	(5)%	(2)%	(5)%	(2)%
Local currency	51%	41%	51%	41%
Average for the period				
Foreign currency	(5)%	(4)%	(5)%	(4)%
Local currency	36%	34%	36%	34%
Maximum for the period				
Foreign currency	(2)%	(2)%	(2)%	(2)%
Local currency	51%	41%	51%	41%
Minimum for the period				
Foreign currency	13%	(9)%	13%	(9)%
Local currency	24%	27%	24%	27%

The above table represents the Medium term Mismatch. The Medium term Mismatch is a measure which looks at the ratio of the short term asset-liability mismatch against total liabilities. This measure provides an indication of the extent to which short- to medium-term assets are funded by liabilities of a similar tenor.

By expressing the mismatch as a proportion of total liabilities, the metric contextualises the funding gap relative to the Bank's overall funding base, allowing for consistent monitoring of balance sheet structure and liquidity risk over time. This metric is used internally as part of the Bank's liquidity risk management framework and complements other regulatory and behavioural liquidity measures.

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

47. Fair value of financial instruments not held at fair value

The disclosed fair value of these financial assets and financial liabilities measured at amortised cost approximate their carrying value for the following reasons:

- The loans and advances, cash, balances with central bank and balances due from and due to related parties' carrying amounts approximate fair value by use of expected cash flows and the frequent repricing of instruments
- The deposits - fair value or amortised cost deposits repayable on demand is considered to be equal to their carrying value.
- Debt securities and subordinated debt are repriced frequently and their carrying amounts approximate their fair values.
- Other financial assets liabilities are short-term in nature or have interest rates that reprice frequently

Group

	2025 Carrying amount P '000	2024 Carrying amount P '000
Financial Assets		
Cash	678 491	716 116
Balances at central bank	245 174	23 759
Due from related parties	2 715 126	2 622 031
Loans and advances to banks	863 671	520 744
Loans and advances to customers	18 549 663	17 419 041
Other receivables	128 811	114 706
Total	23 180 936	21 416 397
Financial Liabilities		
Deposits from banks	997 664	498 272
Due to related parties	139 757	521 569
Deposits due to customers	20 737 440	19 391 772
Debt securities in issue	573 627	674 950
Other payables	278 553	287 074
Subordinated debt	253 186	533 968
Total	22 980 227	21 907 605

Company

	2025 Carrying amount P '000	2024 Carrying amount P '000
Financial Assets		
Cash	678 491	716 116
Balances at central bank	245 174	23 759
Due from related parties	2 778 998	2 676 572
Loans and advances to banks	863 671	520 744
Loans and advances to customers	18 549 663	17 419 041
Other receivables	127 646	114 706
Total	23 243 643	21 470 938
Financial Liabilities		
Deposits from banks	997 664	498 272
Due to related parties	330 804	682 594
Deposits due to customers	20 737 440	19 397 092
Debt securities in issue	573 627	674 950
Other payables	275 014	286 963
Subordinated debt	253 186	533 968
Total	23 167 735	22 073 839

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

48. Financial instruments measured at fair value

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value Grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Group

2025

	Level 1 P '000	Level 2 P '000	Total P '000
Recurring fair value measurements			
Financial assets			
Derivative financial instruments	-	159 973	159 973
Trading portfolio assets	-	10 507	10 507
	-	170 480	170 480
Fair value through other comprehensive income			
Treasury bills and other eligible bills	2 581 806	-	2 581 806
Treasury bonds	515 014	-	515 014
	3 096 820	-	3 096 820
Financial liabilities			
Fair value through profit or loss			
Derivative financial instruments	-	125 342	125 342

2024

	Level 1 P '000	Level 2 P '000	Total P '000
Recurring fair value measurements			
Financial assets			
Derivative financial instruments	-	131 235	131 235
Trading portfolio assets	-	4 375	4 375
	-	135 610	135 610
Fair value through other comprehensive income			
Treasury bills and other eligible bills	3 011 215	-	3 011 215
Treasury bonds	589 203	-	589 203
	3 600 418	-	3 600 418
Financial liabilities			
Fair value through profit or loss			
Derivative financial instruments	-	126 216	126 216

Company

2025

	Level 1 P '000	Level 2 P '000	Total P '000
Financial assets			
Derivative financial instruments	-	159 973	159 973
Trading portfolio assets	-	10 507	10 507
	-	170 480	170 480
Fair value through other comprehensive income			
Treasury bills and other eligible bills	2 581 806	-	2 581 806
Treasury bonds	515 014	-	515 014
	3 096 820	-	3 096 820
Financial liabilities			
Fair value through profit or loss			
Derivative financial instruments	-	125 342	125 342

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

48. Financial instruments measured at fair value

2024

	Level 1 P '000	Level 2 P '000	Total P '000
Recurring fair value measurements			
Financial assets			
Derivative financial instruments	-	131 235	131 235
Trading portfolio assets	-	4 375	4 375
	-	135 610	135 610
Fair value through other comprehensive income			
Treasury bills and other eligible bills	3 011 215	-	3 011 215
Treasury bonds	589 203	-	589 203
	3 600 418	-	3 600 418
Financial liabilities			
Fair value through profit or loss			
Derivative financial instruments	-	126 216	126 216

There has been no transfers during the year between the fair value levels 1 and 2.

49. Segmental information

The Group comprises the following main business segments:

- Corporate and Investment Banking (CIB)
- Retail Business Banking and Other (RBB)

The Group has identified its reportable segments based on a combination of products and services offered to customers and clients and in the manner in which the Group's businesses are managed and reported to the CODM (Chief Operating Decision Maker).

The following summary describes the operations in each of the Group's reportable segments:

CIB: This segment offers corporate and investment banking solutions. The business models centre on delivering specialist investment banking financing risk management and advisory solutions across asset classes to corporates financial institutions and government clients. Corporate and Markets have been aggregated into CIB.

RBB: This segment provides a comprehensive range of commercial banking products and services to medium small businesses and retail customers. Retail Business Banking Head Office and Treasury have been aggregated into the RBB segment. Absa Insurance Services (Pty) Ltd is included in this segment.

Retail Banking: offers various products and services to customers through the following divisions:

- Home Loans: offers residential property-related finance solutions to customers.
- Vehicle and Asset Finance (VAF): offers customised vehicle and asset finance products and services through vehicle dealers as well as directly to retail and business customers.
- Card: provides credit cards and merchant acquiring. It includes financial services which offers credit cards.
- Personal Loans: offers unsecured instalment loans
- Transactional and Deposits: offers a range of transactional banking savings and investment products customer loyalty programme and services.
- Other: head office costs which are non-banking costs.

Segment results

The measurement of segment results is in line with the basis of information presented to the chief operating decision maker (CODM) for internal management reporting purposes.

Assets excluding loans and advances to customers financial instruments trading portfolio assets and derivative instruments and liabilities excluding deposits due to customers derivative financial instruments and debt securities in issue are not identifiable to any one of the reportable segments and can be used interchangeably between segments. Therefore segmental disclosure relating to these has not been provided.

All transactions between segments are carried out in the normal course of business. Our management reporting systems report our inter- segment service as a cost reduction and do not recognise them as internal revenue. Inter-segment service mainly represents utilisation of manpower resource of one segment by another on a project-by-project basis. Inter-segment services are charged based on an internal cost rate including certain indirect and direct overhead costs but without profit margin.

Notes to the Consolidated and Separate Financial Statements continued

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49. Segmental information (continued)

Group

2025

	Retail and Business Banking P '000	Corporate and Investment Banking P '000	Other P '000	Total P '000
Assets				
Derivative financial instruments	-	159 973	-	159 973
Fair value through OCI	3 096 821	-	-	3 096 821
Loans and advances to customers	13 808 777	4 740 886	-	18 549 663
Trading portfolio assets	-	10 507	-	10 507
Other assets	-	-	5 073 957	5 073 957
Total	16 905 598	4 911 366	5 073 957	26 890 921
Liabilities				
Customer deposits	12 056 655	8 680 785	-	20 737 440
Derivative financial instruments	-	125 342	-	125 342
Debt securities in issue	573 627	-	-	573 627
Subordinated debt	253 186	-	-	253 186
Other liabilities	-	-	1 641 978	1 641 978
Total	12 883 468	8 806 127	1 641 978	23 331 573

2024

	Retail and Business Banking P '000	Corporate and Investment Banking P '000	Other P '000	Total P '000
Assets				
Derivative financial instruments	-	131 235	-	131 235
Fair value through OCI	3 600 418	-	-	3 600 418
Loans and advances to customers	13 219 483	4 199 558	-	17 419 041
Trading portfolio assets	-	4 375	-	4 375
Other assets	-	-	4 359 753	4 359 753
Total	16 819 901	4 335 168	4 359 753	25 514 822
Liabilities				
Customer deposits	11 217 410	8 174 362	-	19 391 772
Derivative financial instruments	-	126 216	-	126 216
Debt securities in issue	674 950	-	-	674 950
Subordinated debt	533 968	-	-	533 968
Other liabilities	-	-	1 490 362	1 490 362
Total	12 426 328	8 300 578	1 490 362	22 217 268

Group

2025

	Retail and Business Banking P '000	Corporate and Investment Banking P '000	Total P '000
Net interest income	1 015 519	400 136	1 415 655
Net fee and commission income	537 925	51 590	589 515
Net trading income and other income	46 231	335 861	382 092
Total income	1 599 675	787 587	2 387 262
Expected credit losses	(105 434)	(3 838)	(109 272)
Net operating income	1 494 241	783 749	2 277 990
Staff costs*	(491 771)	(59 506)	(551 277)
Infrastructure costs*	(186 918)	(5 006)	(191 924)
Administration and general expenses*	(279 725)	(239 269)	(518 994)
Depreciation of PPE and right of use asset	(62 923)	-	(62 923)
Amortisation of intangible assets	(1 278)	-	(1 278)
Total expenses	(1 022 616)	(303 781)	(1 326 396)
Profit before tax	471 626	479 968	951 595
Taxation	(104 409)	(106 255)	(210 664)
Profit for the year	367 217	373 713	740 930

2024

	Retail and Business Banking P '000	Corporate and Investment Banking P '000	Total P '000
Net interest income	1 083 526	434 577	1 518 103
Net fee and commission income	488 322	43 992	532 314
Net trading income and other income	64 719	166 922	231 641
Total income	1 636 567	645 491	2 282 058
Expected credit losses	(79 030)	(10 416)	(89 446)
Net operating income	1 557 537	635 075	2 192 612
Staff costs*	(429 637)	(56 830)	(486 467)
Infrastructure costs *	(178 086)	(4 882)	(182 968)
Administration and general expenses*	(209 191)	(197 304)	(406 495)
Depreciation of PPE and right of use asset	(58 393)	-	(58 393)
Amortisation of intangible assets	(490)	-	(490)
Total expenses	(875 797)	(259 016)	(1 134 813)
Profit before tax	681 740	376 059	1 057 799
Taxation	(138 076)	(78 389)	(216 465)
Profit for the year	543 664	297 670	841 334

Notes to the Consolidated and Separate Financial Statements continued

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49. Segmental information (continued)

*In the current financial year, the Group refined the presentation of segmental operating expenses to separately disclose Staff costs, Infrastructure costs, and Administration and general expenses. This change in presentation is driven by the IFRIC agenda decision on the disaggregation of operating expenses, which clarified the requirement to disclose material categories of expenses to enhance users' understanding of segmental performance. Prior year information has been presented on the same basis as the current year for comparability purposes, although the underlying amounts remain unchanged from those previously reported. Prior year information has been updated to align with the current year presentation for comparability purposes.

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

50. Share based payments

Description of the share-based payment arrangements

The following share-based payment arrangements were in existence during the current and prior years:

Share options expense recognised during the year

	Group 2025 P '000	2024 P '000	Company 2025 P '000	2024 P '000
Employee expenses				
Equity-settled share-based payments	(9 952)	(6 063)	(9 952)	(6 063)
Cash-settled share-based payments	(27 271)	(21 269)	(27 271)	(21 269)
Total expense recognised as employee costs	(37 223)	(27 332)	(37 223)	(27 332)

Absa Group Limited Share Incentive Plan Performance Award

Qualifying participants of the Share Incentive Plan Performance Award (SIPP) will be entitled to Absa Group Limited ordinary shares either by way of a share award or a cash award that must be used to purchase Absa Group Limited ordinary shares. Absa Group Limited retains the obligation to settle in cash certain SIPP awards that are prohibited from being equity-settled. The award will be issued by Absa Group Limited. In order for the participant to be entitled to these awards, the participant needs to render three years or five years (depending on the grant received) of service and the requisite performance conditions need to be met. Dividends may accumulate and are reinvested over the vesting period.

Absa Group Limited Share Incentive Plan Retention Buyout Award

The Share Incentive Plan Retention Buyout Award (SIPRB) enables the Group and Company to attract and motivate new employees by buying out the 'in the money' portion of a participant's shares or options under their previous employers' share scheme by offering the employees Absa Group Limited awards. The equity settled award will be issued by Absa Group Limited. There is no consideration payable for the grant of an award and the vesting of the award is not subject to performance conditions. Dividends may accumulate and are reinvested over the vesting period, which will align with the vesting period of the previous employer.

Absa Group Limited Share Incentive Plan Deferred Award

The Share Incentive Plan Deferred Award (SIPD) (and any associated notional dividends) are awarded at no cost to the participants. The awards typically vest in equal tranches after one to five years. The Group and Company retains the obligation to settle in cash certain SVP awards that are prohibited from being equity-settled. The amount that is paid to the cash-settled participants is equal to the market value of a number of Absa Group Limited ordinary shares, as determined on the vesting date. On vesting equity-settled participants are awarded Absa Group Limited ordinary shares in settlement of their awards. Dividends may accumulate and are reinvested over the vesting period. The equity settled award will be issued by Absa Group Limited.

Absa Group Limited Share Incentive Plan Retention Award

The Share Incentive Plan Retention Award (SIPR) (and any associated notional dividends) are awarded at no cost to the participants. The awards vest after three to five years. The Group and Company retains the obligation to settle in cash certain SVP awards that are prohibited from being equity-settled. The amount that is paid to the cash-settled participants is equal to the market value of a number of Absa Group Limited ordinary shares, as determined on the vesting date. On vesting, equity-settled participants are awarded Absa Group Limited ordinary shares in settlement of their awards. Dividends may accumulate and are reinvested over the vesting period. The equity settled award will be issued by Absa Group Limited. Award will vest on the vesting date(s), subject to achieving a performance rating in respect of the 2021, 2022, 2023, 2024 and 2025 performance years of 'Good or above' (or any other equivalent rating in force from time to time).

Absa Group Limited Restricted Share Value Plan

The Restricted Share Value Plan (RSVP) awards (and any associated notional dividends) are awarded at no cost to the participants. Vesting periods range from two to five years, with each tranche subject to its own independent non-market-related performance conditions on vesting. The Group and Company retains the obligation to settle in cash certain Restricted SVP awards that are prohibited from being equity-settled. The amount that is paid to the cash-settled participants is equal to the market value of a number of Absa Group Limited ordinary shares, as determined on the vesting date, to the extent that the non-market-related conditions attached to the awards are met. On vesting, equity-settled participants are awarded Absa Group Limited ordinary shares in settlement of their awards. Dividends may accumulate and are reinvested over the vesting period. The equity settled award will be issued by Absa Group Limited.

eKhaya Colleague Share Scheme

The Absa Group Limited's B-BBEE transaction resulted in (1) a Colleague Share Scheme (ECSS), which provides employees in South Africa with an equity ownership interest in Absa Group and (2) a Colleague Phantom Share Scheme, providing non-SA employees with a phantom share award. The Colleague Share Scheme, an award issued by Absa Group Limited, provides for eligible employees in South Africa to indirectly hold 3% of Absa Group Limited's shareholding from 1 September 2023. At the end of five years, the Scheme will vest where participants will receive Absa Group Limited shares.

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

50. Share based payments (continued)

	Opening balance P '000	Granted P '000	Forfeited P '000	Exercised P '000	Closing balance P '000
Equity Settled					
SIPP	135 468	71 519	(21 966)	(23 834)	161 187
SIPRB	-	19 709	-	(12 501)	7 208
SIPD	19 189	12 642	(2 273)	(8 106)	21 452
SIPR	59 674	39 289	(10 591)	(12 968)	75 404
ECSS	867 740	46 440	(38 700)	(860)	874 620

2024

	Opening balance P '000	Granted P '000	Forfeited P '000	Exercised P '000	Closing balance P '000
Equity Settled					
SIPP	133 200	56 226	(10 118)	(43 840)	135 468
SIPRB	1 373	-	-	(1 373)	-
SIPD	10 923	12 279	-	(4 013)	19 189
SIPR	55 148	27 097	(7 267)	(15 304)	59 674
ECSS	869 460	39 560	(36 980)	(4 300)	867 740

	Weighted average share price at the exercise date		Weighted average contractual life of awards outstanding (years)		Weighted average fair value of options granted during the period	
	2025	2024	2025	2024	2025	2024
Equity Settled						
SIPP	191	134	1	1	179	146
SIPRB	169	178	1	-	169	146
SIPD	166	186	1	1	179	146
SIPR	191	-	1	1	179	146
ECSS	81	-	3	4	100	76

Furthermore the awards outstanding in the aforementioned schemes have no exercise price.

51. Capital commitments

Capital commitments and off balance sheet liabilities

Capital commitments

	Group and Company	
	2025 P '000	2024 P '000
Already contracted for but not provided for		
• Property, plant and equipment	13 165	12 765
Not yet contracted for and authorised by directors	3 877	4 685

This committed expenditure relates to property and will be financed by available bank facilities, retained profits, issue of debentures, mortgage facilities, existing cash resources and funds internally generated.

Off balance sheet liabilities

	Group and Company	
	2025 P '000	2024 P '000
Undrawn commitment to customers	2 899 241	3 071 118
Letters of credit	408 525	216 627
Guarantees	1 521 200	502 316
Gross off balance sheet liabilities	4 828 966	3 790 061

52. New Standards and Interpretations

52.1 Standards and interpretations effective and adopted in the current year

No new standards, amendments, or circulars were effective or newly adopted in the current reporting period.

52.2 Standards and interpretations not yet effective

The group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the group's accounting periods beginning on or after 01 January 2026 or later periods:

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

52. New Standards and Interpretations

52.2 Standards and interpretations not yet effective

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
Amendments to the classification and measurement of financial instruments (Amendments to IFRS 9 and IFRS 7)	01 January 2026	Unlikely there will be a material impact
Annual improvements to IFRS Accounting Standards (Volume 11)	01 January 2026	Unlikely there will be a material impact
IFRS 18 'Presentation and Disclosure in Financial Statements'	01 January 2027	There is an expected change in the presentation of the income statement. The Group is currently assessing the appropriate classification of categories in line with IAS requirements to determine a suitable mapping.
IFRS 19 'Subsidiaries without Public Accountability : Disclosures'	01 January 2027	This standard will not be applicable to Absa Bank Botswana Limited.
IFRS 1, First Time adoption of International Financial Reporting Standards Amendments	01 January 2026	Unlikely there will be a material impact

*IFRS 18 promotes a more structured income statement and introduces a newly defined "operating profit" subtotal and a requirement for all income and expenses to be classified into three new distinct categories based on an entity's business activities. The new standard requires an entity to analyse their operating expenses directly on the face of the income statement – either by nature, by function or on a mixed basis. In addition, the standard defines "management-defined performance measures" (MPMs) and requires that an entity provide disclosures regarding its MPMs in order to enhance transparency.

The standard further provides enhanced guidance on aggregation and disaggregation of information, which will apply to both the primary financial statements and the notes. IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and applies retrospectively with early adoption permitted.

The Group has initiated an assessment of IFRS 18's impact on its financial statement presentation and disclosures. A multidisciplinary team has been established and is working through the requirements included in the standard to determine the Group's state of readiness for adoption. IFRS 18 is expected to only affect the presentation and disclosure, rather than recognition or measurement of transactions. The impact of adoption is anticipated to include:

- Presentation of new subtotals in the statement of profit or loss;
- Review and alignment of income and expense classifications with business activity criteria; and
- Additional disclosures for MPMs.

Work is ongoing to evaluate system and reporting changes required for compliance.

53. Events after the reporting period

A final dividend of P 492 million was also declared on the 18th of March 2026 subject to regulatory approval.

The Group has assessed the impact of the announcement made during the current financial year regarding the introduction of a new Pan African operating model, marking the next phase in strengthening the Group's organisational design. The new model is intended to streamline operations across the region, enhance clarity of accountability, and leverage technology and data to improve outcomes for clients across the continent. The changes are effective from 1 January 2026. Accordingly, the announcement does not affect the Group's segment reporting or related disclosures for the financial period ended 31 December 2025. The impact of the new Pan African operating model on segment reporting for the reporting period ended 31 December 2026 will be assessed as implementation progresses.

Significant escalation in geopolitical tensions in the Middle East have contributed to heightened global market volatility. The situation remains fluid and the potential impact of these evolving circumstances including the possibility of higher fuel and logistics related cost pressures, increased inflation uncertainty impacting rates, and periods of foreign exchange and market volatility associated with shifts in global risk sentiment, will be monitored and assessed into the year ahead.

While the impacts to the Group have yet to materialise, these developments arose after year-end and are considered non-adjusting events under IAS 10 Events after the Reporting Period. Accordingly, no adjustments have been made to the amounts recognised in the consolidated financial statements for the reporting period ended 31 December 2025.

Other than the aforementioned, the directors are not aware of any events (as defined per IAS 10 Events after the Reporting Period) that occurred after the reporting date of 31 December 2025 and the date of authorisation of these annual consolidated financial statements.

54. Interests in subsidiaries

Absa Insurance Services Proprietary Limited and Absa Securities Botswana Proprietary Limited are wholly owned by Absa Bank Botswana Limited. The investment in Absa Insurance Services Proprietary Limited comprises 3 000 ordinary shares of no par value at P100. The investment in Absa Securities Botswana Proprietary Limited comprises 1 000 ordinary shares of no par value at P100.

The principal business address of the subsidiaries is the same as that of the Group, as all subsidiaries operate from the Group's registered business premises.

Notes to the Consolidated and Separate Financial Statements continued

for the year ended 31 December 2025

55. Shareholders' information

Standard	2025 No. of Ordinary shares held	2025 Banking % holding	Ranking
Absa Group Limited	577 964 146	67.82 %	1
FNBBN (PTY) LTD RE: BPOPF Morula Act MEM DEP EQ	50 818 040	5.96 %	2
FNBB NOMS RE: BPOPF (Transition) Morula B act DEF LE	45 116 918	5.29 %	3
SCBN (PTY) LTD RE: BPOPF LEA portfolio CO AG	23 382 254	2.74 %	4
FNB Botswana nominees RE: MVA Fund	18 736 440	2.20 %	5
Stanbic noms BW RE 5th Quarter BPOPF Local Equities Incubat	15 285 185	1.79 %	6
Stanbic nominees Botswana RE BIFM PLEF	15 134 335	1.78 %	7
Stanbic nominees Botswana RE Ninety-One DPF (Local EQ)	8 898 564	1.04 %	8
Stanbic nominees Bots RE:First Light Multi Manager Growth F	5 967 993	0.70 %	9
Stanbic nominees Botswana RE BIFM MLF	5 640 764	0.66 %	10
SCBN (PTY) LTD RE: BIFM 028914400011 UB DC PF	5 592 610	0.66 %	11
Stanbic Nominees Botswana RE Allan Gray Debswana PF	5 458 286	0.64 %	12
SCBN (PTY) LTD RE: BIFM Alexander Forbes RF	4 359 140	0.51 %	13
SCBN (PTY) LTD RE: Ninetyone 030/30 Metropolitan Life BW POL	4 334 623	0.51 %	14
SCBN(PTY) LTD RE:BIFM WUC Staff Pension Fund	3 095 399	0.36 %	15
FNB Noms RE: BOB DCSPF MCP	3 083 786	0.36 %	16
SCBN(PTY)LTD RE: KC Alexander Forbes RF	2 883 036	0.34 %	17
Stanbic nominees Botswana RE :BIFM BURS employee PF	2 482 772	0.29 %	18
SCBN (PTY) LTD RE: Ninety One 030/25 Alex Forbes RF	1 932 082	0.23 %	19
FNB Botswana nominees RE: ABSA SPF-BIFM	1 851 378	0.22 %	20
FNB Botswana nominees (PTY) LTD RE:BIFM FNBSPP	1 588 597	0.19 %	21
FNBBN (PTY) LTD RE:Kgori Capital - AON aggressive portfolio	1 502 372	0.18 %	22
SCBN (PTY) LTD RE: AG 028922700004 AG UB DF CON PF	1 290 649	0.15 %	23
SCBN (PTY) LTD RE: AG 028922700004 AG UB DF CON PF	1 258 460	0.15 %	24
Stanbic nominees Botswana RE BIFM AON BW Preservation Fund	1 190 817	0.14 %	25
Others	43 312 606	5.09 %	-
Total Shareholding	852 161 252	100.00 %	



Shareholder information

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Notice to shareholders

for the year ended 31 December 2025

Annual General Meeting of the Shareholders of Absa Bank Botswana Limited

Notice is hereby given that the 40th Annual General Meeting of shareholders of Absa Bank Botswana Limited will be held at/or about 14:30 on the 29th of June 2026 at Hilton Garden Inn, Plot 54366, CBD, Gaborone, Botswana, for the following purpose¹:

1. The adoption of the Annual Financial Statements for the year ended 31 December 2025 together with the Directors' and Independent Auditor's reports thereon.
2. To approve and ratify the declared final dividend of 57.74 thebe per share, for the year ended 31 December 2025.
3. To appoint Kudakwashe Mukushi, as a Director, in accordance with the Constitution.
4. To re-elect as a Director, Thabo Matthews, who retires by rotation in accordance with the Constitution, and who being eligible, offers himself for re- election.
5. To re-elect as a Director, Sethunya Makepe-Garebatho, who retires by rotation in accordance with the Constitution, and who being eligible, offers herself for re- election.
6. To re-elect as a Director, Saviour Chibiya, who retires by rotation in accordance with the Constitution, and who being eligible, offers himself for re- election.
7. To approve the remuneration of the Directors for the ensuing year.
8. To approve the remuneration of the Auditors, KPMG Botswana, for the year ended 31 December 2025.
9. To approve the appointment of Auditors, KPMG Botswana, for the ensuing year.
10. To approve, by special resolution, any substantial gifts made by the Company, details of which are available at the Company's registered office for perusal.

In the event that you wish to nominate any person (s) as directors or auditors other than one of the directors retiring or incumbent auditors, you must deliver to the Company Secretary, not less than 7 (seven) nor more than 14 (fourteen) clear days before the date of the meeting, a nomination signed by a member qualified to attend and vote at the meeting with notice by the nominated persons that they are willing to be elected as directors or auditors, as the case may be.

Proxies

A member entitled to attend and vote at the above-mentioned meeting is entitled to appoint a proxy to attend, speak and to vote in his/her stead. A proxy need not also be a member. A proxy form is available at the end of the 2025 Integrated Report.

Proxy forms are also available at the office of the Company at Absa Bank Botswana Limited, Plot 74358, Building Four, Prime Plaza, Central Business District, Gaborone. Completed proxy forms must be deposited there not less than 48 hours before the meeting.

BY ORDER OF THE BOARD

Yonta Leburu
Company Secretary

Address
Building 4 Prime Plaza, Plot 74358
Central Business District
Gaborone Botswana

¹Further details on all resolutions can be viewed on the "Annexure to the Notice" attached hereto.

Annexure to the notice to shareholders

for the year ended 31 December 2025

Resolution 3. To appoint Kudakwashe Mukushi, as a Director, in accordance with the Constitution.

Kudakwashe Mukushi Profile

Kudakwashe joined the Bank's Board in June 2025, and is a seasoned finance executive with over 23 years of experience in the financial services industry, spanning insurance, investment management, and pensions across Botswana, Zimbabwe, and the wider Southern African region. He is a strategic, results-driven leader with deep expertise in financial management, corporate governance, capital strategy, and risk oversight.

Kudakwashe previously served as the Group Chief Financial Officer at BIHL Group, leading the Group's finance, company secretarial, risk management, strategy, and compliance functions. He represented BIHL on several subsidiary and associate company boards, where he contributed to strategic direction through roles such as Audit Committee Chairperson, Investment Committee Chairperson, and Credit Committee Member.

He also served as Chief Financial Officer at Botswana Life Insurance, where he led financial and actuarial functions, capital management, and portfolio oversight. He also held senior finance and investment leadership roles at the Mining Industry Pension Fund (Zimbabwe) and the Migdale Holdings Group, contributing to financial strategy, investment performance, and institutional growth.

Kudakwashe is a CFA Charter holder, a Fellow of ACCA and BICA, and holds a BBA in Accounting (Cum Laude). He is also an alumnus of Harvard Business School's Senior Executive Program for Africa (2019).

His other directorships include Absa Insurance Services Proprietary Limited, Absa Securities Botswana Proprietary Limited and First Dew Enterprises Proprietary Limited.

Resolution 4. To re-elect as a Director, Thabo Matthews, who retires by rotation in accordance with the Constitution, and who being eligible, offers himself for re-election.

Thabo Matthews Profile

Thabo has over twenty-nine (29) years of professional experience and joined the Bank's Board in March 2022. He has worked as the Managing Director of Sechaba Breweries Holdings Limited and in other senior positions for organisations such as Barclays Bank, Mascom Wireless, KPMG Consulting, Accenture and Deloitte Consulting.

For much of his career, Thabo has provided management consulting services to organisations in the public and private sector in Botswana and South Africa. After heading Deloitte Botswana's consulting offering, Thabo established his own consulting firm providing services to clients directly and through subcontractor services and recently expanded his entrepreneurial interests by venturing into the information technology and transportation spaces.

Thabo has served on various boards such as Botswana Life Retirement Annuity Fund, Bayport Financial Services, Standard Chartered Bank Education Trust, Sechaba Brewery Holdings Limited and Kgalagadi Breweries Limited.

Thabo holds a Bachelor of Arts (Honours) in Economics and Computer Science from Sussex University (United Kingdom).

His other directorships include G4S Botswana Limited, Fibre Sourcing Botswana Proprietary Limited, MNM Electric Vehicles Botswana Proprietary Limited and Rydeb Proprietary Limited.

Annexure to the notice to shareholders continued

Resolution 5. To re-elect as a Director, Sethunya Makepe-Garebatho, who retires by rotation in accordance with the Constitution, and who being eligible, offers herself for re- election.

Sethunya Makepe-Garebatho Profile

Sethunya has over twenty-seven (27) years of professional experience with a forte in labour law and employee relations, having joined the Bank's Board in September 2021.

Sethunya is the Managing Director and Principal Consultant of People Connections, which is a human resource and consultancy practice that she founded in 2002 and has worked for various organisations such as Debswana Diamond Company, Botswana Telecommunications Corporation and Global Resorts Botswana. She previously served on the boards of Botswana Housing Corporation, Botswana Stock Exchange, and Botswana Trade Commission.

Sethunya has also served as an Independent Trustee of the Alexander Forbes Retirement Fund and in the University of Botswana's Human Resources Committee Council. She is currently a trustee of Maru-A-Pula Secondary School.

Sethunya holds Master of Science in Project Management from the University of Bolton in the United Kingdom, a Bachelor of Laws (LLB) from the University of Botswana, an Executive Leadership Program with Oxford University and has completed an Executive Coaching Program, as well as a Compliance Management Programme with the University of Cape Town. She is a qualified Mediator and Arbitrator, having completed a Post Graduate Diploma in Alternative Dispute Resolution with the University of Pretoria, South Africa, in conjunction with the Arbitration Foundation of Southern Africa.

Her other directorships include, People Connections Proprietary Limited, Phoenix Hotel Proprietary Limited, Kelko Proprietary Limited, Blue Liquid Distributors Proprietary Limited, Diamond Pipe Bar and Bottle Store Proprietary Limited, Danku Investments Proprietary Limited, Breezy Hills Farm and Agricultural Supplies Proprietary Limited.

Resolution 6. To re-elect as a Director, Saviour Chibiya, who retires by rotation in accordance with the Constitution, and who being eligible, offers himself for re- election.

Saviour Chibiya Profile

Saviour is a seasoned banking executive with more than thirty (30) years of global experience, having held senior roles at Citibank, Barclays Bank, and currently at Absa Group Limited.

Saviour has held various roles at Absa, including Chief Executive of Absa Regional Operations, where he led the Retail & Business Bank across nine countries. He also served as Regional Head for subsidiaries in East and Southern Africa, and as Corporate Bank Head for Africa Regions. During his tenure with Barclays Africa, he was the Regional Managing Director for Southern Africa and the Chief Executive Officer of Barclays Bank Zambia Plc.

Saviour began his banking career at Citibank, where he spent 18 years in Corporate & Investment Banking and ultimately led Citigroup's operations in Ghana and Zambia as Chief Executive. His commitment to developing the banking sector has reflected in his leadership roles within key financial services institutions, including having served as Chairman of the Bankers Association of Zambia and contributing to regional initiatives within the Southern African Development Community (SADC). He is currently the Regional Executive: East Africa for Africa Regions, and his areas of expertise include banking, pan-African banking leadership and institutional turnaround and growth.

Beyond his executive responsibilities, Saviour has a strong track record in board experience, having served on multiple boards over the past two decades, including Absa Financial Services Africa Holdings (Pty) Ltd, Barclays Bank Zambia Plc, and Zambia Electronic Clearing House Ltd.

Resolution 7. To approve the remuneration of the Directors for the ensuing year.

Non-Executive Director fees are set per annum (PA) and are paid monthly, in arrears. The proposed fee increases have taken into consideration an independent remuneration benchmarking exercise, a summary of which is available upon request (BWinvestorenquiries@absa.africa). The proposed fees for the ensuing year are set out below:

Membership	Board / Committee	Current Fees (BWP)	2026 Recommended Percentage Increase	Proposed (BWP): Jan-Dec 2026
Chairman	Board	761 000 PA	10%	837 100 PA
Lead Independent Director	Board	120 000 PA	10%	132 000 PA
Member	Board	250 400 PA	10%	275 450 PA
Member	Round Robin Application	2 600 per application	c.6%	2 750 per application
Member	Special Board or Board Committee Meeting	3 100 per hour capped at 6 hours	c.6%	3 300 per hour capped at 6 hours
Board Committees	Audit			
	Chairperson	229 500 PA	15%	264 500 PA
	Member	115 000 PA	15%	132 250 PA
	Risk			
	Chairperson	118 800 PA	15%	136 600 PA
	Member	59 400 PA	15%	68 300 PA
	Human Resources, Remuneration and Nominations			
	Chairperson	100 000 PA	12%	112 000 PA
Subsidiary Boards	Member	48 400 PA	c.16%	56 000 PA
	Credit			
	Chairperson	100 000 PA	12%	112 000 PA
	Member	48 400 PA	c.16%	56 000 PA
	Compliance			
	Chairperson	100 000 PA	12%	112 000 PA
	Member	48 400 PA	c.16%	56 000 PA
	Chairperson	2 100 Per hour capped at 6 hours		100 000 PA
	Member			60 000 PA

Annexure to the notice to shareholders continued

Resolution 8. To approve the remuneration of the Auditors, KPMG Botswana, for the year ended 31 December 2025.

Shareholders are accordingly requested to approve the remuneration of KPMG Botswana for financial year ended 31 December 2025, amounting to P6 527 626 including disbursements. Fees are in line with the external auditor fees as approved by the Bank's Board. Further details are as follows:

During 2025, KPMG Botswana was paid a total of P3 268 509 comprising:

- An amount of P450 000 relating to audit overruns for the year ended 31 December 2024 which were settled in the 2025 financial year
- P370 813 for the 2025 half-year review and
- P2 447 696 for the 2025 external audit engagement.

A further amount of P3 259 117 for the 2025 external audit engagement was paid subsequent to year-end, bringing the total remuneration for the 2025 external audit engagement to P6 527 626 (P3 268 509 paid in 2025 and P3 259 117 paid post year-end).

Resolution 9. To approve the appointment of Auditors, KPMG Botswana, for the ensuing year.

Resolution 10. To approve, by special resolution, any substantial gifts made by the Company.

Donations (BWP)	
Floods Disaster Relief	1 000 000
Shadishadi School Donation	270 136
Botswana Police Services - Adopt a Station Initiative	802 538
F G Mogae Scholarship Fund	42 550
Total	2 115 224
Sponsorships (BWP)	
Botswana Association of Local Authorities (BALA) Conference - Sponsorship	300 000
Absa Summer Kids Run	550 000
Munchies Lifestyle Event	100 000
The Future Mining Summit	250 000
Nkashi Classic Sponsorship	500 000
The Botswana Sustainability Week 2025	325 000
Mining Show 2025	700 000
Public Service Conference	500 000
Dithubaruba Cultural Festival 2025	250 000
Dinaledi Soccer Talent Search Sponsorship	500 000
National Agric Show	500 000
Ghanzi Farmers Show	100 000
Total	4 575 000

AGM PROXY FORM

For the year ended 31 December 2025

Please complete in block letters.

I / We _____

of _____

being a shareholder (s) of Absa Bank Botswana Limited, hereby appoint

or failing him/her _____

or failing him/her _____

as my/our proxy to vote for me/us on my/our behalf at the 40th Annual General Meeting of the Company to be held at Hilton Garden Inn, Plot 54366, CBD, Gaborone, Botswana, on Monday 29 June 2026 at or about 14:30, which will be held for purposes of passing the proposed resolutions and to vote for / against the resolutions and / or abstain from voting in respect of the following:

	For	Against	Abstain
Ordinary resolution 1			
Ordinary resolution 2			
Ordinary resolution 3			
Ordinary resolution 4			
Ordinary resolution 5			
Ordinary resolution 6			
Ordinary resolution 7			
Ordinary resolution 8			
Ordinary resolution 9			
Special resolution 1			

AGM proxy form continued

For the year ended 31 December 2025

Please complete in block letters.

As witness my hand this _____ day of _____ 2026

Signature _____

Witness _____

NOTE:

1. Each shareholder entitled to attend and vote at this meeting is entitled to appoint one or more proxies to act in the alternative to attend, vote and speak in his stead. A proxy need not be a shareholder of the company.
2. Any alteration or correction made to this form of proxy (including the deletion of alternatives) must be initialled by the signatory/signatories.
3. This form of proxy should be signed and returned to the business address of the Company, Head Office Fifth Floor, Building 4, Prime Plaza, Plot 74358, Gaborone, Central Business District or emailed to **investor@dss.co.bw** no later than 48 hours before the meeting.

Shareholders diary

Financial year end	31 December 2025
Annual General Meeting	29 June 2026
Dividend Declaration Date	26 March 2026
Ex-dividend date	18 May 2026
Record date	20 May 2026
Dividend payment date	27 May 2026
2026 interim results release ²	17 September 2026

²Date subject to change

Absa Bank Botswana Limited

Incorporated in the Republic of Botswana
Registration number: BW00001237900
BSE Share code: ABBL ISIN BW0000000025

Registered office

Plot 2482b,
Tshekedi Crescent Extension 9 Gaborone,
Botswana

Business address

5th Floor
Building 4, Prime Plaza
Plot 74358, Central Business District
Gaborone, Botswana

Sponsoring Brokers:

Imara Capital Securities
gregory.matsake@imara.com
Office 3A, Third Floor Masa Centre
Plot 54353 New CBD, Gaborone,
Botswana
Telephone: +267 318 8886

Company Secretaries

Yonta Leburu
BWinvestorenquiries@absa.africa
5th Floor Building 4, Prime Plaza
Plot 74358, Central Business District
Gaborone, Botswana

Desert Secretarial Services
investor@dss.co.bw
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Tshekedi Crescent Extension 9 Gaborone,
Botswana
Telephone: +267 395 2474

Customer Contact Centre

Telephone: +267 315 9575
BTC toll free: 0800 600 444
Mascom toll free: 150
Email: Botswana.CustomerService@absa.africa

Auditors

KPMG Botswana Fairgrounds
Office Park Plot 67977
Off Tlokweng Road
PO Box 1519 Gaborone, Botswana

Transfer Secretaries

The Central Securities Depository
Botswana Plot 70667, 4th Floor,
Fairscape Precinct Fairgrounds
Private Bag 00417
Gaborone, Botswana