STANBIC BANK BOTSWANA LIMITED

REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the half year ended 30 June 2026

Profit before tax (Pm) ↑16% P453 2025: P389 million

Return on equity (ROE) (%) ↓1.9% 20.6% 2025: 22.5%

Credit loss ratio (%) ↑0.1% 0.6% 2025: 0.5%

Cost-to- income ratio (%) ↓1.2% 50.9% 2025: 52.1%

CAR (%) ↑5.8% 25.07% 2025: 19.27%

Loans and advances (Pb) ↓14% P20.6 2025: P23.9 billion

Deposits (Pb) ↓6% P23.8 2025: P25.3 billion

Net interest margin(%) ↑0.3% 3.9% 2025: 3.6%

Our strategy is anchored on our compelling purpose, positive values and beliefs, authentic intentions and the culture at the heart of our organisational success. Our purpose, **Botswana is Our Home, We Drive Her Growth** is where we draw our inspiration from.

Stanbic Bank Botswana Limited Group currently employs **over 600 members** of staff and has a national footprint comprising **14 branches, 81 ATMs, 1 780** Merchants and over **3 155 Point of Sale** (POS) machines and **6 Cash Deposit Machines** (CDM).

LOCAL ECONOMY

Botswana's operating environment during the first half of 2026 remained relatively stable. Economic activity showed encouraging signs of recovery, with real GDP growth rebounding to 3.5% in the first quarter of 2026, supported by improved performance across the mining, diamond trading, utilities, and services sectors. Despite the recovery, the economy continues to face several structural and external challenges. Botswana remains heavily dependent on the diamond industry, leaving growth prospects vulnerable to fluctuations in global diamond demand and broader economic conditions in key export markets. At the same time, ongoing fiscal pressures, declining foreign exchange reserves, and constrained government spending continue to weigh on the medium-term economic outlook. Global geopolitical developments, particularly tensions in the Middle East involving the United States (US) and Iran, have further heightened uncertainty in the external environment. These developments contributed to higher global energy prices, increased fuel costs, and elevated inflationary pressures, while also dampening global growth expectations and consumer demand for discretionary luxury goods, including diamonds. Against this backdrop, the financial sector continues to operate in an environment characterised by evolving risks and opportunities. The operating environment therefore requires continued prudence in balance sheet management, proactive risk monitoring, and selective growth strategies to ensure sustainable value creation and resilience over the medium term.

The macroeconomic environment was challenged by elevated inflation, which accelerated to 10.7% by June 2026 (breaching the Bank of Botswana target range of 3% - 6%), largely reflecting increases in fuel prices, transport costs, and other administered prices. In response, the Bank of Botswana maintained a restrictive monetary policy stance, keeping the Monetary Policy Rate at 5.5%. While the banking sector remains adequately capitalised and resilient, increased inflation, rising public debt levels, and uncertainty in the diamond sector present potential risks to economic activity, borrower affordability, and credit quality, warranting continued prudential monitoring.

FINANCIAL PERFORMANCE

Despite a challenging operating environment,Stanbic Bank (Botswana) Limited (SBBL) delivered a resilient financial performance, with Profit After Tax increasing by 16% to P354 million from P304 million in June 2025. The prevailing macroeconomic conditions constrained balance sheet growth, resulting in subdued deposit growth and a contraction in asset balances as part of the bank's disciplined approach to optimising risk-adjusted returns and protecting net interest margins and credit impairments amidst growing household and business income pressures. Notwithstanding these headwinds, the bank's strategic focus on revenue diversification, particularly the growth of non-interest revenue streams, together with continued client acquisition and deeper market penetration, strengthened earnings resilience, enhanced competitiveness, and supported gains in market share across key business segments.

REVENUE

Net Interest Income (NII) increased by 12% year-on-year, reflecting the resilience of the bank's earnings profile despite a challenging operating environment. Total interest income grew by 13%, supported by improved returns on liquid assets and investment securities, although interest income from loans and advances declined by 5% due to subdued credit extension and liquidity pressures across the market. Interest expense increased by 14%, reflecting higher funding costs during the period. In response, the bank maintained a disciplined assets and liabilities management approach focused on preserving net interest margins while managing risk prudently. Excess liquidity was strategically deployed into short-term negotiable securities offering attractive risk-adjusted returns. These actions helped offset the impact of slower loan book growth and supported continued earnings growth during the period.

Credit origination remained strategically focused on sectors offering sustainable risk-adjusted returns, including scheme loans with repricing flexibility and strong repayment performance, as well as investment banking exposures in sectors less affected by the slowdown in major economic activity drivers. These actions supported a marginal improvement in customer yields, despite a 5% decline in the gross loan book. Customer deposits declined by 2% during the period, primarily reflecting liquidity pressures across the market.

Non-interest revenue (NIR) increased by 15% year-on-year, demonstrating the effectiveness of the bank's revenue diversification strategy. Growth was driven by strong performance across key income streams, with Global Markets foreign exchange revenue being a notable contributor, increasing at the back of higher trading volumes and improved margins. Fees and commission income remained relatively subdued during the period reflecting reduced disposable income as economic activity regresses; however, the bank continues to focus on sustainable growth through targeted client acquisition, optimisation of pricing structures, enhanced controls to minimise revenue leakages, and initiatives aimed at increasing transactional activity across its client base.

CREDIT IMPAIRMENT CHARGES

The bank's credit risk profile, remained resilient, supported by robust credit controls and proactive portfolio management. Despite subdued economic activity and liquidity pressures across key sectors, asset quality remained within risk appetite. This performance was supported by targeted forbearance programmes, including the Ledi-Lame Financial Rehabilitation Programme. Consequently, the credit loss ratio increased marginally to 0.6% remaining below the bank's risk appetite. Total impairments charges increased modestly by P4 million to P41 million. Personal and Private Banking (PPB) impairments rose mainly due to job losses affecting scheme lending resulting in arrears. While Business and Commercial Banking (BCB) benefited from recoveries due to prior year increased flows into non-performing loans observed among businesses impacted by weakness in the mining sector and moderation in overall economic activity. The Corporate and Investment Banking (CIB) portfolio continued to perform well, with limited impairment risk.

OPERATING EXPENSES

Operating costs increased by 10% year-on-year in line with business expectations and inflationary adjustments. Staff costs represented the largest component of this increase, rising by 13%, reflecting the bank's continued investment in talent attraction, development, and retention to support strategic priorities. Other expenses grew by 8% driven by enhancements in information technology (IT) security, technology infrastructure, and innovation initiatives (technology investments and maintaining relevance to evolving technologies as well as improving customer experience positioning the organization for long-term efficiency and competitiveness). Cost discipline also translated into a 1,2% improvement to cost-to-income ratio closing at 50.9%.

CAPITAL AND LIQUIDITY MANAGEMENT

The bank maintained a strong capital position during the first half of 2026, closing the period with a Capital Adequacy Ratio of 25.07% (2025: 19.27%). This reflects robust buffers well above regulatory minimums, supporting business growth and resilience against diamond sector related headwinds. The bank also managed cyclical liquidity movements effectively, ensuring uninterrupted operations and stability amid broader economic uncertainties.

OUTLOOK FOR 2026

The outlook to the end of the year remains sensitive, shaped by modest economic growth, modest market liquidity, potential monetary policy changes, and the continued volatility of the Pula against major currencies. The implementation of tax and labour market reforms may further increase operating costs for businesses, reduce consumer spending capacity, and contribute to higher credit risk in selected sectors.

Against this backdrop, and amid ongoing fiscal consolidation and subdued activity in diamond-related industries, the bank will remain focused on preserving financial resilience through disciplined balance sheet, capital, and risk management. Strategic priorities include strengthening portfolio oversight, accelerating non-funded income growth, driving quality asset expansion, and advancing digital and operational transformation initiatives. These actions will enhance resilience, support sustainable growth, and enable the bank to continue delivering long-term value despite the prevailing macroeconomic challenges.

As we operate within an increasingly complex and dynamic environment, our Kgolo Strategy continues to guide our execution and decision-making, underpinned by three strategic priorities focused on delivering sustainable growth, enhancing resilience, and creating superior client outcomes. This is evidenced by the bank's offerings, such as forbearance initiatives including the Ledi-Lame Financial Rehabilitation Programme, which is designed to assist customers experiencing financial distress, as well as the Legae Housing Programme, which advances the bank's sustainability pillar.

In parallel, we continue to advance our digital, regulatory, and operational transformation agenda to improve efficiency, strengthen our competitive position, and enhance our ability to respond to emerging opportunities and challenges. Through these efforts, we remain focused on delivering sustainable long-term value for our shareholders, clients, employees, and broader stakeholder community.

Dr TTK Matome
Chairman

C. Modise
Chief Executive

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the half year ended 30 June 2026

	Group 30 June 2026 P000's	Group * 30 June 2025 P000's
Interest Income	1 111 170	985 530
Interest expense	(470 290)	(412 151)
Net interest income	640 880	573 379
Fee and commission income	231 489	249 200
Fee and commission expense	(70 237)	(68 606)
Net fee and commission income	161 252	180 594
Net trading income	244 560	161 969
Other income	12 412	22 407
Net non-interest income	418 224	364 970
Total net-income	1 059 104	938 349
Credit impairment charges	(40 655)	(36 951)
Net income before operating expenses	1 018 449	901 398
Staff costs	(247 860)	(219 266)
Other operating expenses	(291 358)	(269 123)
Total operating expenses	(539 218)	(488 389)
Profit before indirect tax	479 231	413 009
Indirect tax	(25 797)	(23 716)
Profit before direct tax	453 434	389 293
Direct tax	(99 438)	(85 222)
Profit for the period	353 996	304 071
Total comprehensive income for the period	353 996	304 071

STATEMENT OF FINANCIAL POSITION

For the half year ended 30 June 2026

	Group 30 June 2026 P000's	Group * 30 June 2025 P000's
Assets		
Cash and balances with the Central Bank	177 491	328 837
Derivative assets	9 366	66 378
Trading portfolio assets	306	-
Financial investments	7 670 544	4 491 591
Loans and advances	20 649 399	23 908 795
Loans and advances to banks	6 358 462	8 879 308
Loans and advances to customers	14 290 937	15 029 487
Other assets	517 343	771 519
Current tax asset	90 423	62 891
Intangible assets	41 167	64 980
Property, equipment and right of use assets	169 940	169 063
Total assets	29 325 979	29 864 054
Liabilities and equity		
Derivative liabilities	5 080	10 325
Trading liabilities	-	3 782
Deposits	23 788 214	25 314 323
Deposits from banks	2 007 119	3 144 871
Deposits from customer accounts	21 781 095	22 169 452
Accruals, deferred income and other liabilities	716 552	640 350
Debt securities in issue	1 179 120	1 016 440
Deferred tax liability	12 684	14 179
Liabilities	25 701 650	26 999 399
Stated capital	390 177	390 177
Reserves	3 234 152	2 474 478
Equity - attributable to ordinary shareholders	3 624 329	2 864 655
Total liabilities and equity	29 325 979	29 864 054

STATEMENT OF CHANGES IN EQUITY

For the half year ended 30 June 2026

Group	Stated capital P000's	Statutory credit reserve P000's	Retained earnings P000's	Total equity P000's
Balance at 1 January 2026	390 177	154 474 -	2 725 682	3 270 333
Total comprehensive income for the period	-	-	353 996	353 996
Profit for the period	-	-	353 996	353 996
Balance at 30 June 2026	390 177	154 474	3 079 678	3 624 329

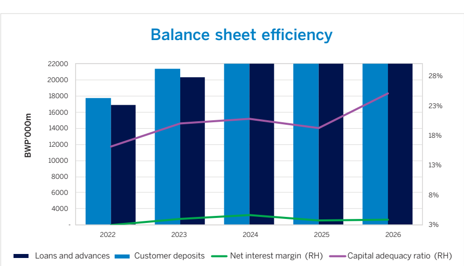
Group	Stated capital P000's	Statutory credit reserve P000's	Retained earnings P000's	Total equity P000's
Balance at 1 July 2025	390 177	154 474	2 320 004	2 864 655
Total comprehensive income for the period	-	-	405 678	405 678
Profit for the period	-	-	405 678	405 678
*** Balance at 31 December 2025**	390 177	154 474	2 725 682	3 270 333

Group	Stated capital P000's	Statutory credit reserve P000's	Retained earnings P000's	Total equity P000's
Balance at 1 January 2025	390 177	154 474	2 015 933	2 560 584
Total comprehensive income for the period			304 071	304 071
Profit for the period	-	-	304 071	304 071
*** Balance at 30 June 2025**	390 177	154 474	2 320 004	2 864 655

STATEMENT OF CASH FLOWS

For the half year ended 30 June 2026

	Group 30 June 2026 P000's	Group * 30 June 2025 P000's
Net cash flows from operating activities	1 149 604	451 956
Cash flows generated from operations	665 838	(307 477)
Interest received	1 083 183	985 530
Interest paid	(468 058)	(396 835)
Indirect tax paid	(25 797)	(23 716)
Direct tax paid	(105 562)	(68 373)
Net cash flows in investing activities	(6 836)	(50 363)
Net cash flows in financing activities	154 000	-
Net movement in cash and cash equivalents	1 296 768	401 593
Cash and cash equivalents at beginning of the year	1 690 628	1 289 035
Cash and cash equivalents at end of the year	2 987 396	1 690 628



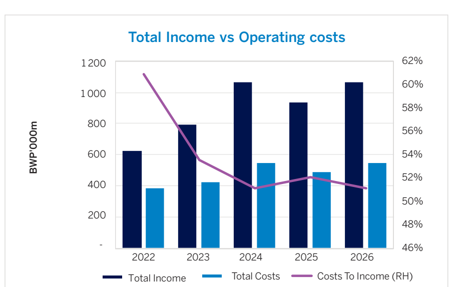
Increased inflation, rising public debt levels, and uncertainty in the diamond sector present potential risks to economic activity, borrower affordability, and credit quality, warranting continued prudential monitoring. This resulted in a decline in loans and advances by 14% (against 15% increase in 2025) as well as a decline in deposits by 6% (against 15% increase in 2025.). The bank however continued to ensure optimal use of its capital in its offerings to clients, backed by a healthy capital adequacy ratio of 25.07%, (2025: 19.27%).

SEGMENT REPORTING

For the half year ended 30 June 2026

Group 2026	Corporate and Investment Banking P000's	Business and Commercial Banking P000's	Personal and Private Banking P000's	Corporate functions P000's	Total P000's
Net interest income	323 833	154 773	158 677	3 597	640 880
Non-interest income	272 608	87 387	124 375	(66 146)	418 224
Net fee and commission income	29 944	85 622	110 352	(64 666)	161 252
Net trading income	243 581	-	-	979	244 560
Other income	(916)	1 765	14 023	(2 459)	12 412
Total net-income	596 441	242 160	283 052	(62 549)	1 059 104
Credit impairment charges	2 331	(218)	(42 768)	-	(40 655)
Net income	598 772	241 942	240 284	(62 549)	1 018 449
Total operating expenses	(232 411)	(202 704)	(192 884)	88 781	(539 218)
Staff costs	(35 329)	(28 111)	(82 351)	(102 069)	(247 860)
Other operating expenses	(197 082)	(174 593)	(110 533)	190 850	(291 358)
Profit before indirect tax	366 361	39 238	47 400	26 232	479 231
Indirect tax	(4 233)	(2 003)	(10 714)	(8 847)	(25 797)
Profit before direct tax	362 128	37 235	36 686	17 385	453 434
Direct tax	(80 134)	(8 650)	(6 829)	(3 825)	(99 438)
Profit after tax	281 994	28 585	29 857	13 560	353 996
Operating information					
Total assets	19 215 394	1 643 555	8 310 340	156 690	29 325 979
Total liabilities (3)	18 008 992	1 314 207	7 356 060	(977 609)	25 701 650

* Group 2025	Corporate and Investment Banking P000's	Business and Commercial Banking P000's	Personal and Private Banking P000's	Corporate functions P000's	Total P000's
Net interest income	197 194	146 822	219 524	9 839	573 379
Non-interest income	201 239	81 527	128 903	(46 699)	364 970
Net fee and commission income	26 805	80 187	108 093	(34 491)	180 594
Net trading income	174 137	-	-	(12 168)	161 969
Other income	297	1 340	20 810	(40)	22 407
Total net-income	398 433	228 349	348 427	(36 860)	938 349
Credit impairment charges	338	(159)	(37 130)	-	(36 951)
Income after credit impairment charges	398 771	228 190	311 297	(36 860)	901 398
Total operating expenses	(182 041)	(164 239)	(183 302)	41 192	(488 389)
Staff costs	(23 697)	(23 484)	(69 744)	(102 342)	(219 266)
Other operating expenses	(158 344)	(140 755)	(113 558)	143 534	(269 123)
Net income before indirect tax	216 730	63 951	127 995	4 333	413 009
Indirect tax	(3 579)	(1 906)	(12 012)	(6 219)	(23 716)
Profit / (loss) before direct tax	213 151	62 045	115 983	(1 886)	389 293
Direct tax	(47 213)	(13 696)	(24 728)	415	(85 222)
Profit / (loss) after tax	165 938	48 349	91 255	(1 471)	304 071
Operating information					
Total assets	18 159 874	2 106 099	9 414 586	183 495	29 864 054
Total liabilities (3)	17 150 189	1 735 043	8 491 876	(377 709)	26 999 399



The bank's strategic focus on growing non-interest revenue resulted in a year-on-year increase in earnings. Combined with effective cost management and operational efficiencies, this contributed to a cost-to-income ratio of 50.9% performing better than prior year (2025: 52.1%).

1. The Group's performance includes Stanbic Bank Botswana Limited (the bank) and its subsidiaries. The bank makes up a significant portion of the Group's results.
2. The bank's subsidiaries are included in the segment reports, segmented in accordance with internal segmentation rules.
3. Total liabilities does not include equity attributable to ordinary shareholders.

*The comparative financial information for the six-month period ended 30 June 2025 has not been reviewed.

General information

Stanbic Bank (Botswana) Limited (the "Company" or "Bank") is a company incorporated in the Republic of Botswana. The bank's registration number is BW00000732198. The condensed consolidated interim financial statements of the bank for the period ended 30 June 2026 comprise the bank and its subsidiaries (together referred to as the "Group"). The Group and Company are primarily involved in investment, corporate and retail banking, and in providing asset management services.

GROUP COMPOSITION

There were no changes in the composition of the Group during the six-month period ended 30 June 2026.

BASIS OF PREPARATION

The Group's reviewed condensed consolidated interim financial statements are prepared in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), its interpretations adopted by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB®. The same accounting policies and methods of computation applied in the most recent annual financial statements for the year ended 31 December 2025 have been consistently applied in the interim financial statements, except for the adoption of new standards and amendments to standards that became effective for the first time in 2026. There have been no material changes to the Group's accounting policies or significant judgements during the six-month period ended 30 June 2026.

UNUSUAL ON NON-RECURRING ITEMS

The Group's results were generated from its ordinary banking activities, with no unusual or non-recurring transactions materially affecting its financial position, performance or cash flows.

CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing these condensed consolidated interim financial statements, directors have applied the same critical accounting judgements and key sources of estimation uncertainty as disclosed in the Group's annual financial statements for the year ended 31 December 2025. No material changes to these judgements or estimation uncertainties have occurred during the six-month period ended 30 June 2026.

DIVIDENDS

No interim dividend was declared or paid by the Group during the six-month period ended 30 June 2026 (30 June 2025: Nil).

IMPAIRMENT OF FINANCIAL ASSETS

Expected credit loss (ECL) is recognised on debt financial assets classified as at either amortised cost or fair value through OCI, financial guarantee contracts that are not designated at fair value through profit or loss as well as loan commitments that are neither measured at fair value through profit or loss nor are used to provide a loan at a below market interest rate. The measurement basis of the ECL of a financial asset includes assessing whether there has been a Significant Increase in Credit Risk (SICR) at the reporting date which includes forward-looking 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 measurement basis of the ECL is measured as the unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward-looking information.

OPERATING SEGMENTS

Information reported to the Group's Chief Executive, the Chief Operating Decision Maker (COMD), for the purposes of resource allocation and assessment of segment performance is focused on the category of banking services for each type of activity. The principal categories of banking services are corporate and investment banking, business and commercial banking, and personal and private banking.

There has been no change in the basis of segmentation or in the basis of measurement of segment profit or loss in the six-month period ended 30 June 2026 presented under the segment reporting section of this report.

The accounting policies for the reportable segments are the same as the Group's accounting policies which are described in the Group's latest annual financial statements.

INCOME TAX

Tax for the six-month period is charged at 22% (six-months ended 30 June 2025: 22%), representing the best estimate of the average annual effective tax rate expected for the full year, applied to the pre-tax income of the six-month period.

DEBTS AND SECURITIES IN ISSUE

There were no significant issues, repurchases, or repayments of debt securities during the six-month period ended.

CONTINGENT LIABILITIES AND COMMITMENTS

The Group had the below facilities as at period ended 30 June 2026.

OFF BALANCE SHEET LIABILITIES

For the half year ended 30 June 2026

	30 June 2026 Reviewed P000's	*30 June 2025 P000's
Letters of credit	67 572	31 805
Guarantees	2 270 200	1 740 448
Irrevocable unutilised facilities	1 665 175	947 710
Revocable unutilised facilities	339 693	294 184
	4 342 641	3 014 147

RELATED PARTY TRANSACTIONS

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation in the preparation of the consolidated interim financial statements.

EVENTS AFTER THE REPORTING PERIOD

The bank declared a dividend of P500 million for the financial year ended 31 December 2025, payable to Stanbic Africa Holdings Limited (SAHL) in the current financial year.

GOING CONCERN

The directors are satisfied that the Group has adequate resources to continue operating as a going concern for the foreseeable future, being a period of at least 12 months from the date of this report. Accordingly, the condensed consolidated financial statements have been prepared on the going concern basis.

INDEPENDENT AUDITOR'S REVIEW REPORT

The condensed consolidated interim financial statements for the six-month period ended 30 June 2026 have been reviewed by the Group's and Company's independent auditor in accordance with the International Standard on Review Engagements (ISRE) 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*, an unmodified review conclusion was expressed thereon. The review was limited to the interim financial statements for the six-month period ended 30 June 2026 and did not extend to the comparative information presented for the six-month period ended 30 June 2025. The independent auditor's review report is available for inspection at the Company's registered office.