

Absa Bank Botswana Limited

Integrated Report 2024

Your story matters





Table of contents

Our 2024 Integrated Report	3	Structure and delegation	79
Reading this report...	4	Board composition	80
Approval of the Integrated Report	5	Board objectives and performance	85
		Board Committees' reports	89
		Rewarding value creation	92
		Remuneration report	92
Absa... this is our story...	7		
Absa at a glance	8		
Our structure, products and services	10		
Empowering Africa's tomorrow... our strategic intent	11	2024 Annual financial statements	100
Board Chairman's message	12	Directors' Responsibilities and Approval	102
Our external environment in 2024	14	Corporate Governance Report	103
Our business model	17	Directors' Report	104
Our stakeholders' needs and expectations	22	Independent Auditor's Report	105
Material matters	27	Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income	111
Our strategy	35	Consolidated and Separate Statements of Financial Position	111
		Consolidated and Separate Statements of Changes in Equity	112
Performance against strategy... an executive overview	43	Consolidated and Separate Statements of Cash Flows	114
Managing Director's message	44	Material Accounting Policies	114
Interim Finance Director's message	47	Notes to the Consolidated And Separate Financial Statements	130
Performance against strategy... detailed stories	51	Shareholder information	178
Revenue growth and diversification	52	Notice to shareholders	179
The primary partner for our clients	55	Annexure to the notice to shareholders	179
A digitally powered business	58	AGM proxy form	181
A winning, talented and diverse team	61	Contact information	182
An active force for good in everything we do	65		
Outlook	71		
Value preserved... through sound governance	74		
Protecting value through strong governance	75		
Our leadership	75		

Our 2024 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 pride ourselves in being more than a bank, with our organisational purpose of "Empowering Africa's tomorrow, together... one story at a time"; propelling our engine daily, as we partner with our clients and impact the communities in which we operate. The Bank strives to incorporate the principle of integrated thinking into our business and reporting, and this Integrated Report aims to tell our holistic value creation story to investors and other key stakeholders. Through this report we aim to mainly afford our providers of financial capital with a concise, yet sufficiently informed view of value creation, preservation and erosion throughout our business over the short¹, medium² and long³ term.

Integrated thinking requires incorporating considerations around prosperity, people and the planet into our core business activities considering our external environment and taking a holistic view of factors that create or erode value. Considering the Bank's reliance on a wide range of tangible and intangible resources, integrated thinking is critical to ensure cohesive decision-making and responsible capital allocation. Ultimately, integrated thinking helps us balance short- and long-term outcomes, which is fundamental to our ability to create value sustainably.

The financial information reporting boundary is defined by control and significant influence for both the Bank and its subsidiaries. All other reporting boundaries, including risks, strategy, governance, social and environmental, are as per their ability to significantly impact value creation, as determined by the Bank's Board of directors ("the Board") and Management.

Frameworks, assurance and reporting suite

This Integrated Report is prepared using the International Financial Reporting Standards ("IFRS") Foundation's Integrated Reporting Framework 2021 and the King IVTM Report on Corporate Governance for South Africa, 2016TM 4. The contents of this report include extracts of financial information based on IFRS and non-financial information reviewed by Management and the Board. The Annual Financial Statements ("AFS") published in the report are prepared in accordance and compliance with the requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board and all applicable legislation. This report and the AFS are similarly in compliance with the following regulations, rules and guidelines:

- Financial Reporting Act (with the financial information aligned to IFRS, and the integrated disclosures guided by the International Framework)
- Banking Act
- Botswana Stock Exchange Equity Listings Requirements
- Botswana Companies Act
- Guidelines for Banks and Financial Institutions Licensed and Supervised by the Bank of Botswana
- Corporate Governance Principles for Banks through the Basel Committee on Banking Supervision
- Botswana Stock Exchange Sustainability Disclosure Guidance (these guidelines are intended for use on a voluntary basis).

Reporting period and forward- looking statements

This report covers the period from 1 January 2024 to 31 December 2024. Notable and/or material events after this date, and until the approval of this report on 30 May 2025 are included. The report is supplemented by various online publications, such as our capital and risk pillar disclosures, which are available on our website <https://www.absa.co.bw/bank-reports/>. Statements relating to future operations and the performance of the Bank are not guarantees of future operating, financial or other results and involve uncertainty as they are based on assumptions of future developments, some of which are beyond our control. Therefore, the results and outcomes may differ given continued levels of uncertainty. Our approaches, planning, and stress testing exhibit a higher than usual level of uncertainty as per the outlook statement.

Process disclosure, materiality and assurance approach

This Integrated Report uses dynamic materiality to scope which matters are significant for reporting and servicing the informational needs of capital markets. A matter is material if it can significantly affect our ability to create or preserve value or lead to value erosion (i.e., enterprise value) over the short, medium and long term. Our material matters, as determined through our materiality determination process are as follows:

- Subdued economic activity
- Digital advancements and stewardship
- Evolving employee value proposition and talent retention
- Heightened regulatory environment
- Supporting social cohesion
- 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.

Material matters reported in this report thus cover those matters deemed to have a material influence on the business in the short, medium and long term. This was primarily determined via a joint in-depth strategy review, in which the Board vigorously engaged with Management, after which the Board approved the 2024 strategy on 19 October 2023. Thereafter, content gathering for these disclosures included engagements with and submissions from business units, including governance and enabling functions. In accordance with this materiality principle, each submission in this report was signed off by the accountable function executive, after which the holistic report was signed off by the Country Management Committee.

The Bank's **Sustainable Finance Issuance Framework**, as published in 2023, requires the Bank to have a limited assurance report, designed to provide independent assurance on the instrument status of all issued sustainable bonds out of the BWP 2billion Medium Note Programme ("note programme"). This is in line with the Botswana Stock Exchange Debt Listings Requirements. The Bank therefore appointed Deloitte Botswana to provide limited assurance on the allocation of proceeds from the sustainability bond ⁵ as referenced in this Integrated Report.

The Bank further applies a risk-based, combined assurance approach across our operations. Therefore, internal controls, management assurance, compliance, internal audit reviews, and the services of independent external assurance providers, as necessary, support the accuracy of the disclosures within this report. In line with their respective mandates, specific inputs and reports are reviewed and recommended to the Board for approval by various committees of the Board, namely, the Board Audit Committee, Board Credit Committee, Board Risk Committee and the Board Human Resources Remunerations and Nominations Committee ("HR Committee"). The Board Compliance Committee was established post the reporting period and matters deliberated therein will be considered by the Board in the next reporting cycle. The Board takes final accountability for the approval of the Bank's external disclosures, as approved by KPMG Botswana in our AFS.

¹ Less than twelve months

² One to three years

³ Longer than three years

⁴ Copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved.

⁵ According to the International Capital Market Association (ICMA), a sustainability bond is a bond where the proceeds are exclusively applied to finance or refinance a combination of both green and social projects.

Reading this report

How we define future periods in this report

Short term
Less than 12 months

Medium term
Three years

Long term
Longer than three years

Entities and stakeholders considered in determining our reporting boundary



Employees



Clients



Investors



Society



Regulators



Planet

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.

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:



Reading this report continued

Navigational icons used in this report

Hyperlinks are used throughout this report and are indicated through the use of **orange 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.

Five strategic pillars underpin the Bank's purpose:



Revenue growth and diversification.



The primary partner for our clients.



A digitally powered business.



A winning, talented and diverse team.



An active force for good in everything we do.

Approval of the Integrated Report

Supported by the Country Management Committee and all the Board Committees, the Board acknowledges its responsibility for the integrity of the Bank's external reporting. This report provides material and relevant information to providers of financial capital to enable informed capital allocation decisions while also supplying information relevant to broader stakeholders. This report is presented in accordance with the IFRS Foundation's Integrated Reporting Framework 2021. The Board believes it addresses all material matters influencing the Bank's ability to create and preserve value or those that may lead to value erosion in the short, medium, and long term. It is the Board's opinion that this Integrated Report presents a fair and balanced view of the Bank's performance, strategy, governance, and outlook. The Board approved this report on 30 May 2025.



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



Wilfred Jiwa Mandlebe
Independent Non-Executive
Director



Priya Ravi Iyer
Independent Non-Executive
Director



Saviour Mwepu Chibiya
Non-Executive Director



Keabetswe Phoko-Moshagane
Executive (Managing) 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 used in this report

ABB	Absa Bank Botswana Limited
AFS	Annual Financial Statements
AGM	Annual General Meeting
AI	Artificial Intelligence
AIS	Absa Insurance Services (Pty) Ltd
ARO	Absa Regional Operations
ALCO	Asset and Liability Management Committee
ASB	Absa Securities Botswana (Pty) Ltd
ATM	Automated Teller Machine
AWS	Amazon Web Services
bn	Billion
BOB	Bank of Botswana
BWP	Botswana Pula
BSE	Botswana Stock Exchange
CAF	Commercial Assets finance
CAR	Capital Adequacy Ratio
CASA	Current Accounts Savings Accounts
CET1	Common Equity Tier 1 Ratio
CIB	Corporate and Investment Banking
CLR	Credit Loss Ratio
CMC	Country Management Committee
CO₂	Carbon dioxide
COE	Cost of Equity
CPI	Consumer Price Index
CSI	Corporate Social Investment
CTI	Cost-To-Income
CXI	Customer Experience Index
DR	Discount Rate
DVaR	Daily Value at Risk
ECL	Expected Credit Losses
EDs	Executive Directors
EFTs	Electronic Fund Transfers
EGM	Extraordinary General Meeting
ERC	Executive Risk Committee
ERMF	Enterprise Risk Management Framework

ERTP	Economic Recovery and Transformation Plan
ESG	Environmental, Social and Governance
FATF	Financial Action Task Force
FC	Financial Capital
FIA	Financial Intelligence Agency
FX	Foreign Exchange
GACC	Group Audit and Compliance Committee
GBP	Great British Pound
GDP	Gross Domestic Product
IAS	International Accounting Standards
ICT	Information Communications Technology
IESBA	International Ethics Standards Board for Accountants
CEPA	Code of Ethics for Professional Accountants
IFC	International Finance Corporation
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
INED	Independent Non-Executive Director
IR	Integrated Reporting
KYC	Know Your Customer
KPIs	Key Performance Indicators
LAR	Liquid Asset Ratio
m	Million
NBFI	Non-Bank Financial Institutions
NBFIRA	Non-Bank Financial Institutions Regulatory Authority
NED	Non-Executive Director
NFI	Non funded Income
NII	Net Interest Income
NIR	Non-Interest Revenue
NPS	Net Promoter Score
PoS	Point of Sale
RPC	Remuneration and Promotions Committee
PPE	Personal Protective Equipment
PPPs	Public-Private Partnerships
RBB	Retail and Business Banking
RICM	Risk and Issue Classification Matrix

RWA	Risk Weighted Assets
SACU	Southern African Customs Union
SADC	Southern African Development Community
SDGs	Sustainable Development Goals
SME	Small Medium Enterprise
SOCE	Statement of Changes in Equity
SOCF	Statement of Cash Flows
SOCI	Statement of Comprehensive Income
SOFP	Statement of Financial Position
SPPI	Solely Payments Of Principal And Interest
STEM	Science, Technology, Engineering and Mathematics
TAG	Technical Accounting Group
TORs	Terms of Reference
TCFD	Task Force on Climate-Related Financial Disclosures
TNDP	Transitional National Development Plant
UK	United Kingdom
UNESCO	The United Nations Education Social and Cultural Organisation
USA	United States of America
USD	United States of America Dollar
VAT	Value-Added Tax
VRF	Value Reporting Foundations
ZAR	South African Rand



Absa... this is our story...

Absa at a glance	8
Our structure, products and services	10

No great story
was ever
written alone



Pay:

The sum of:

Your story matters



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

Brand promise

Your story matters

Our brand promise is more than a statement; it is a commitment. We believe that everyone deserves the opportunity to thrive, which is why we pledged to make banking more accessible and focused on helping our clients achieve their potential.

We are a 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.

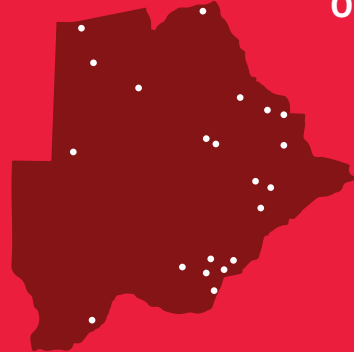
32 branches, including service centers

127 ATMs

6291 point-of-sale (PoS) devices

906 employees

Our footprint in Botswana



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 values

Behaviours underpinning our values



We believe in ourselves and each other

- 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



We innovate for our colleagues, clients and communities

- 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



We take actions today that sustain our tomorrow

- 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



We are stronger together

- 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



We show up as our authentic selves to own our story

- 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



Market capitalisation
BWP 6.0bn



Listing on Botswana
Stock Exchange
June 1989



Headline earnings
BWP 717.4m



RoE
25.5%



Balance sheet size
BWP 25.5bn



Customers
288 476



Net loans and advances
BWP 17.4bn



Digitally active customers
100 366



Deposits
BWP 19.4bn



Customer contact center
24/7



Capital adequacy ratio
20.7%

Our investor base at a glance

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

Shareholding by industry as at December 2024

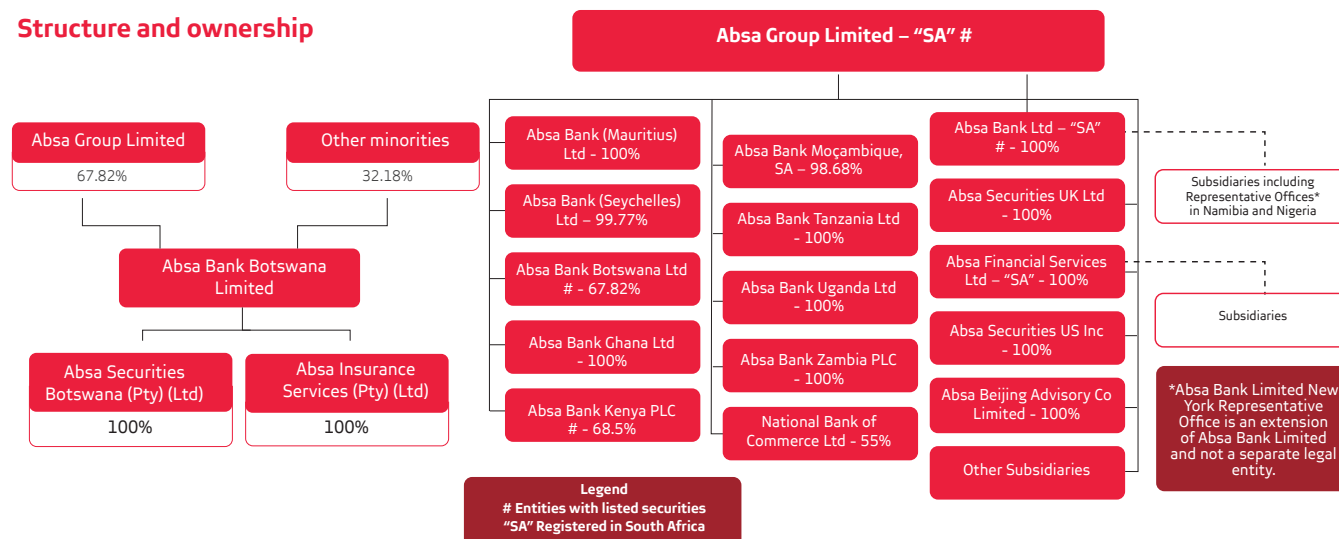
Industry	Total shares held	% of shares
Banks	1 070	0.000%
Local Companies	104 921	0.012%
CSD Foreign Companies	606 968 977	71.227%
CSD Non-Residents	515 907	0.061%
CSD Junior Foreigners	363	0.000%
CSD Local Residents	577 985	0.068%
InvestCo/Trusts	74 479	0.009%
CSD Junior Citizens	92 939	0.011%
CSD Local Companies	228 012 934	26.757%
CSD Citizens	12 683 726	1.488%
Local Residents	3 062 370	0.359%
Non Residents	65 581	0.008%
	852 161 252	100%

Our Top 10 shareholders

Name	Total shares held	Rank	2024		2023	
				%	Rank	%
Absa Group Limited	577 964 146	1		67.82%	1	67.82%
FNB Botswana Nominees RE: BIFM - BPOPF ACT MEM & DP EQ	82 194 816	2		9.65%	2	9.59%
FNB Botswana Nominees RE: MVA Fund	18 736 440	3		2.19%	4	2.20%
STANBIC Nominees Botswana RE BIFM PLEF	15 012 639	4		1.76%	6	1.66%
SCBN (PTY) LTD RE: BPOPF LEA Portfolio CO AG	14 720 466	5		1.73%	5	1.73%
FNBB Nominees RE: Vunani BPOPF	14 268 549	6		1.67%	3	4.36%
*FNBBN (PTY) LTD RE: BPOPF Morula ACT MEM DEP EQ	14 268 547	7		1.67%		
STANBIC Nominees Botswana Re Ninety-One DPF (LOCAL EQ)	8 898 564	8		1.04%	8	1.04%
*STANBIC NOMS BW RE 5th Quarter BPOPF Local Equities Incubat	8 626 019	9		1.01%		
SCBN (PTY) LTD RE: BIFM 028914400011 UB DC PF	6 940 610	10		0.81%	9	0.85%
Top 10 Absa shareholders	761 630 796					
Other Absa shareholders	90 530 456					
Total shares in issue	852 161 252					

*New top 10 shareholder entrant

Structure and ownership



Absa at a glance continued

Our structure, products and services



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

We deliver our services through our Retail and Business Banking as well Corporate and Investment Banking segments.

Business segments	Retail and Business Banking	Corporate and Investment Banking
Serving	Individuals: youth, self-employed, personal, mass, prestige and premier customers Micro, small and medium enterprises; non-governmental organisations.	• Corporate Banking • Investment Banking • Markets
Products and services	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	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
Areas of differentiation	• 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	• Leaders in sustainable financing in the market • Consistently recognised as an industry leader in the areas of investment banking, research and cash management • Strong stakeholder relationships • Sector expertise and thought leadership across several key sectors driving the economy • Leading industry and sector experts



Empowering Africa's tomorrow... our strategic intent

Board Chairman's message	12
Our external environment in 2024	14
Our business model	17
Our stakeholders' needs and expectations	22
Material matters	27
Our strategy	35

Board Chairman's message



// The Board remains mindful of the need to strike a balance between short-term performance and long-term strategic delivery, with an unwavering focus on sustainability for all stakeholders. //

Cosmas Moapare

Operating context

It is a great honour to share my address with our valued stakeholders, who play an integral role in our inspiring journey. Ours remains a story of endurance, connection and shared value, deeply intertwined with the realities of our operating environment.

Over the last year, the global economy navigated a landscape marked by the lingering effects of the pandemic, persistent geopolitical tensions and significant structural changes. While some regions demonstrated resilience, others faced considerable hurdles, including rising inflation, ongoing supply chain disruptions, and the growing impact of climate-related events. Overall, the global economic growth remained stable but modest, with the International Monetary Fund (IMF) estimating a growth rate of 3.1% for the year. However, the ongoing conflicts, decelerating growth in China, and its escalating trade tensions with the USA continue to cloud the global economic outlook.

In a landmark political development, Botswana witnessed its first ever change in ruling parties, since its independence in 1966. The general elections of October 2024 delivered a decisive victory to the opposition coalition under the Umbrella for Democratic Change (UDC), led by His Excellency Advocate Duma Boko. The new Government administration takes the helm at a time when the local economy faces notable headwinds, largely driven by a downturn in the diamond sector. Weakened global demand and falling market prices in key markets led to a contraction in the sector, contributing to an overall economic shrinkage of 3% and resulting in modest GDP growth of 1%. Now more than ever, the urgency to prioritise economic diversification, private sector led growth, and the reinforcement of private-public partnerships is evident. As a bank, we remain committed to creating shared value – both within the financial services sector, and the broader community, as we contribute to Botswana's future, together...one story at a time...

Find out more on [Our external environment in 2024](#)

2024 strategic highlights and performance overview

In October 2023, the Board reviewed and approved a focused strategic direction for 2024, and I am pleased to report that despite the prevailing challenges, the diligent execution of the strategy by Management and the entire Absa team yielded strong results. We achieved a remarkable profit before tax (PBT) of BWP 1.1billion – reflecting a 27.3% year-on-year (YOY) increase.

Notably, our cost-to-income ratio improved to 49.7%, down from 57.1% the prior year, while our return on equity rose to 25.5%, achieving a 4.9% YOY improvement. The Board remains mindful of the need to strike a balance between short-term performance and long-term strategic delivery, with an unwavering focus on sustainability for all stakeholders. It is in this light that the Board declared an interim dividend of 23.47 thebe per share and final dividend of 53.14 thebe per share during 2024. Full details on our financial performance can be examined in the [Interim Finance Director's report](#).

We recognise that amidst an era of technological and digital advancement, people remain at the heart of our business. Talent retention and development is thus essential for the Bank's long-term success. While the intensifying competition for skills within the financial sector presents challenges, it also offers opportunities to rejuvenate and strengthen our talent pool. Our commitment to fostering an empowering work environment, enables us to cultivate a culture of accountability and shared purpose, which is supported by distributed leadership aligned to client-centric delivery. During this reporting period, we recorded a meaningful improvement in customer product adoption and utilisation across all business segments, reflecting employee ownership with enhanced client engagement. This positive trajectory contributed to the number of active customers increasing to 288 585, bringing us closer to our customer primacy goals. Furthermore, we reached a new milestone with an 80% corporate reputation score, highlighting the deepening trust and alignment of our brand with stakeholder expectations.

Board Chairman's message continued

One of our key priorities as a Board is to not only assess our financial performance and strategic achievements, but to also assess the manner in which we delivered these as we aim to be an active force for good. This last year, the Bank became the first organisation in the Botswana financial services sector, to join the United Nations Global Compact, which is the world's largest corporate sustainability initiative; and also attained the Silver Award for the Sustainable Bond of the Year 2024 at the Global SME Finance Awards. As a Board, we remained deliberate in aligning our governance and reporting disclosures with international best practices and standards and we are therefore proud to share that we were awarded the Merit Award in the Regional Category at the esteemed 2024 Chartered Governance Institute of Southern Africa Integrated Reporting Awards, for our 2023 Integrated Report; affirming our commitment to transparency, accountability and excellence in reporting for our various stakeholders. We are confident that our strategy going forward, is both agile and well-equipped to adapt effectively to the evolving landscape, driving returns underpinned by robust governance, regulatory compliance and ethical culture. Further details on our strategic performance can be examined in the *Managing Director's report*. We remain committed to ethical leadership and supporting Management in this journey. Further details on our commitment to ethical leadership at both Board and Management level, are available in our *Protecting value through strong governance report*.

Board matters and executive changes

In May 2024, our Finance (Executive) Director Cynthia Morapedi resigned from the Bank and the Board. After a rigorous recruitment process, the Board has appointed Mr Kudakwashe Mukushi as the Finance (Executive) Director with effect from 1 June 2025. Kudakwashe is expected to take over from Mr Leroy Klein, who has been the Interim Finance Director since 14 May 2024. On behalf of the Board, I would like to sincerely thank Leroy for stepping into this critical role and for his dedication during this period. We look forward to his continued contribution as he transitions back to his substantive role as the Bank's Chief Risk Officer. We also wish to thank Ms Loungo Kedikilwe for her service as Interim Chief Risk

Officer during this time. Other executive changes over the year, were the appointment of Ms Puseletso Nyamambi as the substantive Compliance Director on 1 May 2024, and Mr Kabelo Itseng as the Interim Head of Legal in January 2025, post the resignation of Dr Kealeboga Bojosi in December 2024. Succession planning remains a key focus at both Board and Management levels, with the Board engaging in frequent discussions on leadership development and providing due support to the Managing Director in ensuring leadership continuity and organisational resilience.

As previously communicated, the Board has been actively advancing efforts to strengthen its composition. I extend my sincere appreciation to our shareholders for rigorous engagements and approving the adoption of the amended constitution in July 2024. The amendments were mainly aimed at aligning our founding documents with the current governance best practices and facilitating the increase in the number of Non-Executive Directors. This was in order for us to reinforce the composition our Board Committees in a manner that is efficient and suitable for enhanced delivery on our mandate. Further details our board and committee compositions can be found in our *Value preserved... through sound governance report*.

In February 2025, we welcomed Dr Wilfred Jiwa Mandlebe to the Board, followed by the appointment of Dr Priya Ravi Iyer in April 2025. Both Directors have immense experience spanning multiple sectors, and the Board is confident that their diverse expertise will further inspire delivery of the Bank's ambitions and resolve to provide shareholder value. Both their appointments are subject to the voting of shareholders at the Bank's 39th AGM scheduled to take place on 26 June 2025. Further details on their profiles can be examined in the *Shareholders Information section report*.

Conclusion

The Bank is well positioned to navigate the continually evolving landscape over the short to medium term. Our strategic agility, prudent risk management and focus on execution form a robust foundation for

long-term sustainable growth. The path forward will not only demand institutional resilience, but mental adaptability and fortitude as well, and I am confident that as a bank we will be proactive in our approach to seize opportunities amidst the evident challenges and deliver value to our stakeholders.

I extend my heartfelt appreciation to my fellow Board members for their unwavering commitment, collaboration, and excellence throughout this year. On behalf of the Board, I also thank the Managing Director and leadership team for being steadfast in executing the mandate entrusted to you. I again convey sincere gratitude to every employee of the Bank for their dedication, our loyal customers, and other valued stakeholders, whose continued support has been instrumental to our success. As we forge ahead during these daring times, we will remain fuelled by our purpose of empowering Africa's tomorrow, together...one story at a time.

Our external environment in 2024



We constantly monitor external dynamics to assess their potential impact on the resilience of our business model, execution of our strategy, ability to achieve strategic objectives, and our capacity to deliver sustainable value.

The global economy faces a delicate recovery

The global economy in 2024 navigated a complex interplay of post-pandemic recovery, geopolitical tensions, and structural shifts. While some regions showed resilience, others grappled with challenges such as inflationary pressures, supply chain disruptions, and climate-related impacts. Global economic growth remained subdued, with the International Monetary Fund (IMF) reporting a growth of 3.1% in 2024. Advanced economies faced headwinds from tightening monetary policies aimed at curbing inflation, while emerging markets contended with capital outflows and currency depreciations. Geopolitical tensions, particularly the ongoing conflicts in Ukraine and the Middle East further exacerbated economic uncertainties.

Inflation rates, though declining from 2022 peaks, remained above target in many countries, prompting central banks to maintain restrictive monetary stances. The US Federal Reserve, for instance, continued its policy of gradual interest rate hikes, influencing global financial conditions. Concurrently, supply chain bottlenecks persisted, and energy prices remained volatile, impacting both production and consumption patterns worldwide.

Developed economies experienced varied economic trajectories in 2024. The US economy showed signs of slowing growth, with GDP expanding at a modest pace. Labor markets remained tight, but consumer spending softened due to higher borrowing costs and persistent inflation. European economies faced stagflationary pressures, with sluggish growth and elevated inflation. Energy supply concerns, stemming from geopolitical tensions, particularly affected industrial output in countries like Germany and Italy. Japan continued its recovery, supported by accommodative monetary policy and increased consumer spending. However, structural issues such as an aging population and deflationary tendencies poses long-term challenges.

Across these economies, policymakers grappled with balancing inflation control and supporting economic growth, often leading to cautious fiscal and monetary strategies.

Sub-Saharan Africa demonstrates resilience amid uneven growth and global headwinds

Sub-Saharan Africa's economic performance in 2024 was characterised by resilience amid global headwinds. According to the IMF, the region posted a

real GDP growth rate of 2.4%, falling short of the projected 3.6%. However, this growth was uneven across countries, influenced by factors such as geopolitical tensions, structural weaknesses, commodity price fluctuations, debt sustainability concerns, and climate-related shocks.

The IMF emphasised the need for countries in the region to enhance domestic revenue mobilisation to reduce reliance on external borrowing, especially given the tightening global financial conditions. Countries like Nigeria and Angola faced challenges due to declining oil revenues, while others, such as Kenya, contended with high debt-servicing costs. Despite these challenges, several nations, including Rwanda and Côte d'Ivoire, demonstrated robust growth driven by structural reforms and diversification efforts.

Local transition through economic changes amid diamond market pressures and political change

Botswana's economy faced significant challenges in 2024, primarily due to a contraction in the diamond market hampered by the decline in market prices and subdued global demand for the natural diamond in key markets. This resulted in the contraction of the economy by 3%, posting a 1% GDP growth in 2024. This downturn highlighted the country's vulnerability to external shocks, given its reliance on diamond exports, which constitute a substantial portion of its Gross Domestic Product (GDP). Despite the non-performance of the mining sector, the construction, accommodation and food services, finance, insurance and pension funding, information, communication and technology sector posted growth of 3.8%.

On the fiscal front, the government implemented fiscal expansion to counteract the economic slowdown, leading to the budget deficit widening to 9% of GDP largely driven by a decline in mineral revenues which were revised down to BWP 8.7 billion from BWP 25.2 billion in the original budget. While public debt remained low at 20% of GDP, government deposits at the central bank significantly decreased, underscoring the need for economic diversification to support sustainable growth.

To finance the fiscal deficit, the government, through the Bank of Botswana, turned to the domestic debt market. The first half of 2024 was marked by excess market liquidity, driven by fiscal spending. However, in the second half of the year, average daily market liquidity rapidly declined on the back of reduced government expenditure as a result of lower diamond revenue. In response, the Bank of Botswana Monetary Policy Committee injected liquidity into the market by reducing the Primary Reserve Requirement for commercial banks from 2.50% to zero percent in December 2024.

Inflation declined sharply from its peak in mid-2022, posting an average inflation rate of 2.8% in 2024 which is within the central bank's objective range of 3–6%. The primary causes of inflation were food and non-alcoholic

beverages, miscellaneous goods and services categories. Furthermore, the decline in fuel prices reduced the local consumption inflationary pressure. The Bank of Botswana maintained an appropriate monetary policy stance, with inflationary pressures expected to remain subdued in the medium term.

The Bank of Botswana was also accommodative in supporting economic activity by reducing the Monetary Policy Rate (MoPR) from 2.15% to 1.90%, in August 2024 and the rate was left unchanged in the last quarter of 2024, this also being aligned with the low inflationary environment.

The IMF's 2024 Article IV Consultation highlighted the importance of structural reforms to enhance economic resilience. Recommendations include diversifying the export base, promoting private sector participation, and improving infrastructure to facilitate business operations. The upcoming National Development Plan (NDP) aims to address these areas, setting the stage for Botswana's transition towards a more diversified and inclusive economy.

In a historic shift, Botswana experienced its first change in ruling party since gaining independence in 1966. The general elections held on 30 October 2024 resulted in a decisive victory for the opposition coalition, the Umbrella for Democratic Change (UDC), led by His Excellency Advocate Duma Boko. The UDC secured 36 out of 61 seats in the National Assembly, surpassing the majority threshold and ending the Botswana Democratic Party's (BDP) 58-year tenure in power.

The election outcome was influenced by widespread public dissatisfaction with economic stagnation, high unemployment rates, reaching 27.6% in 2024, and concerns over the declining diamond market, which significantly impacts Botswana's economy. Outgoing President Mokgweetsi Masisi conceded defeat promptly, ensuring a peaceful transition of power. His Excellency Advocate Duma Boko was sworn in as the new president on November 1, 2024, marking a significant moment in Botswana's democratic history.

President Boko's administration has pledged to address the nation's economic challenges by diversifying the economy beyond diamond dependency, implementing social welfare programs, and promoting inclusive growth. The new government's policy direction aims to revitalise Botswana's economic landscape and foster sustainable development.

For Botswana, the imperative is clear: the new government must accelerate efforts to diversify the economy, enhance human capital development, and leverage both regional and global trade platforms. Strengthening public-private partnerships, investing in green infrastructure, and embracing innovation will be key to building a resilient and inclusive economy. Policy makers must maintain macroeconomic stability while addressing social inclusion and environmental sustainability. In a world of increasing volatility, agility and forward-thinking leadership from the new administration will determine long-term success.

Our external environment in 2024 continued

Digital infrastructure, payments and evolving financial ecosystems

The accelerating pace of digital disruption is reshaping the global financial services industry, with technology-driven innovation becoming a defining feature of competitiveness, resilience, and inclusion. From artificial intelligence and synthetic data to mobile banking and platform-based partnerships, new capabilities are transforming how financial institutions operate, deliver value, and engage with customers.

Advancements in artificial intelligence and emerging technologies are enabling more secure and efficient sharing of high-value data across digital ecosystems. A key innovation in this space is the use of synthetic data, which mitigates critical concerns around privacy, security, and data sovereignty. By replicating the statistical properties of real-world data without exposing sensitive information, synthetic data empowers organisations to collaborate and innovate while maintaining compliance and trust.

The Botswana's banking sector is navigating a pivotal shift, one that requires balancing opportunity with risk, and innovation with regulatory and ethical considerations. The sector is actively pursuing digital transformation by investing in the enhancement of digital platforms, expanding mobile and internet banking services, and introducing innovative solutions aimed at improving customer experience and advancing financial inclusion. These changes are driving more collaboration between traditional banks and non-bank players, leading to the adoption of new business models, and leveraging composable cloud-based architecture.

Mobile money and internet usage continue to rise, with over 1.8 million mobile money subscriptions and more than 3 million internet subscriptions recorded in 2023¹. This uptake is transforming the way consumers engage with financial services, making digital platforms the primary channel for transactions, savings, and everyday banking needs.

Mobile Network Operators (MNOs) have also significantly evolved from traditional telecommunications providers to key players in the digital financial ecosystem. Through strategic partnerships with banks, they now offer mobile-based loan products, expanding access to financial services for underserved populations. Through these collaborations, users can quickly and conveniently access microloans hence reshaping the traditional financing model.

Although sub-Saharan Africa still faces structural challenges such as limited digital infrastructure, skills gaps, and policy hurdles, Botswana's progress reflects broader regional momentum. Local banks are accelerating digital transformation, enhancing mobile and internet banking capabilities, and introducing innovative, customer-focused products to meet evolving needs and retain competitiveness in a maturing market.

However, with the growing adoption of digital technologies, the financial sector is exposed to higher cybersecurity risks hence it is prompting the sector to adopt stronger digital security measures. Continuous investment in robust security measures and infrastructure is essential to safeguard customer data and ensure the integrity of the financial system.

Banks that continue to invest in digital innovation, customer-centric strategies, and infrastructure resilience will be better equipped to thrive. Those that wait for clearer regulatory guidance or lag in adapting to change risk falling behind in a digitally reshaped economy.

Climate financing in Botswana

The global climate continues to change rapidly compared to the pace of the natural variations in climate that have occurred throughout history. Persistent drought conditions and rising global temperatures pose a serious risk to food security and may indirectly impact domestic financial stability. Unpredictable and extreme weather patterns can lead to increased food prices, diminished household incomes, and, in some instances, loan defaults for agriculture-based businesses which are vulnerable to climate change.

Botswana, like many African countries, is highly susceptible to climate change and climate-related risks, particularly the rising frequency and severity of droughts and rising temperatures. These climate extremes pose significant threats to key sectors of the economy.

Recognising the heightened vulnerability of the agriculture and tourism sectors to climate change, the Botswana government allocated BWP 1.37 billion in the 2024/2025 budget towards climate mitigation initiatives and is actively reviewing legislation to integrate climate-related considerations into public finance management frameworks.

Furthermore, Botswana is prioritising climate financing and renewable energy solutions. The Renewable Energy Support and Access Accelerator project, a USD88 million, approximately P1 billion programme which aims to integrate renewable energy into the national grid and improve electricity access in rural areas was approved in 2024. With funding from the World Bank and the Global Climate Fund, the project is aimed at enabling the integration of Botswana's first 50MW utility-scale battery storage system and the first wave of 335MW renewable energy generation capacity. This initiative does not only bolster the country's energy security but also promotes the adoption of sustainable energy practices.

Additionally, Multilateral Investment Guarantee Agency (MIGA) has supported climate finance in Botswana by issuing political risk insurance guarantees for banks involved in lending for climate-related projects. MIGA's support helps drive financial inclusion and encourages investment in sectors aligned with Botswana's National Adaptation Plan Framework, particularly those focused on climate resilience.

Botswana's focus on renewable energy is further underscored by the integration of solar power into the national grid. By the end of 2024, solar energy contributed 0.3% (2 776 MWh) of the country's total electricity generation, highlighting the country's significant solar potential, receiving over 3 200 hours of sunshine annually. This development positions Botswana as a leader in harnessing its natural resources to drive a green energy transition.

The new government administration of Botswana, in their first State of the Nation Address (SONA) proposed to launch Botswana's National ESG Strategy, which signals a positive step towards integrating environmental, social, and governance (ESG) principles into national policy. This strategy will promote greater accountability and transparency, providing a foundation for sustainable development across sectors and enhancing the attractiveness of Botswana's financial markets.

As climate-related risks continue to affect the economy, it is critical for the financial sector to incorporate climate risk assessments into their lending practices. This ensures the resilience of the banking system in the face of ongoing environmental challenges and supports the country's shift towards a more sustainable and inclusive future.

¹ Statistics Botswana, Q4 2023 ICT Statistics

Our external environment in 2024 continued

Advancing social protection and financial inclusion

Social protection systems across Africa face significant challenges, characterised by fragmentation and limited coverage. Many programmes operating in isolation, with insufficient coordination between stakeholders, undermining their effectiveness in reaching and benefiting the population.

Currently, only 17.4% of the African population benefits from formal social protection mechanisms. Most of the interventions, approximately 77%, are in the form of social assistance. This stands in sharp contrast to the global average, where spending on social protection reaches 12.9% of GDP¹.

Although formal social protection systems remain limited in Africa, accounting for only 3.8% of GDP, traditional and informal support systems still play a key role in social protection. Community-based support structures which are often built around families, close social relationships, and people helping one another have long acted as a powerful instrument for welfare protection and social development.

The government of Botswana has taken deliberate steps to strengthen formal social protection through a range of targeted programmes. These aim to eliminate absolute poverty, enhance social resilience, and improve the quality of life for all citizens. As part of the 2024/2025 national development priorities, a total of P6.09 billion has been allocated towards social protection programmes aimed at sustaining livelihoods, reducing inequalities, and promoting inclusive socio-economic development.

However, the country continues to face critical socio-economic challenges and unemployment remains high, with the national unemployment rate recorded at 27.6%². Youth unemployment is even more pronounced, standing at 38.2%². These figures point to the urgent need for inclusive economic strategies that go beyond welfare support and address the structural barriers to employment and financial independence.

Financial inclusion is central to these efforts. By ensuring that individuals and businesses, particularly those in underserved communities, have access to affordable and appropriate financial services, the country can enhance economic participation and resilience. In line with this, Botswana's National Financial Inclusion Strategy (NFIS) which was launched in 2024, and developed with EU-funded Improving the Investment and Business Environment (SIBE) Programme supports financial inclusion by focusing on improving access to financial services for underserved groups. It emphasises strengthening regulatory frameworks, aligning national policies, and promoting innovation to foster inclusive economic growth.

Access to savings, credit, insurance, and transactional services contributes directly to poverty reduction and the achievement of broader development goals. While 56% of Botswana's adult population holds a bank account, only 26% are formally served through non-bank financial institutions³. This indicates a significant opportunity to expand outreach, especially among underserved communities. Enhancing access to financial services is a national priority, with particular attention given to women, youth, rural populations, and informal sector workers.

In support of financial system stability and public trust, the Botswana Deposit Insurance Scheme guarantees the repayment of protected deposits in the event of a financial institution's failure, reinforcing public confidence in the safety of savings and promoting trust in the broader banking system. As the country works to deepen financial inclusion, mechanisms such as this are critical in fostering a secure and inclusive financial environment.

Evolving consumer needs and preferences

The global banking industry is undergoing rapid transformation as evolving consumer expectations continue to reshape traditional banking models. Customers are increasingly seeking convenient, personalised, and technology-driven banking experiences, while also reassessing their borrowing decisions in light of current economic conditions. This is prompting financial institutions to rethink how they deliver value.

Changing credit behaviour and risk appetite among consumers, driven by economic uncertainty, elevated interest rates, and inflationary pressures, have led to consumers prioritising debt reduction, delaying major credit decisions, or shifting towards lower-risk credit products. This trend is reflected in recent consumer data, with many individuals actively adjusting their financial habits to manage debt more cautiously. TransUnion's Consumer Pulse Report indicates that 25% of consumers are prioritising faster repayment of existing debt, 56% have reduced discretionary spending, and 28% have cancelled memberships and subscriptions¹. These behavioural shifts underscore a growing emphasis on financial discipline and risk aversion in the current economic environment.

At the same time, access to credit remains a key need, particularly for underserved segments. These dynamics require banks to recalibrate their credit offerings, enhance risk assessment models, and adopt more inclusive yet prudent lending strategies to meet evolving customer expectations while safeguarding asset quality.

The accelerated adoption of digital banking worldwide has also changed how individuals and businesses engage with their financial service providers. In Botswana, these global trends are mirrored by significant local developments. The transition away from traditional banking instruments, such as the discontinuation of cheque usage effective 31 December 2023, marked a pivotal moment in the country's digital evolution. This shift has prompted banks to enhance, diversify, and digitise their service offerings in response to the growing demand for accessible, real-time financial solutions.

Digital payments in Botswana increased by 18% year-on-year, while mobile banking transactions now account for 40% of all banking activities². Notably, electronic funds transfers (EFTs) remain the most preferred method of payment, accounting for 53% of total transactions in 2023³.

These changes reflect consumers' growing preference for secure, user-friendly digital platforms that allow them to manage finances, conduct transactions, and access support from anywhere, at any time. At the same time, customers continue to value personal engagement, prompting banks to maintain a balance between digital efficiency and human interaction. In this hybrid environment, banks are increasingly expected to deliver seamless digital services while maintaining a high standard of in-branch or face-to-face experiences.

The shift in consumer expectations also extends beyond convenience. There is a rising demand for tailored financial products, personalised investment strategies, and accessible financial advice. Banks are responding by leveraging data analytics, automation, and artificial intelligence (AI) to better understand customer behaviour and offer more relevant, customised solutions. Additionally, there is growing emphasis on promoting financial literacy, equipping customers with the tools and knowledge they need to make informed financial decisions.

To remain competitive and relevant in a maturing financial system, banks in Botswana are embracing digital innovation while prioritising customer-centric strategies. This includes investing in mobile platforms, enhancing product features, and aligning offerings with the unique needs of both retail and business clients. As consumer behaviour continues to evolve, the ability to respond with agility, insight, and inclusiveness is essential for sustaining long-term growth and customer loyalty.

¹ Africa Regional Social Protection Strategy, 2021-2025

² Quarterly Multi-topic survey: Labour force module Q1 2024, Statistics Botswana

³ World Bank Group, 2022 Financial sector assessment Programme, Botswana

Our business model

Our purpose

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

Strategy

Our purpose inspires the type of value we create. The right business model enables strategy execution. 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. Despite not being a major consumer of natural capital, our leadership in sustainable finance allows us to generate significant natural capital value.

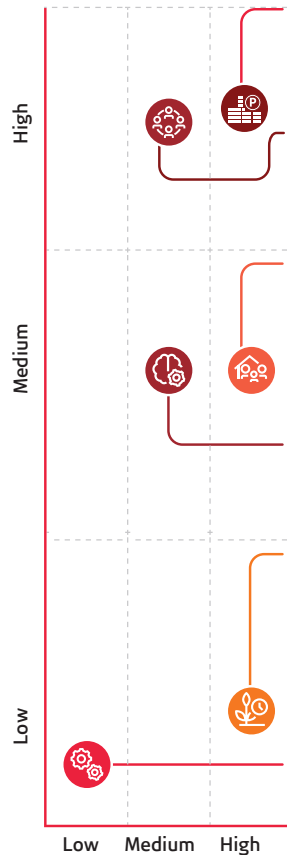
- Revenue growth and diversification.
- The primary partner for our clients.
- A digitally powered business.
- A winning, talented and diverse team.
- An active force for good in everything we do.

Capital inputs

Value is created over time as stocks of capitals increase

Our core business activities, products and services

Business model dependency on capital



Financial capital: As a financial services provider, our primary capital created and transformed is financial capital.

- Total deposits of BWP 19.4bn
- Gross loans of BWP 18.0bn
- Capital adequacy ratio of 20.65%
- Fee and commission income BWP 596.9m.

Human capital: Our people are our strength. Our business model is, therefore, dependent on our human capital.

- 50% women in senior leadership
- 906 employee headcount.
- Absa Group Limited employee phantom share scheme

Social and relationship capital: Our relationships with key stakeholders are crucial for our licence to operate.

- Corporate Social Investment (CSI)
- Understanding stakeholders' needs and expectations.
- Shared values and behaviours.

Intellectual capital: As a bank, we play a crucial role in the financial system. Systems, processes, protocols and technological architecture provide effective security and protection to our clients' data and wealth.

- BWP 43m digital spend in 2024 (BWP 100m planned for 2025).

Natural capital: We are not a large consumer of natural capital. However, our lending decisions can affect natural capital under the stewardship of others.

- Environmental risk assessment for corporate client funding assessments that met predefined criteria
- 1.26m KWh head office electricity consumption
- 1 722.75 tonnes CO₂ head office scope 2 carbon emissions.

Manufactured capital: We maintain a physical footprint, although manufactured capital only makes up 0.7% of our total assets.

- Global trend towards digital banking
- 32 branches including service centers
- 6 291 PoS devices.

- Providing payment services and a safe place to save and invest:**
Accepting customers' deposits, issuing debt, facilitating payments and cash management, providing transactional banking, savings and investment management products and international trade services.
- 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.
- 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.
- Providing financial and business support:**
Providing individual and business advice, advisory on large corporate deals and investment research.
- Protecting against risks (insurance):**
Representing insurance companies in selling and servicing various policies for a specified loss in return for commission.

Find out more...
Our structure, products and services

Retail Banking Business Banking

Corporate and Investment Banking

Our operating context is impacted by several material matters namely:

- Subdued economic activity
- Digital advancements and stewardship
- Evolving employee value proposition and talent retention
- Heightened regulatory environment
- Supporting social cohesion
- Climate change and a just transition.

Our business model continued

Key outcomes

Across 30 branches...

Market presence

Revenue growth and diversification



SDG 8

- 33.5% NIR to total income
- 49.7% CTI
- 25.5% RoE
- BWP 575m economic value to investors.

Customer primacy and brand affinity



SDG 8

SDG 10

- 350 800 total customers
- 102 Retail banking customer experience index
- 91 Business banking customer experience index
- 81 Corporate customer experience index.

A digitally powered business



SDG 8

- 85.7 thousand Retail Banking digitally active customer numbers
- 4.99 thousand Business Banking digitally active customer numbers
- 98.8% CIB digitally active customer numbers
- Zero severity 1 and 2 incidents.



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

Active force for good



SDG 7

SDG 13

- BWP 273.2m financial inclusion financing
- 8 033 consumers participating in financial education
- BWP 2.2m in community support.

Winning, talented and diverse team



SDG 5

SDG 8

SDG 10

- BWP 486.5m paid to employees in salaries, incentives and benefits
- 54.8 employee experience index score
- 5.6% turnover rate.

Governance as a non-negotiable priority



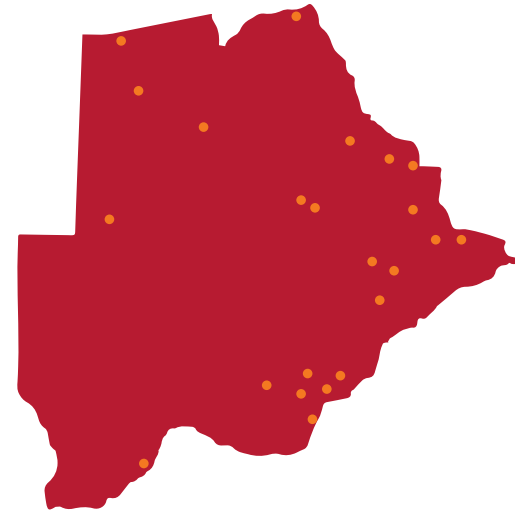
SDG 5

SDG 8

SDG 10

- 99.9% Absa Way Code of Ethics training completion rate.

Our footprint in Botswana servicing individuals, SMEs, corporates, multinationals, financial institution, banks, governments and development finance institutions.



How it works

We generate revenue through interest, fees 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-selling ratio, within an appropriate risk appetite
- Scope for growing 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 that contribute to enhanced service levels
- AI in fraud analytics and safe customer service.

.. and what the flow of capitals look like over time...

Our business model continued

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		Net outcome: Positive				 Strategic theme		
	Unit	Constraint to value creation - Interest income has been a source of resilience despite increasing competition - Recent market volatility and an elevated credit loss ratio underscored the need for a sharper focus on risk management and revenue diversification.	Five year trend	Long term		Medium term		Short term
			2020	2021	2022	2023	2024	
Revenue	Pbn		↑	1.6	1.6	1.9	2.1	2.3
Non interest income	Pm		↑	518.1	600.8	671.3	715.1	764.0
Cost-to-income ratio	%		↔	60.2	57.3	53.1	57.1	49.7
Expected credit losses	Pm		↓	263.2	79.5	10.4	76.6	89.4
Gross loans and advances	Pbn		↑	14.6	15.6	17.0	17.2	18.0
Total deposits	Pbn		↑	15.9	16.4	17.0	18.7	19.4
ROE	%		↑	12.7	18.4	23.1	20.6	25.5
Capital adequacy ratio	%		↑	18.2	17.7	21.7	20.7	20.7
Liquid asset ratio	%	↔	15.8	15.1	15.0	18.0	15.8	

Human capital Primary interest group: Employees		Net outcome: Positive				Strategic theme		
	Unit	Constraint to value creation - We are fostering a stronger performance culture by embedding improved performance management and accountability - Transformation of culture is key to talent attraction and retention	Five year trend	Long term		Medium term		Short term
				2020	2021	2022	2023	2024
Employee experience index	Points/100		↔	56.1	58.2	52.9	55.8	54.8
Women in senior leadership	%		↔	60	60	51	50	50
Employee headcount	Nr		↓	1 084	1 049	1 028	1 039	906
Turnover rate	%		↓	8.6	4.6	4.6	3.3	5.6
Employee training and development spend	Pm		↔	2.9	7.0	7.7	7.0	6.2
Female-to-male ratio (gender equality)	%		↔	70:30	70:30	70:30	71:29	70:30
Absa Way Code of Ethics training completion	%	↔	100	96	100	100	100	

Our business model continued

Intellectual capital Primary interest group: Clients and employees			Net outcome: Positive			Strategic theme			
	Unit	Constraint to value creation	Five year trend	Long term 2020	2021	Medium term 2022	2023	Short term 2024	
Digitally active customers	'000	- Balancing operational stability while accelerating digital transformation to modernise legacy systems - Requires significant capital investment - Competition from fintech's and nontraditional players - Constant evolving nature of cyber-attacks and breaches.	↑	58.4	70.7	75.2	81.6	90.7	
Total severity 1 and 2 incidents	Nr		↔	0	1	0	0	0	

Manufactured Capital Primary interest group: Clients			Net outcome: Positive			Strategic theme			
	Unit	Constraint to value creation	Five year trend	Long term 2020	2021	Medium term 2022	2023	Short term 2024	
ATMs	Nr	The Bank's blend of a strong branch network and digital transformation efforts remains a competitive advantage.	↑	113	114	114	117	127	
Branches	Nr		↔	33	32	32	32	32	
PoS devices	Nr		↔	4 147	4 761	4 810	4 147	6 300	
Property and equipment	Pm		↓	252	246	209	189	176	

Natural capital Primary interest group: Planet			Net outcome: Positive			Strategic theme			
	Unit	Constraint to value creation	Five year trend	Long term 2020	2021	Medium term 2022	2023	Short term 2024	
Trees planted	Nr	- We are committed to expanding our sustainable finance offerings, refining scenario analyses around the impacts of transition and physical risks to our portfolio - We will take into account our footprint and investment required to support our emission reduction journey.	↔	N/A	723	2 342	3 110	2 861	
Total Head office electricity consumption	m KWh		N/A	New	New	New	New	1.26	
Head office scope 2 emissions	Tonnes CO ₂		N/A	New	New	New	New	1 722.75	

Our business model continued

Social and relationship capital Primary interest group: Society, regulators, clients, investors and suppliers		Net outcome: Positive				Strategic theme		
	Unit	Constraint to value creation	Five year trend	Long term		Medium term		Short term
				2020	2021	2022	2023	2024
Customer numbers	Nr	- We embed a customer focused model, ensuring that product excellence remains a core strength - Broader socio-economic issues, including inequality and regulatory posture, affect our social and relational capital - We are committed to quality relationships with stakeholders, focusing on increasing levels of trust.	↑	286 417	306 272	319 676	340 177	350 800
Retail Banking-Customer Experience index	%		↑	71	77	81	102	102
Business Banking-Customer Experience index	%		↑	65	63	54	88	91
Corporate Customer-Experience index	%		↔	64	77	63	69	81
Customer education participants	Nr		↑	N/A	11 584	16 178	23 268	8 033
ReadytoWork participants	Nr		↓	N/A	10 610	11 608	11 181	3 691
Economic value to communities	P'000		↔	N/A	1 064	2 060	874	2 205



Our stakeholders' needs and expectations



We consider the impact of our strategic decisions on our stakeholders. Guided by our Absa culture, we foster trust, innovation, and strengthen alignment with our business partners and wider stakeholder ecosystem. We acknowledge the critical interdependencies between value creation, preservation, and erosion across the resources and relationships that underpin our long-term sustainability.

The quality of our stakeholder relationships plays a critical role in our ability to effectively deliver on our purpose. As such, we employ a range of structured mechanisms to assess the quality of our relationships such as GlobeScan survey which measures key indicators such as value creation, stakeholder engagement, trust and advocacy. Our engagement with our stakeholders supports business development, builds trust as well as ensuring that we improve the Bank's reputation.

The Absa Stakeholder framework guides our engagement with key stakeholders in supporting business development, building trust as well as ensuring that we improve the Bank's reputation. The key provisions of the framework are:

- Provide an overview of stakeholder engagement
- Highlight key stakeholders
- Outline stakeholder engagement principles
- Provide an assessment and monitoring guide.

Value creation
index:
↑ **72.9%**
(2023: 71.7%)

Benchmark:
74.4%
(2023: 74.6%)

Stakeholder
engagement index:
↑ **75.7%**
(2023: 72.4%)

Benchmark:
73.3%
(2023: 72.4%)

Thick trust
index:
↑ **80.0%**
(2023: 76.9%)

Benchmark:
75.7%
(2023: 75.2%)

Active advocacy
index:
↑ **78.5%**
(2023: 72.7%)

Benchmark:
74.4%
(2023: 72.6%)

Perspectives from our external stakeholders...

The Bank continues to strengthen its stakeholder relationships, with the latest Corporate Reputation Tracking results reaffirming a sustained improvement in our reputation. This growth reflects the ongoing success of our purpose-led approach, which is deeply embedded in both our operations and communications. By consistently delivering a clear, unified narrative, we have enhanced trust and promoted more meaningful engagements. The alignment between our purpose and stakeholder expectations continues to drive positive perceptions of the Bank as a credible, socially responsible, and forward-looking institution.

...Reflecting a resilient reputation

In the latest Globescan survey¹, the Bank was recognised as a leader among competitors in Botswana and ranked in the top three markets across ARO in 2024, recording a Thick Trust² score of 80. The Bank performed strongly against competitors in the market across all key indicators: value creation, stakeholder engagement, thick trust, and advocacy, with advocacy seeing notable improvement. We are especially pleased that our stakeholders are recognising our contributions beyond banking. Our efforts to enhance visibility and strengthen our influence are yielding results, as reflected in the improved scores we have recorded.

...Enhancing two-way dialogue

Stakeholders increasingly expect the Bank to drive a two-way dialogue, and we have identified this as an area of focus. The latest Globescan results indicate that the mean scores for 2023 and 2024 remained unchanged, reinforcing the need to intensify our efforts to strengthen engagement.

¹ A global insights and advisory consultancy

² Thick Trust is built on deep open and enduring relationships with stakeholders, unlocking information flows, understanding engagement and dialogue, collaboration and co-creation

Our stakeholders' needs and expectations continued

Economic value created and distributed

	2024 P'000	2023 P'000
Total income	2 282 058	2 115 496
- Impairments	(89 446)	(76 560)
= Total value available for distribution	2 192 612	2 038 936
Total economic value distributed	2 192 612	2 038 936
- Suppliers	587 257	500 989
- Communities	2 205	874
- Employees	486 467	633 862
- Government	197 562	207 643
- Investors	575 000	465 000
- Retained for reinvestment	344 121	230 568



We recognise the critical interdependency between value creation for the Bank and value creation for our investors and other key stakeholders

Our stakeholders and the quality of our relationships



Investor community

Who are they

- 2 948 public shareholders holding 274 197 106 total shares, representing 32.18%
- 1 non-public shareholder, Absa Group Limited holding 577 964 146 total shares, representing 67.82%
- 30.18% shareholding by local companies
- 67.82% shareholding by foreign companies
- Shareholders include retail investors, asset managers, pension funds, corporate holdings, and minority business and individual shareholders
- Investment analysts
- Prospective investors.

Needs and expectations

- Strong operational performance, including revenue, dividend and earnings growth and high returns
- Maintaining a solid balance sheet (well provisioned, strong capital and liquidity)
- Adequate, sustainable shareholder returns
- Sound risk management
- Transparent reporting and disclosures and effective communication
- Strong financial controls, corporate governance and ethics
- Sound sustainability practices.

Our responses

We effectively manage risk and create sustainable returns by:

- Ensuring the Bank is a well-diversified entity
- Delivering enhanced shareholder returns underpinned by a strong dividend pay-out ratio
- Delivering a solid balance sheet with strong capital and liquidity levels
- Improving our productivity and operating efficiency
- Enhancing shareholder engagements and company disclosures
- Maintaining strong capital and funding levels to support growth.



Quality of relationship

Our assessment is based on a return on equity of 25.5% (2023: 20.6%); declared final dividend of 53.14 thebe per share (2023: 44 thebe per share) and all resolutions at our AGM and EGM duly passed, with the amended constitution achieving a 75.94% "for" vote.

Our stakeholders' needs and expectations continued



Clients

Who are they

- Individuals: Entry-level to high net-worth individuals, across all ages
- Businesses: Sole proprietors, SMEs, medium Corporates (commercial businesses), large corporates and multinationals
- Public sector: Local and national government and state-owned enterprises
- Various other legal entities such as development finance institutions
- Other financial institutions, trusts, non-governmental entities and associations.

Needs and expectations

- Stable, reliable banking platforms and systems with high levels of uptime
- Cost-effective, relevant, convenient and innovative financial service offerings
- A digitally powered bank that enhances efficiency, lowers costs, and strengthens capital for seamless, secure experiences
- Credible brand, trustworthy relationship, safety and protection against fraud, encompassing physical and data security
- Responsible banking and lending practices with affordable, transparent pricing
- Excellent client service and advice (human and digital), including complaints handling
- Consistent customer experiences, irrespective of touchpoint
- User-friendly onboarding systems and the ability to transact through their chosen platform
- Best practice safety measures for client wellbeing
- Focus on financial inclusion to cater for underserved or unbanked populations
- Quick solutions for short-term capital needs.

Our responses

We deliver innovative technologies and propositions to help our clients empower their tomorrow by:

- Improving access to financial services
- Deepening relationships through a life-stage/ecosystem approach
- Providing an extensive and accessible network, combining physical outlets and call centres with digital platforms and strategic partners
- Protecting data privacy and ensuring cybersecurity through robust technology and data management
- Enabling frontline employees with improved tools to communicate value to customers
- Developing personalised offers to clients to enhance customer experiences
- Providing relevant financial literacy and consumer education support
- Planning with and expanding options for environmentally conscious commercial and retail customers
- Simplifying onboarding processes
- Launching new tailored loan products and tiered pricing models for businesses
- Enhancing business propositions specifically aimed at youth and women entrepreneurs.



Quality of relationship

The Bank's customer experience index score reflects our commitment to delivering exceptional customer experience. In 2024 we achieved the following scores across business segments; Retail banking 102 (2023: 102), Business banking 91 (2023: 88), Corporate and investment banking 81 (2023: 69)

Our stakeholders' needs and expectations continued



Employees

Who are they

- 906 employees
- 70% women and 30% men
- 31% below the age of 40, 20% above age 50 and the balance are of middle age
- 1 recognised employee trade union, covering 88% of the eligible population in unionised, thus 518 of 590.

Needs and expectations

- A purpose and values-driven workplace with opportunities to contribute to society and one that is supportive of environmental and social sustainability

- A diverse, inclusive and supportive culture, where all employees are treated equitably without bias
- Secure employment, strong leadership and change management
- Competitive, fair and responsible pay, with market-related terms of employment, and benefits
- Training, development and career opportunities
- A healthy work environment promoting physical and mental wellbeing
- Effective performance management, recognition and rewards.

Our responses

We create an environment where employees can fulfil their potential and deliver excellence to our clients by:

- Building ownership mindset supported by implementing the phantom share scheme
- Building an inclusive workforce that is resilient, diverse, and future-ready
- Enhancing our employee value proposition, attracting and retaining talent
- Implementing market specific strategies that enable fair and responsible pay
- Encouraging self-led development
- Targeted training programs, mentorship, secondments, attachments and opportunities for career progression
- Providing a comprehensive wellness programme and supporting flexible ways of work.



Quality of relationship

Our employee experience index score declined to 54.8% from 55.8% in 2023, falling short of our target of 60%. Notably, this result was derived from our highest-ever participation rate in the survey, with a response rate of 86% (2023: 64%), reflecting strong employee engagement with the feedback process despite a slight dip in overall sentiment.



Regulators and industry bodies

Who are they

- Bank of Botswana (Central Bank): regulatory compliance, supervision, approvals, notifications and directives
- Botswana Stock Exchange (BSE): adhering to listing requirements
- Financial Intelligence Agency (FIA): reporting suspicious activities and transaction monitoring
- Non-Bank Financial Institutions Regulatory Authority (NBFIRA): regulates subsidiaries businesses, being Absa Insurance Services and Absa Securities Botswana
- Botswana Accountancy Oversight Authority (BAOA): accounting and auditing services oversight. Promotes standard, quality and credibility in the provision of financial information
- Botswana Gambling Authority: regulates all promotional and reward campaigns across products

- South African Reserve Bank (SARB): regulatory oversight reporting by virtue of being subsidiary of Absa Group.

Needs and expectations

- Compliance with all relevant laws and regulations
- Financial system stability spanning financial soundness to fair treatment of clients
- An ethical work environment
- Contribution to governmental development plans, national priorities, and the fiscus by being a responsible taxpayer
- Proactive engagement and contribution in industry thought leadership forums and regulatory working groups
- Good corporate governance practices.

Our responses

We are committed to fostering an environment that supports fair lending practices and sustainable growth for all. We do this by:

- Putting in place mechanisms to ensure compliance with regulations
- Contributing to the development of policies and regulations
- Facilitating responsible banking by ensuring appropriate due diligence is followed for customer onboarding and lending services
- Maintaining a transparent and constructive relationship with regulators
- Strengthening operational risk management with enhanced focus on financial crime and fraud prevention.



Quality of relationship

We strive to uphold credible relationships with regulators, viewing governance and adherence to financial laws as a non-negotiable priority as well as achieving material compliance across our operations consistently. Our focus is on mitigating compliance risks, including the risks associated with financial crime, conduct and reputation risk.

Our stakeholders' needs and expectations continued



Society

Who are they

- Individual citizens
- Communities
- Civil society organisations
- Non-governmental organisations
- Media
- Suppliers.

Needs and expectations

- Support for disaster relief efforts, national development initiatives, and community programmes
- Promotion of inclusive local economic development through job creation, enhanced financial literacy,

- and targeted support small to medium-sized enterprises (SMEs) and disadvantaged groups
- Alignment with the United Nations Sustainable Development Goals (UN SDGs), national development plans, and environmental, social, and governance (ESG) frameworks
- Upholding strong ethical standards and a culture of accountability and responsible business conduct
- Active collaboration and partnership with civil society and other stakeholders to address collective socio-economic challenges.

Our responses

Our societal initiatives are designed to meaningfully contribute to inclusive and sustainable economic growth, with a focus on creating lasting impact within our communities. We achieve this through:

- Aligning core business strategies and initiatives with national development goals to support inclusive economic growth
- Expanding access to financial services for underserved communities
- Advancing financial literacy to empower individuals to make informed financial decisions
- Investing in education and skills development for youth to enhance employability
- Promoting women's empowerment through focused products and capacity building initiatives
- Encouraging employee participation in community development through volunteerism
- Minimising the environmental impact of our operations to protect community well-being.



Quality of relationship

Our commitment to society continues, with financial inclusive financing reaching BWP 374.5 million (2023: BWP 351.4 million) extended to SMEs in 2024. Our community investment also reached BWP 2.2 million (2023: BWP 874 000).



Planet

Who are they

The natural resources on which we, our stakeholders and future generations depend. This includes clean water, air, land as well as energy.

Needs and expectations

- Comprehensive climate-change response, increased transparency in risk management and sustainability-related policies and standards
- Proactive management of the environmental and societal impacts of our business to encompass lending practices and our operational footprint
- Mobilising funds to support the just transition to a low-carbon economy and other environmental priorities such as circular economy and responsible consumption.

Our responses

We seek to address climate change and play an active role in minimising pressure on nature's resources by:

- Supporting clients in responsible consumption and the transition to a low-carbon economy
- Advancing our environmental and social risk management practices and capabilities in climate risk management
- Minimising our direct environmental impacts.



Quality of relationship

The Bank conducted a tap issuance on the existing Sustainable Senior Unsecured Note in 2024, raising the aggregate nominal amount of the bond to BWP 80 million (2023: BWP 47.4 million).

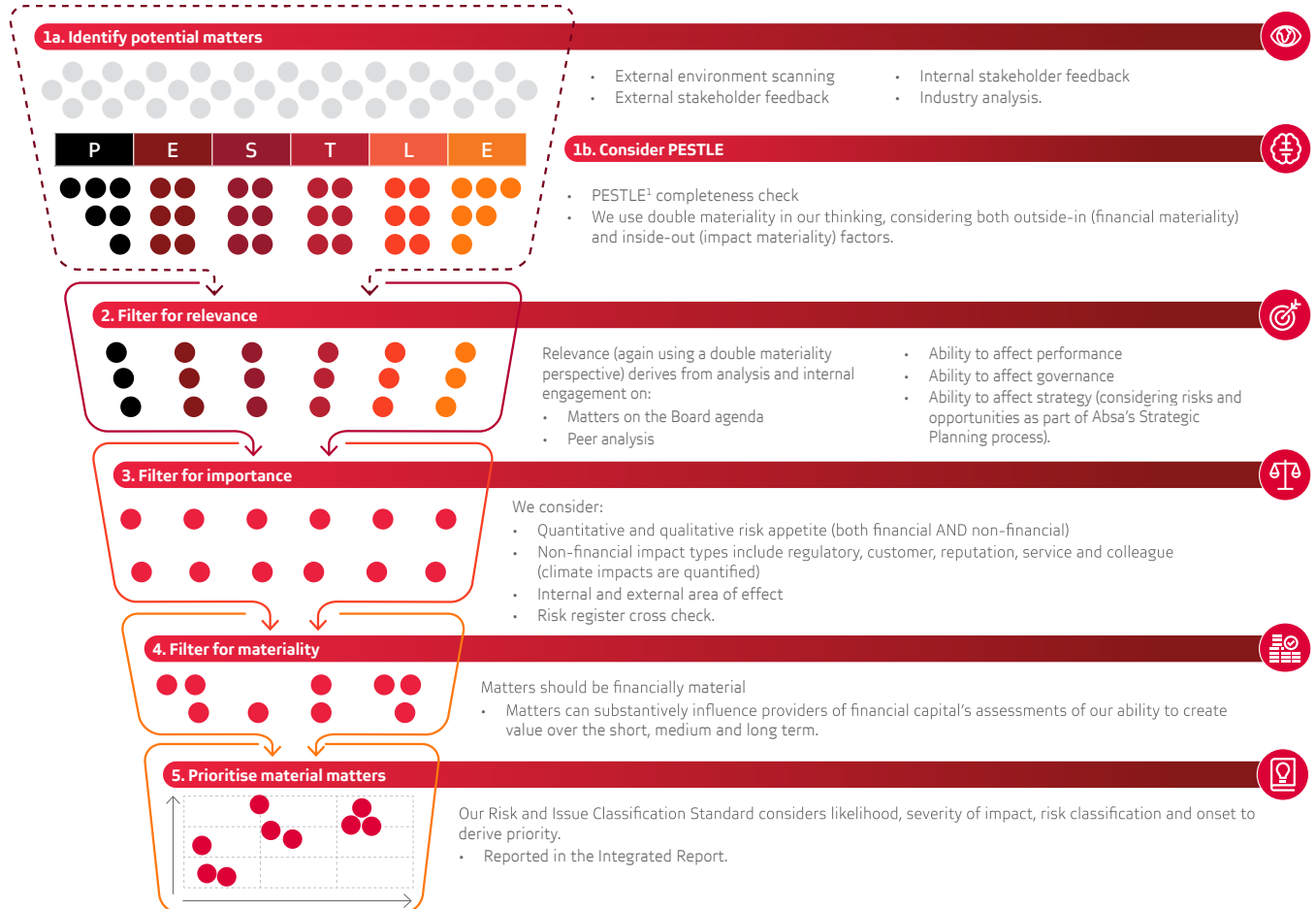
Material matters

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.

As a financial services provider, we play a pivotal role in the economic activity of individuals, businesses, and the nation, helping to create, grow and protect wealth through partnerships in economic development. Our ability to create value is influenced by a range of factors, including our operating environment, stakeholder expectations, our strategic choices and how we respond to risks and opportunities. This report outlines the context underpinning what we have identified as our material matters, which are issues that can significantly impact our ability to create or preserve value, or lead to value erosion over the short, medium, or long term. We have not observed any directional shifts in our material matters compared to the previous year. Our materiality determination process is discussed and illustrated as follows:



¹ An 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

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 emerging risks that could impact strategic objectives. The Bank's consolidated risk response is guided by the following principles:

- Embed a strong risk culture that is embedded across all levels of the Bank and aligned with our core values
- Ensure clear ownership, accountability, and oversight of 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 lines of defense.

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

Risk appetite



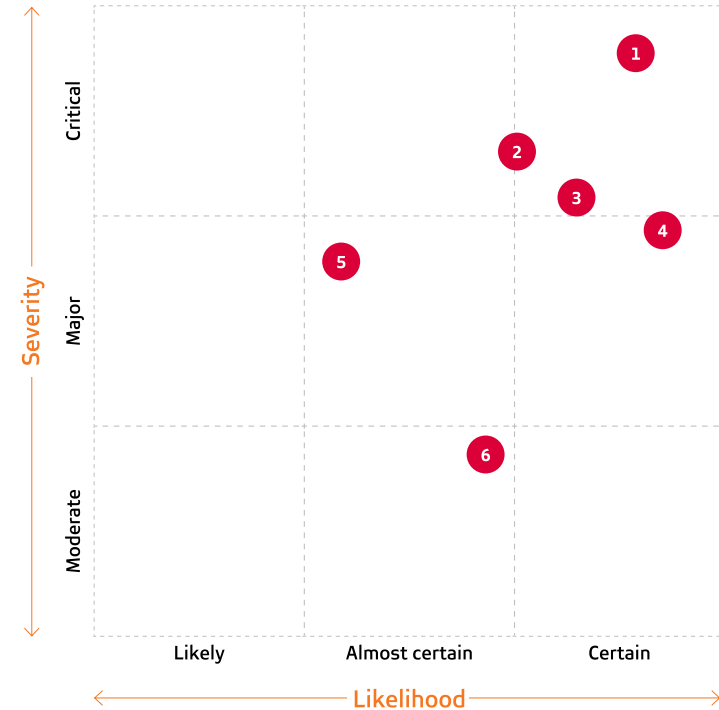
There were no undue or unusual risks taken outside of our tolerance levels.

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, those it is willing to accept, and those it aims to avoid. 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.

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.

Prioritised material matters



- | | |
|--|--|
| 1 Subdued economic activity | 4 Heightened regulatory environment |
| 2 Digital advancements and stewardship | 5 Supporting social cohesion |
| 3 Evolving employee value proposition and talent retention | 6 Climate change and a just transition |

Material matters continued

Subdued economic activity

As financial intermediaries, banks support economic activity by extending credit, safeguarding deposits, and enabling transactional flows, contributing to growth in production, employment, and consumer spending, thereby boosting the economy. As our stakeholders interact within this ecosystem, macroeconomic conditions play a critical role in shaping value creation. Therefore, monitoring macroeconomic conditions allows us to navigate uncertainty, ensure strategic agility, manage risks, and unlock opportunities.

The global economic outlook remains clouded by heightened uncertainty, driven by geopolitical tensions, rising trade protectionism, and persistent market volatility. While near-term growth prospects appear stable, elevated inflation continues to weigh on sentiment, prompting a cautious and uneven easing of interest rates. Policymakers remain uncertain about the pace and duration of the slowdown as structural risks persist.

Botswana's economy remains significantly dependent on the diamond mining sector, which is highly dependent on global economic outlook. The sector contributes approximately 70% of total exports¹ and around one-third of the country's GDP. However, in the second half of 2023, the global diamond market experienced a downturn, driven by weakened global demand and broader macroeconomic uncertainties. This external shock reverberated through Botswana's economy, with the sustained decline in rough diamond sales throughout 2024 exerting downward pressure on GDP and government revenue, reflecting the country's vulnerability to external commodity shocks. This unexpected disruption underscored the structural risks associated with over-reliance on a single commodity.

The sharp decline in diamond sales had a profound impact on government finances, forcing the state to draw down its reserves at an accelerated pace to meet public administration obligations. This led to a reduction in government expenditure, resulting in liquidity constraints and delayed payments to suppliers. This, along with weaker recovery outlook amid ongoing uncertainty in macros, prompted the Bank to enhance portfolio monitoring mechanisms, placing greater emphasis on stress testing and scenario analysis as well as sovereign concentration risk trigger framework.

Furthermore, uncertainty in key macroeconomic variables continues to exert pressure on our credit risk profile, with an increase in default likely to persist across mining value chain, SMEs and consumer customers from highly impacted sectors. 2024 annual inflation rate was below the Bank of Botswana

objective range. The central bank cut interest rates by a cumulative 50 basis points in 2024, this being aligned with the low inflationary environment.

The national general elections held in the last quarter of 2024 redirected government focus towards the electoral process in the months leading up to the polls. Following the smooth transition to a new administration, shifts in national priorities and policy direction emerged, requiring a recalibration of our strategic focus to align with the evolving landscape of public-private sector collaboration.

In 2024, S&P Global Ratings and Moody's maintained a stable outlook for the country on the back of an expected rebound in diamond demand accompanied by low debt levels and a strong institutional framework. The rebound in diamond demand was anticipated to support export receipts and fiscal revenue. However, in early 2025, both S&P Global Ratings and Moody's downgraded the country's economic outlook from stable to negative due to challenges in the diamond sector. The negative outlook is on the back of expectation that weaker global demand for diamonds will persist throughout the year resulting in sustained pressure on Botswana's exports and fiscal position.

The Bank continues to monitor these emerging risks and manage liquidity by maintaining high-quality liquid assets and diversifying funding sources. Capital is managed through maintaining adequate regulatory buffers, forward-looking capital planning, and internal assessments to ensure our capital levels align with our risk profile and regulatory requirements. While credit risk challenges are evident, there are opportunities to grow and the Bank will pursue a measured, selective and sustainable asset drive to achieve risk adjusted returns, supporting our client growth priorities. These measures support our ability to meet obligations, absorb shocks, and maintain financial system stability.

What it means for the Bank

Opportunities

- Supporting government policies in the collective interests of societies
- Positioning the bank as a key financier of big projects by deepening client relationships
- Balancing robust risk management with growth aspirations
- Ongoing enhancement of models to better understand the risk-reward trade-offs
- Creating a balance in revenue mix across segments, sectors and products
- Promoting financial inclusion through targeted and relevant financial training and products
- Providing clients with integrated and innovative products and pricing solutions.
- Expanding the non-traditional acquisition channels across the Bank
- Driving improved productivity.

Principal risks affected

Credit I Market I Capital and Liquidity I Strategic, sustainability and reputation I Model I Operational and Resilience I Compliance

Scorecard

metrics affected

- ROE
- CTI.

Other metrics affected

(value over time)

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

Possible business model impacts and effects on capitals



Financial capital

- ↓ Within a constrained environment, we recognise that there is an increased risk of credit defaults, inflationary pressures on our cost base and margin pressures
- ↓ Providing additional support to constrained clients affects margins
- ↓ Possible reduction in international trade and direct foreign investment
- ↓ Possible further credit downgrades impacting economic momentum.



Social and relationship capital

- ↑ Increased financial inclusion
- ↑ Customer primacy and brand affinity
- ↓ Negative investor sentiment.

Value to others

Stakeholders impacted

Investors I Clients I Employees I Regulators I Society

SDGs impacted

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

Link to strategic pillars

Revenue growth and diversification I The primary partner for our clients I An active force for good in everything we do.

¹Source: International Merchandise Trade Statistics : Monthly Digest – May 2024

Material matters continued

Digital advancement and stewardship

Global digital transformation is reshaping industries and boosting efficiency. However, it brings new risks, such as cybersecurity threats and regulatory challenges. As digital banking and fintech expands, effective regulation is becoming essential. This evolution is poised to redefine the global financial ecosystem while creating both opportunities and challenges.

The world is undergoing a significant digital transformation, driven by advancements in cloud computing, artificial intelligence (AI), digital assets, and quantum computing. These technologies are reshaping industries, enhancing efficiency, and improving customer experiences across the globe. However, as digital adoption accelerates, cybercrime threats, particularly vishing scams, have become more prevalent.

Botswana's digital banking sector is undergoing rapid transformation, driven by strong mobile adoption, fintech innovation, and a financial inclusion rate of 82%¹. The launch of the National Fintech Working Group underscores a strategic effort to align the sector with national payment system priorities. As competition intensifies from fintechs and telecommunications (telecom) providers who offer seamless, cost-effective digital services, banks are increasingly compelled to collaborate across the ecosystem to enhance mobile banking and sustain relevance. Despite challenges such as limited broadband and evolving regulation, ongoing policy efforts and infrastructure investments are paving the way for Botswana to strengthen its position as a digital banking leader in the SADC region.

The Bank of Botswana has called for proactive regulatory frameworks to manage emerging risks from digital banking and cryptocurrencies. While current local crypto activity poses minimal threats, the central bank cautions against potential systemic risks as integration deepens. Emphasis is placed on mitigating threats like money laundering and terrorist financing. Additionally, the Bank is evaluating the implications of Central Bank Digital Currencies (CBDCs) on monetary policy and financial stability.

While digital advancements in Botswana's banking sector offer substantial opportunities, they also present several risks that must be carefully managed. Botswana has seen an increase in vishing scams, where fraudsters impersonate banks or Mobile Network Operators (MNOs) to deceive individuals into revealing sensitive financial information. These scams exploit trust and digital vulnerabilities, making cybercrime awareness more critical than ever before. As digital banking and mobile transactions grow, cybercriminals are targeting unsuspecting individuals, emphasizing the need for stronger security measures.

Trust in digital payments is increasing despite growing cybersecurity threats. AI, biometrics, digital identity verification and cryptocurrencies are transforming financial services creating both opportunities as well as increased risks. Generative AI can enhance customer interactions but also raises cybersecurity concerns, including more frequent cyberattacks. Botswana, like other low-income economies still lags in AI preparedness underscoring the need for an inclusive and secure digital ecosystem with robust cybersecurity measures.

The Bank remains focused on protecting customer assets through enhanced cybersecurity measures aligned with global standards. In 2024, we launched a public awareness campaign on cyber threats such as vishing and social engineering. Ongoing efforts include plans to build a digital transactional fraud monitoring system and strengthen fraud prevention tools for Merchant and Card transactions

What it means for the Bank

Opportunities

- Integrating new digital features along with improved security measures in the Bank's mobile banking app to support higher rates of digital adoption
- Leveraging alternative channels, including agency banking, USSD, mobile and internet banking, and merchant acquiring, to expand access and service delivery to customers.
- Enhancing primacy through client service that is safe, reliable and seamless
- Providing clients with greater access to convenient self-service options, enhancing their overall banking experience.
- Boosting agility, operational efficiency, and cost savings using cloud computing and artificial intelligence
- Drive revenue growth through digital products and services, with the support of mobile technology and fintech collaborations.
- Further financial and digital inclusion.

Principal risks affected

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

Scorecard metrics affected

- Number of digitally active customers
- ROE
- CTI.

Other metrics affected (value over time)

- Total severity 1 and 2 incidents.

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
- Access to new products increasing revenue streams
- Investment in technology infrastructure, security platforms and resilience investments in critical processes and third-party management
- 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
- Helping to upskill and reskill the existing workforce drives retention and meets fundamental business needs, while recognising that being digitally focused could impact job creation
- Hybrid work improving employee value proposition.



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.

Value to others Stakeholders impacted

Investors | Clients | Society
Employees.

SDGs impacted

SDG 8 **SDG 10**

Link to strategic pillars

Revenue growth and diversification | The primary partner for our clients | A digitally powered business | A winning, talented and diverse team | An active force for good in everything we do.

¹ Financial Stability Report, October 2024, Financial stability council

Material matters continued

Evolving employee value proposition and talent retention

The world of work is being reshaped by a combination of macroeconomic shifts, social and political dynamics, rapid technological advancement, and digital transformation. As businesses transform to meet these changes, the global demand for scarce skills has intensified, placing pressure on organisations to attract and retain talent while aligning with employment equity and regulatory expectations. These developments present both opportunities and risks to long-term value creation.

Globally, labour markets are experiencing a paradox. While regions like Europe report historically high levels of unfilled job vacancies, Botswana continues to face elevated unemployment rates. The job vacancy rate in the Euro area was 2.5% in Q4 2024, indicating a significant demand for workers. In contrast, Botswana's unemployment rate is high, highlighting the disparity between available job opportunities in certain regions and the challenges faced in others.

This contrast underscores a broader skills mismatch, where the capabilities present in the labour force do not align with rapidly evolving industry needs. In Botswana, this is particularly evident in specialised fields such as data science, cybersecurity, artificial intelligence, and compliance, which are critical areas for banking and financial services.

To remain sustainable, organisations must ensure that the right people are in the right roles at the right time. This calls for robust strategies around talent acquisition, retention, career development, and succession planning. However, attracting and retaining key talent has become increasingly competitive due to limited availability of highly skilled professionals across emerging disciplines.

We continue to invest in building a resilient, engaged workforce that supports the long-term strategic goals of the Bank. Structures are in place to attract, develop, and retain talent across all levels of the organisation. In 2024, the Bank conducted an employee survey and used the insights to enhance our employee value proposition, including internal mobility programmes and wellness initiatives focused on mental, physical, and financial well-being. These efforts are integral to strengthening our employer brand and supporting a sustainable and high-performance culture that attracts, retains, and develops top talent.

What it means for the Bank

Opportunities

- Position the Bank as employer of choice, improving talent retention
- Attract and retain the best talent through enhanced employee value proposition
- Sustained performance driven by a high-performance culture

Principal risks affected

Strategic, sustainability and reputation |
Operational and resilience

Scorecard metrics affected

- Employee experience index
- Women in leadership

Other metrics affected (value over time)

- Turnover rate
- Employee training and development spend and critical future skills.

Possible business model impacts and effects on capitals



Financial capital

- ↑ Reduced talent recruitment costs.



Social and relationship capital

- ↑ Reputational gains from being an employer of choice



Human capital

- ↑ Increased psychological safety and employee wellbeing
- ↑ Improved operational efficiency
- ↑ Increased organisational agility through strong cross functional collaboration
- ↑ Enhanced decision-making through distributed leadership
- ↑ Compelling talent proposition, particularly for critical skills areas
- ↑ Enhanced diversity and sense of belonging



Intellectual capital

- ↑ Employees equipped for work in the digital age

Value to others
Stakeholders impacted
Employees | Society

SDGs impacted

SDG 8 SDG 10 SDG 16

Link to strategic pillars

Revenue growth and diversification |
A winning, talented and diverse team |
An active force for good in everything we do.

¹ Euro stat 2025, Job vacancy statistics

Material matters continued

Heightened regulatory environment

The global financial and banking sector continues to operate under elevated uncertainty, shaped by geopolitical shifts, economic volatility, and rapid technological advancements. In response, regulatory and supervisory bodies worldwide are strengthening oversight to mitigate emerging risks, ensure financial stability, and align with evolving international standards.

Since the Global Financial Crises (GFC), regulatory bodies across the globe have evolved and continue to strengthen regulatory safeguards to ensure the banking system is prepared for the unexpected. The Covid-19 pandemic and its lasting impacts, systemic banking stress and technological advancements exposed faults within the banking system which calls for stringent measures that ensure resilience as well as stability of the banking sector. This is also intended to protect customers from any potential risks or threats emanating from digital advancements.

In response to evolving risks in the domestic and global financial landscape, the Bank of Botswana introduced key regulatory reforms aimed at enhancing consumer protection, cybersecurity, financial resilience, and the fight against financial crime. These include the amended Banking Act (2023), currently under notice, which strengthens the central bank's legal framework to address emerging threats such as anti-money laundering. Additionally, the enactment of the Data Protection Act (2024) established the Information and Data Protection Commission, mandating organisations to implement robust safeguards in the collection, processing, and storage of personal data to protect individual privacy and ensure regulatory compliance.

Further, with the developing domestic virtual asset market, there has been a notable increase in misconduct risks related to illegal deposit taking followed by fraud cases. Though these cyber risks are considered minimal, the central bank in conjunction with Financial Intelligence Agency (FIA) continues to strengthen rules and regulations around financial technology (Fintech) to prevent growth of these risks.

The central bank released Guidelines on Cybersecurity and Resilience which serves as an overarching framework for governance and management of cyber risks. These help banks identify critical operations to be protected against compromise, implement effective security controls and system process designs that protect confidentiality, integrity of services, detect potential cyber threats, test the effectiveness of their cyber-resilience frameworks as well as implement effective incident response and crisis management protocols.

In addition, in January 2024, a National Fintech Working Group was launched to facilitate the development of the financial services sector consistent with national priorities on payment systems. The working group consists of key stakeholders from the demand and supply side including government, regulatory authorities, financial services infrastructure providers. The enhanced regulatory expectations require ongoing investment in compliance systems, risk management capabilities, and governance processes.

What it means for the Bank

Opportunities

- Strengthening and implementing new frameworks to ensure cyber security and resilience,
- Safeguarding customer information by enhancing data protection measures, recruitment of Data Protection Officer
- Increase in cyber security awareness through webinars and public sessions,
- Training of staff members on Fintech threats.

Principal risks affected

Operational and Resilience | Strategic, sustainability and reputation | Compliance | Credit

Scorecard metrics affected

- CTI
- RoE

Other metrics affected (value over time)

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

Possible business model impacts and effects on capitals



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
- ↓ Reputational damage as a result of non-compliance



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

Value to others

Stakeholders impacted

Investors | Clients | Employees | Regulators | Society

SDGs impacted

SDG 16

Link to strategic pillars

The primary partner for our clients | A digitally powered business | A winning, talented and diverse team | An active force for good in everything we do.

Material matters continued

Supporting social cohesion

Social cohesion remains a global concern, with close to two billion people living in extreme poverty, residing in countries affected by fragility, conflict, and violence¹. These conditions persist across regions, highlighting the widespread nature of instability and the ongoing need for collective attention and response.

Botswana is no exception, as it is currently facing a number of social issues, including inequality, unemployment and poverty¹. These issues are particularly pronounced in rural areas, where poverty levels remain high, and the cost of living continues to rise. Addressing these challenges has become a priority for both the government and the private sector.

In response to these pressing issues, the newly elected government administration introduced a manifesto aimed at tackling social inequality and improving welfare, emphasising the importance of a fair economic landscape, promising equal access to opportunities for all citizens, regardless of background. Key policies outlined in the manifesto include the introduction of minimum wage, job creation, expanded student allowances and old age pension. These measures are designed to enhance social welfare, reduce poverty, and support the country's broader economic development goals.

While these initiatives are intended to promote socio-economic stability, their implementation could place additional pressure on fiscal resources, requiring careful management of public finances, therefore the long-term sustainability of these measures remains a concern, especially in the context of the current economic uncertainties.

The freezing of United States Agency for International Development (USAID) support has introduced additional pressure, and if permanently withdrawn, could significantly undermine critical sectors such as healthcare. In the absence of this external assistance, the government may encounter challenges in addressing social needs, potentially leading to socio-economic strain.

On the upside, lower interest rates and inflation provided some relief to consumers by reducing debt servicing costs and preserving disposable income, offering a modest buffer against broader economic pressures.

Banks are increasingly expected to play a proactive role in addressing social inequities by promoting inclusivity and contributing to the creation of generational wealth. As part of this commitment, the Bank will continue to closely monitor the implementation of the new government's manifesto and assess its impact on the Bank. In alignment with our corporate citizenship agenda, we will also advance efforts to address societal challenges through initiatives such as the ReadytoWork programme, which aims to equip individuals with skills that enhance employability and economic participation.

What it means for the Bank

Opportunities

- Promoting financial inclusion
- Fostering equal opportunities and poverty eradication
- Enhancing client primacy and extended client life journeys
- Active engagement and response to client needs
- Diversifying revenue streams through initiatives aligned with positive social outcomes.

Principal risks affected

Strategic, sustainability and reputation | Credit | Operational and Resilience | Compliance.

Scorecard metrics affected

- Financial inclusion financing.

Other metrics affected (value over time)

- Economic value to communities
- Consumer education participants
- ReadytoWork participants.

Possible business model impacts and effects on capitals



Financial capital

- ↑ Reduced non-performing loans due to capacity building for clients
- ↑ Investment in communities.



Social and relationship capital

- ↑ Reputational gains supporting communities
- ↑ Reputational gains resulting from continued investment in resilience
- ↑ Embedded client primacy and enhanced customer experience.



Human capital

- ▬ Preservation of available job opportunities.

Link to strategic pillars

Revenue growth and diversification | The primary partner for our clients | A digitally powered business | A winning, talented and diverse team | An active force for good in everything we do.

Value to others Stakeholders impacted

Investors | Employees | Society

SDGs impacted

SDG 5 **SDG 8** **SDG 10** **SDG 16**

¹ World bank, 2025 Social cohesion and resilience

Material matters continued

Climate change and a just transition

Climate change has emerged as one of the most pressing global challenges of our time, posing a significant and escalating threat to human well-being, ecosystems, and economic stability.

Climate change has emerged as one of the most pressing global challenges of our time, posing a significant and escalating threat to human well-being, ecosystems, and economic stability.

In Botswana, the effects of climate change are becoming more pronounced, with increasing temperatures, extended dry periods, and the resurgence of climate related health issues such as malaria. These environmental changes placed growing strain on the country's already limited water resources, hence amplifying risks to climate-exposed sectors such as agriculture, tourism, and mining, all of which are closely linked to the broader financial system through lending, investment, and insurance exposure.

In 2024, the Government of Botswana officially declared the 2023/24 season an "extreme agricultural drought year", the third consecutive year of severe drought. This declaration followed an exceptionally dry rainy season characterised by below-average rainfall across the country. Given that Botswana's agricultural sector is heavily reliant on water availability, the prolonged drought had dire consequences for rural livelihoods and national food security. The extreme temperatures and extended dry periods during the 2023/24 season led to significantly reduced crop yields, widespread livestock losses, and increased vulnerability among farming communities.

Botswana remains highly susceptible to the impacts of climate change due to a combination of geographic, socio-economic, and political factors. In the 2024 Notre Dame Global Adaptation Index (ND-GAIN), the country ranked 86 out of 181 nations, reflecting its relative vulnerability and limited readiness to adapt to climate disruptions. Key risks stem from heavy reliance on rain-fed agriculture, widespread poverty, particularly in rural communities and limited institutional capacity to respond effectively to climate-related shocks.

Climate change has become an integral factor in shaping financial institutions' decision-making processes. The increased climate-related risks impacting key sectors such as agriculture, tourism, and mining directly influence lending and investment strategies. As a result, banks are compelled to integrate climate risk assessments into lending criteria, ensuring that they only finance projects and sectors capable of weathering climate disruptions.

Furthermore, the rising demand for sustainable finance and climate-resilient investments pushes the bank to support climate resilience by prioritising financing initiatives that support the transition to a low-carbon economy, while ensuring its portfolio remains aligned with evolving regulatory and investor expectations surrounding environmental, social, and governance (ESG) considerations. This alignment with climate-related imperatives not only strengthens the Bank's resilience but also positions it to seize new opportunities emerging from the global shift towards sustainability.

What it means for the Bank

Opportunities

- Position the bank as a market leader in sustainable finance
- Directing capital towards businesses that prioritise environmental responsibility
- Providing access to green loans and bonds
- Fostering an equitable transition and promoting responsible consumption
- Support clients' resilience by supporting their sustainability efforts.

Principal risks affected

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

Scorecard metrics affected

- Sustainability linked financing.

Other metrics affected (value over time)

- Scope 2 carbon emissions.

Value to others Stakeholders impacted

Investors | Clients | Regulators | Society | Employees | Planet

SDGs impacted

SDG 7 | SDG 8 | SDG 10 | SDG 13 | SDG 16

Possible business model impacts and effects on capitals



Social and relationship capital

- ↑ Supporting clients' transition to green energy
- ↑ Appreciate the social context to ensure a just transition
- ↓ Reputational damage if the Bank fails to deliver on sustainability commitments.



Financial capital

- ↑ Investors are seeking climate and environmentally friendly opportunities, which will diversify our funding base
- ↑ Increased and diversified revenue from sustainability-related products and services
- ↓ Increased impairments risk due to physical and transition risks because of climate changes.



Human capital

- ↑ Increased ESG skills and talent.



Natural capital

- ↑ Low-carbon societies and business
- ↑ Food and water security
- ↑ Reduce our electricity consumption as we transition to green energy.

Link to strategic pillars

Revenue growth and diversification | The primary partner for our clients | An active force for good in everything we do.

¹ World bank, 2025 Social cohesion and resilience

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.

Our strategic journey

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

Our refined strategy delivers sustainable growth by improving returns, embedding a performance-driven culture, and enhancing resilience through robust compliance frameworks. We are focused on executing deliberate strategic priorities to deliver measurable outcomes in the short, medium, and long term.

We remain acutely aware of the ongoing volatility and complexity of the macroenvironment, which continues to challenge and reshape how we operate. Despite these external pressures, we have consistently demonstrated resilience while laying a strong foundation for sustainable growth and the achievement of our long-term strategic objectives.

We continue to invest in enhancing our organisational agility, taking deliberate steps to reflect on past performance and recalibrate our strategic priorities for sharper execution. Our commitment to sustainable value creation remains central, underpinned by our brand promise and a human-centered approach that delivers intuitive, seamless experiences for both clients and employees.

Our strategy is anchored on five core themes, framed within a medium-term horizon to realise our long-term ambition of becoming the leading bank in our market. In the short term (within 12 months), our focus is on cultural transformation focused on building an agile, high-performing team capable of effectively responding to shifts in our operating environment. Over the medium term (three years), we will intensify efforts to close the gap with the market leader, driven by digital transformation and revenue diversification, both of which are critical enablers of our long-term growth agenda.

...guided by a strategic framework...

Grow better

Deepen and diversify our revenue base and improve operational excellence

Grow deeper

The primary partner for our clients

Grow together

An active force for good in everything we do

Grow stronger

A winning, talented and diverse team

Grow steadily

A digitally powered business

...anchored in our brand promise...



We see an opportunity in every story

With human-centred empathy that builds partnerships...

...delivering intuitive and seamless customer and colleague experience, prioritising longterm value creation for all stakeholders.

...and rooted in our timeless purpose



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

We will grow sustainably

Understanding our present...

Today, we are a stronger organisation, with a growing customer base, consistent delivery of quality customer experience, and a foundation of top talent. As we navigate an increasingly dynamic and complex environment, we are well positioned to respond to emerging challenges and seize new opportunities.

...to build a sustainable future

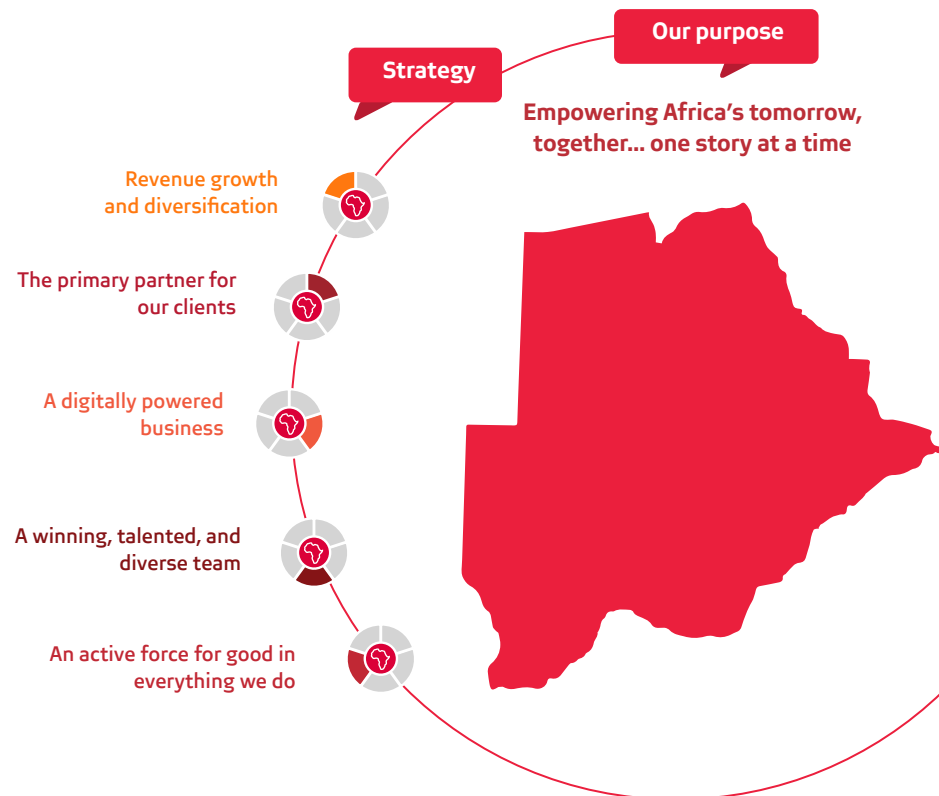
We are clear in our long-term ambition to become a leading bank in our market, underpinned by our aspiration to diversify revenue streams, and enhance the strength of our people, systems, and processes to deliver sustained value to our stakeholders.

Our strategy continued

Strategic direction

Following a period of Group strategic reflection, we refined the Bank's strategy to align with the broader Group direction, while taking into account our local operating environment and the Bank's specific dynamics to ensure focused and effective execution. This positions us to continue delivering value, driving sustainable growth, supporting our clients in realising their goals, and making a meaningful impact in the communities and environments where we operate.

This led to the refined articulation of our strategic theme as follows:



Grounded in our purpose, our ambition remains...

To be the leading bank in our market

⌂ ...Delivering on *refined medium-term targets*... ⌂

Serving our clients and employees...

Sustained Customer Experience Index and improving employee engagement scores

...driving productivity...

focusing on achieving portfolio-wide structural efficiencies designed to maintain a sustainably lower cost-to-income (CTI) ratio of 50%, supported by resource optimisation driven by technology

...delivering shareholder value

Sustaining RoE above 20% for sustainable growth

➡ **With clarity on *where to play and how to win*...**

Our strategy continued



Our ambition requires a **business model** that can effectively serve diverse customer segments ensuring that we remain competitive while driving sustainable growth.

This requires a pivot towards greater customer-centricity and a focus on alternative revenue streams and value-added services.

Our ambition

To be the leading bank in Botswana.

Our purpose

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

Reaching our ambition



- By operating as a cohesive organisation, leveraging cross-functional collaboration and operational efficiencies to deliver seamless and integrated solutions.
- Through continuous enhancement of our operating model to drive effective strategy execution, supported by a customer-centric digital offering, a high-performing team, and a focus on unlocking new revenue streams.
- This will be executed with discipline to proactively identify, mitigate, and manage potential risks, while also addressing the evolving expectations of our stakeholders.

Where to play



We serve corporates, businesses and retail customers focusing on the segments and sectors that will provide both shareholder returns and Botswana's economic growth.

How to win



We are differentiated by our human-centred empathy that delivers intuitive and seamless client and employee experiences.

We have consolidated and refined the foundational initiatives that will enable delivery of our medium-term targets



Brand promise and delivery



Culture transformation for performance



Digital transformation



Risk and compliance



Productivity and returns

Our strategy continued

Strategic pillars



Revenue growth and diversification

Amid the evolving economic landscape in Botswana, safeguarding our revenue position as one of the country's leading banks is critical to realising our growth and scale ambitions. The heightened risk stemming from Botswana's overreliance on a single commodity has amplified the vulnerability of interest income to economic fluctuations. This underscores the urgent need to diversify our revenue streams and strengthen our non-funded income contribution. By doing so, we will enhance the Bank's resilience and position it for long-term success.

We are harnessing our brand and partnerships, as well as close collaboration within our ecosystem to achieve our growth ambition. In pursuing this growth, we emphasize returns underscored by sound risk-adjusted performance management. We have further renewed our focus on key priorities and enablers for the execution of this strategic pillar. [Read more in the Performance against strategy... detailed stories](#) section of this report.

Our strategy in action

We are building a more diversified business across segments and products. In 2024, we introduced an enhanced retail lending proposition and partnered with a strategic provider to launch a funeral insurance product. In response to subdued economic activity, we enhanced our business entities online banking platform, Absa Access, to position it as the preferred transactional channel for our clients, with the aim of strengthening non-funded income growth. [Read more in the Performance against strategy... detailed stories](#) section of this report.

Material matters

- Subdued economic activity
- Digital advancements and stewardship
- Evolving employee value proposition and talent retention
- Heightened regulatory environment
- Supporting social cohesion
- Climate change and a just transition.

Capitals



Contributing to SDGs

SDG 8



The primary partner for our clients

As disruption intensifies competition, we fully appreciated that institutions that succeed in both customer acquisition and primacy gain significant strategic advantages in the market. We endeavor to serve our clients across all segments from entry-level to premier customers, small businesses to large corporates, through data-led propositions. This requires harnessing the Bank's ecosystem and leveraging the full power of being a subsidiary of the Absa Group and viewing each individual relationship and their unique financial situations, rather than viewing customers as segments.

To promote primacy, we will continue to build brand affinity with clients and employees through brand investment, astute positioning and leveraging the power of our purpose and people. With the launch of our brand strategy, "Your story matters", we have deepened client relationships demonstrating that we are invested in their stories as they navigate the challenging economic conditions. This initiative enhanced customer engagement and increased retention. [Read more in the Performance against strategy... detailed stories](#) section of this report.

Our strategy in action

In 2024, we leveraged our sustainability strategy to deliver financial literacy training to our customers and invested in strategic sponsorships such as national agriculture show, reinforcing our commitment to their overall financial wellbeing. These efforts supported strong brand affinity and helped influence customer behaviors to consider us as their first choice for banking solutions. [Read more in the Performance against strategy... detailed stories](#) section of this report.

Material matters

- Subdued economic activity
- Digital advancements and stewardship
- Heightened regulatory environment
- Supporting social cohesion
- Climate change and a just transition.

Capitals



Contributing to SDGs

SDG 5 **SDG 7** **SDG 8** **SDG 10** **SDG 13**

Our strategy continued



A digitally powered business

Being a digitally powered business, we understand the importance of enhancing client experiences with the changing requirements for more digitally enabled interactions. We therefore aim to enhance agility, cost-competitiveness, client value propositions and execution.

The Bank continues to pursue opportunities to accelerate its digital transformation, supported by modern technology. Embedding digital-first ways of working and innovation will deliver better client value propositions more rapidly. We will balance the imperative for long-term competitiveness and meeting the rapidly changing needs of our clients, with the need for stability and uninterrupted availability of our banking platform. While we drive digital transformation, we continue to offer a physical presence network to ensure we remain accessible to all our clients.

In addition, the bank leverages new business models and partnerships with FinTech's and large industry players to better serve our clients and employees. We extract value using data insights and AI to drive growth, improve efficiencies, deepen client understanding, increase client centricity and develop relevant client value propositions.

Delivering on this requires the right digital capabilities, and we are focused on attracting, developing, and retaining top talent, investing in skills that not only strengthen our Bank but also contribute to the broader talent pipeline across Absa Group. [Read more in the Performance against strategy... detailed stories](#) section of this report.

Our strategy in action

We launched our first fully digitised self-service branch to enhance customer convenience and deployed Cash Deposita machines in strategic locations, providing 24-hour deposit services for both individual and business clients. In addition, we digitised the Bank's previously paper-based trade finance products, significantly improving efficiency and turnaround times. These initiatives reflect our ongoing commitment to modernising client experiences and driving operational excellence. [Read more in the Performance against strategy... detailed stories](#) section of this report.

Material matters

- Digital advancements and stewardship
- Heightened regulatory environment
- Supporting social cohesion.

Contributing to SDGs

SDG 8 SDG 10

Capitals



A winning, talented and diverse team

As a business built on people, we reignited our focus on colleague wellbeing by embedding a value-driven, inclusive culture across the bank. Our transformation journey has included revitalized engagement programmes, leadership dialogues, and robust feedback mechanisms designed to align our culture with the evolving needs of our colleagues.

To stay ahead in a dynamic market, we prioritized building a workforce that is resilient, diverse, and future-ready. Our talent acquisition strategies are geared toward attracting individuals with not only the right skills but also the agility and mindset to adapt and innovate. We strengthen our retention strategies through clearly defined career pathways and personalized learning and development initiatives.

Our culture promotes diversity, equity, inclusion, and belonging, creating an empathetic and enabling environment for all. Guided by our culture blueprint, we are committed to improving the way we work and strengthening collaboration across the organisation. [Read more in the Performance against strategy... detailed stories](#) section of this report.

Our strategy in action

We continue to make meaningful strides in investing in our people to build a winning, talented, and diverse team. With a well-defined Culture Blueprint now in place, our journey toward a transformed workplace culture has gained both direction and momentum. This clarity enables us to consistently align behaviours and leadership practices with a shared vision of who we are and what we stand for.

Several culture-building initiatives have been launched, each intentionally designed to foster deeper employee engagement. The Absa eKhaya Colleague Share Scheme, a phantom share scheme designed for the Bank's employees, delivered meaningful value to our people. In 2024, a dividend distribution of just over BWP 61million was paid out to employees, reinforcing our commitment to shared success. [Read more in the Performance against strategy... detailed stories](#) section of this report.

Material matters

- Evolving employee value proposition and talent retention
- Digital advancements and stewardship
- Supporting social cohesion

Capitals



Contributing to SDGs

SDG 5 SDG 8 SDG 10

Our strategy continued



An active force for good in everything we do

Our purpose drives our actions, and we have set clear goals for the short, medium and long term to achieve measurable, material change in our communities and the environment.

Embedding our sustainability strategy into core business operations is key to ensuring long-term growth and resilience. This integration enhances stakeholder confidence, supports compliance with evolving regulatory requirements, and responds to shifting customer priorities. We have prioritised our environmental, social and governance (ESG) focus areas where we believe we can drive the greatest impact being climate change, financial inclusion and education and skills development. We pursue our ambitions within a framework of strong governance, ethics, and accountability, supported by a robust control environment and a values-driven culture that motivates us to consistently do what is right. **Read more in the Performance against strategy... detailed stories** section of this report.

Our strategy in action

We successfully achieved full subscription to our maiden sustainable bond listed on the Botswana Stock Exchange (BSE). Furthermore, to drive financial inclusion we financed SMEs to the tune of BWP 273.2million. Internally, we captured data to calculate our Scope 2 emissions, which is a key input into the Bank setting its medium-term carbon reduction targets, taking into account the required investment and insights from pilot initiatives planned for 2025. **Read more in the Performance against strategy... detailed stories** section of this report.

Material matters

- Subdued economic activity
- Digital advancements and stewardship
- Evolving employee value proposition and talent retention
- Heightened regulatory environment
- Supporting social cohesion
- Climate change and a just transition

Capitals



Contributing to SDGs



Strategic Prioritisation Framework

Our decision-making is grounded in three core principles:

Stakeholder value



We prioritise actions that deliver measurable value to our customers, shareholders, employees, communities and regulators. By focusing on inclusive growth, we ensure our purpose translates into tangible benefits across all stakeholder groups.

Priority initiatives focused on delivering stakeholder value include productivity, delivering on our brand promise to customers, employees and other stakeholders, and continuously instilling a risk and compliance mindset.

Resilience



We build resilience by preparing for volatility and ensuring adaptability to market disruptions. This involves diversified revenue streams, and operational excellence, monitored through robust governance mechanisms to sustain long-term stability.

Priority initiatives to enhance the resilience of our operations include driving digital transformation and modernisation, proactively managing capital utilisation and measurement, growing capital lite revenue streams and carefully safeguarding our reputation across a broad spectrum of stakeholders.

Sustainability



Integrating long-term ESG priorities into our strategic agenda positions the Bank to thrive in an increasingly dynamic environment. Our sustainability efforts are structured to anticipate and address both existing and forthcoming regulatory developments, while also aligning with stakeholder demands for tangible, enduring outcomes. This ESG-led approach guides our strategic choices, ensuring a thoughtful balance between short-term objectives and our broader ambition for long-term, sustainable value creation.

Our strategy continued

Balancing strategic trade-offs

As a purpose-led organisation, we apply integrated thinking to guide strategic decision-making, carefully evaluating where to invest and focus in the context of limited resources and competing priorities. This involves assessing the availability and quality of capitals, understanding the potential impact on stakeholders, and considering the implications for value creation, preservation, or erosion over the short, medium, and long term. This structured and disciplined approach enables us to manage competing priorities with confidence and precision, strengthening our resilience and enhancing our ability to adapt in an ever-evolving environment.

Top-line growth versus diversified growth with margin preservation

We refined our strategy to focus on sustainable, transactional-led growth while preserving margins amid subdued market conditions. Proactive balance sheet management and targeted deposit mobilisation will strengthen our liquidity, lowered funding costs, and reinforced balance sheet resilience. A disciplined capital allocation approach ensures investments target high-return priorities, while scenario planning reinforces the resilience of our strategy.

Strategic actions:

- Revenue growth with emphasis on margins preservation
- Diversification of our revenue streams by product and segments

Product solutioning versus integrated lifestyle-centric engagements

Our hybrid model of strong product offerings and fragmented customer experiences is evolving into a fully customer-centric approach. This pivot enables deeper personalisation, loyalty, and engagement beyond banking while leveraging digital innovations to enhance value.

Strategic actions:

- Enhancing digital touchpoints to create seamless experiences.
- Selecting strategic sponsorships aligned to our focus sectors and client propositions.

Balancing operational resilience versus advancing technology

Maintaining the stability of our core operations is vital for business continuity, yet long-term competitiveness requires ongoing modernisation. We are investing in advanced technologies, while safeguarding operational resilience as well as partnering with third parties to take our services closer to customer, especially those in underserved groups.

Strategic actions:

- Allocating 46% of our investment portfolio to digital innovation
- Balancing investment to ensure core system stability with transformative initiatives to modernise and future-proof the Bank as well as automation.

Developing our top talent versus competing for external expertise

In a challenging macroeconomic environment marked by profitability pressures and intensified competition for talent, investing in our people remains crucial in ensuring successful execution of our strategy. We are navigating resource constraints and operational efficiency demands by embedding a culture of continuous learning and optimising workforce structures to align with strategic priorities. Our focus is on building internal capabilities and future-fit skills, while sustaining a robust talent acquisition pipeline to mitigate attrition risks and strengthen our competitive edge.

Strategic actions:

- Leadership development programmes to enhance resilience
- Workforce transformation initiatives focused on skill alignment.

Weighing long-term sustainability versus realising short-term economic benefits

Advancing our sustainability agenda requires deliberate upfront investment, which may affect short-term profitability. However, these investments are foundational to positioning the Bank as a leader in sustainable finance and unlocking long-term, sustainable growth.

Strategic actions:

- Expanding green and social linked financing solutions
- Supporting clients in transitioning to sustainable practices.

Resource allocation to strategic pillars

Our strategic prioritisation is guided by resource allocation to strategic initiatives to ensure we meet regulatory requirements, drive business growth, minimise and mitigate risks, and deliver tangible value. We consider our contribution to financial stability and the resilience of our liquidity and solvency through the product, client, business unit, bank-wide lenses.



Our strategic prioritisation accounts for a variety of different capitals, inherently tied to our strategic priorities. The investment of our resources is aligned with our medium-term strategy, and we carefully consider whether we are making sufficient resources available to ensure the successful execution of our strategy.

We are investing in skills and talent as well as creating a diverse employee base. We allocate resources to technology advancements, security enhancements, strategic stakeholder relationships, and critical scarce skills.

In 2024, we spent BWP 56 million to strategic initiatives, with a focus on, among others:

- **Transformation:** BWP 28m for initiatives largely aimed at enhancing our digital experience
- **Stability:** BWP 7m of our existing infrastructure
- **Compliance:** BWP 3m for evolving regulatory/ compliance requirements
- **Infrastructure:** BWP 5m to modernise our infrastructure
- **Security:** BWP 10m for strengthen our cyber defences
- **Operational Agility:** BWP 3m for quick responses to operational needs

Our strategy continued

For 2025, BWP 149.5 million has been allocated to support long-term initiatives, with a focus on transformation efforts aimed at improving our clients' digital experience and modernising our infrastructure to strengthen operational stability. This balance ensures immediate performance delivery and sustained value creation. To execute our strategy effectively, we recognise the criticality of the strategic funding of financial capital, human capital, and intellectual capital. **Read more in Our business model** section of this report.

The Bank manages its financial resources with prudence to deliver appropriate returns while maintaining strong solvency and liquidity positions. This is achieved by holding adequate buffers of capital and high-quality liquid assets in excess of both regulatory and internal requirements, thereby supporting the sustainability of the Bank's funding structure under both business as usual and stressed conditions.

Active capital management entails initiatives focused on optimising capital utilisation and measurement, reallocation of capital to lines of business that maximise the Bank's value, and the continuous monitoring of risks and returns to ensure alignment with established targets.

We have introduced the Productivity Programme with the following objectives:

- Embed a culture of productivity with systemic change and a mindset shift
- Achieve long term structural efficiency
- Unlock capacity to invest in value creation and growth
- Drive a sustainable business model, utilising our skills and resources most effectively.

The programme will also ensure we evolve to be a modern, lean organisation that operates sustainably for long-term business benefits.

Strategic scorecard

To realise our ambition, we consistently track progress against clearly defined strategic targets. The key indicators outlined in the following table are used to assess our execution against the set targets. These strategic metrics are also disclosed externally for transparency and to evidence the advancement of our strategic goals.

Medium-term indicators derived from these strategic measures are cascaded throughout the Bank to ensure strategic alignment at all levels and to foster cross-functional collaboration in execution. Function-specific operational metrics are also applied and reviewed at defined intervals to support targeted execution and reinforce accountability across the Bank.

Balanced scorecard

		Actual performance		Targeted performance
		2023	2024	2024
 Revenue growth and diversification	Revenue (P'm)	2 115	2 282	2 320 ●
	RoE (%)	20.6	25.5	24.4 ●
	Capital lite revenue (P'm)	1 224	1 333	3 951 ●
	Cost-to-Income ratio (%)	57.1	49.7	48 ●
 A primary partner for our clients	Customer experience index (%) (Retail Banking)	102	102	104 ●
	Customer experience index (%) (Business Banking)	88	91	92 ●
	Customer experience index (%) (CIB)	69	81	73 ●
	Brand consideration	47	52	49 ●
	Active customer numbers ('000) (Retail Banking)	269	279.6	273 ●
	Active customer numbers ('000) (Business Banking)	7.40	8.71	8.37 ●
	Active customer numbers ('000) (CIB)	0.252	0.275	0.272 ●
 A digitally powered business	Digitally active customer numbers ('000) (Retail Banking)	76.9	85.7	91 ●
	Digitally active customer numbers ('000) (Business Banking)	4.5	4.99	5 ●
	Digitally active customer numbers (%) (CIB)	98.8	98.8	99 ●
 A winning, talented and diverse team	Employee experience index	55.8	54.8	60 ●
	Women in leadership (%)	46.15	50	50 ●
 An active force for good in everything we do	Financial inclusion financing (P'm)	New	273.2	193.3 ●
	Sustainable financing (P'm)	New	80	80 ●

● Not on target/Deteriorated ● Materially on target ● On target/Improved



Performance against strategy... an executive overview

Managing Director's message 44

Interim Finance Director's message 47

Managing Director's message



“ Our performance narrative is one of resilience, purpose, and teamwork as we managed the challenges before us, with the aim of delivering value to all our stakeholders. ”

Keabetswe Pheko-Moshagane

Context to our operating environment

The operating environment in 2024 remained challenging, characterised by volatility, uneven regional growth across sub-Saharan Africa, and widespread effects from sociopolitical developments and election cycles. The global economy remained fragile, with the slowdown in global activity, partly attributed to China's decelerating economic growth, which had significant ripple effects across international markets.

The challenging global economic conditions, particularly in key markets for Botswana's raw diamonds and the largest consumers of finished diamond goods, have dampened demand for natural diamonds and significantly impacted national revenue. This, coupled with the slow pace of economic diversification, contributed to the economy entering a technical recession in the second quarter of the year, with economic activity remaining subdued for the remainder of the year.

Other significant changes that impacted our operating environment are outlined under **material matters section** of this report. A key one to highlight is the regulatory landscape, with legislation such as the Data Protection Act of 2024 having major implications on the collection, processing and storage of personal data. Additionally, the release and commencement of the cybersecurity guidelines heightened expectations on data privacy and digital security. This evolution reflects the accelerating pace of digital adoption in our market, which inevitably brings associated risks. Consequently, it is imperative that the Bank continuously strengthens its data privacy and security frameworks to protect customer information and uphold trust in an increasingly digital operating environment.

Robust financial performance in the face of market pressures

In 2023, we undertook a comprehensive review of our strategy and reaffirmed its continued relevance in guiding our long-term objectives. The review highlighted that while revenue diversification remains a critical priority, it is equally important to maintain focus on our core mandate, which is supporting economic growth by providing funding to the customers and sectors we serve, as outlined in the **Structure, Products and Services section** of this report. Following robust engagements, the Board approved a refined strategy in October 2023, incorporating a deliberate focus to grow revenue while preserving margins to safeguard sustainable returns.

I am pleased to report that despite the challenging economic and operating environment as well as a cumulative 50 basis points reduction in the monetary policy, we delivered on the Board's challenge by achieving an 7.9% YOY increase in total revenue, building on the strong momentum from 2023, when we surpassed the BWP 2 billion mark. This growth was underpinned by disciplined margin management and proactive balance sheet optimisation. Our non interest income grew by 8.4%, demonstrating meaningful progress toward our strategic goal of revenue diversification and strengthening long-term financial sustainability.

Our Retail and Business Banking (RBB) segment continues to be the anchor of the Bank's performance, contributing 71.1% to the 2024 overall revenue. We thus honed our efforts to optimise and drive efficiencies in this segment, particularly reviewing the efficacy of our distribution channels. This led to the consolidation of all our Francistown branches into one, as well as the introduction of our first fully self-service branch in Gaborone, powered by digital capabilities. For our business banking customers, we scaled up on our cash deposit machines, reducing the branch footfall and providing convenience for our customers to make deposits 24/7.

Additionally, we enhanced our loan proposition by increasing both the maximum loan amount and tenure, providing customers with greater flexibility and access to credit that is tailored to their evolving financial needs. We further enhanced our bancassurance offering through a strategic partnership with our underwriter, introducing value-added services to our customers and supported product-led revenue diversification. Our Business Banking segment, on the other hand, broadened the scope of our ecosystem banking, moving beyond its original concentration in the mining sector, to create new avenues for SME participation in other sectors including telecommunications.

These RBB efforts have yielded positive results, with the segment achieving an 8.1% year-on-year revenue growth, despite a tough operating terrain and intensified competition.

As part of our efforts to diversify the overall bank portfolio, our aim is to grow the Corporate and Investment Banking (CIB) segment to reduce the material reliance on RBB. Although progress was constrained by the subdued macroeconomic environment, we remained committed to supporting our business clients, particularly across trade-exposed and import-reliant sectors. We provided such clients with relevant and tailor-made risk management solutions to better manage their foreign exchange, interest rate, and commodity exposures, thereby enhancing financial resilience amidst ongoing market uncertainty.

Managing Director's message continued

Furthermore, our CIB segment pivoted decisively, executing a targeted approach to strengthen resilience and position the segment for sustainable growth. Central to this approach was investing in our online banking platform, Absa Access, to improve customer experience by delivering streamlined and secure processes, ensuring seamless access to our suite of financial services. This increased transaction efficiency and promoted digital adoption.

These efforts delivered measurable outcomes, with CIB recording a 5.4% year-on-year increase in transaction volumes and overall year-on-year topline growth of 7.3%.

Operational efficiency has been instrumental in supporting our improved profitability, with the cost-to-income ratio improving to 49.7%, a notable 7.4% reduction from the prior year. This achievement reflects our disciplined approach to operational efficiency, revenue generation, and prudent risk management. Collectively, these efforts contributed to a robust bottom-line performance, with profit before tax surpassing the P1 billion mark for the first time representing a significant 27.3% year-on-year increase.

Our balance sheet demonstrated notable resilience and disciplined growth, reflecting the strength of our financial foundations. Despite a challenging macroeconomic landscape, our focused approach to capital allocation and risk management positioned us to maintain stability while laying the groundwork for sustainable value creation in the years ahead. For detailed analysis of our financial performance, refer to the **Interim Finance Director's report**.

Supporting the team behind the performance

Our performance narrative is one of resilience, purpose, and teamwork as we managed the challenges before us, with the aim of delivering value to all our stakeholders. The dedication and hard work of our employees during this reporting period was truly remarkable, especially in light of the organisational re-structuring completed in December 2023. Despite the emotional impact of parting ways with colleagues - many of whom had become family, our people continued to show up each day focused on our value creation story. To support our employees through this transition, we placed emphasis on their holistic wellbeing by enhancing our Employee Value Proposition (EVP) through various initiatives such as the discounted gym membership and access to healthcare and wellness practitioners.

The slight decline in our employee survey results, which dropped by 1 point and fell short of our internal target, is likely a reflection of the significant restructure transition that we underwent. Nonetheless, it is encouraging that our survey participation rate reached a record high of 86%, reflecting the trust our employees place in our feedback processes and the leadership's commitment to act on their input. As Management, we gravely consider the insights from the survey, which we have already started incorporating into our culture transformation journey. The survey also supported our human capital agenda to retain, develop, and attract top talent in an evolving world of work and a market characterised by intensified competition for critical skills.

To deliver superior service to our customers

Given the increasingly digital environment in which we operate, we remain committed to investing in our employees by developing their future-fit skills in the technology space. This enables them to be innovative and enhance our platforms to delight our clients by delivering seamless experiences. We further leveraged technology to enhance operational efficiency, with a key milestone being the introduction of POS terminals at our branches offering customers a convenient alternative for fee payments.

Strengthening the reliability of our digital infrastructure remained a key focus, resulting in 98% system uptime and improved service continuity for our customers. In addition, we advanced our digital agenda by digitising our bancassurance product offering, enhancing the Trade Management Online platform through the automation of manual processes, while simplifying self-service processes for our retail clients. These initiatives contributed to increased digital adoption, resulting in an 11% growth in digitally active customers within RBB, and a corresponding uplift in CIB digital engagement.

The advancement of our technology played a key role in sustaining strong customer experience index results, refer to **the primary partner for our clients section** of this report for details. Our customer primacy was built on our brand promise, delivering intuitive, seamless, and human-centered experiences. We actively supported our customers' needs and aspirations beyond traditional banking, proving that our brand promise, "Your story matters" is more than just a slogan - it is genuine commitment to helping them meet their goals.

Our sponsorship budget takes cognisance of our national development priorities and strategic client segments across the business. Flagship initiatives included sponsorship of key agricultural events and the Summer Kids Marathon under the RBB portfolio, reinforcing our community engagement and brand visibility. In the CIB segment, we curated a sector-specific thought leadership session for the construction industry, solidifying client trust and positioning the Bank as a partner of choice for businesses operating in this vital sector.

Together, these efforts reflect our unwavering commitment to putting our customers at the centre of everything we do, deepening relationships, enhancing relevance, and buttressing our role as the primary financial partner in their personal and business journeys.

Investing in a sustainable future through inclusive and sustainable actions

As we delivered solutions tailored to our customers' needs and created value for our shareholders, we remained equally committed to making an impact to the communities we serve. Through targeted initiatives focused on climate action, advancing financial inclusion, and addressing knowledge and skills gaps, we reinforced our customer-first ethos and role in driving inclusive, sustainable growth.

We continued to invest in SME capacity building, equipping entrepreneurs with the skills and knowledge needed to build sustainable businesses and generational wealth. In addition, we partnered with industry leaders tackling key societal challenges by extending access to our ReadytoWork online platform, empowering the youth with critical employability skills. These partnerships provided young people with holistic support to enhance their readiness for the job market and contribute meaningfully to economic development.

In support of financial inclusion and local economic development, we disbursed BWP 273.2million in financing to SMEs, enabling business growth and improved access to capital for underserved enterprises. Additionally, we procured goods and services worth BWP 362million from local suppliers, reinforcing our commitment to supporting the domestic supply chain. These efforts not only stimulated local economic activity and job creation but also strengthened the resilience and sustainability of the communities in which we operate.

Managing Director's message continued

We also advanced our green and social financing agenda through two key avenues. The first was the successful issuance of Botswana's first sustainable bond, which was fully utilised during the year, signalling strong investor confidence in our sustainability strategy and our commitment to financing environmentally and socially impactful projects. The second was the sustainability-linked funding amounting to ZAR 400mn (approximately BWP 300.8mn), availed to one of our clients, aimed at promoting financial inclusion, food security, and sustainable job creation, particularly for women and youth. This reinforces our role in addressing climate change and promoting sustainable development by funding projects that deliver measurable environmental and social outcomes.

Internally, we also made meaningful progress in understanding and managing our environmental footprint. We conducted a comprehensive assessment of our carbon emissions universe to inform a phased action plan for reducing our own emissions, with an initial focus on Scope 2 emissions related to electricity consumption. Over the year, we prioritised establishing a baseline for power usage at our head office, which will serve as one reference point in our broader decarbonisation journey. This marks a critical step in aligning our internal operations with our sustainability commitments.

Looking ahead

Looking ahead to 2025, we recognise the challenges of an increasingly complex and dynamic operating environment. It is therefore imperative to remain vigilant, continuously identifying and proactively managing key risks that could affect our business, financial performance, and strategic objectives. Geopolitical tensions remain elevated, particularly in the Middle East and the Ukraine/Russia war with the likelihood of global regulatory fragmentation now elevated.

While the operating environment continues to evolve, there are several dynamics that require heightened monitoring to ensure proactive response strategies. These include climate change, which have become increasingly evident in Botswana – most notably through the severe drought in 2024, followed by widespread flooding in the first half of 2025. Globally, the Trump administration could bring increased global economic

uncertainty, particularly around trade and foreign policy shifts. Locally, the prevailing budget deficit and weakening fiscal position continue to create market debt distress, posing potential credit risk. These factors remain a concern, not just for our sector, but for the broader macroeconomic environment as well. Therefore, strategic positioning remains critical, not only to capitalise on opportunities but to also proactively manage associated risks.

As we navigate these challenges, it is essential to assess their impact on our operations, identify areas for strategic adaptation, and reinforce our resilience. Our strategy going forward will therefore be anchored on sustaining the momentum built over the past years, defending our market position, and pursuing cautious well-considered growth.

As a business, we maintain strong capital and liquidity positions, providing sufficient buffers to absorb potential shocks within a reasonably foreseeable risk environment. I remain confident that our Board, under the supportive leadership of our Chairman, will continue to offer the strategic guidance and oversight necessary for the Bank to not only overcome the evident hurdles, but thrive in an evolving operating landscape.

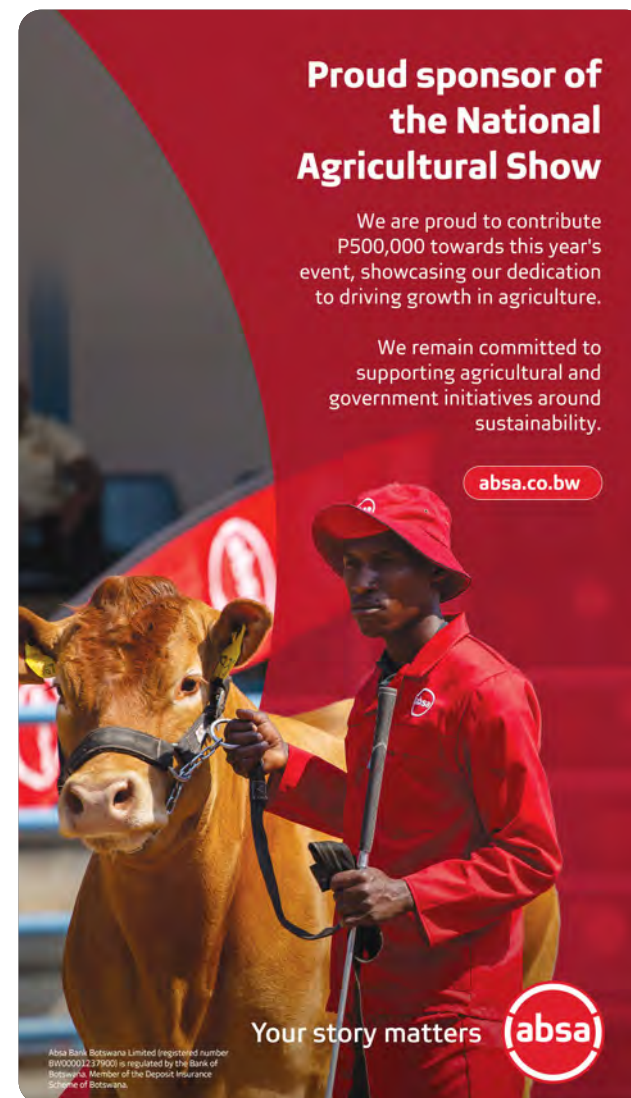
In conclusion, my executive team and I remain resolute and well-prepared to deliver on our strategic commitments, supported by a diverse, high-performing team whose resilience has been proven through past challenges. I am confident that, through their unwavering dedication to serving our stakeholders, we will successfully navigate this period of heightened uncertainty. Together, we will continue to enable our clients, colleagues, communities, and shareholders to write the next chapter of their story, because, at Absa, **"Your Story Matters"**.

Proud sponsor of the National Agricultural Show

We are proud to contribute P500,000 towards this year's event, showcasing our dedication to driving growth in agriculture.

We remain committed to supporting agricultural and government initiatives around sustainability.

absa.co.bw



Your story matters



Absa Bank Botswana Limited (registered number B000002237900) is regulated by the Bank of Botswana. Member of the Deposit Insurance Scheme of Botswana.

Interim Finance Director's message



Leroy Klein

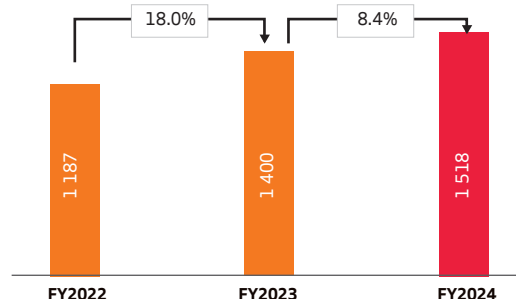
Overview

In 2024, we navigated a challenging external landscape characterised by depressed economic growth, a lower central bank policy rate, an evolving election landscape, and ongoing geopolitical tensions. The competition for top talent also intensified as financial institutions refined their strategies to attract future-ready professionals and drive sustainable expansion.

Despite these challenges, our financial performance remained robust, demonstrating our agility and commitment to delivering value. Key highlights include:

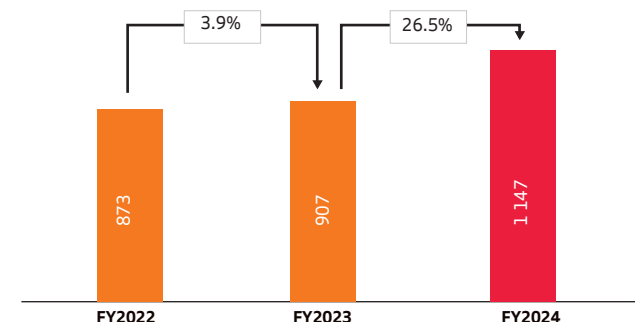
- **Strong net interest income growth** which increased by 8.4% year-on-year, driven by a 5.3% recovery in gross interest income, underscoring our dedication to supporting Botswana's economic growth through accessible financing. This reflects a stable interest rate environment and disciplined pricing strategy.

Net Interest Income (P'million)



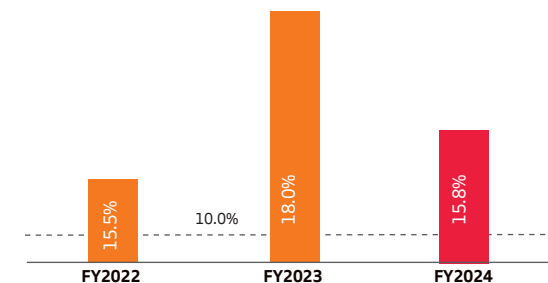
- **Resilient profitability** as pre-provision profits grew by 26.5% to BWP1.2 billion, supported by a 7.9% rise in revenue to BWP2.3 billion. Operating expenses declined by 6.1% to BWP1.1 billion, showing our commitment to managing costs sustainably. This showcases improved revenue generation and controlled expenditure.

Pre-provision profit (P'million)



- **Solid capital and liquidity position** as we upheld a strong and stable financial foundation, maintaining capital adequacy and liquidity ratios well above regulatory requirements, at 20.7% and 15.8% respectively. The Bank's funding position remained healthy, with our Liquid Asset Ratio staying within the risk appetite and above the regulatory minimum requirement of 10%. Despite this modest drop in Capital Adequacy Ratio, the ratio remains well above the minimum regulatory requirements of 12.5% and the internal limits set by the Bank's Board. The decrease is mainly due to a 5% increase in risk-weighted assets, primarily driven by balance sheet growth in line with the expansion of loans and advances.

Liquid asset ratio (%)



Below is a comprehensive analysis of our financial performance for the year ended 31 December 2024, outlining key insights and strategic priorities.

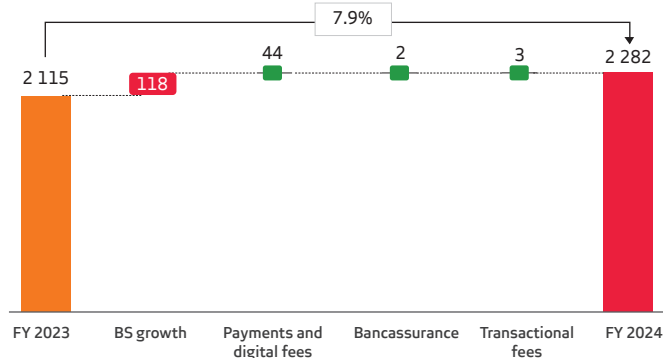
Interim Finance Director's message continued

Building a foundation for sustainable growth

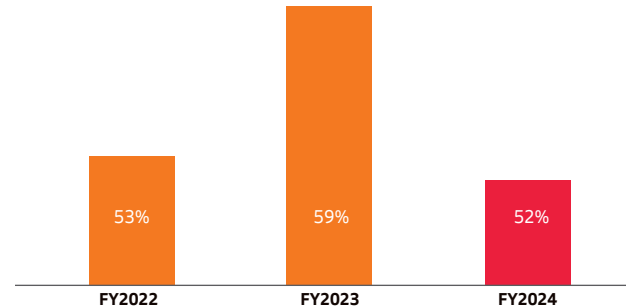
Amidst the tough operating environment, we demonstrated solid and resilient financial performance. Over the past three years, we have maintained steady progress, achieving a compounded annual growth rate of 7.1%. In 2024, total revenue grew by 7.9% to BWP 2.3 billion, reflecting our continued commitment to delivering value.

Our revenue composition aligns with our core mandate as a commercial bank, with net interest income contributing 66.5% of total revenue, reaching BWP 1.5 billion. This was driven by a 5.3% increase in gross interest income, supported by strong loan book growth and improved asset returns across our segments, leading to robust net interest margins. Over the past 3 years, we have expanded revenue by 22.8% due to enhanced operational efficiency, reinforcing our ability to adapt and thrive. Operating efficiency improved from 59% in 2023 to 52% in 2024, reflecting strengthened cost discipline and improved operational productivity.

Revenue growth



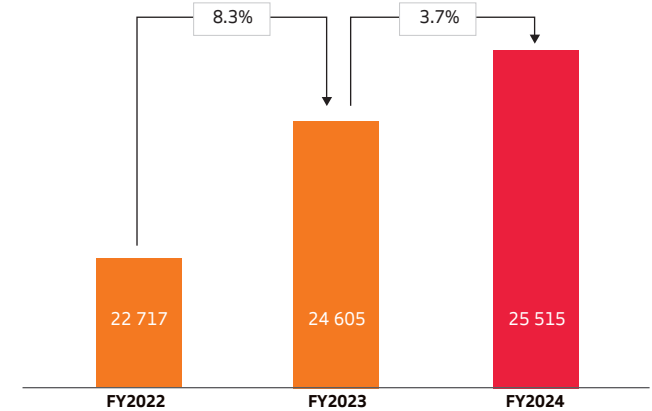
Operational efficiency (%)



To mitigate risks associated with interest rate fluctuations and economic shifts, we remain committed to broadening our income streams. Gross fee and commission income increased by 3.5% year-on-year, a testament to our strategic focus on digitalisation and innovation. By leveraging technology to drive transaction volumes and enhance customer experiences, we continue to establish ourselves as a leading provider of transactional and digital banking solutions, ensuring long-term sustainability and growth.

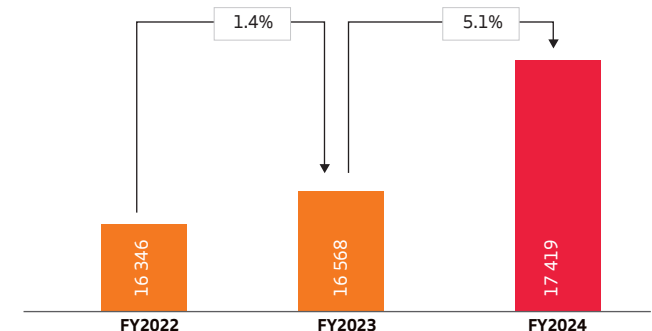
The Bank remains a cornerstone of financial strength and resilience, unwavering in its commitment to sustainable growth and value creation. Our balance sheet remains strong and agile, driven by disciplined capital allocation and strategic asset management. Despite market uncertainties, we have delivered a 3.7% growth in our total financial position, demonstrating our ability to adapt and thrive in a dynamic operating environment. The graph below demonstrate our balance sheet growth over time.

Balance sheet growth (P'million)



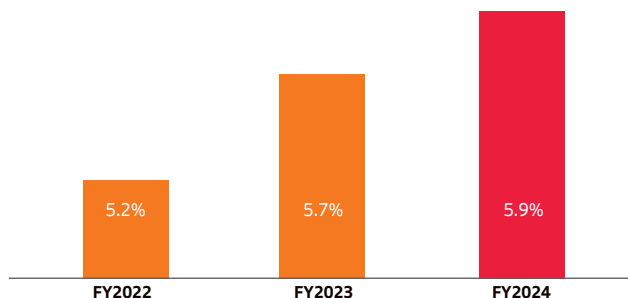
Our strong customer relationships continue to fuel our growth, with customer loans and advances expanding by 6.6% over the past three years. This reflects our ongoing efforts to support clients' financial ambitions while maintaining a disciplined approach to credit risk management. The Retail and Business Banking (RBB) segment recorded a 4.8% increase in loans, propelled by strong retail top line performance on the back of sustained consumer lending momentum and non-funded income. Both segments remain profitable, with net interest margins showing consistent improvement from 5.2% in 2022 to 5.9% in 2024, supported by the loans and advances to customers growth as highlighted below.

Loans and advances to customers (P'million)



Interim Finance Director's message continued

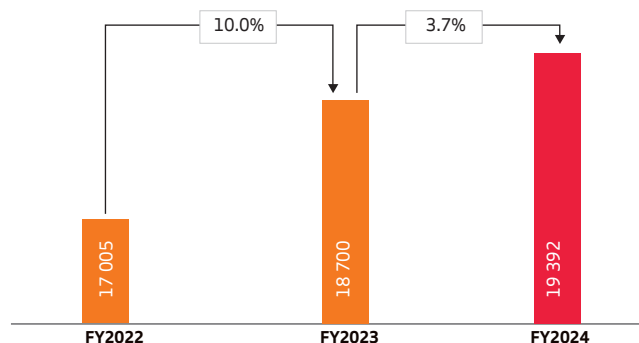
Net interest margin (%)



Sustained deposit growth supporting sound funding stability

Customer deposits have risen by 14.0% over the last three years, highlighting the success of our customer acquisition and retention strategies. This growth reinforces our strong liquidity position and enhances funding stability, ensuring we remain a trusted financial partner. Our commitment to encouraging a savings mindset among our customers has yielded positive results, with customer deposits increasing by 3.7% in 2024. This steady growth has provided a reliable funding base to support our loan portfolio expansion throughout the year.

Deposits due to customers (BWP'million)



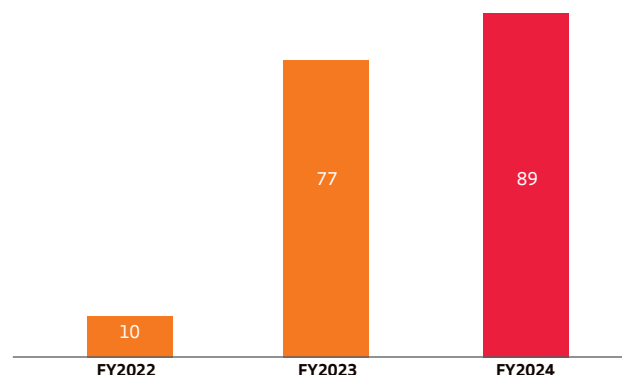
Over the past three years, sustained deposit growth has ensured stable liquidity ratios, reinforcing our financial resilience. As a result, cash and cash equivalents surpassed P1 billion in 2024, reflecting our prudent liquidity management. The Bank maintained a robust liquidity position, with a liquid asset ratio of 15.8%, significantly exceeding the 10% regulatory requirement and affirming our strong financial standing.

Enhancing credit risk management and driving profitability

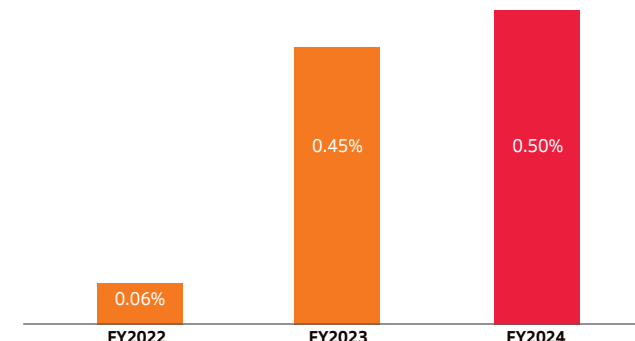
The Bank remains committed to maintaining a disciplined credit risk management framework, ensuring sustainable growth across all business segments. This approach has been instrumental in supporting economic progress and equipping customers to navigate ongoing macroeconomic challenges.

In 2024, expected credit losses (ECL) amounted to BWP 89.4million, reflecting a return to normalized portfolio performance without the adjustments effected in the prior year. Our loan loss ratio remains below 1%, a level that compares favorably with industry trends. Additionally, with impairment coverage exceeding 4%, the Bank is well-positioned to withstand potential future risks and maintain financial stability.

Expected credit losses (BWP'million)



Loan loss ratio (%)



Consistently delivering value to shareholders, the Bank recorded pre-provision profits of BWP 1.2 billion in 2024, marking continuous improvement and reinforcing strong top-line growth.

Managing cost growth while investing in talent and technology

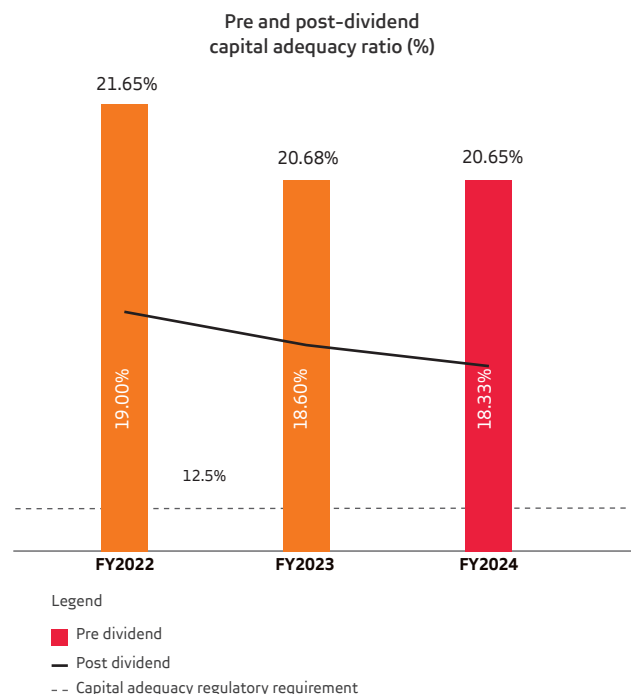
Operating expenses declined by 6.1% year-on-year, with the primary driver being staff costs, which declined by 23.3%. This is despite the direct response to intensified competition for skilled talent, requiring continuous investment in enhancing our employee value proposition and upskilling our workforce. Additionally, technology-related expenses grew by 7.7%, aimed at strengthening system stability and advancing digital capabilities. As a result, the cost-to-income ratio ended the year at 49.7% which is 7.4 percentage points lower than last year, reflecting our strategic focus on long-term sustainability and operational excellence.

Strengthening financial resilience amid economic uncertainty

We are strategically positioned to navigate economic headwinds in the short to medium term. Our capital adequacy ratio has consistently remained above regulatory thresholds, ensuring financial stability. Our disciplined approach to capital management supports a sustainable dividend payout ratio, reinforcing shareholder confidence and long-term value creation.

Interim Finance Director's message continued

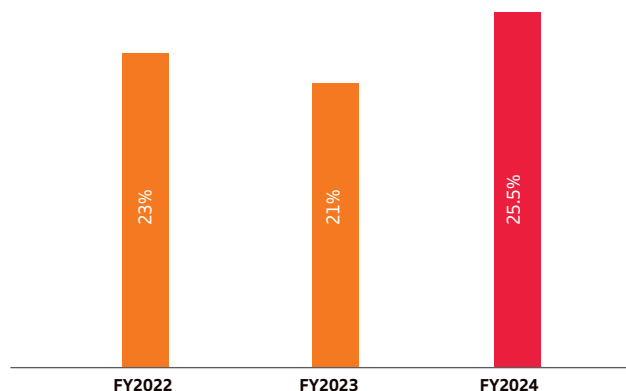
Over the past three years, we have achieved a 10.1 percentage points increase in our dividend payout ratio, from 67.5% to 77.6%, reinforcing our commitment to delivering sustainable shareholder returns and long-term value.



Strong capital position enabling growth and shareholder returns

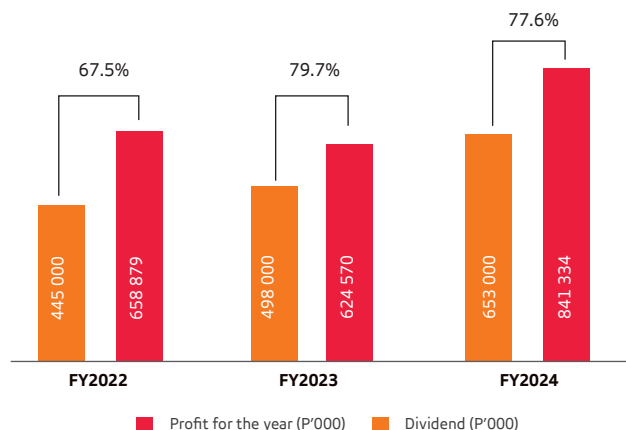
With a total regulatory capital of BWP 4.0 billion, our capital adequacy ratio stands at 18.3% post-dividend, significantly exceeding the 12.5% regulatory requirement. This solid financial foundation provides us with the flexibility to seize growth opportunities and drive long-term value creation. Return on equity closed the year at 25.5%, reflecting the strategic focus to deliver shareholder return, an indication of effective capital deployment and strong earnings performance.

Return on equity (%)



The proposed final year dividend of BWP 453m results in a 53.14thebe dividend per share, marking a 21% increase from the same period in 2023 in line with a 28% growth in profit after tax year on year. Full-year 2024 dividend payout ratio reached 77.6%, reinforcing our dedication to delivering meaningful value to our investors as indicated by the graph below.

Dividend payout ratio (%)



The Bank's performance relative to peers

There has been a noticeable rise in competition from medium-sized and smaller banks, driven by their increased efforts to penetrate the market and expand their market share. Despite this, the Bank retained its position as second in the market in terms of revenue and pre-provision profitability, underpinned by prudent risk management, disciplined cost control, and consistent strategic execution.

The Bank closed the year with a strong RoE of 25.5%, ranking fourth in the market, 2% behind the major bank in third position. This was supported by a market leading net interest margins in 2024, reflecting strong balance sheet positioning and effective margin management. The below is the Bank's December 2024 market position:

Financial performance indicators	Ranking ¹
Revenue	(2)
Non-interest revenue	(2)
Pre-provision profit	(2)
Profit before tax	(2)
Deposits	(3)
Loans and advances	(2)
Cost to income	(2)
Return on equity	(4)

Looking ahead

Our strategy remains well-positioned to navigate the market volatility and continues to inspire confidence in our ability to deliver sustainable value creation in 2025 and beyond. We therefore anticipate that our short-term financial performance will remain resilient delivering:

- Single-digit revenue growth, reflective of the prevailing market conditions;
- A cost-to-income ratio in the lower 50s, and
- A sustainable RoE in the 20s.

¹ Ranking based on comparative data obtained from publicly available information as released in the various banks' financial results and the full market data released by Bank of Botswana.



Performance against strategy... detailed stories

Revenue growth and diversification	52
The primary partner for our clients	55
A digitally powered business	58
A winning, talented and diverse team	61
An active force for good in everything we do	65
Outlook	71





Your
story
matters



Revenue growth and diversification

We will be purposeful in selecting where we compete, identifying attractive growth pockets by geography, segment and product.

We will allocate our capital sustainably and manage risk appropriately. We are committed to developing a deep understanding of our customers' evolving needs to proactively manage credit risk, expand non-interest income, and achieve sustainable revenue diversification. As a universal bank, we harness the full capabilities of the Group's integrated ecosystem to deliver holistic financial solutions.

Our strategic focus on increasing our market share presents a compelling opportunity to scale our operations and diversify income streams. By expanding alternative distribution channels in partnership with SMEs and other strategic stakeholders, we are enhancing client access while fostering inclusive growth and delivering shared value across the ecosystem.

Revenue growth and diversification continued

Revenue growth and diversification are central to our long-term strategy. We will continue to explore new opportunities, broaden our income streams, and strengthen our position in the market to drive sustainable value creation.

Selecting mode of customer service delivery by...

...focusing on our digital footprint and cost-effective service delivery

Investing in our digital offerings remains a strategic priority as it plays a central role in advancing our self-service journey and revenue diversification. By enabling clients to seamlessly manage their finances through digital platforms, we enhance their convenience by broadening access to financial services and elevating the overall customer experience. This digital adoption not only facilitates remote transactions but also empowers clients with greater control, flexibility, and real-time engagement across a wide range of banking activities.

To further reach and support part of our population that does not have access to digital services, we expanded our agency banking network to 88 agents across Botswana in 2024. These agents enable our customers to deposit into and withdraw from their Spark by Absa wallet, a solution designed to bring essential banking services closer to underserved communities thereby driving financial inclusion.

In 2024, we upgraded our Automated Teller Machines (ATM) network by replacing 20 aging machines and deploying 10 new ATMs in new locations to improve operational efficiency and reach. We also digitised the onboarding of the Kgomofo Funeral Plan and Absa Flexi Funeral Plan, reinforcing bancassurance as a key component of our value proposition. We consolidated the three branches in Francistown by revamping our Francistown Galo branch to be a one-stop shop and to efficiently serve all our Retail, Business Banking and commercial clients in the city. This strategic consolidation enhances client experience through improved service integration while simultaneously driving operational efficiency.

...expanding through strategic partnerships and collaboration

To strengthen our position in the market and enhance our capabilities, we collaborated with strategic partners to support the growth of our asset portfolio, reaching more customers and unlocking new opportunities. To enhance our funeral insurance proposition, the Bank partnered with a

leading funeral services group to offer discount to clients upon placing funeral claims. This demonstrates the Bank's commitment to delivering added value beyond financial products by easing the burden during times of loss, reflecting customer-centric approach that prioritises empathy, convenience, and tangible benefits, reinforcing trust and deepening relationships through meaningful, life-stage support.

The Bank also continued with its strong focus on Citizen Economic Empowerment Programme (CEEP) with a renewal of the Memorandum of understanding (MOU) with Debswana Diamond Company for funding SMEs. This partnership is underpinned by a comprehensive capacity building agenda aimed at SMEs, women in business, and vulnerable groups hence playing a critical role in expanding our market share by broadening access to underserved segments and cultivating new client relationships.

Targeting growth in attractive client segments through...

... data-driven client engagement

The strategic use of data lies at the heart of our Customer Value Management (CVM). Data-driven insights are used to shape targeted messaging that encourages transactional behaviours and deepens customer engagement hence driving uptake of the Bank's products. This data-led approach ensures that the Bank delivers solutions aligned with the evolving needs of our clients, hence strengthening our value propositions and customer-centricity. The outcome of this customer centric and data-led approach contributed to growing our customer base by over 4% in the year under review.

... supporting entrepreneurs

We enhanced our value proposition for informal segment with the launch of Mobi Tap in 2023, a mobile solution that enables business owners to accept card payments by transforming their smartphones into point-of-sale (PoS) devices. In 2024, the Bank focused on firmly embedding Mobi Tap within the SMME payments ecosystem resulting in 460 new Mobi Tap merchants registered in 2024. This solution, offered alongside the Remmogo Current Account, specifically tailored for informal business owners, reflects our deep understanding of the unique needs of entrepreneurs at the early stage of their enterprises. Together, these offerings demonstrate our commitment to supporting the growth and financial inclusion of small businesses across the country.

...enhancing offerings for diverse segments

To support the growth of micro enterprises, the Bank introduced unsecured lending of up to BWP 200 000 for businesses with limited access to traditional forms of collateral. This initiative enables underserved entrepreneurs to access essential working capital, facilitating business continuity and expansion.

To further support enterprise development, we also introduced 100% asset financing through a zero-deposit proposition. By eliminating upfront capital requirements, this offering enables businesses to acquire critical assets needed to scale operations and increase productivity. For our established enterprises, the Bank enhanced its suite of Risk Management Products (RMPs), with a focus on supporting clients operating in the foreign exchange market. These solutions enabled clients to manage currency risk more effectively, trade with greater confidence, and protect against volatility. RMPs also contributed to improved loss mitigation, operational stability, and overall financial predictability. As a result, clients experienced enhanced profitability and resilience in dynamic market conditions. For the Bank, the offering drove growth in non-interest income, strengthened client relationships, and reinforced its position as a trusted partner in financial risk management. We also integrated macroeconomic sector reviews, particularly within the Botswana market, to inform sector growth and participation planning. This research continues to support our data-driven approach to market growth, opportunity identification and strategic sector alignment.

Renewing and expanding product suites by ...

The Bank was first to market with the smart metal card, which marked a significant advancement in the Botswana's banking sector, offering exclusive benefits tailored to our Affluent Banking clients within our Retail segment. Absa's metallic Signature card combines luxury with functionality, providing cardholders with access to global airport lounges, concierge services, and comprehensive travel insurance coverage of up to USD 750 000.

To further support our customers' financial needs, we enhanced our personal lending propositions, increasing the maximum unsecured loan limit to BWP 750 000 and extending the maximum loan term to 96 months. This strategic expansion of our product suites drives the delivery of more tailored and flexible financing solutions, strengthening client relationships, and expanding our market reach through increased product accessibility hence driving revenue growth.

Revenue growth and diversification continued

Corporate and Investment Banking continues to commercialise Islamic Banking offerings targeting a defined niche market. In parallel, we launched Selective Receivables Financing (SRF), which is now in the commercialisation phase and set to contribute to our strong trade finance momentum, further strengthening our product suite to support institutional clients and deepen our participation in capital markets infrastructure. These initiatives reinforce our commitment to innovation and intent to deepen market relevance.

Growing our circle of partners to drive growth

As part of our strategic intent to drive sustainable growth and innovation, we are leveraging key partnerships and digital capabilities to expand our market reach, footprint and segment presence. This includes the introduction of key enhancements that enable seamless integration into client ecosystems for enhanced payments and collections. These solutions support capital-lite income generation by scaling transactional volumes through embedded finance. Collectively, these initiatives represent innovative, client-centric offerings that accelerate client acquisition and retention, drive primary bank status and contribute to building a more diversified, transaction-led revenue base aligned with our long-term growth strategy.

The takeaway from this story...

We implemented a range of strategic initiatives aimed at deepening client engagement, improving service delivery, and advancing operational resilience. Our performance reflects meaningful progress in our strategic intent to diversify our revenue streams and strengthen financial sustainability. We increased revenue growth and diversification momentum by allocating capital sustainably, resulting in the Bank achieving revenue year-on-year growth of 7.9% supported by a 9% uplift in non-interest income.

Where to from here – focus areas for 2025

- Accelerating the shift towards diversified, non-interest income streams
- Expanding our payments ecosystem
- Enhancing our ability to capture cash-related transactions through integrated payment solutions
- Prioritise the growth of alternative distribution channels
- Establishing off-site sales and voice-assisted sales capabilities to deepen customer reach and accessibility
- Leverage data to offer tailor made products
- Driving commercialisation of our recently launched solutions



Awards

Best SME Bank Botswana at the Global Banking and Finance Review

Material Matters

- Subdued economic activity
- Evolving employee value proposition
- Digital advancements and stewardship
- Heightened regulatory environment
- Supporting social cohesion
- Climate change and a just transition

Capitals affected



SDGs affected

SDG 8





The primary partner for our clients

We will be the primary partner for our clients by truly understanding and meeting their day-to-day needs, creating and delivering value across the entire client relationship. We will build a brand our people and clients can be proud of.

We strive to be a client-centric bank that deeply understands the distinct financial needs and aspirations of our customers. By leveraging long-standing relationships and a strong network of strategic partnerships, we are well positioned to provide tailored, forward-thinking solutions that add meaningful value.

We aim to increase customer primacy by focusing on deepening primary banking relationships across our client base. Our ability to create and sustain this primacy is underpinned by a robust value creation model driven by consistently delivering differentiated customer experiences, living our brand promise, and scaling digitally enabled engagement platforms that strengthen long-term loyalty.

The primary partner for our clients continued

We successfully executed a series of customer primacy initiatives aimed at enhancing product offerings, financial inclusion, brand positioning, and service accessibility, resulting in increased product penetration per customer and reinforcing our position as the primary banking partner.

Improving primacy and client acquisition by...

Strengthening customer primacy remains our strategic focus as we strive to be the financial partner of choice, supporting our clients in both their everyday banking needs and milestone moments. Our functions that support business entities employed a deliberate sector focused approach in driving primacy, thereby responding to the unique needs of key industries aligned to Botswana's national development plans. Business Banking segment chosen sectors of focus included mining, agriculture, and SMEs, as evidenced by streamlining the credit processes and offering unsecured funding to Small Medium Enterprises (SMEs), making financing more accessible.

Our Corporate Banking segment leverages a data-led strategy anchored on improving transactional lead revenue and other forms of non-funded revenue as well as commercialisation of products launched in recent years. This approach has been embedded into our operating rhythm through targeted interventions and rigorous monthly reporting, resulting in the achievement of our primacy target of 59% in 2024 and a 13% year on year growth in client satisfaction.

Corporate Banking also deployed structured trade and working capital solutions that enhanced client cash flow management in the mining sector. The segment also supported regional supply chains in manufacturing, with an emphasis on enabling production continuity through working capital lines and digital payment solutions across procurement and distribution networks.

To support revenue growth and diversification through client acquisition and primacy, we conducted targeted research across key sectors shaping our operating environment. This included in-depth analysis of the diamond industry and financial services trends in areas such as financial literacy, corporate banking, and digital transformation. Insights from this work informed our product innovation and client engagement strategies. A key outcome was the successful 2024 Thought Leadership session for the Construction sector, which enhanced trust and reinforced the Bank's positioning as the partner of choice for construction clients.

These efforts, complemented by enhancements to our digital platforms and relationship-led engagements, continue to deepen client wallet share, drive product uptake and accelerate the acquisition of high-value

corporate clients as evidenced by 115% performance against target of new-to-bank clients onboarded in 2024.

Strengthening customer relationships through lifestyle aligned events As part of our commitment to customer primacy, we continue to strengthen relationships by curating and sponsoring lifestyle-aligned events that resonate with the interests and aspirations of our clients. These platforms allow us to connect with customers beyond traditional banking, creating meaningful interactions that reinforce brand affinity and trust. From cultural and sporting events to financial wellness and entrepreneurship forums, our involvement is intentionally designed to add value to clients' lives, build community, and position the Bank as a relevant and engaged partner in moments that matter.

We continued our support of key national events aligned to our strategic priorities and clientele interest through strategic sponsorships. For our business clients, this included various agricultural events across the country leading to the National Agricultural Show which showcases advancements in agricultural practices, technologies and policies. Our ongoing presence at these events demonstrates our commitment to supporting the nation in food security and deepens relationships with local businesses and farmers by providing access to subject market experts in the field thereby contributing to the success and longevity of their businesses.

The Bank also became the title sponsor of the 2024 Absa Summer Kids Marathon where over 1,000 children participated, promoting youth sports and financial literacy bolstered by the Absa FutureU savings proposition designed to teach children the importance of saving and planning from an early age. The marathon reinforced our commitment to healthier communities hence aligning with the national agenda on preventative health.

Similarly, the Bank's Win a Moraka Campaign encouraged both new and existing customers to adopt a culture of savings, with the ultimate prize being purebred livestock. The prize not only encourages the winner to build generational wealth, but demonstrates our understanding that livestock is an integral part of Botswana's lives. These efforts not only strengthened relationships with current customers but also attracted new ones, fostering increased engagement and loyalty.

... driving primacy through technology

The Bank continues to leverage technology and strategic innovation to enhance service delivery. Key milestones achieved include was the opening of our phy-gital self-service center at The Fields Mall, designed

to empower customers with 24/7 access to essential banking services. The centre allows customers to bank at ease through a combination of ATMs, digital onboarding platforms, as well as the Absa Banking App. Additionally, we rolled out Cash Deposita machines across key locations, facilitating 24-hour deposit services for both individual and business clients.

...by simplifying processes and fast-tracking service

Digitisation and innovation play a key role in transforming customer experience and primacy by streamlining and automating processes for seamless, efficient service. In line with this, the Bank focused on simplifying key processes and accelerating service delivery to improve client engagement.

Our digital platforms continued to evolve in response to user needs. Absa Access Online was enhanced with a focus on improving the user experience, expanding functional capabilities and ensuring seamless integration across touch points. Through these enhancements, payment failure rates have reduced, and customers are now able to get real time data on statements. This advancement was driven by client feedback and demonstrate our ongoing commitment to delivering responsive, innovative, and efficient banking solutions.

Safeguarding customers' interests

Ensuring safe and secure banking is a top priority for the Bank, and we have taken deliberate steps to strengthen the integrity of our platforms. Enhancements to the Absa App have further simplified banking, with the introduction of in-app One-Time-PINs (OTP) and digital travel notifications, increasing both security and usability.

As part of our ongoing commitment to protecting customers from fraud, Retail Banking implemented targeted social media campaigns to raise awareness with of emerging scam tactics. These educational messages were embedded in our Absa's flagship "Swipe and Win" marketing campaign, with a particular emphasis on high-risk periods such as the holiday season.

By integrating fraud prevention messaging into our broader marketing efforts, we aim to continuously educate our clients through proactive communication of safety measures, empowering them with knowledge needed to transact safely.

While rewarding loyal clients...

Our approach to rewarding client loyalty extends beyond traditional incentives. We aim to offer meaningful rewards that reflect our understanding of our clients' needs and contribute real value to their lives.

The primary partner for our clients continued

In line with this commitment, we awarded 110 youth with complimentary tickets to participate in the Absa Summer Kids Marathon, enriching their experience through active community engagement. Furthermore, we partnered with Hibiscus Schools to offer the Bank's customers discounted tuition rates. This initiative supports families by making quality education more accessible to our clients. Our credit card proposition continues to reward customers for every Pula transacted through the credit card reward point system.

We also introduced a series of targeted campaigns in 2024 aimed at recognising and incentivising everyday transactional behaviours, reinforcing customer loyalty and deepening engagement. Key initiatives included the Mascom Airtime Top-Up Campaign, where clients who purchased airtime through our digital channels received 1GB of free data, encouraging digital adoption.

The Change Your Story Competition rewarded clients who transacted using their debit or credit cards with monthly cash prizes of BWP 50,000 for five winners and grand prize of a car. Additionally, the Win a Moraka competition rewarded 5 clients for saving BWP 2,500 or more with purebred livestock. These campaigns underscore our commitment to deliver meaningful value, strengthening client relationships, and driving customer primacy through relevant and impactful experiences.

Delivering on our brand promise...

Since 2023, we have redefined our client and stakeholder engagement through the launch of Absa's renewed purpose followed by our brand promise, "Your story matters." Introduced in February 2024, this promise reflects a more personal, customer-centric approach, recognising each client's unique journey. It has since been embedded across our service offerings and communications, while galvanising employees to align their efforts with our corporate purpose as we continue to focus on the delivery of this brand promise in our customer experience.

Early indicators showed strong market resonance with our new brand direction. Results from our Brand Health Tracker¹ show impressive results

89 % of
respondents find
the pay-offline very
or quite easy to
understand

90% of
respondents reported
that they could easily
link our brand promise
with Absa within eight
weeks of launch

5.6%
positive brand
consideration shift
since January 2023

In our latest brand health tracker, outcomes from the driver analysis² indicate that spontaneous brand consideration, advocacy and relevance are the main brand metrics that impact Prompted Brand Consideration. Our brand integration efforts influenced our product solutions, corporate citizenship, sponsorships, internal functions and employee initiatives.

This approach makes us more deliberate in the activities and initiatives aligned with our brand as the center of gravity, while also driving innovation in products and services that are tailored to meet the needs of our clients and customers. It is this purpose that drives our long-term ambition to be the leading bank in Botswana.

Resulting in superior client experiences...

Our continued focus on client-centricity delivered measurable improvements in customer satisfaction across all business segments in 2024. In Retail Banking segment, the Customer Experience Index remained strong, closing the year at 102. Business Banking recorded a notable increase in its customer experience score, rising from 88 in 2023 to 91 in 2024, while CIB's score increased by 17%, reaching 81 in 2024. Overall, the full-year Client Experience Index scores demonstrated significant improvements, underpinned by strengthened service delivery and relationship management. Enhancements to core platforms, particularly Absa Access Online, positively impacted client perceptions, while client engagement efforts helped shift sentiment positively in traditionally lower scoring areas such as solutions, advice, and pricing. These results affirm the effectiveness of our strategic focus on delivering a differentiated and responsive client experience, providing a solid foundation for continued improvement in 2025.

The takeaway from this story...

Active customer growth was recorded across all business segments, driven by tailored value propositions, strategic focus on key segments, and deeper, more personalised client interactions. A consistent improvement in customer experience resulted from the recognition that each customer's story matters. The new brand positioning improved brand consideration.

Where to from here – focus areas for 2025

- Deliver exceptional and sustainable customer service through personalized, differentiated value propositions.
- Deepen client relationships by positioning ourselves as the primary banking partner
- Offer tailored solutions that align with the evolving needs of our chosen customer segments
- Refine our customer value propositions to ensure long-term relevance and impact.
- Digitise customer journeys as a key strategic enabler, supporting both enhanced customer experience and sustainable growth.



Awards

2024 Global Banking and Finance Awards in the following categories:

- **Best Agri Business Botswana**
- **Best SME Bank Botswana**

Material Matters

- Digital advancements and stewardship
- Heightened regulatory environment
- Supporting social cohesion
- Climate change and a just transition
- Subdued economic activity

Capitals affected



Contributing to SDGs

SDG 5 **SDG 7** **SDG 8** **SDG 10** **SDG 13**

¹ Source: Kantar BHT; 2022 FY-2024 FY (All Absa Markets)

² Driver analysis is a statistical technique used to determine extent of relationships, influence and impact between Prompted Brand Consideration and the other key brand metrics



A digitally powered business

As part of our strategic ambition to create sustainable value, we leverage digital transformation to enhance the experiences of our clients and employees. We achieve this through transforming our technology landscape, embedding data-driven decision-making, and applying artificial intelligence to improve efficiency, as well as our commitment to cultivating local technology top talent, which positions the Bank as a key contributor to Botswana's digital advancement. Our foundation is built on trust and security, and agility to drive performance.

Technology plays a pivotal role in achieving differentiation of our digital experience and improving accessibility for both customers and employees. We continue to transform our core business processes to drive operational efficiency and achieve a lower cost-to-serve.

Our digital investments are guided by a structured technology roadmap, grounded in the principles of purpose-led technology and innovation and aligned to our brand promise, providing the Bank with a distinct competitive advantage. We adjusted the roadmap's pace and sequencing to reflect business priorities and affordability over the year, while focusing on building the critical capabilities for success combined with building a culture for performance.

A digitally powered business continued

The Bank's strategic technology agenda is underpinned by four core focus areas designed to position us as a digitally led organisation. These include: delivering seamless and intuitive experiences for our clients and employees; harnessing the power of data and applied AI to shape the future; modernising and transforming our technology landscape; and establishing ourselves as a destination for top technology talent. Collectively, these priorities are expected to drive operational efficiency and enable a differentiated digital experience, reinforcing our commitment to innovation and excellence.

Delivering seamless experiences to delight our clients and employees ...

We view technology as an enabler of our brand promise, delivering intuitive, seamless, and human-centred experiences. To achieve this, the Bank prioritises the end-to-end design of both existing and emerging digital capabilities, ensuring they meet the evolving needs of our customers and employees. The impact of this approach is reflected in the 11% growth of Retail and Business Banking digitally active customers, evidence of the successful launch and uptake of new digital products and services.

The Bank remains committed to operational stability, ensuring a seamless digital banking experience. With a 98% digital uptime, a 20% year-on-year reduction in service restoration time, and a 97.2% straight-through transaction success rate, we continue to deliver reliable and efficient digital services. These improvements reflect our dedication to enhancing system availability and, ultimately, client satisfaction.

Our technological transformation is accelerating innovation and solution delivery, enabling us to compete more effectively and respond swiftly to the dynamic environment in which we operate. These advancements are also enhancing both customer and colleague experiences, while driving cost and process optimisation.

Notable achievement was in strengthening digital capabilities, improving operational efficiency, and enhancing customer-centric solutions. In 2024 included review of digital onboarding processes to simplify the process through removal of redundant fields, to ensure seamless onboarding of clients. This change reduced in-branch waiting times by eliminating the need for customers to queue at teller stations, thereby increasing overall service efficiency.

Our Trade Management Online platform also progressed the traditional paper-based trade finance products into a digital environment. This enhancement has streamlined instruction processing, improved operational efficiency, and strengthened document security. As a result, clients benefit from faster turnaround times and a more seamless, secure experience, reflecting our commitment to modernising trade finance and enhancing service delivery across the value chain.

Market-leading customer solutions

We scaled our 2023 first to market Mobi Tap solution, as part of our commitment to modernising transactional capabilities for Small and Medium-sized Enterprises (SMEs). Mobi Tap transforms mobile phones into card-accepting devices, significantly broadening the range of convenient and accessible payment options. Its versatility enables transactions in settings such as taxis, sports venues, flea markets, exhibitions, and farmers' markets, making it a preferred choice over traditional PoS terminals. The solution recorded a 192% increase in adoption in 2024, underscoring its strong uptake and growing relevance among SMEs.

The Bank also rolled out cash deposita machines to better serve business clients. These machines provide an alternative solution that reduces the need for in-branch visits. They support businesses with high cash handling needs, enabling safe, convenient and real time cash deposit process. The rollout has improved operational efficiency for clients, enhanced the overall banking experience, and aligned with the Bank's digitisation strategy.

The launch of The Fields Mall branch followed the successful rollout of digital onboarding, which enables customers to open savings and current accounts online. This is a key component of our branch migration strategy, as we continue to encourage our clients to bank from the comfort of their homes, eliminating the need for in-branch visits for account opening.

Shaping the future ...

We believe that data is the lifeblood of embedded AI and key to driving our digital transformation as we deliver empathetic and seamless customer experiences. We have made progress on improving and unlocking value from our data environment across technology, people, and governance.

We have made strides in understanding the needs of customers through spending behaviours that not only enable valuable insights for tailored

customer products but also enhance our service propositions. Through the use of transaction intelligence, we have been able to identify potentially suspicious transactions and prevent them, thus enhancing the security of our propositions.

In the credit landscape, we leverage customer behavioural insights, including income prediction, using transactional data and non-traditional sources. This enables us to determine customer income and credit worthiness, allowing us to understand customers at risk and implement measures to support them.

The use of AI is growing exponentially, being embedded everywhere and constantly evolving. The Bank continues to enhance efforts in the realm of AI through its investments in embedded AI, machine learning, and GenAI. We continue to see improvements in areas such as monitoring and fraud detection. Better client service is made possible by AI-based solutions that promote optimisation and automation.

Transforming our technology landscape ...

Over the last few years, we have made progress in transforming our technology landscape by delivering several refreshed technology stacks and digital capabilities across the Bank. We also continued to apply modern architecture and tools to improve employee experience and streamline our business processes. Our investments in transforming the technology landscape accelerated digital transformation, fuelled by a data and AI-first mindset to create an integrated technology ecosystem that is future fit and incorporates next generation technologies in data, AI, cloud, core banking, and payments.

We took advantage of the efficiencies made available by a more agile cloud-hosted environment, combined with our investments in data and embedded AI. We have made progress with our target digital architecture, including the application of key principles, reference models, and a new target model for architecture governance, which is overseen by our newly established Absa Group Architecture Council. Application protocol interfaces (APIs), data and AI are essential for seamless integration as we make progress towards our target digital architecture. This API-driven architecture is informed by API design, security, and development standards. We established robust API reference architecture and developed 67 APIs up to the end of 2024. The bank also strengthened its cyber resilience by rolling out a ransomware immutable data backup technology.

A digitally powered business continued

Ensuring trust and security in a digital world ...

Service and security remain a top priority to safeguard the Bank, its customers, and employees. We continue to enhance our security posture and service across the bank to ensure stability and improved customer experience. Our safeguards delivered reliable and stable online digital services that showed a decline in high-impact incidents.

Internal security controls remained resilient, with no severity 1 and 2 incidents recorded. We managed the Bank's security risks by overseeing threats, promptly handling incidents, and continuously improving our security controls. Further protective measures included investing in emerging technologies, such as Microsoft E5, and promoting a cybersecurity culture through awareness and education, campaigns, and phishing simulations for employees.

Our ongoing investment in network segmentation and algorithm security hardening, enhanced protection against cyber threats and unauthorised access. We continue evolving our cybersecurity capabilities in line with the evolving threat landscape. Our cybersecurity fabric adopts a holistic paradigm, integrating multi-layered defences across various operational domains, achieving a synergetic alert-to-incident response capability that has been instrumental in fortifying our threat mitigation tactics. Key features such as AI-powered data governance, threat protection capabilities, intelligence and automation, orchestrated our adaptive posture, supported by rigorous, data-driven analytics.

Our AI and machine learning-enabled next-generation Security Information and Event Management (SIEM) solution significantly enhanced our threat detection capabilities. The new SIEM enables AI-native intelligence-driven threat hunting and provides real-time risk insights, reinforcing our commitment to improving our security posture. The deployment of the Microsoft E5 security stack enhanced our ability to detect and respond to security threats in real time.

The Bank's Security Operations Centre is continuously monitoring emerging threats, ensuring that our systems remain secure against sophisticated cyber-attacks. Our International Organisation for Standardisation (ISO)/International Electrotechnical Commission (IEC) 27001:2022 accreditation followed the adoption of new architecture, tools and processes, which demonstrated a set of capabilities that are future-fit and comparable globally. The Cybersecurity Insurance Syndicate also acknowledged the incremental enhancements made in our security capabilities and related processes.

We remain cognisant of emerging threats from quantum computing, AI and machine learning large language models and continue to collaborate with global partners to monitor these in real time. These partnerships include cybersecurity think tanks and engagement with law enforcement agencies to ensure we can stay updated on emerging threats.

Become the home of top technology talent ...

As we continue to invest in solutions that embed resilience, trust, security, and sustainability to strengthen our competitive edge, we recognise achieving this ambition requires a future-fit workforce. To this end, we are committed to cultivating a growing cohort of employees and leaders with deep expertise in digital, data, and technology, and their transformative potential. This enhances our ability to attract and retain top talent.

As we leverage AI and automation to drive operational efficiencies, we remain mindful of the evolving nature of work and its implications on certain roles. Accordingly, we continue to prioritise the development of critical capabilities, ensuring our people, both career starters and existing employees, are equipped with future-fit digital skills.

Demonstrating this commitment, the Bank hosted its inaugural GirlCode Hackathon, where 34 young women participated in a 24-hour coding challenge. The event was designed to inspire interest in technology and empower participants with practical digital skills, contributing to our broader talent and inclusion agenda. In addition, we offer workplace-based industry placements to students in technology-related fields, providing them with valuable, real-world exposure to the digital workplace.

Take away from this story

Our strategic focus and investments remained centred on advancing our banking architecture to accelerate both time-to-market and time-to-value for innovation. We enhanced scalability and agility through the adoption of next-generation technologies, including cloud, data, and embedded AI, while applying digital thinking to develop business-led value propositions that drive meaningful impact and competitive advantage.

We use technology as a vehicle for strategy execution and measure our success through improved financial performance, active and satisfied customers, and our ability to safeguard the digital world in which our customers and employees operate.

Where to from here – focus areas for 2025

- Retaining our position as one of the most reliable banks among our peers by maintaining a focus on service and security to support our business and technology resilience
- Continued investment in cybersecurity capabilities and enhancing digital trust
- Contributing towards improved financial performance by using our technology and digital capabilities to drive efficiency and deliver innovation
- Enhancing our employee value proposition to attract and retain top talent in technology
- Driving strategic performance by shifting from enabling capabilities to shaping overall strategy and partnering with business leaders for technology decisions
- Maintaining focused execution of our Technology Roadmap initiatives such as cloud adoption, data, and embedded AI, and business enablement initiatives.



Awards

- Best Digital Bank 2024 by the Global Brands Magazine
- Best Use of Data and Analytics for CX at the 2024 Digital Banker CX awards
- Outstanding Digital CX: Trade Finance Initiative at the 2024 Digital Banker CX awards

Material Matters

- Digital advancements and stewardship
- Heightened regulatory environment
- Supporting social cohesion

Capitals affected



SDGs affected

SDG 8 **SDG 10**



A winning, talented and diverse team

We aim to build a high-performing team by creating a competitive edge through attracting and retaining Africa's top talent, fostering distributed leadership centered on client needs, and empowering our people with the support and resources they need to thrive.

Our people are central to the Bank's success and long-term growth. We are committed to building an inclusive and enabling environment where our diverse talents thrive. Our people strategy is firmly aligned with our ambition to be a leading bank in Botswana, underpinned by a culture that drives sustainable performance.

Our purpose and values proved to be a strong foundation in a challenging year, reflected by lower employee experience metrics. In an increasingly complex and competitive environment, success depends on building a capable and high-performing workforce, comprising "a winning, talented and diverse team" who are purpose led and values-driven.

A winning, talented and diverse team continued

Responding to skills competition with a holistic and forward-looking talent strategy

With the banking industry having embarked on skills refresh initiatives, competition for local talent has intensified, reshaping the competitive landscape. In response, our 2024 Human Capital strategy focused on four key pillars:

- building a future-fit organisation
- purpose-led cultural transformation aligned with our refreshed purpose and values
- strengthening of leadership capability and accountability
- and enhancing people processes to improve ways of working

All these were aimed at fostering positive and enhanced employee experience.

Cultivating a culture of belonging and purpose

In 2024, we reignited our focus on employee wellbeing by embedding a value-driven and inclusive culture across the Bank. Our transformation journey was supported by revitalised engagement programmes, leadership dialogues, and feedback mechanisms designed to align our culture with the evolving needs of our employees. The shift is visible in stronger cross-functional collaboration and a renewed sense of purpose among the teams.

With a clearly defined culture blueprint now in place, our culture transformation journey has gained greater direction and momentum. This clarity has enabled us to align behaviors, systems, and leadership practices around a shared vision of who we are and what we stand for.

...and listening to the voices of our people

The introduction of diverse communication and feedback platforms, as well as employee-led initiatives, has amplified the voices of our people. Through townhalls, culture sprints, or "Values in Action" recognition, we have created meaningful spaces for our people to be seen and their stories heard and celebrated.

We established Culture Champions across all functions and levels (spanning both junior and senior roles) as a strategic lever to strengthen our organisational culture and drive meaningful, change from within. These champions play a pivotal role in bridging communication gaps, amplifying employee voices, and role-modelling the behaviours we aspire to embed. Their influence fosters greater accountability, deepens

engagement, and cultivates a shared sense of purpose, ultimately contributing to a more inclusive, cohesive, and high-performing workplace.

Our annual employee experience survey continues to demonstrate our commitment to listening and considering feedback from our employees in a bid to create a conducive environment for everyone to thrive. Whilst we noted a marginal decline of one percent (1%) in the overall Colleague Experience Index to 54.8% in 2024, we are encouraged by our employees' improved participation which reached a new high of 86% in 2024, building on the 64% participation rate in 2023. This continued increase reflects our employees' sustained engagement in organisational dialogue and their commitment to shaping our culture.

The results indicated that we need to focus on the following top 3 drivers:

- Experience versus expectation 23%
- Remuneration 28%
- Recognition 39%

Top areas of strength

- Ethics 73%
- Corporate and social responsibility 68%
- Role fit and clarity 65%

Key outcomes for the survey were not surprising given that organisational restructuring that took place in 2023, reflecting the emotional strain experienced by our employees. In response, we continue to enable and sustain a culture of care through motivation, engagement, financial wellbeing and enhanced people change management capabilities.

leading to the Bank receiving recognition and accolades...

We are proud to have been awarded the Top Employer certification for the third consecutive year, a prestigious recognition that reaffirms our unwavering commitment to excellence in people practices.

We also received the 2024 Global banking award for the best bank for Human Resources (HR) and Recruitment. The prestigious accolades recognises HR functions' role in driving organisational success through people as it relates to workplace culture, employee benefits and development opportunities.

Achieving these milestones reflects sustained excellence. It also affirms the strength of our systems and the agility of our people's strategies. As we look ahead, this recognition both validates our progress and inspires us to raise the bar even higher.

Keeping our values at the core...

In October 2024, we celebrated one year since the launch of our co-created values. These values have become a fundamental part of who we are, shaping the way we work together and make a difference in communities across Botswana.

As we move forward, our values continue to guide how we show up for each other, our clients and our communities, creating an environment where everyone can bring their best self to work aligned with our shared purpose of Empowering Africa's tomorrow, together....one story at a time.



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.

Nurturing a culture of ownership and belonging...

Several culture-building initiatives have been launched, each intentionally designed to foster inclusivity, accountability, innovation, and engagement. These initiatives are not isolated efforts but interconnected steps that are steadily moving us toward our desired cultural destination.

...with distributed leadership organised around clients

In response to increasing workplace complexity, we strengthened our leadership capabilities to drive sustainable performance, reinforcing leadership development as a cornerstone of our talent strategy.

We deepened our commitment through targeted engagements with leaders across multiple levels (executive, senior, and emerging talent), to co-create initiatives that foster empathetic leadership, empowered decision-making, and clear accountability. Through personalised coaching and leadership conversations, we provided performance-driven tools while fostering self-awareness, emotional intelligence, and adaptability.

A winning, talented and diverse team continued

We made strategic investments in identifying and nurturing leadership potential within our organisation. Through targeted training programs, mentorship, secondment to other Absa markets and rotational opportunities, we prepared our talent pipeline for current and future leadership roles.

This holistic leadership focus is shaping a resilient, values-driven leadership pipeline that is well-equipped to navigate complexity and inspire teams with authenticity.

Contributing to Absa Group's ambition of being the home of Africa's leading talent...

Diversity, Equity, Inclusion and Belonging (DEIB)

Our transformation journey placed deliberate emphasis on inclusivity and belonging. We are cultivating a workplace where DEIB are integral to our culture and performance, enabling us to attract top talent and serve a diverse customer base. Through continuous dialogue, we are fostering a safe, inclusive environment while raising awareness on key issues including gender equality, mental health, and gender-based violence.

In a bid to progress our DEIB commitment, we were able to attain a 50% representation of women in leadership at executive level and 49% women representation at middle management. As a result, we acknowledge progress in our collective efforts towards creating a conducive and inclusive environment for all to thrive, feel heard and valued and in the process leverage our diversity as a competitive edge, directly contributing to our purpose of Empowering Africa's tomorrow, together ... one story at a time.

A focus on talent and succession...

To stay ahead in a dynamic market, we prioritised building a workforce that is resilient, diverse, and future-ready. Our talent acquisition strategies focus on attracting individuals with not only the right skills but also the mindset to adapt and innovate. We also invested in retention strategies, from clear career pathways to personalised learning and development, ensuring our people feel seen, supported, and set up for success.

We recognise that talent is best revealed through opportunity. A notable number of acting appointments and stretch assignments were rolled out across the business in 2024, igniting a sense of purpose and confidence among our employees. These roles have given individuals the platform to demonstrate capability, take on new challenges, and expand their horizons. For the Bank, this has served as a powerful mechanism to identify high-potential talent, assess performance in real-time, and tailor development plans accordingly.

As a direct outcome of this initiative, 57 internal promotions and appointments to higher grades were successfully executed in 2024, further affirming our belief in nurturing internal talent recognising potential.

Supported and enabled employees...

Building a future-fit workforce

Employee development remained essential for sustaining growth, driving innovation, leadership pipeline and ensuring operational excellence. Further, rapid changes in leadership skills, bank technology, regulatory requirements, digital skills, risk management and customer expectations continue to drive our training budget allocation and utilisation.

Although our 2024 training budget reduced from BWP 9.3 million in 2023 to BWP 7 million in 2024, the reduction was driven mainly by cost optimisation and a more targeted and strategic approach to training, leveraging internal expertise, digital learning platforms, and regional collaborations to maximise impact while maintaining financial prudence. Consequently, we focused on targeted regional exposure resulting in three (3) outbound assignments into other Absa markets, graduate development programme and 87% utilisation of learning platforms amongst others.

Fostering organisational resilience

We embrace flexible and hybrid work models that promote work-life balance, enhance productivity, and enable employees to perform their duties remotely with greater efficiency. To ensure uninterrupted operations during planned maintenance, unforeseen disruptions, or business continuity events, we maintain a fully equipped Disaster Recovery (DR) site. This secure alternative workspace is activated as needed, particularly when remote work is not feasible or when physical presence is essential to maintain critical service delivery.

Rewarding for sustainable performance

The Bank is committed to recognising and rewarding excellence, innovation, and meaningful contributions to organisational success. This commitment is guided by our pay philosophy, which aims to position fixed remuneration at the market median, while maintaining a flexible range to accommodate performance differentiation and role-specific considerations. This approach strives for fairness, equity, and transparency in salary decisions.

In 2024, the eKhaya Colleague Phantom Share Scheme, aligned with Absa Group's broader employee share initiative, delivered BWP61.3 million in value to employees. As a cash-settled arrangement mirroring the Group's equity-based scheme, it reinforces our commitment to inclusive and equitable reward structures. Such schemes not only foster a strong sense of ownership and alignment with the Group's performance but also serve as a strategic retention tool, enhancing employee motivation, engagement, and long-term value creation.

A focus on well-being

Employee wellbeing remained a core pillar of our people agenda. To strengthen our Employee Value Proposition (EVP), we introduced a second medical insurance provider, recognising the need for flexible, personalised healthcare options. This strategic move demonstrates our responsiveness to employee needs and empowers employees with greater choice and autonomy in selecting solutions that best support their individual and family wellbeing.

Our approach to wellbeing extended beyond physical health, encompassing emotional, mental, and financial wellness through targeted programs and partnerships. This holistic focus ensures that our employees are supported both in the workplace and their personal lives. A strong testament to this commitment was the enthusiastic participation of 517 employees in the 2024 Diacore Marathon, earning the Bank recognition as the organisation with the largest number of participants. This reflects our team's growing embrace of wellness and active living.

The takeaway from this story

Despite the challenges of 2024, evidenced by a slight decline in our employee experience index and attrition rate exceeding target, we remain steadfast in playing our part of being the home of Botswana's leading talent.

A winning, talented and diverse team continued

Our success in 2024 is anchored in our commitment to people. Whether through recognition, inclusion, development, or well-being, we demonstrated that when we invest in our people, we unlock both personal growth and organisational performance.

What we achieved

- Adoption of position to market for salary remuneration method
- 50% Women in leadership at executive management
- Enhanced EVP by allowing employees a choice of their health insurance provider

Where to from here: focus areas for 2025

- Enhancing our culture of performance and accountability
- Deepening leadership capability across all levels
- Continuing to strengthen the Employee Value Proposition
- Expanding career mobility and talent visibility
- Scaling up well-being and inclusion initiatives



Awards

- Top Employer 2024 – Top Employer Institute®
- Best Bank for HR and Recruitment Botswana 2024 by Global Banking and Finance Awards®
- Our Managing Director received the Bizz Award for Business excellence at the World confederation of businesses.

Capitals affected



SDGs affected

SDG 5 | SDG 8 | SDG 10

Material Matters

- Supporting social cohesion
- Digital advancements and stewardship
- Evolving employee value proposition and talent retention





An active force for good in everything we do

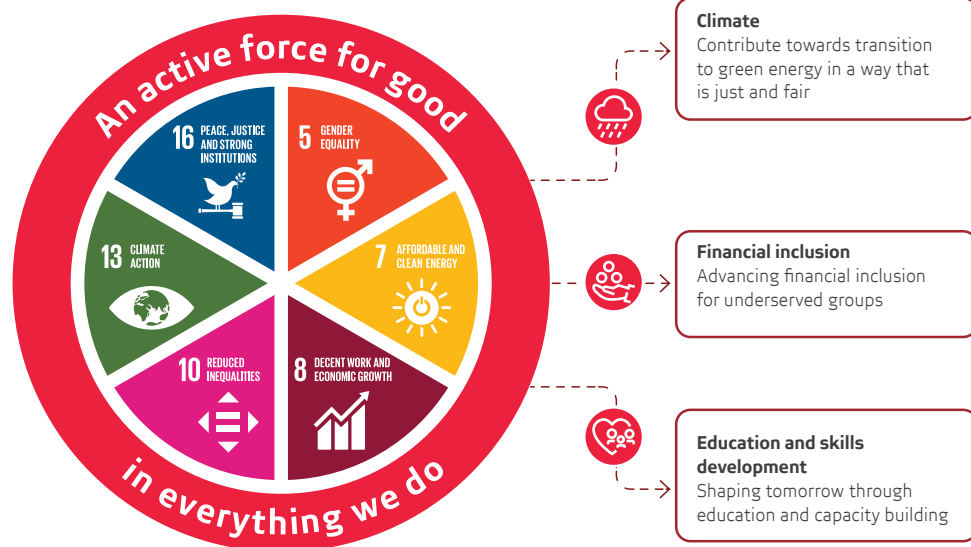
We are committed to a sustainable future, through effectively managing climate change as well as its risks and opportunities, contributing positively to the communities we serve.

We uphold the highest standards of governance and ethics, while proactively engaging in shaping public policy and regulatory frameworks

An active force for good in everything we do continued



We have defined our strategic objectives and assessed how their delivery will support our purpose and advance progress towards the Sustainable Development Goals (SDGs)



2024 marked the final year of our 3-year strategy aimed at embedding sustainability in the Bank's operations. The strategy was anchored on the pillars of environmental sustainability, education and skills development, advancing inclusive financing as well as promoting a just society while adhering to the highest levels of governance. Backed by our commitment to Sustainable Development Goals and our membership to the United Nations Global Compact (UNGC), the Bank aims to solidify its position as a trusted partner by Botswana, driving positive impact and sustainable growth.

By embedding climate risk considerations into our operations thereby enhancing our sustainability capabilities, we aim to build resilience, generate lasting positive impact, and assist our customers in achieving their climate

adaptation and mitigation objectives. Over time, this approach will support the Bank in contributing to Botswana's commitment to reduce emission by 15% by 2030 as well contribute to Absa Group's net-zero emissions ambition.

We aim to contribute to Botswana's transition in a socially responsible manner in a way that is just and fair for all. We actively foster the financial inclusion of underserved groups, particularly women and youth, focusing on entry-level banking propositions, targeted SME programmes, especially women in business as well as capacity building for these segments.

We aim to contribute to Botswana's goal of being a knowledge-based economy through availing opportunities to both our employees and citizens to further the education and develop their skills.

Building intergenerational wealth through financial inclusion...

...banking the unbanked

The Bank recognises the importance of offering products that promote financial inclusion for underrepresented groups, including women, youth, and SMEs. In response to this need, the Bank launched a distinctive banking solution in 2023, the See Her Empowered (SHE) account, aimed at empowering women to start and grow their businesses, thereby creating jobs and enhancing women's financial inclusion and resilience. The Bank supported 194 new-to-bank women through the SHE account in 2024, alongside extending funding of BWP20.4 million to further support the account beneficiaries.

Additionally, the Bank's digital wallet, Spark, has been developed as a strategic initiative to drive financial inclusion by offering financial services to individuals in underserved and unbanked areas across the country. This innovative platform enables users to perform essential banking transactions without the need for a traditional bank account, thereby bridging the gap between formal financial services and communities that have historically been excluded from the financial system. Currently, a network of 79 Spark agents is actively deployed in key locations, playing a crucial role in extending the reach of banking services and supporting the Bank's broader mission of inclusive economic participation.

...capacitating them to build lasting legacies

By investing in knowledge and capability building, we aim to empower individuals and communities to participate meaningfully in the economy. To this end, the Bank continued to support SMEs through various platforms that include sponsorship of key events, partnerships with other corporates aimed at enhancing SME access to funding, financial literacy, capacity building, and other interventions to empower SMEs. We facilitated trainings to 1 528 SMEs in the year 2024.

An active force for good in everything we do continued

The Bank also extends financial literacy training to communities and stakeholders through the Bank's employees and strategic partners. In 2024, we equipped 8 033 individuals with knowledge to support them in making financial decisions, reinforcing our purpose of Empowering Africa's tomorrow, together... one story at a time.

Our ReadytoWork platform, which is an online learning platform developed to support young people transition from school to the world of work has been key in empowering the youth in Botswana. The modules include work, people, money, entrepreneurship, digital literacy, the Gig economy, computational thinking and blockchain technologies. Over the past year, ReadytoWork has reached over 3600 young people across Botswana.

In 2024, the Bank introduced its first Greenwashing policy which among other things aims to outline minimum control requirements to manage and mitigate greenwashing risk. To this end we introduced an independent validation process for our sustainability metrics to ensure credibility. Consequently, some of the reported key indicators, such as the number of financial literacy trainings participants, were adjusted downward to exclude data that could not be reliably validated by our strategic partners that facilitated various trainings.

In 2024, as part of our continued support for youth empowerment in Botswana, we awarded two scholarships under the FG Mogae Scholarship Fund to deserving students pursuing master's degrees in Science, Technology, Engineering, and Mathematics (STEM). This initiative aligns with the national skills development priorities and reflects our commitment to investing in the country's future talent. In supporting youth in STEM, the Bank also hosted the GirlCode hackathon 2024 aimed at empowering young women in Information and communication technology (ICT).

...Supporting responsible value chains

In line with the Bank's commitment to fostering inclusive economic growth and supporting national development priorities, 75% of the Bank's total supplier spend, amounting to BWP362 million was directed to local businesses during the reporting period. This strategic focus on local procurement not only reinforces our support for homegrown enterprises but also contributes meaningfully to the development of sustainable and resilient value chains within the country. By prioritising local suppliers, the Bank plays a vital role in stimulating economic activity, creating employment opportunities, and building long-term capacity within the local business ecosystem.

Partnerships for SME empowerment

As part of our strategy to foster mutually beneficial relationships, the Bank introduced an Ecosystem Banking value proposition aimed at deepening client engagement through Enterprise and Supply Chain Development (ESD). This approach enables us to deliver integrated and innovative financial solutions across the entire client value chain, including suppliers, distributors, retailers, customers, and employees, thereby maximising value creation and strengthening long-term partnerships.

Climate as a natural capital resource

Where to draw the line on fossil fuels...

The Bank is committed to sustainable and responsible lending by effectively managing environmental and social risks through the implementation of its Environmental and Social Management System (ESMS). The ESMS offers a structured framework for identifying, avoiding, mitigating, and managing environmental and social impacts, while also outlining stakeholder engagement and disclosure obligations related to client activities within the Bank's lending and investment portfolios. As part of this commitment, we have fully embedded the Environmental and Social Risk Assessment (ESRA) into our credit evaluation process. ESRA guides the systematic assessment, monitoring, and documentation

of clients' environmental and social performance. All credit applications are screened in accordance with the ESMS standard, with a focus on evaluating potential risks to both the Bank and the client, as well as the client's ability to manage these risks effectively.

...while recognising Botswana's just transition

The Bank acknowledges the pivotal role that the financial sector plays in enabling a just transition towards a low-carbon economy. In alignment with this, the Bank does not finance new coal mining projects, thereby contributing to the shift from carbon-based energy to more sustainable renewable energy sources. The bank's financing activities are limited to supporting existing coal operations which undergo ESRA, recognising the importance of ensuring energy security and safeguarding livelihoods during the transition. Additionally, the Bank actively supports the financing of renewable energy initiatives, not only to promote climate resilience, but to also unlock new economic opportunities in Botswana. Through this balanced approach, the Bank positions itself as a catalyst for sustainable development while managing the social and economic complexities of the energy transition.

...and measuring the climate impact of our direct emissions

The Bank has started a detailed assessment of its natural capital consumption in order to set baseline that will be used to determine the reduction of our own carbon footprint.

In alignment with international standards, the Bank categorises its greenhouse gas (GHG) emissions under three scopes as follows:

- **Scope 1:** includes direct emissions from sources that are owned or controlled by the Bank, such as diesel used in standby generators, fuel consumed by the Bank's fleet, and fugitive emissions from air conditioning and cooling systems.
- **Scope 2:** accounts for indirect emissions from the consumption of

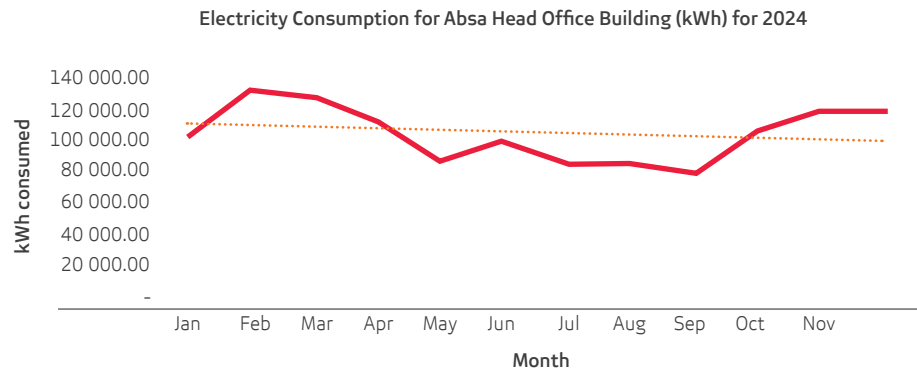
An active force for good in everything we do continued

purchased electricity. The Bank has commenced Scope 2 emissions calculations at the Head Office building as a first step in understanding and managing its electricity-related carbon footprint.

• **Scope 3:** encompasses all other indirect emissions that occur across the Bank's value chain. This includes emissions from activities such as water use, paper consumption, business travel and financed emissions. The Bank continues to expand the scope and depth of its emissions reporting to ensure a more complete understanding of its overall environmental impact.

As part of these efforts, we have started a phased approach to track and monitor electricity consumption, which forms part of our Scope 2 emissions. This will provide guidance in plans to reduce the carbon footprint of our operations while enhancing resource efficiency.

In 2024, the Bank began monitoring its electricity usage at the Head Office building, where monthly power consumption data was recorded, yielding the following results:



Total electricity consumption at the Head Office resulted in emissions amounting to **1 722.75 tonnes** of carbon dioxide equivalent (tCO₂e). The most recent electricity emission factor for Botswana, as published by the International Energy Agency (IEA), has been applied in all relevant calculations to ensure the accuracy and comparability of reported data.

Understanding and managing carbon emissions is a continuous process, and the Bank recognises that accurate measurement is essential for meaningful environmental action. To this end, the Bank has initiated efforts to enhance the accuracy and reliability of its emissions data and is committed to the continued adoption of tools and systems that support improved data quality. These steps are part of a broader sustainability strategy aimed at advancing transparency and accountability in environmental performance.

...transition to renewable energy

The Bank has reinforced its commitment to sustainability by launching its first solar-powered ATM. This pilot project reflects the Bank's dedication to reducing its environmental footprint, particularly Scope 2 carbon emissions from electricity use. Insights from the pilot project, will set the foundation for future installations, contributing to both operational efficiency and the broader transition to clean energy.

Funding sourced for good...

Advancing sustainable finance in Botswana

As a pioneer in Botswana's sustainable finance landscape, we remain committed to driving positive environmental and social outcomes through innovative financial instruments. Having successfully raised the country's first Sustainability Bond (ABBSF01) which was also an inaugural green and social listing on the Botswana Stock Exchange, our journey in sustainable finance continues to gain momentum.

Building upon the success of this inaugural issuance, the Bank further expanded its commitment by responding to the increasing market demand for sustainable investment opportunities. In February 2024, the Bank executed a tap issuance on the ABBSF01 bond increasing the nominal value by BWP32.6 million to a total of BWP80 million. This additional funding has allowed us to strengthen our support for green and social projects, reinforcing our dedication to sustainability.

The proceeds of the inaugural Sustainability Bond were strategically allocated to impactful green and social initiatives, aligning with our Sustainable Finance Issuance Framework (SFIF), this is outlined in the below allocation and impact reporting. The Bank has, through this, secured an affordable housing facility worth BWP96 million where allocated proceeds were earmarked to fund the construction project. The additional proceeds from the tap issuance were allocated to this same affordable housing deal. The ABBSF01 proceeds also refinanced a renewable energy deal valued at BWP1.5 million. Over the period, the renewable energy facility reached its maturity, however this remained within our records of allocation.

The subsequent tables below outline details of the sustainable bond issued under the Bank's BWP2 billion Note Program

An active force for good in everything we do continued

Sustainable liabilities instrument	Bond code	ISIN	Issuance date	Maturity date	Amount	Asset category	Number of projects	Amount/ Exposure
Sustainable, Senior Unsecured	ABBSF01	BW 000000 4977	8 December 2023	8 December 2025	80 000 000	Renewable Energy	1	1 544 358
						Affordable Housing	1	96 000 000*
Total Sustainable Bonds (BWP)					80 000 000 ^{LA}	Eligible sustainability assets		97 544 358

The Allocation of Proceeds

The allocation report below displays the bond issuances under our SFIF and the allocation to green and social assets/projects. 98% of the issuance proceeds were allocated to a social asset with the rest used to refinance a renewable energy asset in line with our SFIF. By the end of the 2024 period, the Bank had achieved full utilisation of the bond proceeds.

Total proceeds allocated to eligible assets (BWPm)	80 000 000^{LA}
Balance of unallocated proceed	0 ^{LA}
Percentage of net proceeds of green and social funding allocated to eligible assets (%)	100
Percentage of refinancing (%)	2

Impact report

The table below details the environmental and social impact of the above investment.

^{LA} Refers to Limited Assurance Report, published together with this Integrated Report on the BSE website.

* As of 31st December 2024, the client had drawn down BWP'89,384,709.

As per the Bank's SFIF, the bank maintains a Sustainable Asset Register (SAR) that matches or exceeds the amount of issued instruments. This is to ensure that the liabilities raised have an asset that they can be allocated to at any given time.

Project Category	Capacity Installed (mw) ¹	Production in GWh ²	
Renewable Energy	270	740	
	Jobs Created	Average Selling Price	Lives Impacted
Affordable Housing	280	678 729	1 240

Legend

1 Megawatt is in reference to the capacity of solar panels that have been installed.

2 Gigawatt hours is in reference to the output hours that the capacity installed has generated.

Sustainable financing

The Bank has provided ZAR 400 million, approximately BWP 300.8 million in sustainability-linked funding to an impact investor and regional private credit firm which focuses on providing medium- to long-term risk capital to mid-market growing companies across Sub-Saharan Africa. This funding is aligned with at least five of the United Nations Sustainable Development Goals (SDGs), including decent work and economic growth, good health and well-being, no poverty, gender equality, and reduced inequality. These goals collectively contribute to social and economic benefits, with a particular emphasis on empowering women through job creation. By investing in companies that promote financial inclusion, food security, and sustainable job creation for women and youth, the impact investor is helping to fuel the development of sustainable economies and creating positive, long-lasting impacts for communities, societies, and humanity.

Partnership for the goals

The Bank has become the first financial services organisation in Botswana's to join the United Nations Global Compact, the world's largest corporate sustainability initiative. The UN Global Compact encourages businesses globally to adopt socially responsible practices and transparently report on their progress. This significant milestone highlights the Bank's strong commitment to sustainability and responsible business practices, reinforcing its alignment with the UN's mission to promote a more sustainable global economy.

An active force for good in everything we do continued

The Managing Director of the Bank was also admitted as a member of the United Nations Global Compact (UNGC) Advisory Committee in Botswana. By joining this prestigious pact, the Bank is taking a crucial step towards principled business practices that not only enhance its corporate values but also contribute positively to society. The Bank will commence its Communication of Progress (CoP) as per the UNGC reporting requirement with 2025.

Recognising our progress in embedding sustainability in our business

In 2024, our sustainability efforts were recognised on a global stage where the Bank received a silver award at the 2024 Global SME Finance Awards in the Sustainable Bond of the Year category. This International Finance Corporation (IFC) sponsored accolade highlights our innovative approach to financing projects that address critical climate and social challenges, as well as our leadership in pioneering in the sustainable finance field in Botswana.

The Bank also received a Merit Award in the Regional Companies Category at the 2024 Integrated Reporting Awards, convened by the Chartered Governance Institute of Southern Africa. This recognition reflects our continued commitment to transparency, accountability, and the delivery of meaningful, stakeholder-focused reporting that demonstrates how we create sustainable value over time.

Take away from this story

Our progress reflects a strong commitment to embedding sustainability at the heart of our business strategy, aligning environmental and social priorities with long-term value creation. By advancing inclusive financial solutions and enhancing climate resilience, we are actively supporting our customers and communities. These achievements reinforce our position as a purpose-led organisation, dedicated to driving sustainable growth and supporting Africa's broader development objectives, truly living our purpose of Empowering Africa's tomorrow, together... one story at a time.

Where to from here-focus areas for 2025

- Continue to embed sustainability into our business
- Working with our customers and communities in managing an orderly and just transition towards a more sustainable and equitable future
- Managing climate change risks and opportunities
- Ensuring the highest standards of governance and ethics
- Actively influencing public policy and regulation.



Awards

- Silver Award on the Sustainable Bond of the Year 2024 at the Global SME Finance Awards
- Merit Award in the Regional Category at the Prestigious 2024 Integrated Reporting Awards
- Best Financial Inclusion Services Provider 2024 in Botswana at The Digital Banker Africa 2024 Awards

Material Matters

- Digital advancements and stewardship
- Evolving employee value proposition and talent retention
- Supporting social cohesion
- Climate change and a just transition
- Subdued economic activity

Capitals affected



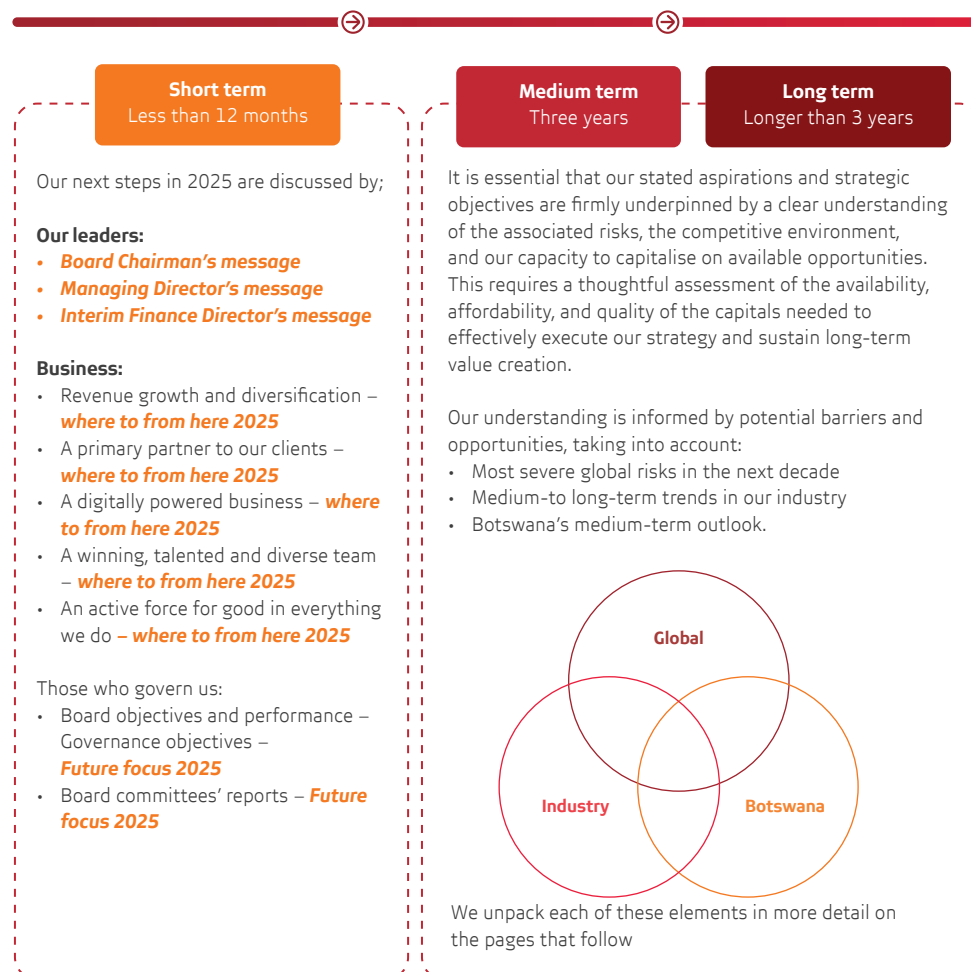
SDGs affected

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



Outlook

Long-term value creation requires future focus, responsive strategic planning and consideration of available resources.



Most severe global risks in the next decade¹

The World Economic Forum's Global Risk Report 2025 provides a comprehensive analysis of the most pressing global risks, highlighting the long-term threats that demand our sustained attention.

Long term (10 years)

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

Risk categories

Economic Environmental Geopolitical Societal Technology

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

Shifting compliance expectations

Regulatory focus is intensifying on AI, digital finance, and ESG, with stricter capital requirements under Basel IV and increased scrutiny to prevent greenwashing. Varying global timelines raise concerns about regulatory fragmentation. The Bank continues to monitor developments and assess its readiness to ensure compliance.

Rise of digital currencies signals a new era in international financial transactions

Central bank digital currencies (CBDCs) are gaining momentum, with nine countries having launched them and 87 exploring adoption. These digital currencies aim to improve accessibility and cross-border payment efficiency by reducing reliance on traditional systems. In 2025, central and commercial banks across 200 countries will begin trials using the Swift network to transact in digital currencies and assets.

¹ World Economic Forum Global Risk Perception Survey 2024-2025

Outlook continued

Empowered customers redefining their banking experience

As banking shifts from traditional models, institutions are embracing personalised, tech-driven experiences through cross-sector collaborations. Digital wallets, set to reach over 60% global adoption by 2026, now offer AI-powered features that enhance customer control and financial insight.

Hyper-personalisation and security

AI is enhancing payments by enabling faster, more secure, and personalised experiences. Banks use AI to predict customer needs, support responsible lending, and deliver tailored solutions. It also improves security by detecting unusual behaviour, while governments and institutions adopt advanced tools like biometrics and tokenisation to strengthen digital protection.

The evolving role of banks in addressing climate change

Banks are expanding green financing and sustainability-focused products, supported by improved climate data and more advanced risk models. As climate-related exposures grow more complex, banks are engaging clients more deeply and reassessing divestment strategies. Central banks are also strengthening climate risk integration into policy, prudential frameworks, and disclosure standards to enhance consistency and scenario planning.

Botswana's economic outlook

In 2025, the global economy is expected to navigate a complex landscape marked by modest growth and persistent challenges. The International Monetary Fund (IMF) projects global real GDP growth at 3.2%, consistent with 2024 figures but below pre-pandemic trends. This subdued growth is influenced by ongoing geopolitical tensions, trade disputes, and policy uncertainties. Positively, global inflationary pressures are gradually easing, with global consumer price growth expected to decline to 3.8% in 2025. However, upside risks remain due to potential disruptions in supply chains and commodity markets. Central banks are cautiously adjusting monetary policies, balancing the need to support growth while containing inflation.

Sub-Saharan Africa is poised for a cautiously optimistic economic trajectory in 2025, with real GDP growth projected at 4.1%, underpinned by increasing investment and recovering private sector. However, the region faces significant headwinds, including elevated inflation, high debt servicing costs, and political instability.

The United States' (US) trade policies, including the imposition of additional tariffs ranging from 10% to 100% on selected Chinese goods, have introduced significant uncertainties. These measures have led to retaliatory actions, contributing to a slowdown in global trade growth, projected to decelerate from 3.8% in 2024 to 1.7% in 2025 by the IMF¹.

Botswana's economic prospects are influenced by global activities and the current trade dynamics. The imposition of tariffs and trade tensions between major economies can indirectly affect Botswana through shifts in demand for diamonds and other exports. Additionally, changes in global investment flows and commodity prices can impact the country's fiscal position and economic stability.

On a positive note, the diamond sales agreement between the government of Botswana De Beers Group was concluded in first quarter of 2025. In this agreement, Botswana will receive USD 712million in development funding as part of a 10-year arrangement initially outlined in 2023.

Based on these developments, we are cautiously optimistic on the economy's road to recovery in the medium term.

Inflation is estimated to remain within the central bank's 3% – 6% target range. However, external factors such as global commodity price fluctuations and exchange rate movements could impact domestic price stability. The unemployment rate remains high at 27.6% as of 2024, highlighting the need for inclusive growth strategies.

Inflation is expected to remain within the 3%–6% target range, though external pressures like fluctuations of commodity prices and exchange rate pose risks. Unemployment remains high at 27.6% (2024), underscoring the urgency for inclusive growth strategies.

The 2025 economic outlook is mixed, with modest global growth tempered by trade tensions, inflation, and geopolitical risks. Sub-Saharan Africa, including Botswana, faces structural and external challenges, requiring careful policy navigation to achieve sustainable and inclusive growth. Despite these headwinds, the Bank remains well-positioned, supported by strong internal buffers and prudent risk management practices, to navigate the evolving landscape with resilience and agility.

Possible effects on our strategic ambitions...



Revenue growth and diversification

During our strategic planning process, we assess a range of medium- to long-term scenarios to evaluate their potential impact on our strategic choices. These scenarios take into account global macroeconomic trends, as well as relevant climate, societal, and geopolitical factors that could influence our operating environment and long-term value creation.

We remain cautiously optimistic about the recovery of Botswana's economy, fiscal position, and market liquidity beyond 2025, although risks to a full and sustained rebound persist. We will closely monitor the new UDC-led government's implementation of its initiatives to manage associated risks and unlock opportunities across our priority sectors. In response to the heightened competitive landscape, our focus will be on preserving margins, expanding alternative revenue streams, aligning credit losses within risk appetite, and maintaining disciplined liquidity and capital management.

**Capital most
impacted**



¹International Monetary Fund (IMF) April 2025 World Economic Outlook.

²Mining business Africa, Botswana, February 2025, Botswana, De Beers finalises diamond sales agreement

Outlook continued



The primary partner for our clients

As customer expectations evolve and digital adoption accelerates, we are strengthening our digital capabilities, enhancing client experiences, and leveraging data insights to deliver tailored value propositions. This is also in response to growing competition from both traditional financial institutions and non-traditional players such as mobile network operators and retailers.

Capital most impacted



A digitally powered business

Our strategy focuses on strengthening digital capabilities, modernising technology, and enhancing cybersecurity. We aim to increase efficiency, expand access, and drive digital adoption through continued investment in automation and tailored digital solutions.

Capital most impacted



A winning, talented and diverse team

Amid rising competition for talent across both traditional and non-traditional players, retaining and attracting high-calibre employees remains a key priority. External pressures such as the flight of scarce skills, regional education challenges, and global demand for critical capabilities, pose ongoing people risks to strategy execution. In response, we are focused on fostering a culture of high performance, innovation, and support, while continuing to invest in employee upskilling, succession planning, and creating an environment that positions us as an employer of choice.

Capital most impacted



An active force for good in everything we do

The increasing frequency and severity of climate-related events, driven by global warming, continues to heighten pressure on financial institutions to support the transition to green energy. Persistent income inequality and the imperative for financial inclusion further shape our long-term sustainability outlook. At Absa, sustainability is fully integrated into our corporate strategy, and we view sustainability-led investments as a key source of competitive advantage. As our climate risk understanding deepens, we are increasingly well-positioned to meet emerging client needs, including renewable energy financing.

Capital most impacted



...and medium- to longer-term targets

Short term

Our 2025 guidance can be found in the Interim Financial Director's message. This reflects improvement in our RoE to slightly above 25.5% aligned with our focus on improving shareholder value creation over time

- RoE target 2025: 25%.

Medium term 2026

RoE maintained in the 20s, underpinned by:

- CTI improvement through delivery on our productivity programme
- Improvement in NIR growth
- Improved growth and returns

Long term

We are clear on our long-term ambition to be a leading bank, positioned among industry leaders through our aspiration to:

- Deliver strong returns and pursue diversification to enhance shareholder value through sustainable growth
- Improve our operational excellence and our CTI ratio.



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.



Value preserved... through sound governance

Protecting value through strong governance

Our leadership 75

Our Board	75
Country Management Committee	77

Structure and delegation 79

Board composition	79
Independence and tenure	80
Board changes	80
Board skills and training	80
Board meetings	81
Management committees	81

Board objectives and performance 85

Ethical leadership	85
Governance objectives and focus areas	86
Board evaluation and effectiveness	88

Board Committees' reports 89

Audit	89
Risk	90
Credit	90
Human resources, remuneration and nominations	91

Rewarding value creation 92

Remuneration report 92

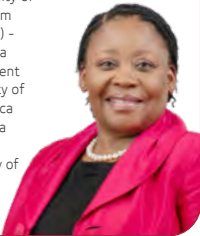
Non-executive directors remuneration table	94
Executive directors remuneration table	95
Country Management Committee remuneration table	96
Management remuneration tables	96
Non-management remuneration table	96

Appendix 97

King IV™ application	98
----------------------	----

Protecting value through strong governance

Our Board as at 30 May 2025

Cosmas Moapare 59  Independent Board Chairman Member of the Human Resources, Remuneration and Nominations Committee Date joined Board: March 2020 Professional Experience: 29 years Professional and Academic Qualifications: - Chartered Accountant - Bachelor of Commerce - University of Botswana - Fellow of Botswana Institute of Chartered Accountants. 	Kgotlayarona Ramaphane 64  Lead Independent Non-Executive Director Chairperson of the Human Resources, Remuneration and Nominations Committee Member of the Risk Committee Member of the Credit Committee Date joined Board: August 2018 Professional Experience: 31 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. 	Benjamin Monaheng Kodisang 54  Independent Non-Executive Director Chairperson of the Audit Committee Date joined Board: March 2020 Professional Experience: 26 years Professional and Academic Qualifications: - Chartered Accountant - Bachelor of Commerce (Honours) - University of South Africa. 	Sari Helena Nikka 57  Independent Non-Executive Director Chairperson of the Risk Committee Member of the Audit Committee Date joined Board: March 2020 Professional Experience: 26 years Professional and Academic Qualifications: Master of Science in Economics and Business Administration - Turku School of Economics and Business Administration. 	Thabo Kagiso Matthews 54  Independent Non-Executive Director Chairperson of the Credit Committee Member of the Compliance Committee Date joined Board: March 2022 Professional Experience: 29 years Professional and Academic Qualifications: Bachelor of Arts in Economics and Computer Science (Honours) - Sussex University, United Kingdom. 
Sethunya Makepe-Garebatho 58  Independent Non-Executive Director Chairperson of the Compliance Committee Member of the Human Resources, Remuneration and Nominations Committee Member of the Credit Committee Date joined Board: September 2021 Professional Experience: 27 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. 	Dr Wilfred Jiwa – Mandlebe 64  Independent Non-Executive Director Member of the Audit Committee Date joined Board: February 2025 Professional Experience: 37 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. 	Dr Priya Ravi Iyer 60  Independent Non-Executive Director Date joined Board: April 2025 Professional Experience: 30 years Professional and Academic Qualifications: - Chartered Accountant - Doctor of Education - University of Liverpool, United Kingdom - Bachelor of Commerce - University of Calicut, India. 	Saviour Mwepu Chibiya 53  Non-Executive Director Absa Group Limited Nominee Member of the Risk Committee Member of Compliance Committee Date joined Board: April 2022 Professional Experience: 31 years Professional and Academic Qualifications: - Fellow of the Zambia Institute of Banking and Financial services - Economics degree - University of Zambia. 	Keabetswe Phoko-Moshagane. 46  Executive Director Member of the Country Management Committee Date joined the Bank: October 2010 Date joined Board: April 2019 Date joined CMC: November 2015 Professional Experience: 19 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 - Leadership and Transformation Certificate - IE University, Spain - Executive Leadership Development Program - IMD Business School, Switzerland. 



Number of Board and Board Committee Meetings
27 (2023: 33)

Board and Board Committee Attendance
99% (2023: 93%)

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

Protecting value through strong governance continued

Board Changes

- Cynthia Morapedi resigned as Finance and Executive Director on 14 May 2024
- Cosmas Moapare appointed substantive Board Chairman on 23 May 2024
- Kgotlayarona Ramaphane appointed substantive Lead Independent Director on 23 May 2024
- Since the 38th Annual General Meeting, the following changes occurred:



Dr Wilfred Jiwa Mandlebe appointed as Independent Non-Executive Director on 20 February 2025, subject to the voting of shareholders at the 39th AGM



Dr Priya Ravi Iyer appointed as Independent Non-Executive Director on 15 April 2025, subject to the voting of the shareholders at the 39th AGM



Cosmas Moapare, Kgotlayarona Ramaphane and **Benjamin Kodisang** are set to retire by rotation at the 39th AGM and the Board fully supports their re-election.

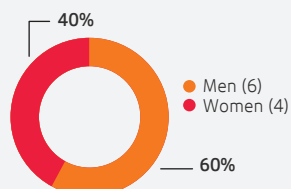
Composition outlook for 2025:

- Recruitment of at least one Non-Executive Director
- Conclude the appointment of the incoming Finance (Executive) Director, Kudakwashe Mukushi who is set to join the Bank and Board on 1 June 2025

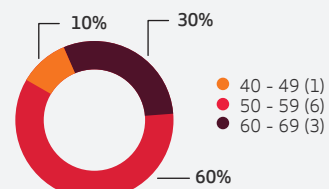


Board composition and diversity

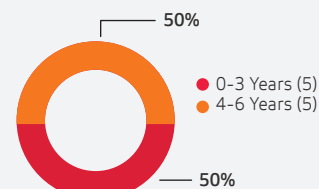
Gender diversity



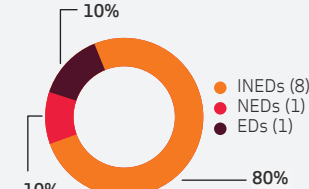
Age



Tenure of Board



Independence



Protecting value through strong governance continued

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

Country Management Committee (CMC) as at 30 May 2025

Leroy Klein
48



Acting Finance Director

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
- Fellow of the Association of Certified Chartered Accountants- United Kingdom.



Valeta Mthimkhulu
50



Retail Banking Director

Date joined the Bank: January 2020
Date joined CMC: January 2020

Professional Experience: 21 years

Professional and Academic Qualifications:

- Master of Philosophy in Development Finance- University of Stellenbosch, South Africa
- Bachelor of Commerce (Banking)- National University of Science and Technology, Zimbabwe
- Executive Leadership Development Program – IMD Business School, Switzerland.



Keletso Setimela
51



Business Banking Director

Date joined the Bank: July 2013
Date joined CMC: April 2020

Professional Experience: 28 years

Professional and Academic Qualifications:

- Master of Science Strategic Management- University of Derby, UK
- Bachelor of Commerce (Accountancy)-University of Botswana
- Diploma in SMEs Development and Management-Galilee College, Israel.



Tebogo Giddie
42



Corporate Banking Director

Date joined the Bank: June 2020
Date joined CMC: May 2022

Professional Experience: 19 years

Professional and Academic Qualifications:

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



James Nthoyi
39



Head of Markets

Date joined the Bank: January 2014
Date joined CMC: April 2018

Professional Experience: 13 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
52



Human Capital Director

Date joined the Bank: April 2022
Date joined CMC: April 2022

Professional Experience: 21 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
49



Chief Operations Officer

Date joined the Bank: January 2020
Date joined CMC: January 2020

Professional Experience: 25 years

Professional and Academic Qualifications:

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



Salma Baduel
37



Country Treasurer

Date joined the Bank: February 2014
Date joined CMC: May 2021

Professional Experience: 14 years

Professional and Academic Qualifications:

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



Maungo Mokotedi
47



Chief Credit Officer

Date joined the Bank: July 2018
Date joined CMC: September 2020

Professional Experience: 21 years

Professional and Academic Qualifications:

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



Puseletso Nyamambi
47



Compliance Director

Date joined the Bank: November 2008
Date joined CMC: March 2023

Professional Experience: 21 years

Professional and Academic Qualifications:

- Bachelor of Arts (Criminology and Psychology) -Melbourne University, Australia
- Post Graduate Certificate in Enterprise Risk Management- Botswana Accountancy College
- Certified Compliance Professional – Association of Compliance Professionals in Africa
- Global Management Foundation Program - IMD Business School, Switzerland.



Protecting value through strong governance continued

Country Management Committee (CMC) as at 30 May 2025

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

Dennis Mambure
48



Head of Marketing and Corporate Affairs

Date joined the Bank: May 2022

Date joined CMC: May 2022

Professional Experience: 24 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 Public Policy and Governance - Africa University
- Master of Science in Marketing - National University of Science and Technology, Zimbabwe.
- Bachelor of Commerce (Honours in Marketing)- National University of Science and Technology, Zimbabwe.



Barati Rwelengera
47



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

Date joined the Bank: June 2016

Date joined CMC: October 2020

Professional Experience: 21 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.



Loungo Kedikilwe
37



Acting Chief Risk Officer

Date joined the Bank: August 2023

Date joined CMC: May 2024

Professional Experience: 12 years

Professional and Academic Qualifications:

- Bachelor of Arts in Finance -University of Hertfordshire, UK.
- Certificate - insurance and enterprise risk management- Botswana Accountancy College, Botswana.
- Advanced Project Management Certificate-University of Cape Town, South Africa.



Kabelo Itseng
42



Acting Head of Legal

Date joined the Bank: 2016

Date joined CMC: January 2025

Professional Experience: 19 years

Professional and Academic Qualifications:

- Bachelor of Laws -University of Botswana
- Master of Laws- University of Cumbria, United Kingdom.
- Certificate in Enterprise Risk Management, Botswana Accountancy College
- Certificate in Business Continuity Management, Botswana Accountancy College
- Certificate in Compliance Management, University of Cape Town



Attending CMC by invitation

Idah Nkoloi
44



Chief Internal Auditor

Date joined the Bank: September 2018

Date joined CMC: September 2018

Professional Experience: 19 years

Professional and Academic Qualifications:

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



Attending CMC by invitation

Yonta Leburu
41



Company Secretary

Date joined the Bank: July 2014

Date joined CMC: September 2022

Professional Experience: 14 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.



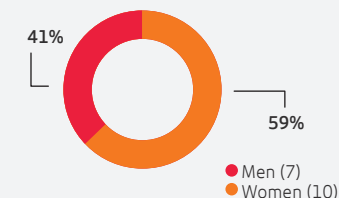
CMC Changes

- Puseletso Nyamambi** appointed substantive Compliance Director on 1 May 2024
- Finance Director, **Cynthia Morapedi** resigned from the Bank with effect from 14 May 2024
- Leroy Klein** appointed Acting Finance Director with effect from 14 May 2024
- Loungo Kedikilwe** appointed Acting Chief Risk Officer with effect from 14 May 2024
- Kealeboga Bojosi** resigned from the Bank with effect from 31 December 2024
- Kabelo Itseng** appointed Acting Head of Legal with effect from 6 January 2025

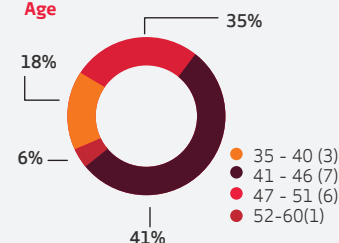


The Board is fully engaged in the appointment process of senior management, considering the ongoing ethical standard of the fit and proper enquiry, prior to relevant regulatory approvals

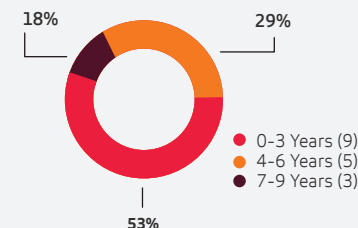
Gender diversity



Age



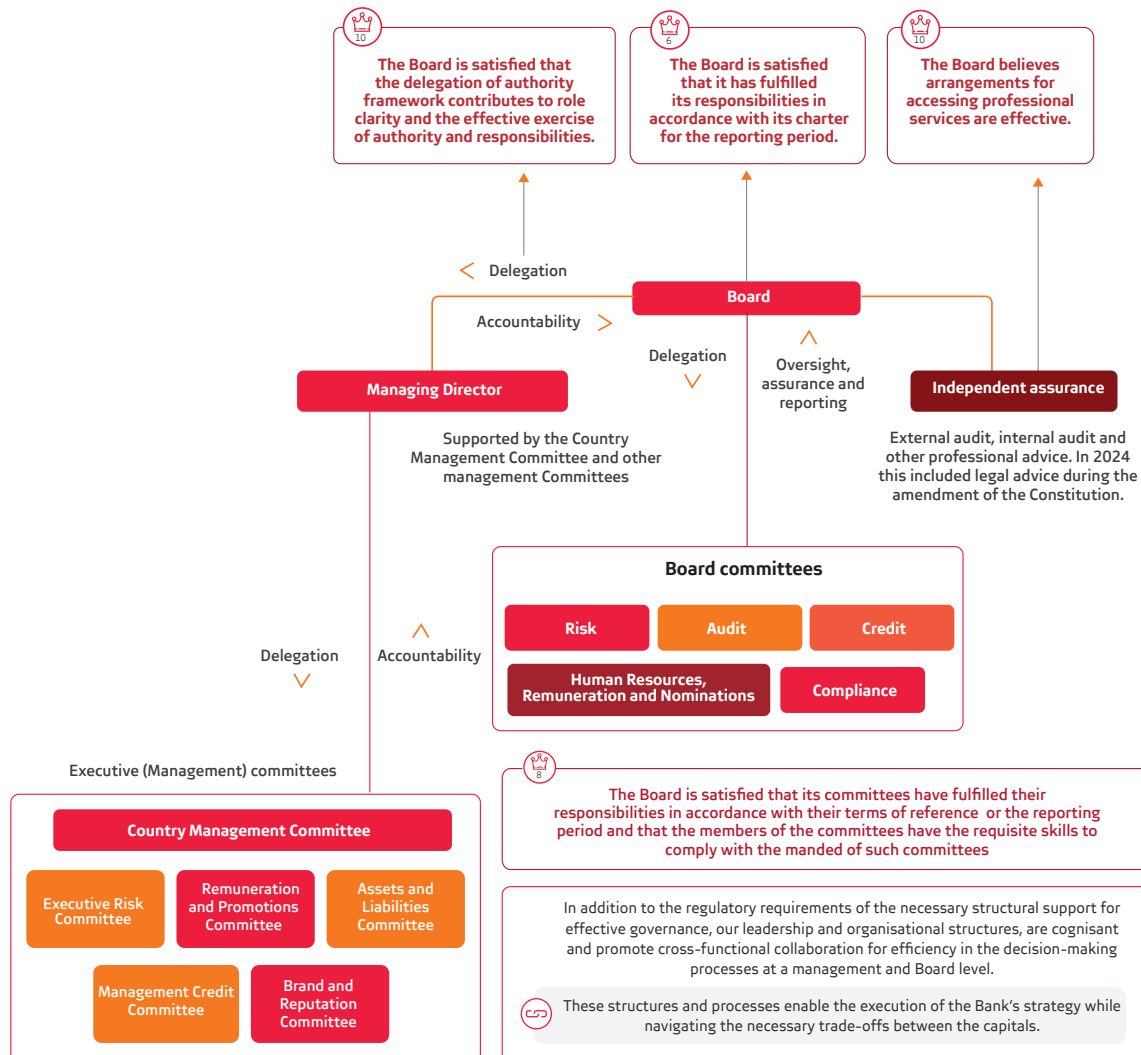
Tenure of CMC



including CMC by invitation

Protecting value through strong governance continued

Structure and delegation



Board composition

Sound corporate governance practices are vital for creating and sustaining shareholder value and ensuring that behaviour is legal, ethical and transparent – thereby reducing the risk of value erosion. The Bank remains committed to promoting and preserving value through upholding business integrity, with the requisite oversight from the Bank's Board of Directors ("the Board").

An important element of effective corporate governance is the structural composition as well as the delegation of authority framework, which encompasses not only the composition of the governing entity, but the process therein that confers certain powers to other structures or persons within the permissible ambit. The Board consists of ten (10) directors, chaired by an independent non-executive chairman, deputised by a lead independent non-executive director.

The Board may and has, where appropriate, delegated some of its powers to and various committees of the Board, constituted in the manner most appropriate to those tasks. The terms of reference of each of the Board Committees set out the specific membership requirements for these Board committees, currently encompassing the Board Audit Committee, the Board Risk Committee, the Board Credit Committee, Board Compliance Committee and the Board Human Resources Remuneration and Nominations Committee. Details on the membership and decisions of these committees are on pages 89 to 91 of this report, however the Compliance Committee is a new committee, and its activities will be indicated in the next reporting cycle. The Board has delegated the general management of the Bank to the Managing Director, who is supported by the Country Management Committee and other executive committees, with the key committees specified on pages 81 to 84 of this report.

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 should, and does enable the execution of this oversight and balancing mandate. The size and composition of the Board is prescribed by provisions of the Banking Act and the Corporate Governance Guidelines for Banks and Financial Institutions Licenses and Supervised by the Bank of Botswana ("the Guidelines"), the Botswana Stock Exchange ("BSE") Listings Requirements, and other applicable regulations, internal frameworks and policies. The Bank's constitution, as amended in July 2024, and the Board Charter, as updated in December 2024, specify that the minimum number of Directors shall be five (5) and the maximum number shall be fifteen (15), and provides other guidelines to ensure that the Board comprises of individuals of the right skills, experience and expertise bearing in mind the size and business of the Bank. As at the date of the publication of this report, the Board comprised ten (10) directors with a diverse background in terms of qualifications, age, race, gender, ethnicity, culture, skills, experience and knowledge. **This provides a fertile environment for discussion, debate, input, challenge and thoughtful outcomes.**

Protecting value through strong governance continued

Structure and delegation continued

Independence and tenure

The Board is composed of Independent Non-Executive Directors ("INEDs"), Non-Executive Directors ("NEDs") and Executive Directors ("EDs") and is compliant with the stipulation of the Guidelines that provides that at least two thirds of the Board should be independent. Maintaining an independent board that reflects balance of power, ensures that no one individual, or group of individuals yield unfettered power on the Board. This preserves value by in that the Board is able to keep the needs of all the stakeholders and balance the best interests of the Bank at the forefront in all decision-making. The Board undertakes an annual exercise that considers several guidelines and best practice recommendations, to determine the independence of the Board, in terms of form, and are satisfied that the Board is comprised of at least two thirds of INEDs. Additionally, the Board is satisfied that in deliberations and decision-making, the Board members set aside their personal interests and act with objectivity. In the instance that the Board identified actual or perceived conflicts of interests, the Board is satisfied with the controls and procedures currently in place to manage this. From a tenure perspective, half of directors have served on the Board for 0-3 years, while the other half have served for 4-6 years.

Board changes

At the Bank's 39th Annual General Meeting ("AGM"), which is scheduled for 26 June 2025, two new directors 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 the [Shareholder Information section](#) of this report. Furthermore, the Board has finalised the appointment of the Finance Director, who will also be appointed as an Executive Director, set to join the Bank on 1 June 2025, and subject to shareholder approval at the Bank's 2026 AGM.

As previously reported, the Board reconstituted committees in the interim, at the back on the new Guidelines and compositions changes during 2023. The composition from 1 November 2023 - 31 March was as follows

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

With effect from 1 April 2025, the Board substantively reconstituted the Board Committees 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

In line with the King IV™ Report on Corporate Governance for South Africa, 2016™ ("King IV™"), which encourages a holistic and integrated approach when the Board is establishing committees the Board assessed the requirements and mandate of each Committee and the available skill-set in order to ensure that the Board Committee compositions promote effective collaboration through the right cross-membership, ensuring complementary work is produced in instances of overlapping of jurisdiction and also ensuring a balanced distribution of power of membership within the committees. Skill set and integration will remain a key consideration as the committees are again constituted post the conclusion of the NED recruitment exercise.

Board skills and training

The members of the Board are individuals from a diverse range of industrial and professional skills, knowledge and experience, and are not involved in the day-to-day management of the Bank. The Bank maintains a Board skills matrix, designed to continually review and assess skills, expertise, and knowledge requirements, ensure that all skills needed to effectively discharge its mandate are present. The skills matrix is tabled for review and approval by the Bank's Board, at least annually. In addition, the Board annually reviews and updates the Board Skills Matrix to ensure any identified skills gaps are taken into consideration in the Board recruitment process as and when necessary. Furthermore, the Bank's

Board continuously assesses the areas for development and training required by the Board, with such training provided on an annual basis to further enhance the skills and knowledge of the Board as a whole. For the ongoing recruitment project, the Board prioritised macro-economics and chartered accounting skills to enhance the Board. This was evaluated based on a combination of skills and experience, gender balance, and diversity, including exposure to other markets and various areas within the financial services sector.

Over the reporting period, the Board and Board Committees were trained on several topics, including:

- A global approach to corporate governance
- ESG overview – director responsibilities and roles
- Effective remuneration committees
- Global and regional market conditions, and
- Financial insights for non-financial directors.

Board skills and number of board members



Protecting value through strong governance continued

Structure and delegation continued

Board meetings

The Board and each Board Committee has a minimum of four (4) scheduled meetings per year and all Directors are expected to attend all meetings. In practice, the Board meets more frequently than 4 times per year, responding to the demands of the business. The Board, through the Company Secretary, prepares a Board and Board Committees calendar as well as forward-planners to ensure that all relevant matters for the Board and the Board Committees' consideration are prioritised. Board meeting attendance is essential in the Board's ability to discharge its duties and responsibilities, and care is taken in preparing the Board calendar to enable attendance.

We expect, and receive, significant commitment from our Board members and this includes attendance at ad hoc meetings that sometimes only require the attendance of NEDs. Members of senior management of the Bank and assurance providers may attend meetings by invitation in line with the charter and the TORs of each Board Committee. However, they do not form part of the quorum of any meeting. In 2024, the Board and its Committees held a total of 27 meetings (2023:33). A quorum for Board meetings will consist of a majority of the members and may be reached provided the members are in attendance either in person or by teleconference.

The guidelines stipulate that each director is to attend at least 75% of the board meetings per annum and all members complied with this provision over this year, with an average attendance of 99% for the year.

Director	Board	Audit committee	Risk committee	Human Resources, Remuneration and Nominations committee	Credit committee
Cosmas Moapare	8/8	1/1	N/A	5/5	N/A
Kgotlayarona Ramaphane	8/8	N/A	4/4	5/5	N/A
Sari Helena Nikka	8/8	6/6	4/4	N/A	N/A
Benjamin Monaheng Kodisang	7/8	6/6	N/A	N/A	4/4
Sethunya Makepe-Garebatho	8/8	N/A	N/A	5/5	4/4
Thabo Kagiso Matthews	8/8	5/6	N/A	N/A	4/4
Saviour Mwepu Chibiya	8/8	N/A	4/4	N/A	N/A
Keabetswe Pheko-Moshagane	7/8	5/5	4/4	5/5	4/4
Cynthia Morapedi	3/3	2/2	1/1	2/2	1/1

Notes

Cynthia resigned from the Board on 14 May 2024.

Wilfred and Priya joined the Board in February and April 2025, respectively.

Management Committees

Management committees are crucial in ensuring regulatory compliance, support of the execution of the Managing Director's mandate in line with the Board's delegated authority framework, as well as the overall governance of the Bank. Key management committees are as follows.

Country Management Committee (CMC)

Mandate

This is the overarching executive committee with the purpose, amongst others, to ensure:

- That there is efficient implementation of business plans and also that the performance of the business is maximised across all lines and functions of the business
- That business conducted is compliant with required local and applicable international legislation and regulations
- That there is effective implementation of the Bank's policies and governance arrangements across all lines and functions of the business
- That there is integrity of the operational, control, compliance, and governance framework of the Bank as a part of the Group.

Key matters and material decisions over the reporting period included:

- Strategic initiatives to enable seamless execution of our strategy prioritising those that ensure compliance with regulatory requirements, technology stability and resilience, as well as transformation and disruptive innovation
- Employee programmes and plans to enhance our employee value propositions and drive culture transformation
- Approval of short-term incentive and salary increase allocation principles
- Sovereign risk assessment and refinement of early warning indicators
- Review of regulatory matters impacting the bank with an emphasis on Data Protection Act
- Assessment of global and local macroeconomic activities impacting the Bank's performance, especially the diamond industry, on performance of the Bank
- Review and approval of key policies including greenwashing policy, liquidity risk policy, technology risk management and frameworks such as enterprise, strategic, sustainability and reputational risk.

21 meetings; 98% attendance

Attendees

- 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
- People Function 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.

Protecting value through strong governance continued

Management Committees continued

Management Credit Committee (MCM)

Mandate

The MCM serves as the senior management credit decision-making function with a defined delegated authority as determined by the Board. The purpose of the MCM, 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 and 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.

Key matters and material decisions over the reporting period included:

- Alignment of committee mandate to emerging risks
- Review of committee terms of reference to include green energy and sustainable finance guidelines
- Continued review of funding requests against applicable regulatory guidelines, sector exposure and other set bank-appetite metrics.

5 meetings; 100% attendance

Attendees

- Chief Credit Officer (Chairperson)
- Head of Wholesale Credit (Alternate Chair)
- Absa Regional Operations (ARO) Wholesale Credit Sanctioning
- ARO 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

Executive Risk Committee (ERC)

Mandate

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 Absa Regional Operations (ARO) 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.

Key matters and material decisions over the reporting period included:

- Setting and recommending the Risk Appetite Statement for the Board's approval
- Review, alignment and monitoring of metrics for the Risk Appetite Statement
- Updates on the microeconomic environment, including the opportunities and limitations being experienced in the market that can have adverse impacts to the set Risk Appetite
- Updates on the step up or step down of Sub Risk Types
- Material updates on regulatory legislation including amendments to the banking act and data protection act
- Approval of the Enterprise Risk Management Framework, Risk Appetite Framework, Enterprise Stress Testing Framework annual refreshers for recommendation to the Board Risk Committee.

4 meetings; 92% attendance

Attendees

- Chief Risk Officer (Chairperson)
- Managing Director
- Finance Director
- Chief Operations Officer
- Head of Technology
- Head of Compliance
- 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 or Attendees

- 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

Management Committees continued

Assets and Liability Committee (ALCO)

Mandate

The objectives of the Country ALCO are, amongst others:

- To manage the funding and investment of the Bank's balance sheet, to manage the liquidity and the cashflow of the institution
- Manage the liquidity and cash flow of the Bank, managing the exposure of the institution to interest rate, exchange rate, commodity and equity market movements
- To manage the capital position and dividend flow, to manage asset and liability margins and internal transfer pricing arrangements
- To manage compliance with all internal and regulatory limits and ratios for the above activities
- To also manage asset liability management strategic agenda, manage and govern the Sustainable Finance Framework to ensure consistency and oversight. The committee is responsible for the 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. They also manage the approvals of any amendments on use of proceeds.

Key matters and material decisions over the reporting period included:

- In guidance and compliance to the Bank's Dividend and Repatriation Policy, ALCO approved and recommended the 2023 full year and 2024 interim dividend to the Board Audit Committee
- The Committee challenged and provided sign-off on the Internal Capital Adequacy Assessment Process (ICAAP) document, which is a risk-based assessment of the capital adequacy position of the Bank at a point in time, as well as a forward-looking view and stressed basis over the medium-term with recommendation of final document to the Board Audit Committee
- The Committee approved and recommended to the Board Risk Committee, the 2024 Recovery Plan, a documentation of the Bank's capital and liquidity recovery options to ensure viability during severe stress conditions as well as the Capital Buffer based on a severe macroeconomic and large default stress which informs the buffer above regulatory capital requirements to be kept by the Bank, this buffer triggers the implementation of management actions as detailed in the Recovery Plan.

8 meetings; 100% attendance

Attendees

- 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.

Brand and Reputation Committee (BRC)

Mandate

The purpose of the BRC, amongst others, is:

- To consider approval/declines of all Introducer relationships except for those that require Group Introducer Committee approval
- To ensure that the approvals are aligned to the Group Introducer Policy and Standard, ensure that there is a multi-stakeholder approach for the approvals, and that business, legal, regulatory and financial crime risks are assessed at the same time by relevant stakeholders
- To protect and enhance the brand and reputation of the Bank, supporting the Bank in being a leading company in the field of Citizenship
- Ensures that the Bank treats customers fairly in accordance with its "Treating Customers Fairly" principles.
- Confirm and monitor the implementation of the external corporate affairs plan and the community and environmental strategy and monitor the implementation of and report all issues related to Brand and Reputation.

3 meetings; 82% attendance

Attendees

- Managing Director
- Compliance Director (Chairperson)
- Finance Director
- Chief Operations Officer
- Head of Legal
- Corporate Banking Director
- Head of Marketing and Corporate Affairs
- Chief Risk Officer
- Retail Director
- Treasurer
- Money Laundering Reporting Officer.

Key matters and material decisions over the reporting period included:

- Assessments and rating of the business overall reputation risk
- Assessment and approval of potential reputational risk for existing customers
- Assessment and exits of relationships with customers posing reputational risk to the Bank
- Assessment of transactions with potential reputation risk.
- Donation assessments and considerations in alignment to the relevant policies and frameworks.

Protecting value through strong governance continued

Management Committees *continued*

Remunerations and Promotions Committee (RPC)

Mandate

The purpose of the RPC, amongst others, is:

- Monitor compliance with legal and regulatory requirement as they apply to appointments and rewards
- Internal and external hires and their compensation - Vice President & below
- To review and approve retention awards/plans/ counter offers
- To review in-cycle promotions, out of cycle compensation and promotion events
- Out of cycle salary mandates and Mutual Separation Agreements
- Pay agreements and consultation/negotiation of other reward issues
- To approve salary increases, bonuses, long-term incentives and awards, all subject to Group and Board approval
- To approve bonus funding requests in line with Board Human Resources, Remuneration and Nomination Committee decisions
- Review of Committee Performance.

3 meetings; 82% attendance

Attendees

- Managing Director (Chairperson)
- Finance Director
- Chief Risk Officer
- People Function Director.

Key matters and material decisions over the reporting period included:

- Review and implementation of talent retention reward strategies for key talent
- Approved enhanced formation of the various incentives to increase motivation and productivity within targeted departments.

Management's commitment to ethical leadership... 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, our purpose of empowering Africa's tomorrow, together, one story at a time is shaped by the Absa Way Code of Ethics ("Absa Way"). The Absa Way and our Values set the expected set of behaviours when engaging with our fellow employees, customers, clients, shareholders, governments, regulators, business partners, suppliers, competitors, the broader community, and how these stakeholders are expected to engage with us. We are deeply committed to helping Botswana and its people unlock their potential and play our part in promoting principled behaviour. We safeguard customers' hopes and enable success; without their trust, we cannot exist. To maintain the trust of our customers, clients and other stakeholders, we commit to acting with integrity as outlined in The Absa Way. We continuously improve by challenging ourselves to find better ways to achieve sustainable growth and empower Africa's tomorrow, together, one story at a time. As our internal policies and standards evolve in response to the changing environment, so will The Absa Way. The foundational principles will, however, remain; that is to act ethically, fairly and sustainably to ensure long-term value for our stakeholders.

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 Absa's confidentiality.
- We have no tolerance on unfair discrimination in employment practices, nepotism, cronyism, favouritism, sexual harassment, and bullying.

Board objectives and performance



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

Ethical leadership

Good conduct is critical in guarding against value erosion, enabling value creation and preservation, thus supporting the sustainability of the financial services sector.

The Board holds ultimate accountability for the performance and affairs of the Bank and for ensuring that the Bank adheres to high standards of ethical behaviour. **Absa's values**, as detailed at the beginning of our report, are fundamental to how we function as an organisation. These standards help to shape our culture and guide how we behave and how we want our employees, clients and stakeholders to feel about interacting with us. We believe this ensures co-ownership of the Bank's purpose and values, which in turn fosters collaboration in the delivery of our strategic ambitions.

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. 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, which was reviewed and approved by the Board in June 2023, 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 objective is to define how we think, work and act as the Bank, to ensure we deliver against our purpose and includes commitment by the Board and Management. 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:

- Fraud Risk Policy
- Anti Money Laundering Policy
- Sanctions Policy, and the
- Anti Bribery and Corruption Policy.

The Bank has several mechanisms that govern employee conduct, including, but not limited to, the Absa Way Code of Ethics, Absa Values, Conduct Risk as well as the Conflict-of-Interest Policy. Compliance mandatory training provided and monitored for employees across different segments, and includes prevention of financial crime, Absa Way Code of ethics, treatment of personal data and principles of market conduct, amongst others. In 2024, ethics training was successfully conducted across the Bank's operations. This training focused on teaching individuals how to recognise, evaluate, and respond to ethical issues in the workplace, the goal being to promote responsible decision-making, integrity, and a strong ethical culture. Other training initiatives over the reporting period included cyber security, anti-money laundering, anti-bribery and corruption topics, which also covered the third-party anti-bribery and anti-corruption standard.

Employee conduct is 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 summary dismissal. Details on the employee relations cases over the year are included under the "Winning, Talented and Diverse Team" strategy pillar on page 6 of this report.

The Board views unethical behaviour with utmost seriousness and platforms have been created for employees to report inappropriate conduct, including a whistleblowing avenue that enables employees to report such conduct anonymously. Whistleblowing is a safe platform for employees to raise concerns confidentially and anonymously regarding unethical behaviour and/or fraud. Reports and an analysis on whistleblowing trends and cases raised are presented to the Board by the Compliance Director on a quarterly basis.

In the past year, a total of 15 reports were received, with 8 closed, and 7 still in progress as at the date of the publication of this report. The ageing of whistleblowing cases is actively monitored and reported on, and regular feedback is provided to whistleblowers where they choose

not to be anonymous. While cases are at times unfounded, those upheld contain essential insights for Management to ensure additional controls, consequence management or other behavioural changes. In such instances, the necessary investigations were undertaken, and appropriate disciplinary action was applied where required.

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

Board objectives and performance continued



Governance objectives and focus areas

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 Board must ensure that management strikes an appropriate balance between promoting long-term sustainable growth and delivering short-term performance. Accordingly, there is alignment between the Bank's strategy as approved by the Board and the Group's overall strategy as set by the Group's Board.

The Board Charter is the document that guides our Board and its committees in their activities and decisions, in their dealings with each other, as well as with management and our stakeholders. It addresses the composition and responsibilities of the Board, as well as Terms of Reference ("TORs") for the Bank's Committees, reviewed and approved by the Board annually. The Board Charter is aligned to the King IV™ Code, which establishes the Board's responsibilities and functions, the role and responsibilities of the Chairperson, shareholders and management, and the general governance structure of the Board. It also indicates the key objectives of the Board, which include:

- Providing effective and ethical leadership, acting in a way that is considered in good faith, and promoting the success of the Bank for the benefit of its stakeholders;
- Ensuring the Bank complies with applicable laws and regulations and agreeing the proposals that fall within the discretion of the Board.
- Monitoring business performance and being responsible to the shareholders for creating and delivering sustainable shareholder value, through sound business management;
- Discuss, agree and regularly review the Bank's business strategies so that they remain in line with those of the Group and, where necessary, recommend adjustments for the Bank to keep up with local market considerations;
- Upholding the Bank's approved purpose, values and behaviours across all activities of the Board
- Execute other important control functions.

87

Board objectives and performance continued



Winning, talented and diverse team

Stakeholders affected



Link to material matters:

- Digital advancements and stewardship
- Evolving employee value proposition and talent retention
- Supporting social cohesion

The Board observed significant progress on the employee front, with notable advancements in remuneration initiatives, cultural transformation, and the integration of organisational values. While the employee experience index score showed a slight decline, increased participation and engagement levels signalled meaningful strides toward the envisioned goals. It is acknowledged, however that further improvement is needed in strengthening succession planning, particularly at senior management level. Following the December 2023

Capitals affected



retrenchment exercise, an agile strategy was adopted to build capacity and enhance key talent through targeted skills development and training initiatives – efforts that will reinforce the senior management pipeline.

2025 focus areas:

- Building a sustainable and future fit organisation
- Evolving the culture to align with the purpose, values and strategy of the Bank
- Talent management strategy - overseeing the development of a strong leadership team and a skilled workforce, and ensure that the Bank has robust succession planning and talent development programs in place
- Performance and reward



Active force for good

Stakeholders affected



Link to material matters:

- Subdued economic activity
- Digital advancements and stewardship
- Evolving employee value proposition and talent retention
- Heightened regulatory environment
- Supporting social cohesion
- Climate change and a just transition

The Board, along with its relevant Committees, increased oversight of the various component of the initiatives under this pillar. Notably, substantial progress was made in sustainability reporting and establishment of key performance indicators under the guidance of the Board Risk Committee. While further efforts are needed to determine specific targets in the Bank's carbon emission reduction journey, the commitment remains solid. Commendable progress was made at senior management and Board level in terms of gender

Capitals affected



diversity. Additionally, the strengthened disclosures and focus on comprehensive reporting contributed to the successful adoption of all proposed resolutions at the 2024 AGM and earned the Bank's 2023 Integrated Report a Merit Award in the Regional Category, at the Chartered Governance Institute of Southern Africa's 2024 Integrated Reporting Awards.

2025 focus areas:

- Providing oversight on the Bank's ESG commitments and initiatives
- Monitoring of the control environment and management approach to controls
- Provide oversight of the Bank's compliance with relevant laws, regulations, and best practices, ensuring that the Bank operates ethically and transparently.
- Promotion of corporate governance through adequate governance practices, integrated reporting and enhanced disclosures.

Board 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 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. In compliance with the Guidelines, the Board conducts an external board evaluation annually, which allows the Board to reflect on its roles, responsibilities, culture and its relationship with Management.

Over the last year, the Board appointed an external supplier, and commenced an externally led evaluation to look at the Board's performance, which included evaluations of the following areas:

- Board composition
- Board culture
- Board committees
- Board roles and responsibilities and
- Key board role players including the Chairman and Managing Director

The process of evaluation consisted of members completing an online questionnaire that was drafted using best practice as espoused by the King IV™. Members rated questions on a scale of one – five (1-5), where zero (0) is poor and five (5) is excellent. The private sector benchmark was pegged at 4.2/5 and the Bank's Board scored an overall 4.3/5, which is above benchmark. The review concluded that the Board and its committees operate effectively and possess the necessary skills, fulfilling their mandates with dedication and a clear sense of purpose. Recommended areas for the Board to focus on in the short – medium term include enhancing composition, succession planning and governance of technology.

As per the BSE Listings requirements, the Board also assessed the Company Secretary and is satisfied with the competence, qualifications and experience of the Company Secretary. The secretariat is executed by Yonta Leburu, who is a qualified attorney, duly admitted in the High Court and Other Courts of the Republic of Botswana. Details of the Company Secretary's qualifications and experience are on page 78 of this report, with a full biography found at <https://www.absa.co.bw/about-us/>



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

Board committees' reports

Board Committees assist the Board in the execution of the Board's duties and responsibilities, with each committee comprising suitably skilled directors and statutory committees having independent non-executive directors as chairpersons. Each committee has written terms of reference that are reviewed annually and accordingly mapped to the applicable legislation, regulations and governance practices. As indicated on pages 89 to 91, the Board reconstituted the committees in the interim post

the resignation of the previous Board Chairman in November 2023, and post the on-boarding of new NEDs, the committees were substantively reconstituted with effect from 1 April 2025. As the Board accelerates efforts to finalise the NED recruitment project, the committees will undergo a renewed assessment, with key focus areas including compliance with the Guidelines, director competencies, succession planning, and diversity.



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

Board Audit Committee

Benjamin Kodisang



Mandate

2024 Focus areas and material decisions

2025 Focus areas

Chairperson

Members

- Sari Nikka
- Dr Wilfred Mandlebe.

Mandatory Attendees

- Managing Director
- Finance Director
- Compliance Director
- Chief Operating Officer
- Chief Risk Officer
- Chief Internal Auditor
- Head of Legal
- External Auditors
- Country Treasurer
- Other attendees –senior management officials as necessary.

- Primary objective is to ensure that the Bank has implemented and manages an effective audit management plan and set of policies that will support the Bank's ability to achieve its strategic objectives
- This includes to review the Bank's accounting policies, the contents of the financial reports, disclosure controls and procedures, management's approach to internal controls
- To review the adequacy and scope of the external and internal audit functions, comply with regulatory and financial reporting requirements, oversee the relationship with the Bank's external auditors and to provide assurance to the Board that executive management's control assurance processes are implemented and are complete and effective
- In particular, the Committee monitors financial controls, accounting systems, and shareholder reporting
- It also assesses the management of key financial risks.
- In line with corporate governance best practice, an INED other than the Chairperson of the Board is appointed to chair the Committee
- The function of the Chief Internal Auditor is accountable to the Audit Committee and is responsible for strengthening the Bank's ability to create, protect, and sustain value by providing risk-based and objective assurance, advice, and insight. Furthermore, the Group Internal Audit maintains an internal Quality Assurance (QA) function and a continuous improvement Programme (QAIP) that covers all aspects of internal audit activity, including the Bank's, and continuously monitors its effectiveness as required by the Standards for the Professional Practice of Internal Auditing
- The Committee oversees the appointment of the Finance Director and reviews the expertise, resourcing and experience of the Finance function
- The external and internal auditors have free access to the Chairperson of the Committee.

- 6 meetings held over the year
- Consideration of interim and final dividend, which were recommended to the Board for approval
- Solvency assessment
- Appointment of the substantive Finance Director, who is scheduled to join the Bank on 1 June 2025
- Sustainability of the control environment, including continued oversight on the lines of defense and the combined assurance providers
- Intensified oversight on identified emerging risks
- Approval of internal and external audit plans
- Review and approval of customer tools designed aimed at optimising card fraud alert execution and enhancing overall customer experience
- Review and approval of audit materiality
- Approval of the dividend and repatriation policy
- The committee satisfied itself the external auditor is independent of the Bank
- Annual review of Terms of Reference ensuring due alignment on the mandate of the Risk Committee and the newly established Compliance Committee
- 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 78 of this report, with a full biography found at <https://www.absa.co.bw/about-us/>
 - The Committee continuously assessed the performance of the Interim Finance Director, Mr Leroy Klein, whose qualification and experience are detailed on page 77 of this report, with a full biography found at <https://www.absa.co.bw/about-us/>. The Committee is satisfied with the Interim Finance Director's performance over the reporting period.

- The Committee's 2025 forward planner was approved on 21 November 2024
- Focus will be on the following:
- Statutory responsibilities, including annual and interim financial reporting and regulatory disclosures.
 - Continued focus on the sustainability of the satisfactory control environment, including adequacy and effectiveness of internal controls over financial reporting.
 - Performance of relevant deep dives on emerging risk topics, particularly with material matters
 - Appropriateness of accounting policies and principles.

Board committees' reports continued

Board Risk Committee

Sari Nikka



Mandate

2024 Focus areas and material decisions

2025 Focus areas

Chairperson

Members

Kgotlayarona Ramaphane
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 has implemented and manages an effective risk management plan and policies that will support the Bank's ability to achieve its strategic objectives
- To ensure that the Bank has implemented and manages an effective risk management plan and set of policies that will support the Bank's ability to achieve its strategic objectives;
- To ensure that the Bank has effective capital and liquidity processes in place and their management is effective and optimal on an on-going basis;
- To provide oversight on the Bank's sustainability risk framework and programs and mitigating controls on behalf of the Board and regularly provide assurance to the Board on the management of sustainability risk.

- 4 meetings held over the year
- Refinement of Sovereign Debt Early Warning Indicators.
- Oversight on compliance with amendments of the Data Protection Act
- Reviewing and approving risk appetite and principal risk profiles
- Internal capital adequacy assessment process (ICAAP)
- Updates on the step up or step down of Sub Risk Types
- Oversight on transition to Basel III reporting
- Review of Internal Liquidity Stress Metrics
- Review and approval of the Bank's first Greenwashing policy
- In-depth analysis of diamond industry in terms of market trends and risks for alignment with strategic decision-making
- Review and approval of key frameworks and policies including the Enterprise Risk Framework, Operational and Resilience Risk Management Framework, Capital Risk Policy, Liquidity Risk Policy, Technology Risk Management Policy, Contact with Regulators Policy, Sanctions Policy, Strategic, Sustainability and Reputational Risk Framework, Risk Appetite Framework, Strategic Risk Policy, Sustainability Risk Policy, ABC policy and Fraud Risk Policy
- Annual review of Terms of Reference ensuring due alignment on the mandate of the Audit Committee and the newly established Compliance Committee.

- The Committee's 2025 forward planner was approved on 20 November 2024.

Focus will be on the following:

- Macro-economic/sovereign risk exposures into the risk management process and performance
- Integration of sustainability strategy
- Capital, liquidity and funding management.

Board Credit Committee

Thabo Matthews



Mandate

2024 Focus areas and material decisions

2025 Focus areas

Chairperson

Members

Kgotlayarona Ramaphane
Sethunya Makepe-Garebatho

Mandatory attendees:

- Mandatory attendees:
- Managing Director
 - Finance Director
 - Chief Credit Officer.

Other invitees:

- Economist
- Head of Corporate Credit
- Head of Retail Credit
- Retail Director
- Corporate Banking Director
- Business Banking Director
- Head of Business Support and Corporate Recoveries attendees –senior management.

- Primary mandate is to exercise oversight over Credit Risk, functioning as the ultimate sanctioning authority and to review the Bank's credit portfolios tabled by the Bank's Chief Credit Officer
- To discuss and review credit policy and strategy, and ensure that the Bank remains competitive by monitoring, discussing and advising on the Bank's credit risk appetite and tolerances in aggregate by sector and/or product
- To ensure compliance with statutory and regulatory requirements on lending limits, capital adequacy and statutory ratios.
- To provide input on political, environmental and socio-economic matters in order to ensure that all relevant non-credit risk issues, are taken into account in making sanctioning decisions
- To monitor, advise on and review lending to persons and institutions that may impact on the Bank's reputation and relationship with key stakeholders
- To monitor the overall health of the Bank's lending book based on sector, currency, maturity and including impairments.

- 4 meetings held over the year
- The macroeconomic environment, including economic recovery, headwinds and volatility, and sector stress to assess possible impacts on the sector limits and risk appetite
- Review and approval of the management credit delegation authority
- Deep dives were conducted on agriculture sector, construction and the manufacturing sector, tourism sector, financial services sector
- Credit risk management framework and policy reviewed
- Model risk management framework and policy reviewed
- Concentration risk policy reviewed
- Quarterly monitoring on retail and wholesale credit portfolio performance.

- The Committee's 2025 forward planner was approved on 20 November 2024.

Focus will be on the following:

- The macroeconomic environment and continued monitoring on the credit appetite and management
- Insights into emerging industry and sector trends
- Continued monitoring on large and single name exposures
- Ongoing approval of model risk and model risk appetite.

Board committees' reports continued

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

Kgotlayarona Ramaphane <i>Chairperson</i>	 Mandate	2024 Focus areas and material decisions	2025 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 objective is to provide oversight over the recruitment, staffing, and succession planning, as well as performance and compensation of executive management through review of various incentive proposals - The Committee is also tasked with reviewing the level of competency and skill at the Executive and Board levels, and providing recommendations for achieving the best overall skills coverage, whether through up-skilling or recruitment - In addition, it is within the Committee's mandate to consider the overall strategy and approach to any issues or projects of significant impact to the Bank's People /Human Capital function.	5 meetings held over the year - NED recruitment project – consideration and shortlisting of potential NEDs for recommendation to the Board - Board succession and skills assessments - Approval of short-term incentive pool and allocation principles - Consideration of the Human Resources Employee handbook, which serves to various employee related policies - Approval of the salary mandate - Review and approval of CMC short-term and long-term incentives. A detailed remuneration report is on page 96 of this report - Review of cultural transformation program - Reviewed and approved the new performance management methodology - Considered and approved CMC population hires and remuneration - Annual review of Terms of Reference ensuring due alignment on remuneration oversight on risk and control functions.	- The Committee's 2025 forward planner was approved on 25 November 2024 Focus will be on the following: - Finalising the NED recruitment project - CMC and Board succession - Attracting and retaining top talent, scarce and critical skills, and mitigating the impact of macro issues and talent competition in the financial services industry - Responsible remuneration in the context of the market, business performance and stakeholder feedback - Complete the review and alignment of the HR Policy repository.



The committees are satisfied that they have fulfilled their responsibilities in accordance with their terms of reference for the reporting period and that the members of the committees have the requisite skills to comply with the mandate of such committees.



Rewarding value creation

Remuneration report



I am pleased, on behalf of the HR Committee and the Board, to present our 2024 Remuneration Report, which sets out our guiding principles and implementation outcomes as per our remuneration policy. There have been no material changes to our policy and approach over the last year, as we believe that our remuneration principles and considerations, remain appropriate and adequate to address the Bank's human capital priorities, balancing this with shareholders' interests. I would like to sincerely thank our shareholders for the feedback I received leading up to and during the Bank's 38th AGM on our remuneration practices and disclosures, which, as the HR Committee, we reflect on and utilise to enhance deliberations and disclosures in this report. I look forward to your engagement and feedback at our 39th AGM, scheduled for 26 June 2025.

This report includes an overview of our remuneration framework and implementation thereof, with individual remuneration for non-executive directors, and executive directors, as well as averaged remuneration data for our Country Management Committee, senior management, middle management and non-management cadres depicted. As a Board, a holistic Employee Value Proposition (EVP) is key in the recruitment and retention of talent, as well as sustenance of the right culture across the organisation. Although not the only consideration, employee remuneration is a substantial consideration in holistic EVP and in this regard, balance is required between specific investment in remuneration and retention of executives/key talent/critical skills (both present- and future-focused), while ensuring that our remuneration practices adhere to our commitment to fair and responsible remuneration. During 2024, the HR Committee focused on:

- 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, and
- Continued shareholder engagement.

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 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 stems on the following pillars:

- 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-calibre 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.

From a non-executive directors' perspective ("NEDs"), as previously disclosed, the Board, in conjunction with the Group Directors Affairs Committee ("DAC") assesses the appropriateness of NEDs fees every two years, and based on this outcome, recommendations are made to shareholders. As NED fees were increased at the 38th AGM,

Rewarding value creation continued

fees proposed at the upcoming 39th AGM, will be the same. The HR Committee will however consider the feedback received from shareholders last year, on the additional information required in terms of the NED fees surveys. More details on the NED fees can be viewed on the [Shareholder Information section](#) on page 180 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 remuneration fixed and variable pay 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, performance pay including short term and long-term incentives, deliberations of the HR Committee and the Board considered several fundamental principles to guide decision-making, including:

- 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. During 2023, the HR Committee considered

and recommended the Absa eKhaya Colleague Share Scheme, which is a phantom share scheme for the Bank's employees for the Board's approval. 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 (adopted in Botswana as the eKhaya Colleague Phantom Share Scheme). During 2024, the eKhaya Colleague Phantom Share Scheme delivered BWP 61 277 422 in value to our employees.

Bank performance is a critical lens through which remuneration decisions are made, and key considerations included the operating environment vis a vis financial performance. Metrics the HR Committee particularly considered:

- ↑ Revenue increased by 7.9% year-on-year
- ↑ Pre-provision profit stood at BWP 1 147.2 million, reflecting a year-on-year growth of 26.5%
- ↑ Return on Equity at 25.5%, up 4.9% year-on-year
- ↓ Cost to income ratio improved to 49.7% from 57.1% prior year.

Despite a challenging external environment, the Bank demonstrated resilient performance in 2024, achieving a milestone of over BWP 1 billion in PBT. This strong performance is reflected in our remuneration outcomes. As the HR Committee and Board, we have sought to ensure an appropriate balance of stakeholder interests in our remuneration outcomes across the organisation. In this context, as we further progress into the Bank's short- and medium-term performance, we will continue to ensure remuneration principles not only complies with regulatory guidelines but is aligned with the Bank's strategy. During 2025 we will focus on:

- Strengthening performance management culture in support of achieving our performance and strategic goals
- Continued review of our remuneration frameworks to ensure market alignment and competitiveness in the context of talent management
- Robust succession planning across the organisation
- Ensuring organisational culture aligns with the Bank's purpose and values, and
- Building a sustainable and future fit workforce.



Rewarding value creation continued

Remuneration of Non-Executive Directors in 2024 is as follows:

	Board	Audit committee	Risk committee	HR committee	Credit committee	Round robin applications	Special meetings	Lead independent director	Subsidiary entities	Total
Director	(BWP)									
Cosmas Moapare (Board Chairperson)	761 000					5 200	29 450		4 200	799 850
Kgotlayarona Ramaphane (Lead Independent Director)	250 400		59 400	100 000		5 200	29 450	120 000	6 300	570 750
Sethunya Makepe-Garebatho	250 400			48 400	48 400	5 200	29 450			381 850
Sari Helena Nikka	250 400	115 000	118 800			5 200	32 550			521 950
Benjamin Monaheng Kodisang	250 400	229 500			100 000	5 200	26 350			611 450
Thabo Kagiso Matthews	250 400	115 000			48 400	5 200	32 550			451 550
Saviour Mwepu Chibiya	Remuneration of director paid by Absa Group Limited.									

Notes:

- The Compliance Committee was constituted with effect from 1 April 2025, and remuneration will be reported in the 2025 Integrated Report.
- Cosmas Moapare was appointed Interim Board Chairperson on 1 November 2023 and Substantive Board Chairperson on 23 May 2024.
- Kgotlayarona Ramaphane was appointed Interim Lead Independent Director on 1 November 2023 and Substantive Lead Independent Director on 23 May 2024.
- Benjamin Kodisang was appointed Substantive Board Audit Committee Chairman on 1 April 2025.
- Board Committees were reconstituted in the Interim on 1 November 2023 and substantively reconstituted on 1 April 2025. Further details on Board Committee Compositions can be found on page 80 of this report
- Dr Wilfred Mandlebe and Dr Priyer Iyer were appointed to the Board on 20 February 2025 and 15 April 2025, respectively, and remuneration thereof will be reported in the 2025 Integrated Report
- Saviour Mwepu Chibiya is a Non-Executive Director of the Bank and Group nominee, with his remuneration being paid by the Group. Details on his remuneration can be found on page 34 of the Absa Group Remuneration Report: <https://www.absa.africa/wp-content/uploads/2025/04/Absa-Group-Limited-Remuneration-Report.pdf>

Rewarding value creation continued

Remuneration of Executive Directors* in 2024 is as follows:

Keabetswe Pheko-Moshagane	2023 (BWP)	2024 (BWP)
Awarded remuneration**		
Salary	3 907 391	4 185 231
Medical aid	58 338	62 360
Pension and retirement benefits	527 498	565 006
Other employee benefits	759 849	572 667
Total fixed remuneration	5 253 076	5 385 264
Non-deferred cash award	1 476 041	1 594 858
Deferred share award	***751 959	852 843
Total short-term incentives	2 228 000	2 447 701
Other Payments		
Ekhaya Scheme		61 094

*Executive (Finance) Director, Cynthia Morapedi resigned from the Bank and the Board on 14 May 2024. Total remuneration, including terminal benefits paid to Cynthia during 2024, was BWP 2 903 045.

** Notes detailing the components of the type of remuneration can be found in "Categories of Remuneration" on page 97 of this report.

***Readers are advised that the figure disclosed as the deferred share award in our 2023 report erroneously included shares that had vested during the year, which overstated the figures. To provide enhanced transparency, we have included a table below detailing the share-based long-term incentive awards granted and due to the Managing Director.

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

	Number (No) of shares under award at 1 Jan 2024	Market value of shares under award at 1 Jan 2024 (BWP)	No of shares awarded during 2024	Market value of shares on award date (BWP)	Total No of shares released during 2024	Market value of release on the release date (BWP)	Number of shares forfeited in 2024	Market value of forfeiture on the forfeiture date (BWP)	No of shares under award at 31 Dec 2024	Market value of shares under award at 31 Dec 2024 (BWP)	Last scheduled vesting date
Share incentive plan performance 2021 (SIPP)	31 387	3 804 205			34 591	3 712 154	1 915	205 509			2 April 2024
Share incentive plan performance 2022 (SIPP)	22 241	2 695 680							22 241	3 163 155	1 April 2025
Share incentive plan deferral 2022 (SIPD)	2 224	269 556			1 277	137 042			1 112	158 151	1 April 2025
Share incentive plan performance 2023 (SIPP)	24 424	2 960 267							24 424	3 473 625	1 April 2026
Share incentive plan deferral 2023 (SIPD)	6 068	735 461			2 181	234 055			4 045	575 287	1 April 2026
Share incentive plan performance 2024 (SIPP)			29 129	3 314 826					29 129	4 142 779	1 April 2027
Share incentive plan deferral 2024 (SIPD)			6 722	764 951					6 722	956 015	1 April 2027

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 2024 is as follows:

(BWP)	2023	2024
Awarded remuneration*		
Total CMC Salary	21 067 297	22 555 843
Average CMC Salary	1 620 561	1 611 132
Medical aid	666 216	713 817
Pension and retirement benefits	2 096 028	2 288 865
Other employee benefits	2 377 705	2 853 404
Total Fixed Remuneration	26 207 246	28 411 929
Total non-deferred cash award	7 728 164	8 666 045
Deferred share award	1 977 450	893 955
Total Short-Term Incentives	9 705 614	9 560 000
Face value of long-term incentive award (on target award)	10 328 572	16 022 708
Other Payments		
Ekhaya Scheme		794 224

Total number of individuals in the CMC population in calculation of the above are 14 (2023:13), exclusive of the Managing Director and the CMC by invite population.

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 2024 is as follows:

Senior Management

(BWP)	2023	2024
Awarded remuneration*		
Total Senior Management Salary	56 273 115	48 108 697
Average Senior Management Salary	827 546	874 704
Medical aid	1 770 652	1 559 669
Pension and retirement benefits	7 129 543	6 021 914
Other employee benefits	11 953 051	11 119 227
Total Fixed Remuneration	77 126 361	66 809 507
Total non-deferred cash award	9 848 494	10 258 460
Total Short-Term Incentives	9 848 494	10 258 460
Other Payments		
Ekhaya Scheme		2 810 330

Senior Management refers to employees at Vice President (VP) job grade with a total number of individuals at 55 (2023:68). The variance in headcount is due to the restructuring exercise that occurred in December 2023.

*Notes detailing the components of the type of remuneration can be found in "Categories of Remuneration" on page 97 of this report.

Middle Management

(BWP)	2023	2024
Awarded remuneration*		
Total Middle Management Salary	110 043 741	94 916 417
Average Middle Management Salary	365 594	347 679
Medical aid	7 195 363	6 530 816
Pension and retirement benefits	14 828 479	12 791 413
Other employee benefits	21 276 673	19 115 069
Total Fixed Remuneration	153 344 256	133 353 715
Total non-deferred cash award	9 597 386	12 684 800
Total Short-Term Incentives	9 597 386	12 684 800
Other Payments		
Ekhaya Scheme		14 296 029

Middle Management refers to employees at Assistant Vice President (AVP) and BA4 job grades with a total number of individuals at 273 (2023: 301). The variance in headcount is due to the restructuring exercise that occurred in December 2023.

Remuneration of non-management in 2024 is as follows:

(BWP)	2023	2024
Awarded remuneration*		
Total Non- Management Salary	116 975 688	113 167 687
Average Non-Management Management Salary	178 589	183 714
Medical aid	15 246 923	16 358 869
Pension and retirement benefits	15 618 735	15 204 705
Other employee benefits	10 402 630	13 476 287
Total Fixed Remuneration	158 243 976	158 207 548
Total non-deferred cash award	7 325 480	7 155 420
Total Short-Term Incentives	7 325 480	7 155 420
Other Payments		
Ekhaya Scheme		35 373 507

Non-Management refers to employees at BA1 – BA3 job grades with a total number of individuals at 616 (2023: 655). The variance in headcount is due to the restructuring exercise that occurred in December 2023.

*Notes detailing the components of the type of remuneration can be found in "Categories of Remuneration" on page 97 of this report.

Rewarding value creation continued

Categories of remuneration:

- Total Fixed remuneration: fixed remuneration is inclusive of payments made in respect of salary, medical aid benefits, pension and other monthly benefit, including allowances
- Variable remuneration: discretionary 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 2024 and March 2025 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 2024 for the 2023 short-term incentive award, and will be granted in April 2025 for 2024 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 (LTI) 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 2024 LTI is reported as part of the 2023 total compensation and the 2023 LTI as part of the 2024 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 Share Scheme in Botswana.



Appendix

King IV™ application

The Bank is subject to various regulatory guidelines as a licensed bank and a listed company, that is also a subsidiary of a listed entity, being Absa Group Limited. Absa Group adheres to the King IV™ code and as a subsidiary company of the Group, the Bank adopted the Group Governance, developed pursuant to the recommendations of King IV™, and as a general governance improvement mechanism for the Absa Group.

In line with our pursuit of best-practice governance, we focus on the four governance outcomes (ethical culture, effective control, good performance and legitimacy) as envisioned by King IV™.

The Group Governance Framework is the glue that holds together the Group's material subsidiaries, including the Bank, in their practices, policies and decision-making. This ensures alignment in approach to risk, governance and policy in all entities and all jurisdictions. The framework also sets out the Group's minimum requirements regarding matters such as governance, internal controls, financial management, disclosure controls, risk management, legal and regulatory compliance, internal audit, ethics management, human resource management, information management, stakeholder relationships and sustainability.

Similarly, the Bank also adopted the Group's on Legal Entities and Directors policy, which is intended to operationalise key governance principles for effective board and legal entity governance. The Board is also continuously seeking to improve our governance practices and to comply with the principles in King IV™, as summarised on the following pages;

Appendix continued

King IV™ application

King IV™ Principle	Status	Comments
Principle 1: The governing body should lead ethically and effectively.	Applied. ●	The Board sets the tone and leads the Bank ethically, effectively and responsibly. In decision-making, individual Directors act with independence but on a consensus basis, with competence, commerciality and challenge, and with the necessary awareness, insight and information. Some of the ways in which the board members are held accountable for ethical and effective leadership include application of the Absa Way of Conduct and assessment against applicable codes of conduct. Furthermore, as per the requirements of the Guidelines, the Board oversees the stipulations on the “fit and proper persons” expectations at Board and senior management level. The Board reviews individual Board members’ individual declaration of interests at the beginning of every Board meeting, which assists in ensuring ethical decisions are made in the best interest of the Bank as a whole.
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 Absa Way Code of Ethics outlines our values and expected behaviour when engaging with our fellow employees, customers, shareholders, governments, regulators, business partners, suppliers, competitors and the broader community. The Board leads the Bank in an effective manner and provides guidance to, and oversight of, the management of compliance risk, remuneration, the enterprise-wide risk management, and the related lines of defence that support good governance practices. Over the past year, the Board continued to receive the Conduct Risk report on a quarterly basis from the Compliance Director, which includes various indicators that point to the implementation and monitoring of adherence to the approved code of ethics. Kindly refer to page 84 to 85 for more information on ethical leadership.
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 plays a key role in society as a trusted taker of deposits, player in financial markets, lender, major employer, buyer of services, and contributor to the communities in which we operate. The Board oversees the Bank’s stakeholder policies and takes a stakeholder inclusive approach, recognising the need for transparent disclosure and open channels of communication. The Board is engaged and on an annual basis, signs off the Bank’s strategy, inclusive of the citizenship strategy. On a quarterly basis, the Board is engaged on citizenship initiatives and sustainability strategy updates. The Board continues to exercise oversight on the sustainability strategy that was approved in 2022, creating value to the communities in which we operate. Kindly refer to pages 65 to 70 for further detail on the key areas of focus and progress in terms of being an active force for good.
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 performance of the Bank, considering the possible positive and negative outcomes of the Bank’s activities and outputs on the economy, society and the environment. The Board and Management have a rigorous combined strategy session annually for appreciation and contribution to the Bank’s core purpose and enabling strategic pillars. Find out more in our business model and strategy. The 2024 strategy was approved on 19 October 2023. The Board approved the approach and content of the Integrated Report, which details the value creation and preservation process on 30 May 2025. Kindly refer to page 37 for detail on our ambition, page 27 to 34 for detail on our material matters , page 35 to 42 for insight in to the strategy and page 47 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/
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 December 2024, were approved by the Board on 20 March 2025 and shared with relevant stakeholders on March 27, 2025. All publications are available for stakeholders https://www.absa.co.bw/bank-reports/ The Board is engaged on a quarterly basis on the organisation’s performance and any risks to its short, medium and long-term prospects and has ensured that this publication contains reports that will enable stakeholders to make an informed assessment on the Bank’s performance.
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 promote good corporate governance and duly monitor embedment. The Board Charter and Board Committees Terms of Reference are reviewed and approved on an annual basis in order to continuously improve corporate governance in the Bank. During 2025, the Board established a new committee, being the Compliance committee, which will further enhance the role of the Board in being a corporate governance custodian. Kindly refer to pages 79 to 81 for additional details on the board’s standing as a focal point of governance.
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 ●	Details on the application of principle 7, in terms of board composition and appropriateness thereof, is indicated from pages 79 to 81. Following the constitutional amendment on 4 July 2024, which primarily aimed to accommodate additional board members, the Bank has welcomed two new NEDs. As at the approval of this report, the Board comprised of ten (10) directors, four (4) of which are women, and over two thirds being independent.

Appendix continued

King IV™ Principle	Status	Comments
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 ●	Details on the delegation arrangements as per the Board, Board Committees and Management is detailed on pages 80 to 84 of this report. Furthermore, the reports of the key Management Committees and the Board Committees are on pages 89 to 97 respectively. The newly established Board Compliance Committee will commence its activities during 2025, after its terms of reference were approved by the Board on 2 December 2024.
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 improving the performance of the Board and a summary of the process and findings on the 2024 external Board evaluation is on page 88 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 ●	In addition to the Board's delegated authority framework, the Board approves every senior management appointment and, through the Board HR Committee, ensures adequate succession is in place for senior management. The Board receives a report on senior management succession and development every quarter in order to ensure continuous monitoring of this key indicator. Over this period, the Board was adequately engaged and considered the appointments of the Compliance Director, prior to appointment in May 2024. Through the Board Audit Committee, the Board concluded the recruitment of the Finance Director who is scheduled to join the Bank on 1 June 2025.
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 guidance to and oversight of, the management of compliance risk, remuneration, the enterprise-wide risk management, and the related lines of defence that support good governance practices. The Board actively monitors the control environment and adjusts risk appetite and growth objectives accordingly. Post the approval of the short-term plan and strategy in October 2023, the risk appetite statement was considered and approved by the Board in March 2024, duly aligned with the Bank's strategic objectives. Given the volatility in the environment, considering the political and economic sphere, agility is applied through the Board Risk Committee to ensure continued strategic alignment. Further details on our material matters on pages 27 to 34 as well as pages 38 to 40.
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 monitors technology as a key strategic enabler and on a quarterly basis, the Board receives an update on the execution of key technology initiatives through the reports from the Managing Director and Chief Operations Officer. During the year, particular focus was placed on cyber security and data protection governance through the Board Risk Committee.
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 ●	Compliance with laws and best practice is governed through the Board Risk Committee and Board. Over the reporting period the Board continued to receive quarterly reports to assess the effectiveness of compliance management, including regulatory developments, market practice trends and anticipated governance codes that are set to promote being an "active force for good" across the ESG pillars.
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. and that these support the integrity of information for internal decision making and external reporting purposes.	Applied ●	The Board reviewed and thoroughly considered and exercised oversight on the critical decisions regarding remuneration, such as the salary mandate, bonus pool, out of cycle rewards and executive remuneration. The 2024 remuneration report is indicated on page 92 and was craftedADD and in consideration of stakeholder feedback, demonstration the commitment to transparency of the Board in this regard. The report includes an overview of the main provisions of the remuneration policy and approach, in implementation report which contains details of all remuneration awarded to individual members of the Board as well as 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 ●	To enable an effective control environment, the Board continued to exercise oversight and requisite risk management through an Enterprise Risk Management Framework, also receiving independent reports from Internal and External Audit, through the Board Audit Committee.
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 organization over time.	Applied ●	The Board continuously assesses stakeholder feedback in an effort to improve its governance roles and responsibilities. During the AGM and EGM, the Board met with, considered and deliberated various stakeholder feedback on several expectations, which are incorporated throughout this report. Details on our stakeholders is on pages 22 to 26 of this report



Absa Bank Botswana Limited Consolidated and Separate Financial Statements for the year ended 31 December 2024

Contents

Directors' Responsibilities and Approval	102
Corporate Governance Report	103
Directors' Report	104
Independent Auditor's Report	105
Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income	111
Consolidated and Separate Statements of Financial Position	111
Consolidated and Separate Statements of Changes in Equity	112
Consolidated and Separate Statements of Cash Flows	114
Material Accounting Policies	114
Notes to the Consolidated And Separate Financial Statements	130

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
Dr Priya Ravi Iyer
Sethunya Dorothy Makepe-Garebatho
Wilfred Jiwa Mandlebe

Registered office

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
- 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 Banking Act (CAP 46: 04); 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 cash flow forecast for the year to 31 March 2026 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 105 to 110.

The consolidated and separate financial statements set out on pages 111 to 177, which have been prepared on the going concern basis, were approved by the board of directors on 20 March 2025 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) 7 Independent non-executive directors
- b) 1 non-executive director
- c) 1 Executive director

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 results of the Group are consolidated into the Absa Group Limited financial results which address sustainability reporting at a 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 2024.

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 111 to 177.

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 2024 P'000	2023 P'000	Company 2024 P'000	2023 P'000
Key performance indicators				
Profit for the year	841 334	624 570	818 696	613 025
Total comprehensive income	836 167	644 520	813 529	632 976
Dividends declared and paid:				
• Dividends paid	375 000	342 000	375 000	342 000
• Interim dividend paid	200 000	123 000	200 000	123 000
• Dividend declared subsequent to the year end	453 000	375 000	453 000	375 000
Net assets	3 297 554	3 036 163	3 187 774	2 949 353

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 35 of the financial statements.

3. Directorate

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

Directors					Designation	Nationality	Changes
Cosmas Moapare	Chairperson	Non-executive Independent	Botswana	Appointed Thursday, 23 May 2024			
Benjamin Monaheng Kodisang	Other	Non-executive Independent	South Africa				
Cynthia Morapedi	Finance Director	Executive	Botswana	Resigned Tuesday, 14 May 2024			

Keabetswe Pheko-Moshagane	Chief Executive Officer	Executive Director	Botswana	
Kgotlayarona Ramaphane	Other	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	Botswana	Appointed Thursday, 20 February 2025

Resignations

Directors	Cause of change	Office	Designation	Date
Cynthia Morapedi	Resignation	Finance Director	Executive	14 May 2024

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

On 18 March 2025, Absa Bank Botswana exercised its right to call a subordinated debt of USD 20 million after it reached its 5-year anniversary. The subordinated debt was issued against Absa Bank South Africa. A final dividend of BWP 453million was also declared 20 March 2025 subject to regulatory approval. There were no other material events to the understanding of these financial statements that occurred between the financial year end and the date of this report.

6. Going concern

The consolidated and separate financial statements have been prepared on the basis of accounting policies applicable to a going concern.

Independent auditor's report

for the year ended 31 December 2024



KPMG, Chartered Accountants
Audit
Plot 67977, Off Tlokweng Road,
Fairgrounds Office Park
PO Box 1519, Gaborone, Botswana
Telephone +267 391 2400
Fax +267 397 5281
Web <http://www.kpmg.com/>

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 2024, 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 111 to 177.

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 2024, 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 (Cap 46:04).

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) and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 on loans and advances to customers

The disclosure associated with expected credit losses (ECL) on loans and advances to customers 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 ECL are material to the consolidated and separate financial statements.	• Making use of our quantitative and economic specialists, 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 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.	• We have tested the operating effectiveness of controls over the review and authorisation of loan settlement and account closure.
In particular, we focused on the following areas of significant judgement and estimation which required the use of quantitative and economic specialists, additional audit effort and increased discussions with management during the course of the audit:	

Independent auditor's report continued

for the year ended 31 December 2024

**Expected credit losses on loans and advances to customers**

The disclosure associated with expected credit losses (ECL) on loans and advances to customers 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

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 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 quantitative and economic specialists have tested the operating effectiveness 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 models.

**Expected credit losses on loans and advances to customers**

The disclosure associated with expected credit losses (ECL) on loans and advances to customers 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

• We independently reperformed and recalculated ECL estimates or benchmarked the 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 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.

• For all impacted portfolios, we considered historical post write-off recoveries to evaluate the

Independent auditor's report continued

for the year ended 31 December 2024

**Expected credit losses on loans and advances to customers**

The disclosure associated with expected credit losses (ECL) on loans and advances to customers 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
------------------	---

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	reasonableness of the write-off definition and to determine whether the current write-off point is still the point at which there was no reasonable expectation of significant further recovery as per the requirements of IFRS 9.
---	---

• We have tested the design and implementation of controls over the approval of updated macro-economic forecasts and related ECL impacts.

• Our quantitative and economic specialists assessed the appropriateness of the macro-economic forecasts and scenario weightings by benchmarking these against external evidence and economic data.

• We have tested the design, implementation and operating effectiveness of controls over the application of the macro-economic

**Expected credit losses on loans and advances to customers**

The disclosure associated with expected credit losses (ECL) on loans and advances to customers 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
------------------	---

macro-economic factors which impact on the ECL.	analytical models and sensitivity approaches adopted by management.
--	--

• We performed independent ECL quantification analysis on economic forecasts, considering third party and our own data, to assess the reasonability of the macro-economic management adjustments.

• We assessed management adjustments (MA's) by agreeing a sample of MAs to supporting documents, challenged the appropriateness of the assumptions and inputs used and have assessed management's governance processes over the management adjustments.

• 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.

Independent auditor's report continued

for the year ended 31 December 2024

**Expected credit losses on loans and advances to customers**

The disclosure associated with expected credit losses (ECL) on loans and advances to customers 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 provisions assessed on an individual basis • 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:	• 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. • 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 ECL. We have performed the following for a sample of stage 3 exposures:

**Expected credit losses on loans and advances to customers**

The disclosure associated with expected credit losses (ECL) on loans and advances to customers 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
○ 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.	○ For a sample of collateral, we tested the 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 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.

Independent auditor's report continued

for the year ended 31 December 2024



Expected credit losses on loans and advances to customers

The disclosure associated with expected credit losses (ECL) on loans and advances to customers 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
------------------	---

Disclosures related to IFRS 7, Financial instruments disclosures (IFRS 7) and credit risk

• IFRS 7 and credit risk 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 adjustments and sensitivity analysis.

• We tested the design, implementation and operating effectiveness of controls over the credit risk financial reporting process and agreed the data inputs used in the financial reporting process to underlying workings.

• 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.



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 Integrated Report, 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 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 in compliance with the requirements of the requirements of the Companies Act of Botswana (Cap 42:01) and the Botswana Banking Act (Cap 46:04), 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 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.

Independent auditor's report continued

for the year ended 31 December 2024



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 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.



Firm of Certified Auditors
Practicing Member: Adele Venter
Certified Auditor of Public Interest Entity
BAOA Certificate Number (CAP 0040 2025)

26 March 2025
Gaborone

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

for the year ended 31 December 2024

Figures in Pula thousand	Note(s)	Group		Company	
		2024	2023	2024	2023
Effective interest income	3	2 141 533	2 034 539	2 141 533	2 034 539
Effective interest expense	4	(623 430)	(634 105)	(623 430)	(634 105)
Net interest income		1 518 103	1 400 434	1 518 103	1 400 434
Fee and commission income	5	596 855	576 603	543 907	521 616
Fee and commission expense	5	(64 541)	(99 737)	(64 639)	(96 666)
Net fee and commission income		532 314	476 866	479 268	424 950
Net trading income	6	224 287	216 633	224 287	216 633
Other income	7	7 354	21 563	36 919	53 512
Total income		2 282 058	2 115 496	2 258 577	2 095 529
Expected credit losses	8	(89 446)	(76 560)	(89 446)	(76 560)
Net operating income		2 192 612	2 038 936	2 169 131	2 018 969
Staff costs	9	(486 467)	(633 862)	(486 467)	(632 981)
Infrastructure costs	10	(182 968)	(183 133)	(182 968)	(183 133)
Administration and general expenses	11	(465 378)	(391 300)	(471 930)	(388 608)
Operating expenses		(1 134 813)	(1 208 295)	(1 141 365)	(1 204 722)
Profit before taxation		1 057 799	830 641	1 027 766	814 247
Taxation	12	(216 465)	(206 071)	(209 070)	(201 222)
Profit for the year		841 334	624 570	818 696	613 025
Other comprehensive income:					
Items that may be reclassified to profit or loss:					
Gains (losses) on Fair value arising during the reporting period		(6 624)	25 578	(6 624)	25 578
Deferred tax		1 457	(5 627)	1 457	(5 627)
Total items that may be reclassified to profit or loss		(5 167)	19 951	(5 167)	19 951
Other comprehensive income for the year net of taxation		(5 167)	19 951	(5 167)	19 951
Total comprehensive income for the year		836 167	644 521	813 529	632 976
Earnings per share					
Per share information					
Basic and diluted earnings per share (thebe)	13	98.73	73.29	-	-

Consolidated and separate statements of financial position

for the year ended 31 December 2024

		Group		Company	
Figures in Pula thousand	Note(s)	2024	2023	2024	2023
Assets					
Cash	14	716 116	753 276	716 116	753 276
Balances at central bank	15	23 759	1 147 632	23 759	1 147 632
Trading portfolio assets	16	4 375	191 177	4 375	191 177
Derivative financial instruments	17	131 235	103 452	131 235	103 452
Financial assets at fair value through OCI	18	3 600 418	2 464 895	3 600 418	2 464 895
Loans and advances to banks	19	520 744	763 847	520 744	763 847
Due from related parties	20	2 622 031	2 025 897	2 676 572	2 051 200
Loans and advances to customers	21	17 419 041	16 568 060	17 419 041	16 568 060
Other receivables	23	204 675	280 715	204 675	279 383
Property plant and equipment	24	175 601	188 763	175 601	188 763
Intangible assets	25	471	485	471	485
Deferred tax assets	26	91 376	106 779	89 938	105 509
Taxation refundable	27	4 980	9 766	-	9 787
Investments in subsidiaries	52	-	-	-	-
		25 514 822	24 604 744	25 562 945	24 627 466
Equity and Liabilities					
Liabilities					
Deposits from banks	28	498 272	427 521	498 272	427 521
Due to related parties	20	521 569	503 487	682 594	626 310
Customer deposits	29	19 391 772	18 699 798	19 397 092	18 699 798
Derivative financial instruments	17	126 216	96 040	126 216	96 040
Other payables	30	417 986	473 656	416 081	470 190
Provisions	32	28 927	112 974	22 390	107 200
Current tax payable	27	23 608	4 051	23 608	-
Debt securities in issue	33	674 950	625 567	674 950	625 567
Subordinated debt	34	533 968	625 487	533 968	625 487
		22 217 268	21 568 581	22 375 171	21 678 113
Shareholders' equity					
Share capital	35	17 108	17 108	17 108	17 108
General risk reserve	36	126 989	126 989	118 347	118 347
Fair value reserve	36	(12 571)	(7 404)	(12 571)	(7 404)
Share based payment reserve	36	12 453	12 563	12 453	12 563
Share capital reserve	36	2 060	2 060	2 060	2 060
Retained income	36	3 151 515	2 884 847	3 050 377	2 806 679
Total equity attributable to equity holders		3 297 554	3 036 163	3 187 774	2 949 353
Total Equity and Liabilities		25 514 822	24 604 744	25 562 945	24 627 466

Consolidated and separate statements of changes in equity

for the year ended 31 December 2024

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 2023	17 108	7 327	2 060	(27 354)	126 864	108 897	2 725 402	2 851 407
Profit for the year	-	-	-	-	-	-	624 570	624 570
Other comprehensive income	-	-	-	19 950	-	19 950	-	19 950
Total comprehensive income for the year	-	-	-	19 950	-	19 950	624 570	644 520
Transfer	-	-	-	-	125	125	(125)	-
Recognition of share based payment	-	5 236	-	-	-	5 236	-	5 236
Dividends paid	-	-	-	-	-	-	(465 000)	(465 000)
Total contributions by and distributions to owners of company	-	5 236	-	-	125	5 361	(465 125)	(459 764)
Balance at 31 December 2023	17 108	12 563	2 060	(7 404)	126 989	134 208	2 884 847	3 036 163
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

Note(s)

35

Dividend paid per share for the year is 67 Thebe (2023 : 55 Thebe). Proposed dividend per share for the year is 53 Thebe (2023 : 44 Thebe).

Consolidated and separate statements of changes in equity continued

for the year ended 31 December 2024

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 2023	17 108	7 327	2 060	(27 354)	118 347	100 380	2 658 654	2 776 142
Profit for the year	-	-	-	-	-	-	613 025	613 025
Other comprehensive income	-	-	-	19 950	-	19 950	-	19 950
Total comprehensive income for the year	-	-	-	19 950	-	19 950	613 025	632 975
Recognition of share based payment	-	5 236	-	-	-	5 236	-	5 236
Dividends paid	-	-	-	-	-	-	(465 000)	(465 000)
Total contributions by and distributions to owners of company	-	5 236	-	-	-	5 236	(465 000)	(459 764)
Balance at 31 December 2023	17 108	12 563	2 060	(7 404)	118 347	125 566	2 806 679	2 949 353
Balance at 01 January 2024	17 108	12 563	2 060	(7 404)	118 347	125 566	2 806 681	2 949 355
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)	(575 000)
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)	118 347	120 289	3 050 377	3 187 774

Note(s)

35

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 2024

Figures in Pula thousand	Note(s)	2024	2023- Restated	2024	2023- Restated
Cash flows from operating activities					
Cash used in operations	37	(342 627)	(19 880)	(327 341)	(25 215)
Net increase in loans and advances to customers		(938 882)	(287 573)	(938 882)	(287 573)
Interest received	38	2 139 343	2 024 119	2 139 343	2 024 119
Interest paid	39	(612 670)	(622 844)	(612 670)	(622 844)
Income tax paid	27	(165 619)	(213 768)	(156 986)	(209 693)
Increase in deposits due to customers		684 668	1 694 966	689 987	1 694 966
Increase in amounts due from related parties		(1 242 356)	(32 785)	(1 271 594)	(31 525)
(Increase)/ decrease in deposits due to other banks		70 751	(475 381)	70 751	(475 381)
Purchase of trading portfolio assets		(1 836 859)	(586 519)	(1 836 859)	(586 519)
Proceeds from disposal of trading portfolio assets		2 023 464	476 283	2 023 464	476 283
Increase in derivative financial instruments		2 393	7 467	2 393	7 467
Net cash from operating activities		(218 394)	1 964 085	(218 394)	1 964 085
Cash flows from investing activities					
Purchase of property, plant and equipment	24	(29 496)	(54 674)	(29 496)	(54 674)
Proceeds from sale of property, plant and equipment	24	248	7 697	248	7 697
Purchase of financial instruments held at FVOCI*		(2 813 569)	(598 799)	(2 813 569)	(598 799)
Purchases of intangible assets	25	(475)	-	(475)	-
Proceeds from long term financial instruments held at FVOCI		1 598 973	-	1 598 973	-
Net cash used in investing activities*		(1 244 319)	(645 776)	(1 244 319)	(645 776)
Cash flows from financing activities					
Dividends paid to shareholders	40	(575 000)	(465 000)	(575 000)	(465 000)
Issuance of debt securities	42	304 100	364 800	304 100	364 800
Redemption of debt securities	42	(259 000)	(323 810)	(259 000)	(323 810)
Capital payment of lease liabilities		(32 362)	(36 056)	(32 362)	(36 056)
Redemption of subordinated debt		(102 590)	-	(102 590)	-
Net cash used financing activities		(664 852)	(460 066)	(664 852)	(460 066)
Total cash movement for the year*		(2 127 565)	858 243	(2 127 565)	858 243
Cash and cash equivalents at the beginning of the year		5 203 057	4 346 476	5 203 057	4 346 476
Effect of foreign exchange movement on cash and cash equivalents**		3 097	(1 662)	3 097	(1 662)
Cash and cash equivalents at the end of the year*	41	3 078 589	5 203 057	3 078 589	5 203 057

The accounting policies on pages 114 to 129 and the notes on pages 130 to 177 form an integral part of the consolidated and separate financial statements.

**Movement in revaluation during the year mainly driven by the US Dollar cash position due to the US Dollar rate movement being higher in 2024 as compared to 2023.

* See Note 53

Material accounting policies

for the year ended 31 December 2024

Corporate information

Absa Bank Botswana Limited is a public limited company incorporated and domiciled in Botswana.

The consolidated and separate financial statements for the year ended 31 December 2024 were authorised for issue in accordance with a resolution of the directors on Thursday, 20 March 2025.

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 (Cap 46:04) and all applicable legislation.

The Consolidated and separate financial statements of Absa Bank Botswana Limited were authorised for issuance by the board of directors on 20 March 2025 and are available for inspection at the Bank's 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 and company'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, and 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 2024

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 in which the Bank has at least 50% of the equity and control. Investments in subsidiaries are measured at cost less impairment.

Investments in subsidiaries are accounted for at cost less impairment in the separate financial statements of the investor. 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

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in an acquisition is generally measured at fair value, as are the identifiable net assets acquired. Acquisition related costs are generally expensed as incurred.

At the acquisition date the identifiable assets acquired and the liabilities assumed are recognised at their fair value except for:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- acquired non-current assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations at the acquisition date are measured in accordance with that Standard.

Non-controlling interests that present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

When the consideration transferred by the group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the measurement period (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IFRS 9 Financial Instruments and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted

during the measurement period, or additional assets or liabilities recognised to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the measurement of the amounts recognised at that date.

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 the entity operates ("the functional currency"). The consolidated 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.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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). Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Material accounting policies continued

for the year ended 31 December 2024

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. This results in the allocation of interest, and direct and incremental fees and costs, over the expected lives of the assets and liabilities. 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.

The Group's EIR (and therefore the amortised cost of the financial statements) is calculated by taking into account transaction costs and any discount or premium on the acquisition of the financial asset as well as fees and costs that are an integral part of the EIR.

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.

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.

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.

Material accounting policies continued

for the year ended 31 December 2024

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. 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.

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.

Gains or losses on assets or liabilities reported in the trading portfolio are included in profit or loss under "net trading income" together with interest and dividends arising from long and short positions and funding costs relating to trading activities.

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 and subsequently measured at cost less any accumulated depreciation straight-line basis and impairment recognised on a 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. 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 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.

The Group determines the lease term based on the non-cancellable period of the lease, together with periods covered by options to extend the lease, if the lessee is reasonably certain to exercise those options. Lease payments under extension options are included in the lease liability and are recognized in accordance with IFRS 16 when the extension is reasonably certain to be exercised.

Group as lessor

Leases for which the group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

Where the Group is the lessor and the lease is a finance lease the leased asset is not held on the statement of financial position; instead a finance lease receivable is recognised representing the minimum lease payments receivable under the terms of the lease discounted at the rate of interest implicit in the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more appropriate. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. The Group presents leased assets on the statement of financial position within property and equipment.

Material accounting policies continued

for the year ended 31 December 2024

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

In the past the Group operated a defined benefit pension plan for its employees ("the Fund"). The Group has since discontinued this Fund and currently there are no active employees within this Fund. The Board of Trustees of the Fund have obtained relevant regulatory approvals and have wound up the defined benefit Fund by converting the deferred members within this Fund to transfer relevant member credits to their new employers' pension plans or purchase annuities from other service providers in the market. This process was concluded by 31 May 2015.

Deferred defined benefits have been converted to defined contribution based on accrued benefits as at 31 May 2015. Annuities with respect to deferred pensioners have been purchased with effect from 31 May 2015. Consequently, settlement accounting treatment was adopted in 2015 disclosures and thus no defined benefit obligation remains in respect of the defined benefit deferred members.

In 2016 a contractual agreement was signed between the Fund and the insurer which specifies that the obligation in respect of the pensioners has transferred to the insurer. In the past the annual pension increase declared by the Board of Trustees of the Fund was closely aligned to the prevailing inflation and was higher than the 2.5% as prescribed by the Fund rules. At the time of sourcing annuities this was recognised. The fair value of Insurance Policy is aligned to the defined benefit obligation and any change in fair value of this plan asset was considered to arise from remeasurement and accounted within other comprehensive income. The remaining surplus is not available to the Group and is treated as a reduction in asset ceiling and is accounted as such.

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 48). 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.

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, as determined to be required in the separate financial statements of the Group, 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).

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 30 for the carrying amount of liabilities arising from cash-settled arrangements).

Material accounting policies continued

for the year ended 31 December 2024

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.

Useful lives and residual values

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each reporting date.

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

Leasehold property and rented property improvements are depreciated over a period that is the shorter of the unexpired period of the lease or its useful life. Freehold land is not depreciated.

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
--------------------------	-----

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:

Material accounting policies continued

for the year ended 31 December 2024

1.10 Intangible assets (continued)

Research and development (continued)

- 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.

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 asset's 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.

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 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.

Material accounting policies continued

for the year ended 31 December 2024

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:

- i. how the financial assets' performance is evaluated and reported to management;
- ii. how the risks within the portfolio are assessed and managed; and
- iii. 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).

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).

Material accounting policies continued

for the year ended 31 December 2024

1.14 Financial instruments (continued)

Financial liabilities (continued)

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 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 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.

Lifetime of financial instruments

For exposures in stage 2 and stage 3 the maximum lifetime over which expected credit losses should be measured is the maximum contractual period over which the Group is exposed to credit risk. The Group estimates cash flows by considering all contractual terms of the financial instrument (for example prepayment extension call and similar options) through the expected life of that financial instrument.

Material accounting policies continued

for the year ended 31 December 2024

In rare cases when it is not possible to reliably estimate the expected life of a financial instrument the Group uses the remaining contractual term of the financial instrument.

Certain credit exposures include both a drawn and an undrawn component and the Group's contractual ability to demand repayment and cancel the undrawn commitment does not limit the exposure to credit losses to the contractual notice period. In this case expected credit losses are measured over the period that the Group is exposed to credit risk even if that period extends beyond the maximum contractual period. This applies to overdrafts credit cards and other revolving products. These contracts are cancellable at very short notice and they have no fixed term but credit may continue to be extended for a longer period and may only be withdrawn after the credit risk of the borrower increases which could be too late to prevent losses. For these types of products the expected life is based on the behavioral life i.e. the period over which there is exposure to credit risk which is not expected to be mitigated by credit actions (e.g. limit decreases) even though the contract permits immediate limit decrease.

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;

Curing of a Distressed Restructure (continued)

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).

Derecognition of financial instruments

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.

Material accounting policies continued

for the year ended 31 December 2024

1.14 Financial instruments (continued)

Modification (continued)

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. (For example, an entity plans to enforce the collateral on a financial asset and expects to recover no more than 30 per cent of the financial asset from the repossess. If the entity has no reasonable prospects of recovering any further cash flows from the financial asset it should write off the remaining 70 per cent of the asset). 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.

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.

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.

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.

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.

Offsetting

In accordance with IAS 32 Financial Instruments: Presentation the Group reports financial assets and financial liabilities on a net basis on the statement of financial position only if there is a current legally enforceable right to set off the recognised amounts and there is intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

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).

Material accounting policies continued

for the year ended 31 December 2024

All transactions between business segments are conducted on an arm's length basis. 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 47.

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 35 and 36 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:

Material accounting policies continued

for the year ended 31 December 2024

1.21 Judgements and estimates (continued)

- 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

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).

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.

Material accounting policies continued

for the year ended 31 December 2024

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:

- 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 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.
- 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;

Material accounting policies continued

for the year ended 31 December 2024

- 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 4).

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:

Inputs	At 31 December 2024
Risk -free discount rate	7.45% to 7.56 (2023: 7.5% to 8.5%)
Share price volatility	Flat 29.04% (2023: 7.5% to 8.5%)
Dividend yield	3.92% to 6.28% (2023: 4.08% to 8.17%)

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. A key assumption applied is staff turnover and expected forfeitures. Management calibrates this assumption based on historical data. Note 48 include details of the Group's share awards.

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

Material accounting policies continued

for the year ended 31 December 2024

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 moneymarket curves and/or volatilities
Interest rate derivatives	Discounted cash flow and/or option pricing models	Interest rate curves repurchase agreements curve moneymarket curves and/or volatility

Notes to the consolidated and separate financial statements

for the year ended 31 December 2024

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 2024, 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 2024:

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

31 December 2023	Baseline				Upside				Downside			
(%)	2023	2024	2025	2026	2023	2024	2025	2026	2023	2024	2025	2026
Real GDP	3.20	3.60	3.80	4.00	3.60	4.60	5.00	5.20	2.70	2.70	2.90	2.90
CPI	5.10	3.80	4.20	4.20	5.10	2.70	2.90	3.20	5.10	5.30	5.40	5.70
Policy rate	2.63	2.40	2.56	2.65	2.63	2.24	2.15	2.15	2.63	3.19	4.88	5.00

Global

The baseline forecast for the global environment forecast G7 economic growth of 1.6% in 2024 and 2025, rising slightly in the outer years, led by a strongly performing US economy, whilst China's economic growth is expected to slowly decelerate from 4.8% in 2024 to 4.2% by 2026. The US Federal Reserve is expected to cut the policy rate to 4.5% by end-2024, and then to 3.5% by end-2025 and to a terminal rate of 3% in 2026. Oil is expected to moderate slowly from an average price of \$80 in 2024, whilst other commodity prices moves were generally sideways. Global risks appetite is expected to be modestly below its long-run average, but gradually improving as the armed conflicts in Europe and the middle east slowly come to conclusion. In our mild downside scenario, economic growth is modestly lower, the US policy rate falls significantly more quickly, whilst commodity prices fall on global growth concerns even as oil prices are higher on an intensification of geopolitical concerns. For the mild upside

scenario, G7 economies and China are expected to grow by an average of 0.2 - 0.3bps more quickly than in base, triggering a 50bps higher US policy rate stance. 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 GDP is expected to contract by 0.5% in 2024 in our baseline forecast, driven by a sharp decline in the diamond market and by a severe drought. Although an improvement in diamonds is likely to be modest in 2025, overall economic activity will likely jump by 3.6% year over year as weather conditions normalise, inflation, though rising, remains modest and the Bank of Botswana's interest rate cut in 2024 feeds into the economy. We do not anticipate further monetary easing over 2025 or 2026. The Botswana pula (BWP) is expected to strengthen against global currencies, largely on our expectations of rand strength against the dollar. In our mild downside scenario, the recession is larger (GDP -1.8% year over year) as the impact of the drought and weak diamond demand is worse than expected, and a bump higher in inflation would encourage the central bank having to boost the policy rate by more than 100bps even in the face of economic weakness and Botswana Pula tracks the rand and depreciates significantly. Conversely, our mild upside scenario envisions that a strong final quarter in 2024 allows the country to avoid recession in the year, while much improved weather conditions, a strong market for diamonds, and an accelerated economic reform program from the new government boost economic growth above 6% in 2025 and to 5% over the medium-term. Somewhat better inflation provides space for some modest further monetary accommodation by the Bank of Botswana, whilst the Pula is also modestly stronger than in our baseline.

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:

	P'000	Consolidated and Company		
		2024 % change	2023 P'000	% change
ECL allowance on stage 1 and stage 2 loans and advances to customers	196 779		358 477	
Baseline	74 490	(48)	143 391	43
Upside	64 002	(40)	107 543	43
Downside	58 287	(46)	107 543	43

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

Figures in Pula thousand	Group		Company	
	2024	2023	2024	2023
3. Effective interest income				
Financial assets at fair value through OCI	144 823	131 369	144 823	131 369
Loans to related parties	116 767	70 253	116 767	70 253
Loans and advances to banks	3 025	1 725	3 025	1 725
Loans and advances to customers	1 876 918	1 831 192	1 876 918	1 831 192
Total interest income	2 141 533	2 034 539	2 141 533	2 034 539
4. Effective interest expense				
Deposits from banks	(965)	(269)	(965)	(269)
Customer deposits	(499 388)	(544 745)	(499 388)	(544 745)
Debt securities in issue	(43 982)	(33 004)	(43 982)	(33 004)
Subordinated debt	(47 768)	(42 737)	(47 768)	(42 737)
Interest on lease liabilities	(3 257)	(4 648)	(3 257)	(4 648)
Loans from related parties	(28 070)	(8 702)	(28 070)	(8 702)
Total interest expense	(623 430)	(634 105)	(623 430)	(634 105)
5. Net fee and commission income				
Fee and commission income at a point in time				
Insurance commissions	53 222	56 599	274	1 612
Interchange fees	201 702	209 384	201 702	209 384
Withdrawal fees	8 117	11 257	8 117	11 257
Application banking fees	9 522	8 871	9 522	8 871
	272 563	286 111	219 615	231 124
Fee and commission income over time				
Maintenance charges	129 624	104 955	129 624	104 955
Service fees	178 846	166 439	178 846	166 439
	308 470	271 394	308 470	271 394
Fee and commission income	581 033	557 505	528 085	502 518
Foreign exchange gains	15 822	19 098	15 822	19 098
Fee and commission income	596 855	576 603	543 907	521 616
Fee and commission expense				
Inter-bank transaction fees	(63 363)	(95 001)	(63 363)	(95 001)
Commission expenses	(1 178)	(4 736)	(1 276)	(1 665)
Fee and commission expense	(64 541)	(99 737)	(64 639)	(96 666)
Net fee and commission income	532 314	476 866	479 268	424 950

Figures in Pula thousand	Group		Company	
	2024	2023	2024	2023
6. Net trading income				
Gains or losses on currency trading and derivative instruments	192 132	219 385	192 132	219 385
Fair value (FV) movement on financial assets held at FV	(2 173)	2 381	(2 173)	2 381
Treasury sales activities	-	(364)	-	(364)
Markets - Bond Sales	4 402	13 799	4 402	13 799
Exchange gains and losses	7 079	(7 208)	7 079	(7 208)
Gains or losses on currency trading and derivative instruments with related parties	22 847	(11 360)	22 847	(11 360)
	224 287	216 633	224 287	216 633

The description of net trading income has been updated to align with the nature of the activities. Similarly the amounts have been reclassified in prior year. These reclassification have no impact on the net trading amount previously reported.

Figures in Pula thousand	Group		Company	
	2024	2023	2024	2023
7. Other income				
Management fee income*	-	-	29 569	31 949
Contractual receipts from point of sale services**	5 076	4 599	5 076	4 599
Insurance recoveries	2 026	9 267	2 026	9 267
Foreign exchange losses	4	-	-	-
Gain on disposal of property and equipment	248	7 697	248	7 697
	7 354	21 563	36 919	53 512

*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	
	2024	2023	2024	2023
8. Expected credit losses				
Stage 3 expected losses	(152 649)	(49 637)	(152 649)	(49 637)
Stage 2 expected losses	23 892	(41 403)	23 892	(41 403)
Stage 1 expected losses	5 403	18 749	5 403	18 749
Expected credit loss expense	(123 354)	(72 291)	(123 354)	(72 291)
Recoveries of loans and advances to customers previously written off	44 681	2 855	44 681	2 855
Write off of loans and advances to customers	(10 773)	(7 124)	(10 773)	(7 124)
Statement of comprehensive income charge	(89 446)	(76 560)	(89 446)	(76 560)

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

Figures in Pula thousand	2024	Group 2023	Company 2024	2023
9. Staff costs				
Salaries and current services costs	(342 088)	(393 301)	(342 088)	(392 420)
Retrenchment costs	-	(91 000)	-	(91 000)
Training costs	(5 818)	(4 388)	(5 818)	(4 388)
Staff medical costs	(25 377)	(25 708)	(25 377)	(25 708)
Leave pay	(950)	(11 125)	(950)	(11 125)
Payroll related allowances	(27 951)	(31 508)	(27 951)	(31 508)
Staff welfare	(19 452)	(23 569)	(19 452)	(23 569)
Pension cost	(37 499)	(43 735)	(37 499)	(43 735)
Cash-settled share-based payments	(21 269)	(2 538)	(21 269)	(2 538)
Equity-settled share-based payments	(6 063)	(6 990)	(6 063)	(6 990)
Total staff costs	(486 467)	(633 862)	(486 467)	(632 981)
Average number of employees during period	914	1 111	914	1 111

Figures in Pula thousand	2024	Group 2023	Company 2024	2023
10. Infrastructure costs				
Equipment maintenance costs	(29 486)	(27 987)	(29 486)	(27 987)
Property maintenance costs	(2 899)	(3 164)	(2 899)	(3 164)
Depreciation of property plant and equipment	(35 230)	(41 318)	(35 230)	(41 318)
Depreciation of right-of-use assets	(23 164)	(30 561)	(23 164)	(30 561)
Amortisation of intangible assets	(490)	(689)	(490)	(689)
Short-term leases*	(27 368)	(19 656)	(27 368)	(19 656)
Software licensing and other information technology	(64 331)	(59 758)	(64 331)	(59 758)
Total infrastructure costs	(182 968)	(183 133)	(182 968)	(183 133)

* Rentals amounting to BWP 10 287 thousand (2023 : BWP 5 425 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	2024	Group 2023	Company 2024	2023
11. Administration and general expenses				
Auditors' remuneration:				
Financial statements	(7 308)	(6 736)	(7 106)	(6 686)
Consultancy legal and professional fees	(93 402)	(62 280)	(93 384)	(62 280)
Marketing advertising and sponsorship	(23 466)	(24 545)	(23 466)	(24 545)
Travel and accommodation	(2 429)	(3 674)	(2 429)	(3 674)
Cash-in-transit	(21 865)	(19 088)	(21 865)	(19 088)
Directors' fees	(3 337)	(3 334)	(3 337)	(3 334)
Donations	(2 205)	(874)	(2 205)	(874)
Stationery and postage	(10 909)	(17 319)	(10 909)	(17 319)
Telephone	(20 280)	(18 712)	(20 280)	(18 712)
	(177 893)	(149 826)	(177 875)	(149 826)

Figures in Pula thousand	2024	Group 2023	Company 2024	2023
11. Administration and general expenses				
Included as part of the administrative and general are expenses incurred with related parties				
Transitional service costs – recharges by related parties	(131 227)	(132 058)	(134 780)	(132 058)
Recoveries	10 498	5 109	10 498	5 109
Total related party expenses (note 20)	(120 729)	(126 949)	(124 282)	(126 949)
Security expenses	(18 520)	(14 802)	(18 520)	(14 802)
Withholding and VAT expenses	(51 551)	(48 135)	(51 551)	(45 460)
Other costs – general non-related party	(89 377)	(44 852)	(92 596)	(44 885)
	(159 448)	(107 789)	(162 667)	(105 147)
Total administrative and general expenses	(465 378)	(391 300)	(471 930)	(388 608)

IESBA fee disclosure : Financial statement audit fees BWP5 753 thousand(2023: BWP4 500 thousand) and interim review audit fees for KPMG Botswana is BWP 340 thousand (BWP300 thousand). This includes both Group and Company.

Figures in Pula thousand	2024	Group 2023	Company 2024	2023
12. Taxation expense				
Major components of the tax expense				
Current				
Normal tax – current year	197 562	207 643	189 936	203 328
Deferred				
Movement in deferred tax asset – current year	18 903	(1 572)	19 134	(2 106)
Total income tax recognised in the current year	216 465	206 071	209 070	201 222

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	2024	Group 2023	Company 2024	2023
Profit before tax	1 057 799	830 641	1 027 766	814 247
Income tax expense calculated at 22% (2023: 22%)	232 716	182 741	226 109	179 134
Tax effect of adjustments on taxable income				
Tax on non-deductible expenses	1 054	1 408	1 054	1 408
Prior year under/(over) provision-current tax	(318)	12 504	(445)	4 798
Prior year under provision-deferred tax	(16 987)	9 418	(17 648)	15 882
Income tax expense recognised in profit or loss	216 465	206 071	209 070	201 222
Effective tax rate	20.46 %	24.81 %	20.34 %	24.71 %

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

Figures in Pula thousand	Group		Company	
	2024	2023	2024	2023
12. Taxation expense (continued)				
Reconciliation or breakdown of non-deductible expenses				
Penalties and fines	-	2 806	-	2 806
Donations and sponsorships	4 791	3 593	4 791	3 593
Total non-deductible differences	4 791	6 399	4 791	6 399
Tax on non-deductible expenses at 22% (2023: 22%)	1 054	1 408	1 054	1 408

Figures in Pula thousand	Group and Company	
	2024	2023
13. Earnings per share		
Basic earnings per share		
From continuing operations (thebe per share)	98.73	73.29
Number of shares		
Issued shares at the beginning of the year	852 161	852 161
Weighted average number of ordinary shares	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 2024 (31 December 2023: Nil). The issued shares above have been rounded to the nearest thousand.

Figures in Pula thousand	Group		Company	
	2024	2023	2024	2023
14. Cash				
Cash and cash equivalents consist of:				
Local currency (Pula)	673 613	706 028	673 613	706 028
Foreign currency	42 503	47 248	42 503	47 248
	716 116	753 276	716 116	753 276
Exposure to currency risk				
USD	28 337	30 972	28 337	30 972
ZAR	9 852	11 091	9 852	11 091
GBP	1 108	1 264	1 108	1 264
EURO	2 865	3 613	2 865	3 613
Other	341	308	341	308
	42 503	47 248	42 503	47 248

Figures in Pula thousand	Group		Company	
	2024	2023	2024	2023
15. Balances at central bank				
Current account	23 764	1 645	23 764	1 645
Primary reserve requirement	-	394 000	-	394 000
Standing deposit facility	-	752 000	-	752 000
Gross balances at central bank	23 764	1 147 645	23 764	1 147 645
Expected credit losses	(5)	(13)	(5)	(13)
	23 759	1 147 632	23 759	1 147 632

The minimum statutory reserve with the Bank of Botswana is calculated at 0% effective 5th December 2024 (2023: 2.5%) of the average local currency customer deposits. This is calculated on a monthly basis using deposits from two months earlier. With a view to providing flexibility, the Bank of Botswana implemented "reverse averaging" in the determination of the Primary Reserve Requirement (PRR), under which the commercial banks can fulfil this statutory requirement on an average basis over the maintenance period rather than daily. As at the year end the PRR (primary statutory reserve) was nil million (2023: BWP 394 million). The bank was in compliance with the central bank PRR limit, as this is assessed on an average basis the bank's average PRR balance was nil (2023: 394 million).

The standing deposit has been inverted into investments in government securities for better yields and for liquidity management as result the balance is currently nil.

Figures in Pula thousand	Group		Company	
	2024	2023	2024	2023
16. Trading portfolio assets				
Debt securities	4 375	191 177	4 375	191 177
Trading portfolio assets	4 375	191 177	4 375	191 177
Maturity analysis				
Between 1-2 years	-	68 523	-	68 523
Between 2- 5 years	2 236	44 065	2 236	44 065
Between 5-10 years	-	40 488	-	40 488
Over 10 years	2 229	37 953	2 229	37 953
Total	4 465	191 029	4 465	191 029
Fair value adjustment	(90)	148	(90)	148
Trading portfolio assets	4 375	191 177	4 375	191 177

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

17. Derivative financial instruments

Group and Company

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

2023

	Notional Contract Amount Assets P'000	Notional Contract Amount Liabilities P'000	Assets P'000	Liabilities P'000
Foreign exchange derivatives				
Forward foreign exchange	7 918	639	6 629	1 425
Currency swap	98 242	103 761	96 588	94 538
Over the counter options bought and sold	653	92	235	77
Foreign exchange derivatives	106 813	104 492	103 452	96 040
Total derivatives	106 813	104 492	103 452	96 040

Figures in Pula thousand

18. Financial assets at fair value through OCI

	Group 2024	2023	Company 2024	2023
Bank of Botswana certificates	3 011 196	2 148 869	3 011 196	2 148 869
Treasury bonds	605 320	320 401	605 320	320 401
Debt securities	-	80	-	80
Fair value adjustment	(16 117)	(4 327)	(16 117)	(4 327)
Expected credit losses	19	(128)	19	(128)
Total	3 600 418	2 464 895	3 600 418	2 464 895

Bank of Botswana certificates

Less than 1 month	-	1 048 751	-	1 048 751
1-3 months	475 592	-	475 592	-
3-12 months	2 535 604	1 100 118	2 535 604	1 100 118
Total	3 011 196	2 148 869	3 011 196	2 148 869

Treasury bonds

1- 5 years	327 200	228 682	327 200	228 682
Over 6 years	278 120	91 719	278 120	91 719
Total	605 320	320 401	605 320	320 401

Debt securities

Over 5 years	-	80	-	80
--------------	---	----	---	----

Total gross amount financial assets at FV through OCI	3 616 516	2 469 350	3 616 516	2 469 350
Fair value adjustment	(16 117)	(4 327)	(16 117)	(4 327)
Expected credit losses	19	(128)	19	(128)
Total carrying amount financial assets at FV through OCI	3 600 418	2 464 895	3 600 418	2 464 895

Financial assets at fair value through other comprehensive income (OCI) include Bank of Botswana Certificates Treasury Bills and Government bonds. Bank of Botswana certificates amounting to BWP 440 million (2023: BWP 428 million) have been pledged as collateral for use of the secured intra-day trading facilities with Bank of Botswana.

The Group holds debt securities relating to debentures in private schools and sport clubs.

Figures in Pula thousand

19. Loans and advances to banks

	Group 2024	2023	Company 2024	2023
Current accounts	520 766	763 975	520 766	763 975
Expected credit losses	(22)	(128)	(22)	(128)
Total carrying amount of loans and advances to banks	520 744	763 847	520 744	763 847

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 2024

20. Related parties

Holding company
Subsidiaries

Other subsidiaries

Group Company

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 South Africa 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.

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.

Group

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
Shareholders							
Absa Group Limited	-	(79 426)	113 639	(68 745)	(389 952)	(2 845)	(52 509)
	-	(79 426)	113 639	(68 745)	(389 952)	(2 845)	(52 509)
Other							
Absa Bank Limited	-	-	3 128	-	-	2 452	-
	-	-	3 128	-	-	2 452	-

*The net recovery is an income of P 10,498 thousand (refer note 11).

2023

	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
Shareholders							
Absa Group Limited	-	(100 723)	-	(43 777)	(314 586)	(422)	(29 110)
	-	(100 723)	-	(43 777)	(314 586)	(422)	(29 110)
Other							
Absa Bank Limited	-	-	70 253	-	-	2 283	-
Subsidiaries	-	-	-	-	-	712	-
	-	-	70 253	-	-	2 995	-

*The net recovery is an income of BWP 2 573 thousand (refer note 11).

20. Related parties (continued)

Company

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
Shareholders							
Absa Group Limited	-	(79 426)	-	-	(389 952)	(2 845)	(52 509)
	-	(79 426)	-	-	(389 952)	(2 845)	(52 509)
Subsidiaries							
Absa Insurance Services Limited	25 944	-	-	-	-	-	-
	25 944	-	-	-	-	-	-
Other							
Absa Bank Limited	-	-	113 639	68 745	-	-	-
Other	-	-	3 127	-	-	2 452	-
	-	-	116 766	68 745	-	2 452	-

*The net recovery is an income of P 10,498 thousand (refer note 11).

2023

	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
Shareholders							
Absa Group Limited	-	(100 723)	-	(43 777)	(314 586)	(422)	(30 914)
	-	(100 723)	-	(43 777)	(314 586)	(422)	(30 914)
Subsidiaries**							
Absa Insurance Services Limited	31 949	-	-	-	-	-	-
	31 949	-	-	-	-	-	-
Other							
Absa Group Limited	-	-	70 253	-	-	2 283	-
Subsidiaries	-	-	-	-	-	712	-
	-	-	70 253	-	-	2 995	-

* The net recovery is an income of BWP 2,573 thousand (refer note 11).

** Different from 2023, transactions with subsidiaries are now presented separately from other related party balances.

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

20. Related parties (continued)

Group

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	14 119	-	14 119	61 232	-	-	61 232	533 968
	14 119	-	14 119	61 232	-	-	61 232	533 968
Subsidiaries								
Absa Insurance Services Limited	-	-	-	-	1 934	-	1 934	-
Other related parties								
Absa Bank Limited	118 117	2 487 208	2 605 325	153 305	-	302 551	455 856	-
Other Absa Group Limited subsidiaries	2 587	-	2 587	2 548	-	-	2 548	-
	120 704	2 487 208	2 607 912	155 853	-	302 551	458 404	-
Total	134 823	2 487 208	2 622 031	217 085	1 934	302 551	521 570	533 968

Derivatives included in Related party balances

	Assets P '000	Liabilities P '000
Absa Group Limited	78 092	5 284
	78 092	5 284

20. Related parties (continued)

2023

	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	5 570	-	5 570	22 917	-	22 917	521 926
	5 570	-	5 570	22 917	-	22 917	521 926
Other related parties							
Absa Bank Limited	28 662	1 988 265	2 016 927	305 570	159 884	465 454	-
Other Absa Group Limited subsidiaries	3 400	-	3 400	15 116	-	15 116	-
	37 632	1 988 265	2 025 897	343 603	159 884	503 487	521 926

Derivatives included in Related party balances

	Assets P '000	Liabilities P '000
Absa Group Limited	88 635	1 646
	88 635	1 646

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

20. Related parties (continued)

Company

2024

	Current receivable P'000	Loans to Related parties P'000	Total due from related parties P'000	Current amounts payable P'000	Deposits from Related P'000	Total due to Related parties P'000	Loans from Related parties amounts Subordinated Debt P'000
Shareholders							
Absa Group Limited	14 119	-	14 119	61 232	-	61 232	533 968
	14 119	-	14 119	61 232	-	61 232	533 968
Subsidiaries**							
Absa Insurance Services Limited	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	118 117	2 487 208	2 605 325	153 305	302 551	455 856	-
Other Absa Group Limited subsidiaries	2 587	-	2 587	1 445	-	1 445	-
	120 704	2 487 208	2 607 912	154 750	302 551	457 301	-
Total	189 364	2 487 208	2 676 572	380 042	302 551	682 593	533 968

** Different from 2023, transactions with subsidiaries are now presented separately from other related party balances.

Derivatives included in Related party balances

	Assets P'000	Liabilities P'000
Absa Group Limited	78 092	5 284
	78 092	5 284

20. Related parties (continued)

2023

	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 P'000	Total due to Related parties P'000	Loans from Related parties Subordinated Debt P'000
Shareholders							
Absa Group Limited	5 570	-	5 570	22 917	-	22 917	521 926
	5 570	-	5 570	22 917	-	22 917	521 926
Subsidiaries							
Absa Insurance Services (subsidiary) Absa Securities	26 508	-	26 508	134 445	-	134 445	-
	26 508	-	26 508	134 899	-	134 899	-
Other related parties							
Absa Bank Limited	28 662	1 988 265	2 016 927	305 570	159 884	465 454	-
Other Absa Group Limited subsidiaries	2 195	-	2 195	3 040	-	3 040	-
	30 857	1 988 265	2 019 122	308 610	159 884	468 494	-
Total	62 935	1 988 265	2 051 200	466 426	159 884	626 310	521 926

Derivatives included in Related party balances

	Assets P'000	Liabilities P'000
Absa Group Limited	88 635	1 646
	88 635	1 646

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 Executive Committee ("Exco"). 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.

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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

20. Related parties (continued)

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 normal commercial terms.

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 on hand on the Statement of cash flows. There were no impairment provisions that related to balances and transactions with related parties. In relation to subordinated debt with related parties, please refer to notes 34 for more details on terms and conditions not mentioned herein.

Other transactions

Sethunya Dorothy Makepe-Garebatho (a director) owns 100,000 (2023:100,000) shares which makes up approximately 0.012% of the Company's total shares. She is also a director and shareholder of Diamond Pipe Bar and Bottle store which owns 80,000 (2023:80,000) 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 and 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 21.

Group and Company

2024

	Remuneration P '000	Pensions contribution 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)

2023*

	Remuneration P '000	Pensions contribution P '000	Share-based payments P '000	Interest received P '000	Interest paid P '000	Total P '000
Directors compensation						
Non-executive directors	(3 330)	-	-	-	-	(3 330)
Executive directors	(8 890)	(798)	(3 541)	279	(15)	(12 965)
	(12 220)	(798)	(3 541)	279	(15)	(16 295)
Key management compensation						
Key management	(29 183)	(1 944)	(1 977)	1 081	(23)	(32 046)
	(29 183)	(1 944)	(1 977)	1 081	(23)	(32 046)

*The total loans to key management personnel amounted to BWP 32 378 thousand (2023: P30 632 thousand).

New loans during the year amounted to BWP 7 244 thousand (2023: BWP 7 051 thousand). This was previously not disclosed.

21. Loans and advances to customers

	Group and Company	
	2024 P '000	2023 P '000
Mortgages	2 327 760	2 287 122
Personal and term loans	5 493 046	4 833 808
Credit cards	482 879	484 598
Instalment credit agreements	738 010	669 785
Overdrafts	1 928 899	1 923 375
Foreign currency loans	959 394	1 075 412
Scheme loans	6 117 673	5 900 555
Gross loans and advances to customers	18 047 661	17 174 655
Less: Expected credit losses		
Stage 3	(415 717)	(370 029)
Stage 2	(75 520)	(98 739)
Stage 1	(137 383)	(137 827)
Allowance for impairment	(628 620)	(606 595)
Net loans and advances to customers	17 419 041	16 568 060
Loans and advances to customers-sector analysis		
Private individual	12 309 183	11 642 471
Other financial institutions	806 988	690 051
Parastatals	606 126	348 182
Business	4 325 364	4 493 951
Total loans	18 047 661	17 174 655

Expected credit losses – sector analysis

	Group and Company	
	2024 P '000	2023 P '000
Private individual		
Stage 3	(277 415)	(275 005)
Stage 2	(58 811)	(82 987)
Stage 1	(108 047)	(115 661)
Total	(444 273)	(473 653)
Other financial institutions		
Stage 2	(1 579)	(77)
Stage 1	(14 304)	(3 097)
Total	(15 883)	(3 174)
Business		
Stage 3	(138 302)	(96 115)
Stage 2	(15 130)	-
Stage 1	(15 032)	(33 653)
Total	(168 464)	(129 768)
Total expected credit losses	(628 620)	(606 595)

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

22. Credit risk reconciliation

Expected credit losses

Group and Company

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)	(443)	-	137 384
Stage 2	98 739	(3 573)	4 236	(663)	(23 219)	-	75 520
Stage 3	370 029	(2 722)	(27 402)	30 125	147 940	(102 254)	415 716
Total expected credit losses	606 595	50 448	(61 216)	10 769	124 278	(102 254)	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	(61 216)	10 769	122 863	(102 254)	633 022

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 P 61,154 thousand (refer note 8). The total write-off during the year amounts to P 102 million. Also refer to note 1.14 for accounting policy for curing of distressed assets.

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

22. Credit risk reconciliation (continued)

2023

	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	402	-	-	-	(274)	-	128
Total expected credit losses	402	-	-	-	(274)	-	128
Balances with central bank							
Stage 1	11	-	-	-	2	-	13
Total expected credit losses	11	-	-	-	2	-	13
Loans and advances to banks							
Stage 1	42	-	-	-	86	-	128
Total expected credit losses	42	-	-	-	86	-	128
Loans and advances to customers							
Stage 1	183 193	30 415	(22 414)	(8 001)	(45 366)	-	137 827
Stage 2	66 638	(5 172)	8 458	(3 286)	32 101	-	98 739
Stage 3	364 484	(2 315)	(21 762)	24 077	81 826	(76 281)	370 029
Total expected credit losses	614 315	22 928	(35 718)	12 790	68 561	(76 281)	606 595
Provisions for undrawn facilities and guarantees							
Stage 1	1 682	-	-	-	(1 654)	-	28
Stage 2	555	-	-	-	621	-	1 176
Stage 3	(172)	-	-	-	4 516	-	4 344
Total expected credit losses	2 065	-	-	-	3 483	-	5 548
Total expected credit losses	616 835	22 928	(35 718)	12 790	71 858	(76 281)	612 412

22. Credit risk reconciliation (continued)

Gross loans and advances to customers

Group and Company

2024

	Gross Carrying amount P'000	Stage 1 ECL P'000	Gross Carrying amount P'000	Stage 2 ECL P'000	Gross Carrying amount P'000	Stage 3 ECL P'000	Total Gross Carrying amount P'000	Total ECL P'000	Net Carrying amount P'000
Balance at 01 January 2024	18 576 867	(370 028)	(2 023 697)	(98 739)	621 485	(137 828)	17 174 655	(606 595)	16 568 060
New assets originated	3 150 650	51 950	17 429	109 327	4 486	275 000	3 172 565	436 277	3 608 842
Payments and assets derecognised	(5 169 781)	130 249	2 927 400	(24 892)	(57 178)	(563 659)	(2 299 559)	(458 302)	(2 757 861)
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	20 734 500	(137 382)	(3 287 047)	(75 520)	600 208	(415 718)	18 047 661	(628 620)	17 419 041
2023									
	Gross Carrying amount P'000	Stage 1 ECL P'000	Gross Carrying amount P'000	Stage 2 ECL P'000	Gross Carrying amount P'000	Stage 3 ECL P'000	Total Gross Carrying amount P'000	Total ECL P'000	Net Carrying amount P'000
Balance at 01 January 2024	14 947 359	(183 193)	1 342 149	(66 638)	670 559	(364 484)	16 960 067	(614 315)	16 345 752
New assets originated	4 963 768	46 651	125 151	28 509	38 519	24 973	5 127 438	100 133	5 227 571
Payments and assets derecognised	(4 547 155)	(256 414)	(253 937)	(24 892)	(111 758)	188 893	(4 912 850)	(92 413)	(5 005 263)
Transfer (from)/ to stage 1	3 218 055	30 415	(3 227 119)	(22 414)	9 064	(8 001)	-	-	-
Transfer (from)/ to stage 2	(57 417)	(5 172)	53 700	8 458	3 717	(3 286)	-	-	-
Transfer (from)/ to stage 3	52 257	(2 315)	(63 641)	(21 762)	11 384	24 077	-	-	-
Balance at 31 December 2024	18 576 867	(370 028)	(2 023 697)	(98 739)	621 485	(137 828)	17 174 655	(606 595)	16 568 060

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

Figures in Pula thousand	Group		Company	
	2024	2023	2024	2023
23. Other receivables				
Settlement accounts	-	47 517	-	47 517
Clearing accounts	4 365	-	4 365	-
Card transactions	100 631	102 133	100 631	102 133
Other receivables*	9 710	41 431	9 710	40 099
Non-financial				
Prepayments	17 015	16 838	17 015	16 838
Staff fair value**	72 954	72 796	72 954	72 796
Other receivables	204 675	280 715	204 675	279 383

*Included in other receivables is an amount of nil (2023: P21 835 million) due from Absa Bank limited. This balance is in relation to a prepayment for services to be received in the 2024 financial year, and is non-interest bearing.

**Day one prepayment on staff loans issued at below market rates.

Figures in Pula thousand	Group		Company	
	2024	2023	2024	2023
Break up of current and non-current assets rates.				
Current assets	131 833	208 256	131 833	206 924
Non-current assets	72 842	72 459	72 842	72 459
	204 675	280 715	204 675	279 383

24. Property, plant and equipment

Group and Company	2024			2023		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Buildings	314 866	(248 933)	65 933	300 115	(243 205)	56 910
Furniture and fixtures	111 795	(87 663)	24 132	124 008	(75 454)	48 554
Motor vehicles	20 133	(10 894)	9 239	21 965	(9 642)	12 323
IT equipment	203 187	(176 323)	26 864	181 541	(167 344)	14 197
Capital - Work in progress	4 299	-	4 299	4 866	-	4 866
Right of use assets	198 381	(153 247)	45 134	181 996	(130 083)	51 913
Total	852 661	(677 060)	175 601	814 491	(625 728)	188 763

Reconciliation of property, plant and equipment - Group and Company

2023	Buildings	Furniture fixtures	Motor vehicles	IT equipment	Right of use assets	Capital - Work in progress	Total
Cost							
At 01 January 2023	308 260	102 721	11 281	170 735	185 525	-	778 522
Additions	431	27 887	10 684	10 806	-	4 866	54 674
Disposals and scrappings	(8 576)	(6 600)	-	-	-	-	(15 176)
Other changes movements*	-	-	-	-	(3 529)	-	(3 529)
At 31 December 2023	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 AUC	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
Depreciation and impairment							
At 01 January 2023	(237 660)	(68 321)	(7 070)	(156 452)	(99 522)	-	(569 025)
Disposals	8 576	6 600	-	-	-	-	15 176
Depreciation	(14 121)	(13 733)	(2 572)	(10 892)	(30 561)	-	(71 879)
At 31 December 2023	(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)

*Modification on inputs for one of the lease agreements lead to the above impact.

25. Intangible assets

Group and Company	Software 2024 P'000	Software 2023 P'000
Cost		
Balance at the beginning of the year	26 716	26 701
Transfer from PPE	-	15
Additions	475	-
Disposals	(20 535)	-
Balance at the end of the year	6 656	26 716
Accumulated amortisation		
Balance at the begining of the year	(26 231)	(25 540)
Amortisation charge	(489)	(691)
Disposals	20 535	-
Balance at the end of the year	(6 185)	(26 231)
Carrying amount at the end of the year	471	485

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

Figures in Pula thousand	Group 2024	2023	Company 2024	2023
--------------------------	---------------	------	-----------------	------

26. Deferred tax assets

The net deferred tax asset at the end of the year is as follows:

Deferred tax balances

Deferred tax assets	91 376	106 779	89 938	105 509
---------------------	--------	---------	--------	---------

Deferred tax assets and liabilities are attributable to the following:**Group****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

2023

	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	11 406	(17 296)	-	(5 890)
Trading portfolio assets	(994)	(855)	-	(1 849)
Receivables	(4 108)	404	-	(3 704)
Expected credit losses	79 021	(2 917)	-	76 104
Other liabilities	12 093	33 740	-	45 833
Financial assets at fair value through OCI	6 714	(18 331)	5 627	(5 990)
Other	-	2 275	-	2 275
	104 132	(2 980)	5 627	106 779

26. Deferred tax assets (continued)**Company 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

2023

	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	11 406	(17 296)	-	(5 890)
Trading portfolio assets	(993)	(855)	-	(1 848)
Receivables	(4 108)	404	-	(3 704)
Expected credit losses	79 002	(2 917)	-	76 085
Other liabilities	10 307	34 273	-	44 580
Financial assets at fair value through OCI	6 714	(18 330)	5 627	(5 989)
Other	-	2 275	-	2 275
	102 328	(2 446)	5 627	105 509

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

26. Deferred tax assets (continued)

Reconciliation of deferred tax asset (expense movements)

Group	2024			2023		
	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	(4 518)	-	(4 518)	(17 296)	-	(17 296)
Trading portfolio assets	415	-	415	(855)	-	(855)
Receivables	14 704	-	14 704	404	-	404
Expected credit losses	1 836	-	1 836	(2 917)	-	(2 917)
Other liabilities	(32 458)	-	(32 458)	33 740	-	33 740
Financial assets at fair value through OCI	(795)	3 563	2 768	(18 331)	5 627	(12 704)
Other	1 850	-	1 850	2 275	-	2 275
	(18 966)	3 563	(15 403)	(2 980)	5 627	2 647

Company	2024			2023		
	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	(4 518)	-	(4 518)	(17 296)	-	(17 296)
Trading portfolio assets	415	-	415	(855)	-	(855)
Receivables	14 704	-	14 704	404	-	404
Expected credit losses	1 836	-	1 836	(2 917)	-	(2 917)
Other liabilities	(32 626)	-	(32 626)	34 273	-	34 273
Financial assets at fair value through OCI	(795)	3 563	2 768	(18 330)	5 627	(12 703)
Other	1 850	-	1 850	2 275	-	2 275
	(19 134)	3 563	(15 571)	(2 446)	5 627	3 181

27. Taxation

	Group		Company	
Figures in Pula thousand	2024	2023	2024	2023
Balance at beginning of the year	5 715	14 900	9 787	11 026
Current tax recognised in profit or loss	(197 163)	(207 643)	(189 936)	(203 328)
Tax paid	165 619	213 768	156 986	209 693
Prior year under provision	7 201	(12 504)	(445)	(4 798)
Fines and penalties (included in administrative and general expenses)	-	(2 806)	-	(2 806)
Tax (payable)/refundable at the reporting date	(18 628)	5 715	(23 608)	9 787
Reconciliation of tax paid				
Payments during the year	165 619	213 768	156 986	209 693

In the note tax positions have been netted off. Income tax refundable is P4 980 thousand (2023: P9 766 thousand). The current tax payable is P23 608 thousand (2023: P4 051 thousand). The company has one tax position as shown.

28. Deposits from banks

Fixed deposits accounts	400 300	266 799	400 300	266 799
Current accounts	97 972	160 722	97 972	160 722
	498 272	427 521	498 272	427 521

The carrying amount of both fixed and current approximates its fair value.

29. Customer deposits

Cheque account deposits	5 510 200	5 281 593	5 515 521	5 281 593
Savings and transmission accounts	7 211 387	5 857 147	7 211 387	5 857 147
Fixed deposits accounts	6 670 185	7 561 058	6 670 184	7 561 058
Customer deposits	19 391 772	18 699 798	19 397 092	18 699 798
Interest bearing deposits	13 881 572	13 418 205	13 881 572	13 418 205
Non- interest-bearing deposits	5 510 200	5 281 593	5 515 520	5 281 593
	19 391 772	18 699 798	19 397 092	18 699 798

Maturity analysis

On demand	14 336 420	14 578 310	14 341 741	14 578 310
Maturing within one year	4 451 711	3 554 875	4 451 711	3 554 875
Maturing after one year	603 641	566 613	603 640	566 613
	19 391 772	18 699 798	19 397 092	18 699 798

Category analysis of customer deposits

Pula	3 587 753	2 854 344	3 593 073	2 854 344
Foreign currency	1 945 156	2 427 249	1 945 156	2 427 249
Current account	5 532 909	5 281 593	5 538 229	5 281 593

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

29. Customer deposits (continued)

Figures in Pula thousand	Group		Company	
	2024	2023	2024	2023
Pula	6 065 577	5 407 955	6 065 577	5 407 955
Foreign currency	1 123 100	449 192	1 123 100	449 192
Savings account	7 188 677	5 857 147	7 188 677	5 857 147
Pula	6 505 155	7 298 428	6 505 155	7 298 428
Foreign currency	165 031	262 630	165 031	262 630
Term deposits	6 670 186	7 561 058	6 670 186	7 561 058
	19 391 772	18 699 798	19 397 092	18 699 798

Sector analysis of customer deposits

Private individuals	7 550 031	5 901 008	7 550 031	5 901 008
Other financial institutions	5 341 809	6 486 643	5 341 809	6 486 643
Parastatals	1 439 089	1 584 811	1 439 089	1 584 811
Business	4 367 390	3 892 800	4 372 710	3 892 800
Local government	691 441	830 937	691 441	830 937
Central government	2 012	3 599	2 012	3 599
	19 391 772	18 699 798	19 397 092	18 699 798

Figures in Pula thousand	Group		Company	
	2024	2023	2024	2023

30. Other payables

Financial liabilities

Trade payables	16 456	1 737	16 456	1 739
Lease liability	53 897	63 537	53 897	63 537
Accrued expenses	40 637	60 234	40 526	60 184
Settlement accounts	59 546	68 788	59 546	68 788
Card transactions	48 732	69 341	48 732	69 341
Clearing accounts	48 937	71 111	48 937	71 111
Other payables	18 869	30 299	18 869	27 701

Non-financial liabilities

Staff related accruals	67 984	68 595	67 984	68 595
Withholding tax	17 564	28 336	17 564	28 336
Value added taxation	23 524	9 140	21 730	8 320
Cash-settled share-based payments*	21 840	2 538	21 840	2 538
Total	417 986	473 656	416 081	470 190

*The intrinsic value of the liability closely approximates the carrying amount.

31. 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 as and when the entity deems fit. 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	
	2024	2023	2024	2023
Lease liabilities				
Movement in lease liability				
Opening balance	63 537	99 593	63 537	99 593
New leases	649	-	649	-
Modifications	22 073	-	22 073	-
Interest expense	3 257	4 648	3 257	4 648
Payment of capital	(32 362)	(36 056)	(32 362)	(36 056)
Payment of interest	(3 257)	(4 648)	(3 257)	(4 648)
	53 897	63 537	53 897	63 537
Maturity analysis of lease liabilities*				
Less than one year	21 880	27 223	21 880	27 223
Between one and two years	16 753	16 369	16 753	16 369
Between two and three years	9 880	11 233	9 880	11 233
Between three and four years	4 683	5 991	4 683	5 991
Between four and five years	3 500	3 154	3 500	3 154
More than five years	3 350	6 756	3 350	6 756
	60 046	70 726	60 046	70 726

* Comparative figures have been restated to include undiscounted amounts as opposed to the discounted amounts previously disclosed.

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

32. Provisions

Reconciliation of provisions - Group - 2024

	Balance at 01 January 2024	Provisions recognised during the year	Provisions paid during the year	Balance at 31 December 2024
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 - Group - 2023

	Balance at 01 January 2023	Provisions recognised during the year	Provisions paid during the year	Balance at 31 December 2023
Retrenchment costs	-	91 000	-	91 000
Fees refundable	10 181	-	-	10 181
Litigation	3 482	100	(3 111)	471
Commission refundable	8 201	8 485	(10 912)	5 774
Provision for undrawn facilities and guarantees	2 066	24 294	(20 812)	5 548
	23 930	123 879	(34 835)	112 974

Reconciliation of provisions - Company - 2024

	Balance at 01 January 2024	Provisions recognised during the year	Provisions paid during the year	Balance at 31 December 2024
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

Reconciliation of provisions - Company - 2023

	Balance at 01 January 2023	Provisions recognised during the year	Provisions paid during the year	Balance at 31 December 2023
Retrenchment costs	-	91 000	-	91 000
Fees refundable	10 181	-	-	10 181
Litigation	3 481	100	(3 111)	470
Provision for undrawn facilities and guarantees	2 066	24 294	(20 811)	5 549
	15 728	115 394	(23 922)	107 200

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 arises from estimated credit losses on off balance sheet exposures as a result of the application of IFRS 9: Financial Instruments as well as expected credit losses on letters of credit qualifying as on balance sheet as per The Uniform Customs & Practice for Documentary Credits (UCP 600) rules. 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 letters of credit for which no complying presentation of documents has been provided, these are seen as loan commitments (i.e., off-balance sheet exposures) for which ECL on these items would be included in our provisions balance.

Retrenchment costs relates to expenses expected to be incurred by the Bank post lay off of employees due to downsizing. These costs include severance packages, outplacement services, retraining and other allowances. These were incurred by the business during the month of January 2024.

All the provisions are current in nature and there is no discounting impact.

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

33. Debt securities in issue

	Group - 2024 P'000	Group - 2023 P'000	Company - 2024 P'000	Company - 2023 P'000
Floating rate medium term notes	674 950	625 567	674 950	625 567

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 2024 the Bank issued new notes with nominal value of BWP 304 million (2023: BWP 365 million) and redeemed notes with nominal a value BWP 259 million (2023: BWP 324 million). All floating rate instruments are linked to the Monetary Policy Rate (MPR).

Group and Company

2024

Issuance date	Principal P'000	Balance P'000	Reference rate %	Spread %	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.

Group and Company - 2023

Issuance date	Principal P'000	Balance P'000	Reference rate %	Spread %	All in rate %	Interest basis	Redemption date	Stock code
09/05/2019	2 000	2 018	2.40%	3.60%	6.00%	Floating	10/05/2024	Unlisted
03/06/2019	3 000	3 013	2.40%	3.60%	6.00%	Floating	03/06/2024	Unlisted
25/06/2019	1 500	1 501	2.40%	3.60%	6.00%	Floating	24/06/2024	Unlisted
28/06/2019	4 200	4 202	2.40%	3.60%	6.00%	Floating	28/06/2024	Unlisted
01/11/2019	6 000	6 063	2.40%	3.60%	6.00%	Floating	01/11/2024	Unlisted
27/01/2020	2 000	2 055	2.40%	3.60%	6.00%	Floating	27/01/2025	Unlisted
29/01/2020	1 000	1 027	2.40%	3.60%	6.00%	Floating	29/01/2025	Unlisted
05/02/2020	5 000	5 129	2.40%	3.60%	6.00%	Floating	05/02/2025	Unlisted
02/03/2020	2 500	2 552	2.40%	3.60%	6.00%	Floating	03/03/2025	Unlisted
02/04/2020	3 000	3 047	2.40%	3.60%	6.00%	Floating	02/04/2025	Unlisted
08/04/2020	3 000	3 044	2.40%	3.60%	6.00%	Floating	08/04/2025	Unlisted
05/06/2020	7 000	7 033	2.40%	3.60%	6.00%	Floating	04/06/2025	Unlisted
21/12/2021	13 100	13 137	2.40%	6.20%	8.60%	Floating	17/12/2024	Unlisted
05/09/2022	100 000	102 641	-%	-%	8.00%	Fixed	06/09/2027	Unlisted
05/09/2022	100 000	102 526	2.40%	5.00%	7.40%	Floating	06/09/2027	Unlisted
07/02/2023	7 250	7 321	2.40%	3.85%	6.25%	Floating	07/02/2024	Unlisted
07/02/2023	650	657	2.40%	3.85%	6.25%	Floating	07/02/2024	Unlisted
28/07/2023	11 000	11 141	2.40%	4.70%	7.10%	Floating	29/07/2024	Unlisted
18/08/2023	58 000	58 464	2.40%	4.35%	6.75%	Floating	19/08/2024	Unlisted
07/12/2023	33 000	33 141	-%	-%	6.50%	Fixed	05/12/2024	Unlisted
08/12/2023	47 400	47 628	-%	-%	7.00%	Fixed	08/12/2024	ABBSF01
11/12/2023	88 200	88 702	-%	-%	8.30%	Fixed	06/12/2028	ABB021
13/12/2023	28 000	28 093	-%	-%	6.50%	Fixed	11/12/2024	Unlisted
22/12/2023	81 300	81 426	-%	-%	6.50%	Fixed	20/12/2024	Unlisted
27/12/2023	10 000	10 006	-%	-%	6.38%	Fixed	27/03/2024	Unlisted
618 100	625 567							

There were no defaults on the above debt securities during the year.

*Previously the reference rate was based on the issuance rate, this has been updated to refer to the closing reference rate

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

34. Subordinated Debt

	Group		Company	
Figures in Pula thousand	2024	2023	2024	2023
Absa Group Limited BWP	253 309	268 741	253 309	268 741
Medium Term Programme (Third parties)	-	103 604	-	103 604
Absa Group Limited USD	280 659	253 142	280 659	253 142
	533 968	625 487	533 968	625 487

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.
Subordinated debt from Absa Group Limited	18/03/2022	7.47%	18/03/2030	Interest rate at 2.96% plus 3-month SOFR. Previously it was at Absa Group Limited rate plus 3-month Libor (Variable).

Disposed during the year

Particulars	Initial call date	Interest rate	Maturity	Details
Subordinated debt issued through medium term program – third party	15/11/2018	7.51%	14/11/2028	Interest rate at 4.86% plus Monetary Policy Rate effective April 2023.

35. Share capital

Authorised

852 161 250 Ordinary shares of no par value	852 161 250	852 161 250	852 161 250	852 161 250
---	-------------	-------------	-------------	-------------

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 2024	852 161 250	852 161 250	852 161 250	852 161 250
--------------------------------	-------------	-------------	-------------	-------------

Issued

Ordinary	17 108	17 108	17 108	17 108
----------	--------	--------	--------	--------

36. 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 and 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 and loss component of the statement of comprehensive income.

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

37. Cash used in operations

	Group		Company	
	2024 P '000	2023 P '000	2024 P '000	2023 P '000
Profit after taxation	841 334	624 570	818 696	613 025
Adjustments for non-cash items:				
Taxation	216 465	206 071	209 070	201 222
Net Interest income	(1 518 103)	(1 400 434)	(1 518 103)	(1 400 434)
Gain on disposal of property plant and equipment	(248)	(7 697)	(248)	(7 697)
Net gain arising on foreign exchange gains and losses	8 806	4 327	8 806	4 327
Expected credit losses	88 644	78 815	88 644	78 815
Depreciation	58 394	71 879	58 394	71 879
Amortisation	490	689	490	689
Net loss arising on financial assets designated as at fair value through profit or loss	(55)	-	(55)	-
Cash-settled share-based payments	21 269	2 538	21 269	2 538
Equity-settled share-based payments	6 063	6 990	6 063	6 990
Changes in working capital:				
Increase/(decrease) in provisions	(82 553)	85 561	(83 316)	87 989
Decrease in amounts owing to related parties	18 082	305 845	56 284	324 421
(Increase)/decrease in other receivables	76 040	(95 471)	74 708	(98 508)
Increase/(decrease) in other payables	(77 255)	96 437	(68 043)	89 529
	(342 627)	(19 880)	(327 341)	(25 215)
38. Interest received				
Interest income as per profit and loss	2 141 533	2 034 539	2 141 533	2 034 539
Accrued interest movement	(2 190)	(10 420)	(2 190)	(10 420)
	2 139 343	2 024 119	2 139 343	2 024 119
39. Interest paid				
Interest expense as per profit and loss	(623 430)	(634 105)	(623 430)	(634 105)
Accrued interest movement	10 760	11 261	10 760	11 261
	(612 670)	(622 844)	(612 670)	(622 844)
40. Dividends paid				
Prior year final dividend paid during the year	375 000	342 000	375 000	342 000
Interim dividend paid	200 000	123 000	200 000	123 000
	575 000	465 000	575 000	465 000

Dividend paid per share for the year is 67 Thebe (2023 : 55 Thebe). Proposed dividend per share for the year is 23 Thebe (2023 : 44 Thebe).

Figures in Pula thousand	Group		Company	
	2024	2023	2024	2023
41. Cash and cash equivalents*				
Current accounts****	23 764	1 645	23 764	1 645
Standing deposits****	-	752 000	-	752 000
Cash	716 116	753 276	716 116	753 276
Loans and advances to banks**	520 766	763 975	520 766	763 975
Bank of Botswana notes*****	475 592	549 896	475 592	549 896
Loans and advances due from related parties***	1 342 351	1 988 265	1 342 351	1 988 265
Primary reserve requirement****	-	394 000	-	394 000
	3 078 589	5 203 057	3 078 589	5 203 057

* Cash and cash equivalents have been restated in the current year, the Group noted that treasury bills were incorrectly classified in accordance with IAS 7 – Statement of Cash Flows. Refer to note 53.

- ** 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, Primary reserve requirements (PRR) and Standing deposits are part of balances at central bank which are highly liquid.
- The current account, Primary Reserve Requirement (PRR) and Standing deposit are part of balances at the Central bank whereas Bank of Botswana are short term bills disclosed under financial assets at fair value through other comprehensive income
- ***** 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.

42. Changes in liabilities arising from financing activities

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
	1 251 054	304 100	15 354	319 454	(361 590)	1 208 918
Total liabilities from financing activities	1 251 054	304 100	15 354	319 454	(361 590)	1 208 918

Reconciliation of liabilities arising from financing activities – Group and Company – 2023

	Opening balance	Issuance	Other non-cash movements	Total movements	Redemption	Closing balance
Debt securities	585 827	364 800	(1 250)	363 550	(323 810)	625 567
Subordinated debt	612 976	-	12 511	12 511	-	625 487
	1 198 803	364 800	11 261	376 061	(323 810)	1 251 054
Total liabilities from financing activities	1 198 803	364 800	11 261	376 061	(323 810)	1 251 054

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

43. Financial instruments

Categories of financial instruments

Categories of financial assets

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	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
Derivatives	17	-	131 235	-	-	131 235
Other assets	23	-	-	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

Group - 2023 (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	-	-	2 025 897	-	2 025 897
Loans and advances to customers	21	-	-	16 568 060	-	16 568 060
Trading portfolio assets	16	-	191 177	-	-	191 177
Financial assets at fair value through OCI	18	2 464 895	-	-	-	2 464 895
Derivative financial instruments	17	-	103 452	-	-	103 452
Other assets	23	-	-	191 081	395 427	586 508
Cash	14	-	-	753 276	-	753 276
Balances at central bank	15	-	-	1 147 632	-	1 147 632
Loans and advances to banks	19	-	-	763 847	-	763 847
Total		2 464 895	294 629	21 449 793	395 427	24 604 744

Categories of financial assets

Company - 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	-	-	2 676 572	-	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	23	-	-	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

Company - 2023 (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	-	-	2 051 200	-	2 051 200
Loans and advances to customers	21	-	-	16 568 060	-	16 568 060
Trading portfolio assets	16	-	191 177	-	-	191 177
Financial assets at fair value through OCI	18	2 464 895	-	-	-	2 464 895
Derivative financial instruments	17	-	103 452	-	-	103 452
Other assets	23	-	-	189 749	394 178	583 927
Cash	14	-	-	753 276	-	753 276
Balances at central bank	15	-	-	1 147 632	-	1 147 632
Loans and advances to banks	19	-	-	763 847	-	763 847
Total		2 464 895	294 629	21 473 764	394 178	24 627 466

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

43. Financial instruments (continued)

Categories of financial liabilities

Group - 2024(P'000)	Note(s)	Fair value through profit or loss - Held for for trading	Amortised cost	Outside the scope of IFRS 9	Total
Other liabilities	30	-	287 074	183 447	470 521
Due to related parties	20	-	521 569	-	521 569
Subordinated debt	34	-	533 968	-	533 968
Derivative financial instruments	17	126 216	-	-	126 216
Customer deposits	29	-	19 391 772	-	19 391 772
Deposits from banks	28	-	498 272	-	498 272
Debt securities in issue	33	-	674 950	-	674 950
Total		126 216	21 907 605	183 447	22 217 268

Group - 2023(P'000)

	Note(s)	Fair value through profit or loss - Held for for trading	Amortised cost	Outside the scope of IFRS 9	Total
Other liabilities	30	-	365 047	225 634	590 681
Due to related parties	20	-	503 487	-	503 487
Subordinated debt	34	-	625 487	-	625 487
Derivative financial instruments	17	96 040	-	-	96 040
Customer deposits	29	-	18 699 798	-	18 699 798
Deposits from banks	28	-	427 521	-	427 521
Debt securities in issue	33	-	625 567	-	625 567
Total		96 040	21 246 907	225 634	21 568 581

Company - 2024(P'000)

	Note(s)	Fair value through profit or loss - Held for for trading	Amortised cost	Outside the scope of IFRS 9	Total
Other liabilities	30	-	286 963	175 116	462 079
Due to related parties	20	-	682 594	-	682 594
Subordinated debt	34	-	533 968	-	533 968
Derivative financial instruments	17	126 216	-	-	126 216
Customer deposits	29	-	19 397 092	-	19 397 092
Deposits from banks	28	-	498 272	-	498 272
Debt securities in issue	33	-	674 950	-	674 950
Total		126 216	22 073 839	175 116	22 375 171

Company - 2023(P'000)

	Note(s)	Fair value through profit or loss - Held for for trading	Amortised cost	Outside the scope of IFRS 9	Total
Other liabilities	30	-	362 401	214 989	577 390
Due to related parties	20	-	626 310	-	626 310
Subordinated debt	34	-	625 487	-	625 487
Derivative financial instruments	17	96 040	-	-	96 040
Customer deposits	29	-	18 699 798	-	18 699 798
Deposits from banks	28	-	427 521	-	427 521
Debt securities in issue	33	-	625 567	-	625 567
Total		96 040	21 367 084	214 989	21 678 113

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

44. 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 II 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 general provisions for bad and doubtful debts as well as property and equipment revaluation reserves.

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% (2023: 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 - 2024 P'000	Group and company - 2023 P'000
Tier 1 Capital		
Stated capital	8 523	8 522
Share premium	8 586	8 586
Share capital reserve	2 060	2 060
General risk reserve	126 989	126 989
Other reserves	(118)	5 159
Retained earnings	3 151 515	2 884 847
Less: Intangible assets	(471)	(485)
Total Tier 1 Capital	3 297 084	3 035 678
Tier 2 Capital		
Subordinated redeemable debt	529 863	600 035
Unencumbered general provisions	216 211	205 399
Total Tier 2 Capital	746 074	805 434
Total regulatory capital	4 043 158	3 841 112
Risk weighted assets		
Credit Risk weighted assets	17 296 908	16 431 887
Market risk weighted assets	261 195	312 001
Operational risk weighted assets	2 020 574	1 825 861
Total risk weighted assets	19 578 677	18 569 749

Capital adequacy ratio 20.65% 20.68 %
Tier 1 (or core) capital ratio (Basel Committee guide: minimum 4%) was 13.56% at year-end (2023: 16.27%).

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.

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

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 Bank's risk profile.
- Assess new risk-return opportunities.
- Advise on optimising the Bank's risk profile.
- Review and challenge risk management practices.

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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

44. Risk management (continued)

Market risk regulatory capital calculations (Trading and Banking Books) (continued)

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 2 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 unmatured 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.

Company

2024	BWP P'000	USD P'000	ZAR P'000	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

2023

	BWP P'000	USD P'000	ZAR P'000	GBP P'000	EUR P'000	Other P'000	Total P'000
Assets							
Cash	706 028	30 971	11 092	1 264	3 613	308	753 276
Balances at the Central Bank	1 147 632	-	-	-	-	-	1 147 632
Trading portfolio assets	191 177	-	-	-	-	-	191 177
Derivative financial instruments	25 265	-	78 187	-	-	-	103 452
Financial assets at fair value through OCI	2 464 895	-	-	-	-	-	2 464 895
Loans and advances to banks	-	437 000	-	67 468	252 336	7 043	763 847
Due from related parties	3 400	1 988 265	34 232	-	-	-	2 025 897
Loans and advances to customers	15 492 574	838 708	236 766	6	5	1	16 568 059
Other receivables	280 715	-	-	-	-	-	280 715
Total assets	20 311 686	3 294 944	360 277	68 738	255 954	7 352	24 298 950
Liabilities							
Deposits from banks	182 512	26 800	69 232	-	148 063	914	427 521
Due to related parties	15 116	-	488 371	-	-	-	503 487
Customer deposits	15 560 727	2 760 965	218 408	125 690	33 999	9	18 699 798
Derivative financial instruments	54 195	-	41 845	-	-	-	96 040
Other payables	473 656	-	-	-	-	-	473 656
Debt securities in issue	625 567	-	-	-	-	-	625 567
Subordinated debt	356 689	268 798	-	-	-	-	625 487
Total liabilities	17 268 462	3 056 563	817 856	125 690	182 062	923	21 451 556
Net position	3 043 224	238 381	(457 579)	(56 952)	73 892	6 429	2 847 395

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

44. Risk management (continued)

2024

	BWP P'000	USD P'000	ZAR P'000	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	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	3 865 474	830 091	116 373	210 731	3 060	25 296 935
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	18 178 174	3 433 034	554 562	115 302	48 100	1	22 329 172
Net position	2 093 032	432 440	275 529	1 071	162 631	3 059	2 967 762

2023

	BWP P'000	USD P'000	ZAR P'000	GBP P'000	EUR P'000	Other P'000	Total P'000
Assets							
Cash	706 028	30 971	11 092	1 264	3 613	308	753 276
Balances at the Central Bank	1 147 632	-	-	-	-	-	1 147 632
Trading portfolio assets	191 177	-	-	-	-	-	191 177
Derivative financial instruments	25 265	-	78 187	-	-	-	103 452
Financial assets at fair value through OCI	2 464 895	-	-	-	-	-	2 464 895
Loans and advances to banks	-	437 000	-	67 468	252 336	7 043	763 847
Due from related parties	3 757	1 988 265	34 232	-	-	24 946	2 051 200
Loans and advances to customers	15 492 574	838 708	236 766	6	5	1	16 568 060
Other receivables	279 383	-	-	-	-	-	279 383
Total assets	20 310 711	3 294 944	360 277	68 738	255 954	32 298	24 322 922
Liabilities							
Deposits from banks	182 512	26 800	69 232	-	148 063	914	427 521
Due to related parties	137 939	-	488 371	-	-	-	626 310
Customer deposits	15 560 727	2 760 965	218 408	125 690	33 999	9	18 699 798
Derivative financial instruments	54 195	-	41 845	-	-	-	96 040
Other payables	470 190	-	-	-	-	-	470 190
Debt securities in issue	625 567	-	-	-	-	-	625 567
Subordinated debt	356 689	268 798	-	-	-	-	625 487
Total liabilities	17 387 819	3 056 563	817 856	125 690	182 062	923	21 570 913
Net position	2 922 892	238 381	(457 579)	(56 952)	73 892	31 375	2 752 009

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

44. 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	2024 P'000	2023 P'000
5% (decrease) in US Dollar/BWP exchange rate (P'000)	(24 281)	(7 637)
As a percentage (decrease) of total shareholders' equity and profit or loss	(1.00)%	(0.25)%
5% (decrease)/increase in ZAR/BWP exchange rate (P'000)	(325)	(941)
As a percentage (decrease)/increase of total shareholders' equity and profit or loss	- %	(0.03)%
5% increase/(decrease) in GBP/BWP exchange rate (P'000)	25	4 591
As a percentage increase/(decrease) of total shareholders' equity and profit or loss	- %	0.15 %
5% (decrease)/increase in EUR/BWP exchange rate (P'000)	2 361	(4 408)
As a percentage (decrease)/increase of total shareholders' equity and profit or loss	- %	(0.15)%

Sensitivity analysis

A reasonably possible strengthening of the US dollar, ZAR, GBP, EUR against all other countries as at 31 December 2024 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

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

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

44. Risk management (continued)

Interest rate risk

2023

	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	-	-	-	-	-	753 276	753 276
Balances at the Central Bank	752 000	-	-	-	-	395 632	1 147 632
Trading portfolio assets	191 177	-	-	-	-	-	191 177
Derivative financial instruments	103 452	-	-	-	-	-	103 452
Financial assets at fair value through OCI	1 048 750	-	1 100 119	228 634	87 392	-	2 464 895
Loans and advances to banks	763 847	-	-	-	-	-	763 847
Due from related parties	2 025 897	-	-	-	-	-	2 025 897
Loans and advances to customers	2 783 870	260 100	588 943	6 319 795	7 221 948	(606 596)	16 568 060
Other receivables	-	-	-	-	-	191 081	191 081
	7 668 993	260 100	1 689 062	6 548 429	7 309 340	733 393	24 209 317
Liabilities							
Deposits from banks	427 521	-	-	-	-	-	427 521
Due to related parties	503 487	-	-	-	-	-	503 487
Customer deposits	9 290 069	2 214 284	3 451 591	570 240	1 034	3 172 580	18 699 798
Derivative financial instruments	96 040	-	-	-	-	-	96 040
Debt securities in issue	-	-	260 175	365 392	-	-	625 567
Subordinated debt	-	-	-	372 345	253 142	-	625 487
Other payables	-	-	-	-	-	365 047	365 047
	10 317 117	2 214 284	3 711 766	1 307 977	254 176	3 537 627	21 342 947
Interest rate sensitivity gap	(2 648 124)	(1 954 184)	(2 022 704)	5 240 452	7 055 164	(2 804 234)	2 866 370

Company

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

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

44. Risk management (continued)

Company

2023	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	-	-	-	-	-	753 276	753 276
Balances at the Central Bank	752 000	-	-	-	-	395 632	1 147 632
Trading portfolio assets	191 177	-	-	-	-	-	191 177
Derivative financial instruments	103 452	-	-	-	-	-	103 452
Financial assets at fair value through OCI	1 048 750	-	1 100 119	228 634	87 392	-	2 464 895
Loans and advances to banks	763 847	-	-	-	-	-	763 847
Due from related parties	2 051 200	-	-	-	-	-	2 051 200
Loans and advances to customers	2 783 870	260 100	588 943	6 319 795	7 221 948	(606 596)	16 568 060
Other receivables	-	-	-	-	-	189 749	189 749
	7 694 296	260 100	1 689 062	6 548 429	7 309 340	732 061	24 233 288
Liabilities							
Deposits from banks	427 521	-	-	-	-	-	427 521
Due to related parties	626 310	-	-	-	-	-	626 310
Customer deposits	9 290 069	2 214 284	3 451 591	570 240	1 034	3 172 580	18 699 798
Derivative financial instruments	96 040	-	-	-	-	-	96 040
Debt securities in issue	-	-	260 175	365 392	-	-	625 567
Subordinated debt	-	-	-	372 345	253 142	-	625 487
Other payables	-	-	-	-	-	362 401	362 401
	10 439 940	2 214 284	3 711 766	1 307 977	254 176	3 534 981	21 463 124
Interest rate sensitivity gap	(2 745 644)	(1 954 184)	(2 022 704)	5 240 452	7 055 164	(2 802 920)	2 770 164

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.

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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

44. Risk management (continued)

Credit risk (continued)

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

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 exposure

Group

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	(628 643)	(137 406)	(75 520)	(415 717)
Total net exposure to credit risk as disclosed on the statement of financial position	24 185 994	23 187 311	845 618	153 069
Assets not subject to IFRS 9 ECL requirements	966 431	-	-	-
Total financial assets	25 152 425	23 187 311	845 618	153 069
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 P 102,264 thousand (2023: P 76,281 thousand) refer to note 22.

2023

	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	1 147 645	1 147 645	-	-
Loans and advances to banks	763 975	763 975	-	-
Financial assets at fair value through OCI	2 469 350	2 469 350	-	-
Loans and advances to customers	17 174 658	13 786 680	2 767 115	620 863
Due from related parties	2 025 897	2 025 897	-	-
Total gross maximum exposure to credit risk (excluding derivatives)	23 581 525	20 193 547	2 767 115	620 863
Expected credit losses	(606 865)	(138 096)	(98 739)	(370 030)
Total net exposure to credit risk as disclosed on the statement of financial position	22 974 660	20 055 451	2 668 376	250 833
Assets not subject to IFRS 9 ECL requirements	1 234 657	-	-	-
Total financial assets	24 209 317	20 055 451	2 668 376	250 833

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

44. Risk management (continued)

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 BWP 76,281 thousand (2022: BWP 93,339 thousand) refer to note 22.

Company

2024

	Gross Maximum Exposure	12 months expected credit losses - stage 1	Lifetime expected credit losses - stage 2	Credit impaired - stage 3
	P '000	P '000	P '000	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)	24 869 178	23 379 258	921 138	568 786
Expected credit losses	(628 643)	(137 406)	(75 520)	(415 717)
Total net exposure to credit risk as disclosed on the statement of financial position	24 240 535	23 241 852	845 618	153 069
Assets not subject to IFRS 9 ECL requirements	966 431	-	-	-
Total financial assets	25 206 966	23 241 852	845 618	153 069
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 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.

Company

2023

	Gross Maximum Exposure	12 months expected credit losses - stage 1	Lifetime expected credit losses - stage 2	Credit impaired - stage 3
	P '000	P '000	P '000	P '000
Balances at central banks	1 147 645	1 147 645	-	-
Loans and advances to banks	763 975	763 975	-	-
Financial assets at fair value through OCI	2 469 350	2 469 350	-	-
Loans and advances to customers	17 174 658	13 786 680	2 767 115	620 863
Due from related parties	2 051 200	2 051 200	-	-
Total gross maximum exposure to credit risk (excluding derivatives)	23 606 828	20 218 850	2 767 115	620 863
Expected credit losses	(606 865)	(138 096)	(98 739)	(370 030)
Total net exposure to credit risk as disclosed on the statement of financial position	22 999 963	20 080 754	2 668 376	250 833
Assets not subject to IFRS 9 ECL requirements	1 233 325	-	-	-
Total financial assets	24 233 288	20 080 754	2 668 376	250 833
Gross off balance sheet exposures	3 329 945	3 329 945	-	-
Expected credit losses and provision	(5 548)	(5 548)	-	-
Net off balance sheet exposures	3 324 397	3 324 397	-	-

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:

	2024 P '000	2023 P '000
Asset financing- movable property	4 729	4 392
Residential property	173 198	75 463
Balance at the end of the reporting period	177 927	79 855
Forced sale value of repossessed assets	549 916	546 725

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).

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

44. Risk management (continued)

Growth

The loans and advances to customers experienced growth of 1.3% year on year (2023: 8.78%). 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

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

2023

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	1 147 645	-	-	-	-	1 147 645
Financial assets at fair value OCI	2 469 350	-	-	-	-	2 469 350
Trading portfolio assets	191 177	-	-	-	-	191 177
Due from related parties	2 025 897	-	-	-	-	2 025 897
Loans and advances to banks	763 975	-	-	-	-	763 975
Derivative financial assets	103 452	-	-	-	-	103 452
Loans and advances to customers	17 174 655	(326 769)	(1 237 496)	(55 580)	(478 966)	15 075 844
Other receivables	191 081	-	-	-	-	191 081
Total exposures subject to credit risk	24 067 232	(326 769)	(1 237 496)	(55 580)	(478 966)	21 968 421

Company

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

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

44. Risk management (continued)

2023

	Gross maximum exposure (excluding impairment) P '000	Guarantees credit insurance and credit derivatives P '000	Collateral-credit impaired financial assets			Net unsecured exposure P '000
			Physical collateral P '000	Cash collateral P '000	Other P '000	
On-statement of financial position exposure						
Balances at central bank	1 147 645	-	-	-	-	1 147 645
Financial assets at fair value OCI	2 469 350	-	-	-	-	2 469 350
Trading portfolio assets	191 177	-	-	-	-	191 177
Due from related parties	2 051 200	-	-	-	-	2 051 200
Loans and advances to banks	763 975	-	-	-	-	763 975
Derivative financial assets	103 452	-	-	-	-	103 452
Loans and advances to customers	17 174 655	(326 769)	(1 237 496)	(55 580)	(478 966)	15 075 844
Other receivables	189 749	-	-	-	-	189 749
Total exposures subject to credit risk	24 091 203	(326 769)	(1 237 496)	(55 580)	(478 966)	21 992 392

Credit exposure by industry

Group

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 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

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

44. Risk management (continued)

2023

	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 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	11 642 471	-	-	-	-	-	-	-	11 642 471
Mining companies	103 210	-	-	-	-	-	-	-	103 210
Parastatals	348 182	-	-	-	-	-	-	-	348 182
Private sector	4 390 741	-	-	-	-	-	-	-	4 390 741
Financial institutions	690 051	763 975	2 025 897	103 452	1 147 645	2 465 023	191 177	191 081	7 578 301
Gross exposure	17 174 655	763 975	2 025 897	103 452	1 147 645	2 465 023	191 177	191 081	24 062 905
Expected credit losses	(606 595)	(128)	-	-	(13)	(128)	-	-	(606 864)
Net exposure	16 568 060	763 847	2 025 897	103 452	1 147 632	2 464 895	191 177	191 081	23 456 041

Company

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 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

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

44. Risk management (continued)

2023

	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 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	11 642 471	-	-	-	-	-	-	-	11 642 471
Mining companies	103 210	-	-	-	-	-	-	-	103 210
Parastatals	348 182	-	-	-	-	-	-	-	348 182
Private sector	4 390 741	-	-	-	-	-	-	-	4 390 741
Financial institutions	690 051	763 975	2 051 200	103 452	1 147 645	2 465 023	191 177	189 749	7 602 272
Gross exposure	17 174 655	763 975	2 051 200	103 452	1 147 645	2 465 023	191 177	189 749	24 086 876
Expected credit losses*	(606 595)	(128)	-	-	(13)	(128)	-	-	(606 864)
Net exposure	16 568 060	763 847	2 051 200	103 452	1 147 632	2 464 895	191 177	189 749	23 480 012

Credit exposure by area

Group

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 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	-	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

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

44. Risk management (continued)

2023

	Loans and advances to customers	Loans and advances to Banks	Balances with related companies	Derivative financial instruments	Balances at central bank	Financial assets at fair value through	Trading portfolio assets	Other receivables	Total
	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000
Botswana	17 174 655	-	3 950	103 452	1 147 645	2 465 023	191 177	191 081	21 276 983
South Africa	-	-	2 021 796	-	-	-	-	-	2 021 796
UK	-	67 340	-	-	-	-	-	-	67 340
Europe	-	252 553	151	-	-	-	-	-	252 704
Other	-	7 082	-	-	-	-	-	-	7 082
USA	-	437 000	-	-	-	-	-	-	437 000
Gross exposure	17 174 655	763 975	2 025 897	103 452	1 147 645	2 465 023	191 177	191 081	24 062 905
Expected credit losses	(606 595)	(128)	-	-	(13)	(128)	-	-	(606 864)
Net exposure	16 568 060	763 847	2 025 897	103 452	1 147 632	2 464 895	191 177	191 081	23 456 041

Credit exposure by area

Company

2024

	Loans and advances to customers	Loans and advances to Banks	Balances with related companies	Derivative financial instruments	Balances at central bank	Financial assets at fair value through	Trading portfolio assets	Other receivables	Total
	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000	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

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

44. Risk management (continued)

2023

	Loans and advances to customers	Loans and advances to banks	Balances with related companies	Derivative financial instruments	Balances at central bank	Financial assets at fair value through	Trading portfolio assets	Other receivables	Total
	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000	P '000
Botswana	17,174 655	-	28 095	103 452	1 147 645	2 465 023	191 177	189 749	21 299 796
South Africa	-	-	1 955 462	-	-	-	-	-	1 955 462
UK	-	67 340	67 492	-	-	-	-	-	134 832
Europe	-	252 553	151	-	-	-	-	-	252 704
Other	-	7 082	-	-	-	-	-	-	7 082
USA	-	437 000	-	-	-	-	-	-	437 000
Gross exposure	17 174 655	763 975	2 051 200	103 452	1 147 645	2 465 023	191 177	189 749	24 086 876
Expected credit losses	(606 595)	(128)	-	-	(13)	(128)	-	-	(606 864)
Net exposure	16 568 060	763 847	2 051 200	103 452	1 147 632	2 464 895	191 177	189 749	23 480 012

Liquidity risk

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.

Off Balance sheet industrial analysis	Group 2024 P '000	2023 P '000	Company 2024 P '000	2023 P '000
Commitments not on the statement of financial position				
Private individuals	360 734	349 249	360 734	349 249
Mining companies	434 557	405 050	434 557	405 050
Parastatals	155 496	103 571	155 496	103 571
Private sector	2 828 902	2 013 233	2 828 902	2 013 233
Financial institutions	10 372	458 842	10 372	458 842
Gross Exposure	3 790 061	3 329 945	3 790 061	3 329 945
Expected credit losses	(4 054)	(5 548)	(4 054)	(5 548)
Net exposure	3 786 007	3 324 397	3 786 007	3 324 397

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

44. Risk management (continued)

Group

2024

	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	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 2024

44. Risk management (continued)

2023

	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	753 276	-	-	-	-	753 276	-	753 276
Balances at the Central Bank	1 147 632	-	-	-	-	1 147 632	-	1 147 632
Trading portfolio assets	191 177	-	-	-	-	191 177	-	191 177
Financial assets at fair value through OCI	1 048 751	-	1 100 119	228 682	91 670	2 469 222	(4 327)	2 464 895
Loans and advances to banks	763 847	-	-	-	-	763 847	-	763 847
Due from related parties	2 025 897	-	-	-	-	2 025 897	-	2 025 897
Loans and advances to customers	2 646 045	260 100	490 204	6 241 689	7 008 128	16 646 166	(78 106)	16 568 060
Other receivables	191 081	-	-	-	-	191 081	-	191 081
Total assets	8 767 706	260 100	1 590 323	6 470 371	7 099 798	24 188 298	(82 433)	24 105 865
Liabilities								
Due to related parties	503 487	-	-	-	-	503 487	-	503 487
Customer deposits	12 964 438	2 214 284	3 451 591	570 240	1 034	19 201 587	(501 789)	18 699 798
Debt securities in issue	-	-	327 739	290 361	-	618 100	7 467	625 567
Subordinated debt	-	-	-	369 728	251 363	621 091	4 396	625 487
Deposits from banks	427 521	-	-	-	-	427 521	-	427 521
Other payables	365 047	-	-	-	-	365 047	-	365 047
Total liabilities	14 260 493	2 214 284	3 779 330	1 230 329	252 397	21 736 833	(489 926)	21 246 907
Off balance sheet	3 329 945	-	-	-	-	3 329 945	-	3 329 945
Total liabilities exposure	17 590 438	2 214 284	3 779 330	1 230 329	252 397	25 066 778	(489 926)	24 576 852
Liquidity gap (excluding derivatives)	(8 822 732)	(1 954 184)	(2 189 007)	5 240 042	6 847 401	(878 480)	407 493	(470 987)

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

44. Risk management (continued)

Company

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 2024

44. Risk management (continued)

2023

	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	753 276	-	-	-	-	753 276	-	753 276
Balances at the Central Bank	1 147 632	-	-	-	-	1 147 632	-	1 147 632
Trading portfolio assets	191 177	-	-	-	-	191 177	-	191 177
Financial assets at fair value through OCI	1 048 751	-	1 100 119	228 682	91 670	2 469 222	(4 327)	2 464 895
Loans and advances to banks	763 847	-	-	-	-	763 847	-	763 847
Due from related parties	2 051 200	-	-	-	-	2 051 200	-	2 051 200
Loans and advances to customers	2 646 045	260 100	490 204	6 241 689	7 008 128	16 646 166	(78 106)	16 568 060
Other receivables	189 749	-	-	-	-	189 749	-	189 749
Total assets	8 791 677	260 100	1 590 323	6 470 371	7 099 798	24 212 269	(82 433)	24 129 836
Liabilities								
Due to related parties	626 310	-	-	-	-	626 310	-	626 310
Customer deposits	12 964 438	2 214 284	3 451 591	570 240	1 034	19 201 587	(501 789)	18 699 798
Debt securities in issue	-	-	327 739	290 361	-	618 100	7 467	625 567
Subordinated debt	-	-	-	369 728	251 163	620 891	4 596	625 487
Deposits from banks	427 521	-	-	-	-	427 521	-	427 521
Other payables	362 401	-	-	-	-	362 401	-	362 401
Total liabilities	14 380 670	2 214 284	3 779 330	1 230 329	252 197	21 856 810	(489 726)	21 367 084
Off balance sheet	3 329 945	-	-	-	-	3 329 945	-	3 329 945
Total liabilities exposure	17 710 615	2 214 284	3 779 330	1 230 329	252 197	25 186 755	(489 726)	24 697 029
Liquidity gap (excluding derivatives)	(8 918 938)	(1 954 184)	(2 189 007)	5 240 042	6 847 601	(974 486)	407 293	(567 193)

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

44. Risk management (continued)

Group and Company

The following table details the Group's liquidity analysis for its derivative instruments.

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

2023

	Less than 1 year P '000	Total P '000
Gross settled:		
Derivative financial assets	106 813	106 813
Derivative financial liabilities	104 492	104 492

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 (2023: 2.5%) of net local currency deposits and liquid asset ratio is 10% of net local currency deposits.

44. Risk management Capital risk management

Figures in Pula thousand	Group		Company	
	2024	2023	2024	2023
At 31 December				
Foreign currency	(2) %	(8) %	(2) %	(8) %
Local currency	41 %	31 %	41 %	31 %
Average for the period				
Foreign currency	(4) %	(6) %	(4) %	(6) %
Local currency	34 %	34 %	34 %	34 %
Maximum for the period				
Foreign currency	(2) %	(4) %	(2) %	(4) %
Local currency	41 %	38 %	41 %	38 %
Minimum for the period				
Foreign currency	(9) %	(8) %	(9) %	(8) %
Local currency	27 %	31 %	27 %	31 %

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

45. 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

	2024 Carrying amount P '000	2023 Carrying amount P '000
Financial Assets		
Cash	716 116	753 276
Balances at central bank	23 759	1 147 632
Due from related parties	2 622 031	2 025 897
Loans and advances to banks	520 744	763 847
Loans and advances to customers	17 419 041	16 568 060
Other receivables	114 706	191 081
Total	21 416 397	21 449 793
Financial Liabilities		
Deposits from banks	498 272	427 521
Due to related parties	521 569	503 487
Deposits due to customers	19 391 772	18 699 798
Debt securities in issue	674 950	625 567
Other payables	287 074	365 047
Subordinated debt	533 968	625 487
Total	21 907 605	21 246 907

Company

	2024 Carrying amount P '000	2023 Carrying amount P '000
Financial Assets		
Cash	716 116	753 276
Balances at central bank	23 759	1 147 632
Due from related parties	2 676 572	2 051 200
Loans and advances to banks	520 744	763 847
Loans and advances to customers	17 419 041	16 568 060
Other receivables	114 706	189 749
Total	21 470 938	21 473 764
Financial Liabilities		
Deposits from banks	498 272	427 521
Due to related parties	682 594	626 310
Deposits due to customers	19 397 092	18 699 798
Debt securities in issue	674 950	625 567
Other payables	286 963	362 401
Subordinated debt	533 968	625 487
Total	22 073 839	21 367 084

46. 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

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

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

46. Financial instruments measured at fair value (continued)

2023	Level 1 P '000	Level 2 P '000	Total P '000
Recurring fair value measurements			
Financial assets			
Derivative financial instruments	-	103 452	103 452
Trading portfolio assets	-	191 177	191 177
	-	294 629	294 629
Fair value through other comprehensive income			
Treasury bills and other eligible bills	2 144 414	-	2 144 414
Treasury bonds	320 481	-	320 481
	2 464 895	-	2 464 895
Financial liabilities			
Fair value through profit or loss			
Derivative financial instruments	-	96 040	96 040
Company			
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

2023	Level 1 P '000	Level 2 P '000	Total P '000
Recurring fair value measurements			
Financial assets			
Derivative financial instruments	-	103 452	103 452
Trading portfolio assets	-	191 177	191 177
	-	294 629	294 629
Fair value through other comprehensive income			
Treasury bills and other eligible bills	2 144 414	-	2 144 414
Treasury bonds	320 481	-	320 481
	2 464 895	-	2 464 895
Financial liabilities			
Fair value through profit or loss			
Derivative financial instruments	-	96 040	96 040

There has been no transfers during the year between the fair value stages 1, 2 and 3.

47. 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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

- 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. As a result these are not reviewed by the chief operating decision maker. 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

for the year ended 31 December 2024

47. Segmental information (continued)

Group

2024

	Retail and Business Banking P'000	Corporate and Investment Banking P'000	Islamic 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					
Deposits from customers	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

*The financial position of the Islamic Banking segment has been reported within the Corporate and Investment Banking segment in the current the year.

2023

	Retail and Business Banking P'000	Corporate and Investment Banking P'000	Islamic Banking* P'000	Other P'000	Total P'000
Assets					
Derivative financial instruments	-	103 452	-	-	103 452
Fair value through OCI	2 464 895	-	-	-	2 464 895
Loans and advances to customers	12 617 345	3 950 715	-	-	16 568 060
Trading portfolio assets	-	191 177	-	-	191 177
Other assets	-	-	287	5 276 873	5 277 160
Total	15 082 240	4 245 344	287	5 276 873	24 604 744
Liabilities					
Customer accounts	10 720 746	7 668 732	310 320	-	18 699 798
Derivative financial instruments	-	96 040	-	-	96 040
Debt securities in issue	625 567	-	-	-	625 567
Subordinated debt	625 487	-	-	-	625 487
Other liabilities	-	-	-	1 521 689	1 521 689
Total	11 971 800	7 764 772	310 320	1 521 689	21 568 581

47. Segmental information (continued)

Group

2024

	Retail & Business Banking P'000	Corporate & Investment Banking P'000	Islamic 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
Operating expenses	(816 913)	(259 016)	-	(1 075 929)
Depreciation of PPE and right of use asset	(58 394)	-	-	(58 394)
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

*The financial performance of the Islamic Banking segment has been reported within the Corporate and Investment Banking segment in the current the year.

2023

	Retail & Business Banking P'000	Corporate & Investment Banking P'000	Islamic Banking* P'000	Total P'000
Net interest income	1 014 672	384 897	865	1 400 434
Net fee and commission income	436 528	40 638	(300)	476 866
Net trading income and other income	62 052	176 144	-	238 196
Total income	1 513 252	601 679	565	2 115 496
Expected credit losses	(82 621)	6 061	-	(76 560)
Net operating income	1 430 631	607 740	565	2 038 936
Operating expenses	(861 965)	(273 762)	-	(1 135 727)
Depreciation of PPE and right of use asset	(71 874)	(5)	-	(71 879)
Amortisation of intangible assets	(689)	-	-	(689)
Total expenses	(934 528)	(273 767)	-	(1 208 295)
Profit before tax	496 103	333 973	565	830 641
Taxation	(123 077)	(82 854)	(140)	(206 071)
Profit for the year	373 026	251 119	425	624 570

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

48. 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		Company	
	2024	2023	2024	2023
Employee expenses	P '000	P '000	P '000	P '000
Equity-settled share-based payments	(6 063)	(6 990)	(6 063)	(6 990)
Cash-settled share-based payments	(21 269)	(2 538)	(21 269)	(2 538)
Total expense recognised as employee costs	(27 332)	(9 528)	(27 332)	(9 528)

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.

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 and 2024 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.

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

48. Share based payments (continued)

Group

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

2023

	Opening balance P '000	Granted P '000	Forfeited P '000	Exercised P '000	Closing balance P '000
Equity Settled					
SIPP	140 558	44 033	(15 895)	(35 496)	133 200
SIPRB	-	1 373	-	-	1 373
SIPD	4 422	8 699	-	(2 198)	10 923
SIPR	35 539	19 609	-	-	55 148
ECSS	-	878 920	(9 460)	-	869 460

	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	
	2024	2023	2024	2023	2024	2023
Equity Settled						
SIPP	134	75	1	1	146	185
SIPRB	178	-	-	-	146	178
SIPD	186	134	1	1	146	185
SIPR	-	-	1	1	146	185
ECSS	-	-	4	5	76	83

Furthermore the awards outstanding in the aforementioned schemes have no exercise price.

49. Capital commitments and off balance sheet liabilities

Capital commitments

	Group and Company	
	2024 P '000	2023 P '000
Already contracted for but not provided for		
• Property plant and equipment	12 765	5 133
Not yet contracted for and authorised by directors	4 685	11 867

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.

	Group and Company	
	2024 P '000	2023 P '000
Off balance sheet liabilities		
Undrawn commitment to customers	3 071 118	2 649 257
Letters of credit	216 627	210 204
Guarantees	502 316	470 485
Gross off balance sheet liabilities	3 790 061	3 329 946

50. New Standards and Interpretations

50.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: years beginning on or after	Expected impact:
• Classification of liabilities as Current or Non-current (Amendments to IAS 1)	01 January 2024	The impact of the amendment is not material
• Supplier finance arrangements - amendments to IAS 7 and IFRS 7	01 January 2024	The impact of the amendment is not material.
• Non-current liabilities with covenants - amendments to IAS 1	01 January 2024	The impact of the amendment is not material.
• Lease liability in a sale and leaseback	01 January 2024	The impact of the amendment is not material.

Notes to the consolidated and separate financial statements continued

for the year ended 31 December 2024

50.2 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 2025 or later periods:

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)	Impact is currently being assessed
• IFRS 19 'Subsidiaries without Public Accountability : Disclosures'	01 January 2027	This standard will not be applicable to Absa Bank Botswana Limited.
• IFRS 9 / 7 (Contracts Referencing Nature-dependent Electricity – Amendments to IFRS 9 and IFRS 7)	01 January 2026	Unlikely there will be a material impact
• Lack of exchangeability - Amendments to IAS 21	01 January 2025	Unlikely there will be a material impact

51. Events after the reporting period

On the 18th of March 2025, Absa Bank Botswana exercised its right to call a subordinated debt of USD'20m after it reached its 5-year anniversary. The subordinated debt was issued against Absa Bank South Africa. A final dividend of P453 million was also declared on the 20th of March 2025 subject to regulatory approval. There were no other material events to the understanding of these financial statements that occurred between the financial year end and the date of this report.

52. Interests in subsidiaries including consolidated structured entities

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 BWP 100. The investment in Absa Securities Botswana Proprietary Limited comprises 1 000 ordinary shares of no par value at BWP 100.

53. Correction of prior period errors

Cash and cash equivalents

During the year, the Group reassessed the classification of its treasury bills in accordance with IAS 7 – Statement of Cash Flows. It was noted that certain treasury bills with original maturities exceeding three months at the time of acquisition were previously classified as cash and cash equivalents in the prior year. The inclusion of these treasury bills resulted in an overstatement of cash and cash equivalents.

In accordance with IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, the comparative amounts have been restated retrospectively to correctly classify these investments as short-term financial assets rather than cash and cash equivalents. There has been no impact on the Statement of Profit or loss and Other Comprehensive Income, Statement of Financial Position, Earnings per share, and no impact on tax.

The impact of the correction to the cash flow statement of the prior year is summarised below:

Statement of Cash Flows

Group and Company - 2023	Previously reported P'000	Adjustments P'000	Restated P'000
Cash flows from investing activities (subtotal)	(146 921)	(498 855)	(645 776)
Purchase of financial instruments held at FVOCI	(99 944)	(498 855)	(598 799)
Net increase/decrease in cash and cash equivalents	1 357 098	(498 855)	858 243
Cash and cash equivalents at end of period	5 701 912	(498 855)	5 203 057

54. Shareholders' information

Standard	2024 No. of Ordinary shares held	2024 % holding	Ranking
Absa Group Limited	577 964 146	67.82 %	1
FNB Botswana Nominees Re: BIFM - BPOPF Act MEM & DP EQ	82 194 816	9.65 %	2
FNB Botswana Nominees RE: MVA FUND	18 736 440	2.20 %	3
Stanbic Nominees Botswana Re: Bifm PLEF	15 012 639	1.76 %	4
SCBN (Pty) Ltd Re: BPOPF Lea Portfolio Co AG	14 720 466	1.73 %	5
Fnb Botswana Nominees Re: Vunani Bpopf	14 268 549	1.67 %	6
Fnb Botswana (Pty) Ltd Re: Bpopf Morula Act Mem Dep Eq	14 268 547	1.67 %	7
Stanbic Nominees Botswana Re: Ninety-One DPF (Local EQ)	8 898 564	1.04 %	8
Stanbic Noms Bw Re 5Th Quarter Bpopf Local Equities Incubat	8 626 019	1.01 %	9
Scbn (Pty) Ltd Re: Bifm 028914400011 Ub Dc Pf	6 940 610	0.81 %	10
Stanbic Nominees Bots Re:First Light Multi Manager Growth F	6 269 559	0.74 %	11
Stanbic Nominees Botswana Re Allan Gray Debswana Pf	5 458 286	0.64 %	12
Stanbic Nominees Botswana Re Bifm Mlf	5 039 198	0.59 %	13
Scbn (Pty) Ltd Re: Ninetyone 030/30 Metropolitan Life Bw Pol	4 334 623	0.51 %	14
Stanbic Nominees Re: Bifm Alexander Forbes Rf	3 835 140	0.45 %	15
Scbn(Pty) Ltd Re:Bifm Wuc Staff Pension Fund	3 095 399	0.36 %	16
Fnb Botswana (Pty) Ltd Re:Ninety One Bobdcsf	3 083 786	0.36 %	17
Scbn(Pty)Ltd Re: Kc Alexander Forbes Rf	2 875 427	0.34 %	18
SCBN (Pty) Ltd Re: AG 028922700004 AG UB DF Stanbic Nominees			
Botswana Re :Bifm Burs Employee Pf	2 482 772	0.29 %	19
Scbn (Pty) Ltd Re: Ninety One 030/25 Alex Forbes Rf	1 858 687	0.22 %	20
Scbn (Pty) Ltd Re: Ag 028922700004 Ag Ub Df Con Pf	1 777 649	0.21 %	21
Stanbic Nominees Botswana Re:Nintey-One Bw Manged Fund	1 717 834	0.20 %	22
Fnb Botswana Nominees (Pty) Ltd Re:Bifm Fnbpsf	1 588 597	0.19 %	23
Fnb Botswana (Pty) Ltd Re:Kgori Capital - Aon Aggressive Portfolio	1 445 145	0.17 %	24
Scbn (Pty)Ltd Re:Bifm 028914400008 Btcl Spf Growth Port	1 258 460	0.15 %	25
Others	44 409 894	5.22 %	-
Total Shareholding	852 161 252	100.00 %	



Shareholder information

Notice to shareholders	179
Annexure to the notice to shareholders	179
AGM proxy form	181
Contact information	182

Notice to Shareholders

For the year-ended 31 December 2024

Annual General Meeting of the Shareholders of Absa Bank Botswana Limited

Notice is hereby given that the 39th Annual General Meeting of shareholders of Absa Bank Botswana Limited will be held at/or about 11H00 on the 26th of June 2025 at Protea Hotel Gaborone Masa Square, New CBD, Cnr 1st &, Western Commercial Rd, Gaborone, Botswana, for the following purpose¹:

1. The adoption of the Annual Financial Statements for the year ended 31 December 2024 together with the Directors' and Independent Auditor's reports thereon.
2. To approve the declared interim dividend of 23.47 thebe per share and final dividend of 53.14 thebe per share, for the year ended 31 December 2024.
3. To appoint Dr Wilfred Jiwa Mandlebe, as a Director, in accordance with the Constitution.
4. To appoint Dr Priya Ravi Iyer, as a Director, in accordance with the Constitution.
5. To re-elect as a Director, Cosmas Moapare, who retires by rotation in accordance with the Constitution, and who being eligible, offers himself for re- election.
6. To re- elect as a Director, Kgotlayarona Ramaphane, who retires by rotation in accordance with the Constitution, and who being eligible, offers himself for re- election.
7. To re- elect as a Director, Benjamin Kodisang, who retires by rotation in accordance with the Constitution, and who being eligible, offers himself for re- election.
8. To approve the remuneration of the Directors for the ensuing year.
9. To approve the remuneration of the Auditors, KPMG Botswana, for the year ended 31 December 2024.
10. To approve the appointment of Auditors, KPMG Botswana, for the ensuing year.
11. 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 2024 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

¹ Further 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 2024

Annual General Meeting of the Shareholders of Absa Bank Botswana Limited

Resolution 3. To appoint Dr Wilfred Jiwa Mandlebe, as a Director in accordance with the Constitution.

Dr Wilfred Jiwa Mandlebe Profile

Wilfred joined the Bank's Board in February 2025, and is a seasoned economist and public policy practitioner, with over 37 years of professional experience in the public service; having worked at the Bank of Botswana and the Ministry of Finance for most of his career. He also served in an advisory capacity for the African Development Bank for six years.

Wilfred has extensive experience in public, development and macroeconomic policies, having held positions such as the Director of Macroeconomic Planning, Deputy Secretary for Economic Affairs, Secretary of Financial Affairs, Senior Policy Advisor, and Permanent Secretary at the Ministry of Finance. Additionally, over his public service career, he has represented Botswana in regional and international organisations such as the Board of the African Capacity Building Foundation, World Bank, African Development Bank, and the International Monetary Fund.

His previous experience on various boards and board committees includes organisations such as the Botswana Telecommunications Corporation; Botswana Unified Revenue Services; Botswana Building Society; Citizen Entrepreneurial Development Agency; De Beers, Debswana, Minerals Development Company Botswana, National Development Bank and the Bank of Botswana.

Wilfred holds a PhD in Public Policy (Walden University, USA); a Master of Business Administration (University of Botswana); a Master of Arts in Economics (Syracuse University, USA) and a Bachelor of Arts in Economics and Accounting (University of Botswana).

His other directorships include G2b Holdings Proprietary Limited and T.O.W Investments Proprietary Limited in Botswana.

Resolution 4. To appoint Dr Priya Ravi Iyer, as a Director in accordance with the Constitution.

Dr Priya Ravi Iyer Profile

Priya has over 30 years of experience in financial management, strategic leadership, education, compliance and risk management. She joined the Bank's Board in April 2025 and is currently the Pro Vice Chancellor at Botho University, where among other deliverables, she oversees graduate employability, finance, ESG reporting and operational efficiency.

She previously served as an Associate Director at PricewaterhouseCoopers Botswana, where she led major consultancy projects. She was not only an Executive Officer at the helm of the Botswana Institute of Accountants (now Botswana Institute of Chartered Accountants), successfully leading the merger to form the Botswana Accountancy College; but also served as the first female president of the Botswana Institute of Accountants. During her early career, Priya held various roles at Fraser & Ross in India.

Priya has served on various boards and committees of organisations such as the Professional Accounting Organisations Programme Oversight Committee, Pan African Federation of Accountants, Professional Accounting Organisation Development Advisory Group International Federation of Accountants and the Validation Panel of the Botswana Tertiary Educational Programme. She has also worked with the World Bank as a consultant during the implementation of the Financial Reporting Act and the Accountants Act of 2010.

Priya holds a Doctor of Education (University of Liverpool, UK), a Bachelor of Commerce (University of Calicut, India) and is a Chartered Accountant by profession.

Her other directorships include Botho University, Enko Botho and Dominion Holdings Proprietary Limited in Botswana.

Annexure to the notice to shareholders continued

for the year ended 31 December 2024

Resolution 5. To re-elect as a Director, Cosmas Moapare, who retires by rotation in accordance with the Constitution, and who being eligible, offers himself for re- election.

Cosmas Moapare Profile

Cosmas has over 28 years of professional experience and joined the Bank's Board in March 2020. He was appointed as the substantive Board Chairman on 23 May 2024, and previously served as the Lead Independent Director and Chairman of the Board Audit Committee.

Cosmas is the founder and chief strategy officer of Cosburg (Pty) Ltd and has held various positions at Botswana Telecommunications Corporation, Botswana Telecommunications Authority (presently Botswana Communications Regulatory Authority), and the Local Enterprise Authority (LEA), where he was the Deputy Chief Executive Officer.

He has immense directorship experience with previous seats on the boards of Air Botswana, the National Development Bank (NDB) and the Finance and Risk Subcommittee of the Botswana Institute of Development Policy Analysis (BIDPA), as well as the Botswana Institute of Chartered Accountants (BICA) Practice Review Committee. Cosmas also previously served as the Chairman of the LEA Pension Fund.

Cosmas is a Chartered Accountant by profession and a Fellow of the BICA. He holds a Bachelor Commerce degree from the University of Botswana and has completed various executive and professional courses.

His other directorships include Absa Securities Botswana Proprietary Limited, Cosburg Proprietary Limited and SDAD Properties in Botswana.

Resolution 6. To re- elect as a Director, Kgotlayarona Ramaphane, who retires by rotation in accordance with the Constitution, and who being eligible, offers himself for re- election.

Kgotlayarona Ramaphane Profile

Kgotlayarona has over 30 years of professional experience and joined the Bank's Board in August 2018. He was appointed as the substantive Lead Independent Director on 23 May 2024 and serves as the Chairman of the Human Resources Remuneration and Nominations Committee.

Kgotlayarona previously served as the Chief Executive Officer of the Public Enterprises Evaluation and Privatisation Agency (PEEPA). He also served as Head-Performance Monitoring of PEEPA, where his responsibility included advising the Government on performance and corporate governance issues in parastatals. Before his appointment to PEEPA, Kgotlayarona served in several leadership positions in organisations such as Botswana Railways and Botswana Technology Centre. Kgotlayarona has also served as a Board Member of Botswana Privatisation Assets Holding.

Kgotlayarona holds a Master of Business Administration (MBA) from the University of Stirling, United Kingdom; a Bachelor of Commerce from the University of Botswana, and a Certificate in High Performance Leadership from the University of Oxford. He is also a qualified PRINCE2 project management practitioner and a corporate governance practitioner.

His other directorships include Absa Insurance Services Proprietary Limited and Southern Mapping Company in Botswana.

Resolution 7. To re- elect as a Director, Benjamin Kodisang, who retires by rotation in accordance with the Constitution, and who being eligible, offers himself for re- election.

Benjamin Kodisang Profile

Benjamin has over 26 years of professional experience in various sectors and joined the Bank's Board in March 2020. He was appointed the substantive Board Audit Committee Chairman on 1 April 2025 and previously served as the Board Credit Committee Chairperson.

Benjamin is the founder and Chief Executive Officer of ALT Capital Partners, a Pan African impact investor focusing on social impact retail property. His previous experience includes being the Chief Executive Officer of Sanlam Alternative Investments, Managing Director of STANLIB Asset Management and Africa, and Managing Director of Old Mutual Property. Benjamin also previously served as President and Director of the South African Property Owners Association (SAPOA); Chairman of Western Cape's Trade, Investments and Destination Marketing Agency (WESGRO). He was the first Chairman of the Johannesburg Securities Exchange (JSE)-listed SA Corporate Real Estate Fund.

Benjamin has worked in Botswana, South Africa, Namibia, Lesotho, Swaziland, Kenya, Tanzania, South Sudan, Ghana, Nigeria, India and Saudi Arabia.

He holds a Bachelor of Commerce Honours degree from the University of South Africa and is a Chartered Accountant by profession.

His other directorships include Sphere Private Equity Holdings, Vukile Property Fund and Thungela Resources Limited in South Africa.

Resolution 8. To approve the remuneration of the Directors for the ensuing year.

Non-Executive Director fees, paid per annum (PA), are reviewed every two years. Fees for the ensuing year will thus remain as approved at the 38th AGM on 27 June 2024. The fees are paid to Directors in arrears, per month as follows:

Membership	Board / Committee	Current and Proposed Fees (BWP)	Proposed Increase
Chairman	Board	761 000 PA	No proposed increase. Fees applicable for a two-year period (January 2024 – December 2025).
Lead Independent Director	Board	120 000 PA	
Member	Board	250 400 PA	
Member	Round Robin Application	2 600 per application	
Member	Special Board or Board Committee Meeting	3 100 per hour capped at 6 hours	
Board Committees			
	Audit		
	Chairperson	229 500 PA	
	Member	115 000 PA	
	Risk		
	Chairperson	118 800 PA	
	Member	59 400 PA	
	Human Resources, Remuneration and Nominations		
	Chairperson	100 000 PA	
	Member	48 400 PA	
	Credit		
	Chairperson	100 000 PA	
	Member	48 400 PA	
	Compliance		
	Chairperson	100 000 PA	
	Member	48 400 PA	
Subsidiary Boards	Non-Executive Directors	2100 per hour capped at 6 hours	

Annexure to the notice to shareholders continued

for the year ended 31 December 2024

Resolution 9: To approve the remuneration of the Auditors, KPMG Botswana, for the year ended 31 December 2024. Shareholders are accordingly requested to approve the remuneration of KPMG Botswana for financial year ended 31 December 2024, amounting to BWP5 593 290. Fees are in line with the external auditor fees as approved by the Bank's Board.

Further details are as follows:

During 2024, KPMG Botswana paid a total of BWP 4 284 835 comprising:

- BWP 251 400 for the 2023 ESG engagement, concluded in 2024
- BWP 949 290 for overruns relating to the 2023 external audit
- BWP 335 475 for the 2024 half-year review and
- BWP 2 748 670 for the 2024 external audit engagement.

A further amount of BWP 2 844 620 for the 2024 external audit engagement was paid subsequent to year-end, bringing the total remuneration for the 2024 external audit engagement to BWP 5 593 290 (BWP2 748 670 paid in 2024 and BWP 2 844 620 paid post year-end).

Resolution 11. To approve, by special resolution, any substantial gifts made by the Company.

Donations	
Name	Amount (BWP)
Mogae Scholarship	155 122
Total	155 122

Sponsorships	
Name	Amount (BWP)
National Agriculture show	500 000
Ghanzi Agriculture show	100 000
African Securities Exchanges Association (ASEA)	100 000
Green Loop ESG Consultants – Second Sustainability Week	100 000
Nkashi Classic	500 000
Botswana Association of Local Authorities (BALA)	300 000
Fan Mo Sports Agency – Absa Summer Kids Marathon	300 000
Botswana Tourism Organisation (BTO)	100 000
Financial Intelligence Agency (FIA)	125 000
Munchies Market	100 000
Sandveld Ranchers Association	25 000
Total	2 250 000

AGM Proxy Form

For the year-ended 31 December 2024

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 39th Annual General Meeting of the Company to be held at Protea Hotel Gaborone Masa Square, New CBD, Cnr 1st & Western Commercial Rd, Gaborone, Botswana on Thursday 26 June 2025 at 11:00hrs, 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			
Ordinary resolution 10			
Special resolution 1			

As witness my hand this _____ day of _____ 2025

Signature _____

Witness _____

NOTE:

- 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.
- Any alteration or correction made to this form of proxy (including the deletion of alternatives) must be initialed by the signatory/signatories.
- 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.



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
Plot 2482b,
Tshekedi Crescent Extension 9 Gaborone,
Botswana
Telephone: +267 395 2474

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

Customer Contact Centre
Telephone: +267 315 9575
BTC toll free: 0800 600 444
Mascom toll free: 150
Email: Botswana.CustomerService@absa.africa

Your story matters

