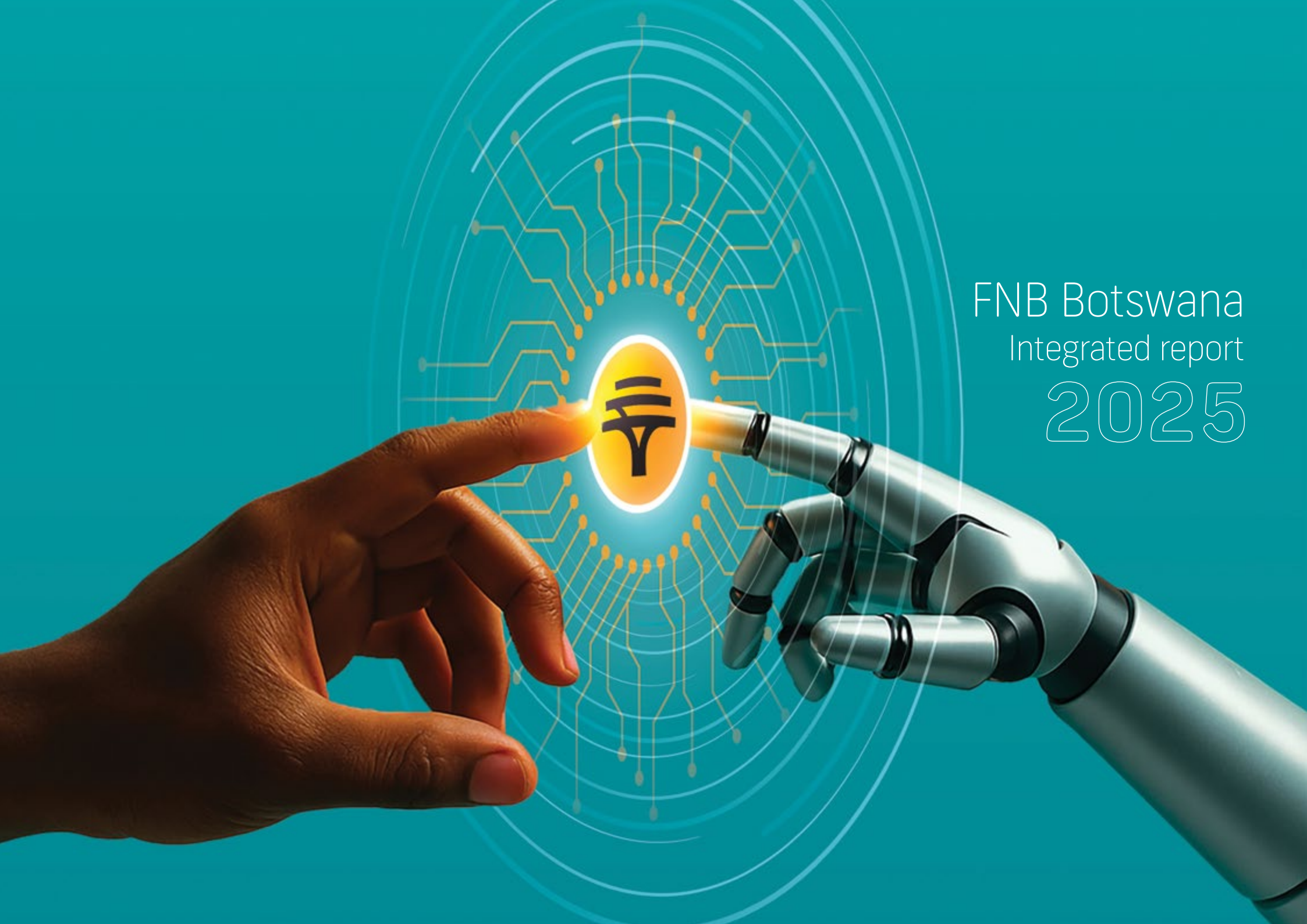




FNB Botswana
Integrated report
2025



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Listed on the Botswana Stock Exchange since 1993, First National Bank of Botswana Limited (FNB Botswana or the Bank) is a subsidiary of the FirstRand Group¹ of companies. Over the last 34 years of operation, we have developed an extensive physical and digital channel network, growing to become the market leader in terms of balance sheet size and client numbers. 



Our purpose is to be a trusted partner committed to building a future of shared prosperity.



P1.9 billion
profit before tax
(FY2024: P1.8 billion)



33.5%
return on equity
(FY2024: 35.5%)



47.5%
cost-to-income ratio
(FY2024: 49.4%)



33 thebe
ordinary dividend per share
(FY2024: 43 thebe)



0.34%
credit loss ratio
(FY2024: -0.25%)



P21.5 billion
gross advances to clients
(FY2024: P19.4 billion)

Navigating this report

This report was designed for an enhanced digital experience and navigation, making it easier to read on computer screens and mobile devices.

Navigation icons



Home button



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The report's compilation

This integrated report describes FNB Botswana's performance, governance and activities for the financial year 1 July 2024 to 30 June 2025. It includes information on our strategy and outlook, demonstrating how the Bank will create and preserve value over the short (less than one year), medium (one to three years) and long term (three to 10 years). ●

Reporting suite

Our suite of reports caters to the diverse needs of our stakeholders. Our integrated report outlines our value creation story and the intended outcomes for our stakeholders. This is supplemented by our annual financial statements, which provide detailed financial information, and the FNB Botswana Report to Society, which describes our economic, environmental and social contributions to Botswana. These reports, along with online publications, stakeholder communications, and additional information, are available on our website at www.fnbbotswana.co.bw.

We value stakeholder feedback and welcome your suggestions on improving the quality of our reporting and disclosures. Please send your comments or suggestions to: investor@fnbbotswana.co.bw.

The content of our reporting suite adheres to the following reporting frameworks and governance requirements.

Key reporting frameworks applied	Integrated report	Annual financial statements	FNB Botswana Report to Society
Integrated Reporting Framework	●		
King Report on Corporate Governance™ for South Africa, 2016 (King IV)*	●	●	
International Financial Reporting Standards (IFRS)		●	
Companies Act of 2007 (Cap 42:01 as amended in 2008, 2018, 2019, 2022 and 2025)	●	●	
Banking Act of 2023 (Cap 46:06, effective from 15 August 2025)	●	●	
Corporate Governance Principles for Banks Through the Basel Committee on Banking Supervision	●		
Financial Reporting Act of 2020	●	●	
Botswana Stock Exchange Equity Listings Requirements Version 4	●		
Guidelines on Corporate Governance for Banks/Financial Institutions Licensed and Supervised by the Bank of Botswana, 2022	●		
The Botswana Stock Exchange Sustainability Disclosure Guidance	●		●

Materiality

Material matters refer to those matters that have a significant impact on FNB Botswana's sustainability and ability to create value. Identifying our material matters is a collective responsibility that involves input from the business, an assessment of impacts, risks, and opportunities and feedback from key stakeholder groups.

Our material matters determination process, along with its outcomes, is described on page 24.

Forward-looking statements

This report contains certain forward-looking statements about the Bank's anticipated performance, results, operations and prospects. Although these statements represent our future expectations and judgements, the opinions are subject to known and unknown risks and uncertainties that could adversely impact our business and financial performance. Therefore, caution should be placed on reliance on such opinions, forecasts or data. Forward-looking statements apply to the date on which they are made.

The Bank does not undertake any obligation to publicly update or revise any of its opinions or forward-looking statements, whether to reflect new data, future events or circumstances. The financial information on which the forward-looking statements are based has not been audited or reported on by FNB Botswana's independent external auditors.

Report approval

The Board is responsible for overseeing the integrity, completeness and approval of this integrated report. Data accuracy is supported by the Bank's internal policies, procedures and controls.

In the Board's opinion, this report addresses all matters material to FNB Botswana's ability to create value. The Board is satisfied that the report offers a fair and balanced representation of the Bank's integrated performance for the year and was prepared in line with the Integrated Reporting Framework.

The consolidated annual financial statements were audited by Ernst & Young Botswana.

The Board approved this report on 16 October 2025.

Balisi Mohumi Bonyongo
Chairperson

Steven Lefentse Bogatsu
Executive Director
(Chief Executive Officer)

Massimo Marinelli
Independent Non-Executive Director

Mbako Mbo
Executive Director
(Deputy Chief Executive Officer)

Kenelwe Mere
Independent Non-Executive Director

Louis Frans Jordaan
Independent Non-Executive Director

Naseem Banu Lahri
Independent Non-Executive Director

Asad Petkar
Independent Non-Executive Director

Ephraim Dichopase Letebele
Independent Non-Executive Director

Lee-Anne Van Zyl
Non-Executive Director

Pinkie Mothopeng-Makepe
Independent Non-Executive Director

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The role we play in Botswana

The history of banking began in 2000 BC in Assyria, India and Sumer when the first prototype banks, the merchants of the world, gave grain loans to farmers and traders who carried goods between cities. Since then, banks have evolved to become part of our daily lives by providing a secure home for our money, enabling the flow of funds for the things we need, and extending the capital required to build our assets and wealth over time.

Banks act as fundamental pillars of economic growth. Through financial intermediation, banks pool deposits from savers and lend these funds to businesses, governments and individuals. The availability of credit is essential for economic expansion by enabling the creation of infrastructure, the development of businesses and the funding of innovative projects.

Small and medium-sized enterprises (SMEs) are the backbone of most economies, yet they often struggle to obtain financing due to a lack of credit history or collateral. This is where the role of banks becomes even more crucial. By offering tailored financial services like micro-finance, small business loans and other credit solutions, banks provide these businesses with the capital needed to thrive.

Banks can also profoundly influence economic development through financial inclusion. This means providing financial services to underserved and marginalised communities. When more people have access to savings accounts, loans and insurance, it leads to improved economic mobility and poverty reduction. Here, the development of innovative banking platforms and networks allows people in rural areas to save money, transact and access credit via their mobile phones. This technology-driven approach has helped millions of people participate in the broader economy, creating new opportunities for economic growth.

Banks can also influence corporate behaviour and contribute to sustainable development by financing projects that align with the United Nations Sustainable Development Goals (SDGs). This includes channelling investments to activities addressing climate change, supporting local communities and fostering ethical business practices.

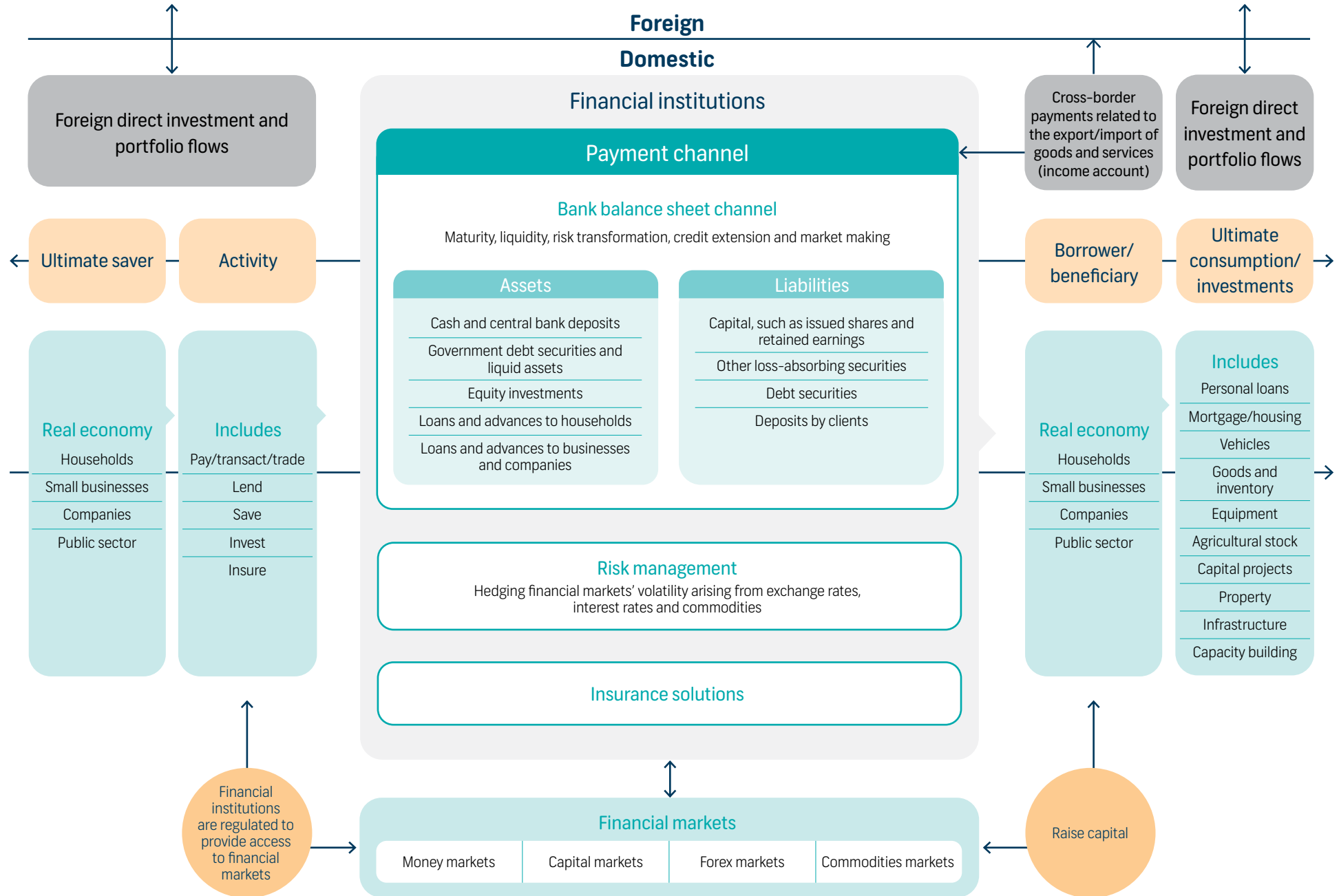
During times of crisis, companies and investors count on banks to be a haven for financial assets. They operate within a well-tested financial safety net of regulatory frameworks and mechanisms. They are required to hold significant capital and liquidity buffers to balance against potential losses from their business. This demands continuous resources be allocated to risk management and controls infrastructure.

More information on these activities is provided throughout the report.





The role of financial institutions in society

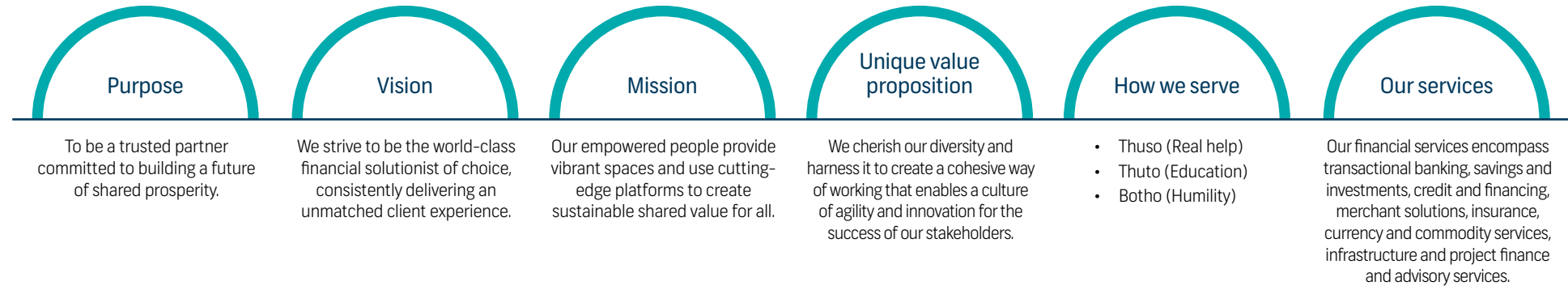




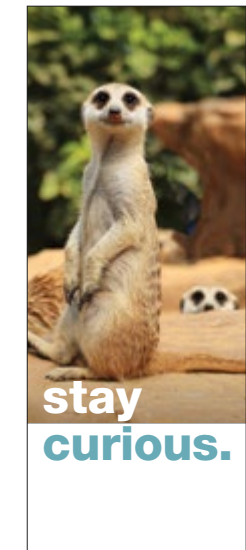
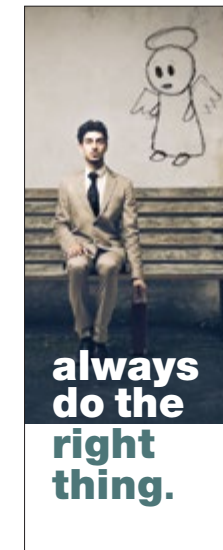
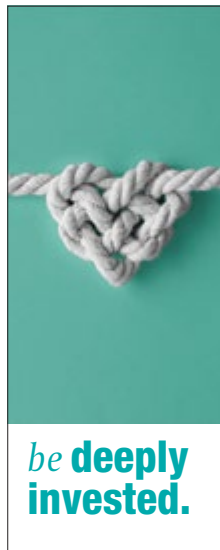
Providing integrated financial services

FNB Botswana is a trusted financial partner to individuals, families and businesses, offering them a range of banking services to support their personal and commercial objectives. We use digital and innovative platforms to improve client experience, broaden access, expand our service range and lower our cost to serve. 🌟

Who we are



Our promises





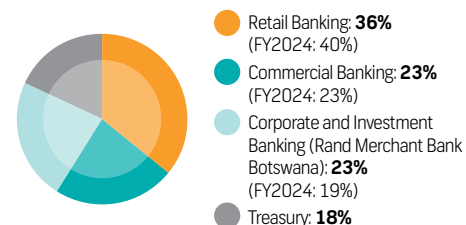
Our 2025 Strategy

The successful implementation of the 2025 Strategy has supported our vision, with tangible results achieved.



Business segments' contribution

Segmental revenue contribution



In addition to the three business segments, Treasury optimises the Bank's net interest income and maintains shareholder value through prudent, effective portfolio, liquidity, interest rate, balance sheet, capital, funding, funds transfer pricing and performance management. Treasury funding management contributed 18% (FY2024: 18%) to overall revenue.

How FNB Botswana supports national priorities

- We ensure...** Clients in Botswana's rural and remote areas have access to basic banking services, enabling economic activity in rural communities.
- We facilitate...** Lending solutions for SMEs to expand and create jobs.
- We enable...** Our clients with seamless access to banking through our digital solutions.
- We safeguard...** Our client's deposits and savings.
- We provide...** Communities with tools and knowledge to improve their financial literacy and wellness.
- We invest...** In long-term projects that promote environmental sustainability, social and economic development.

Read more about our contribution to national priorities in the FNB Botswana Report to Society.

This year's awards

2025

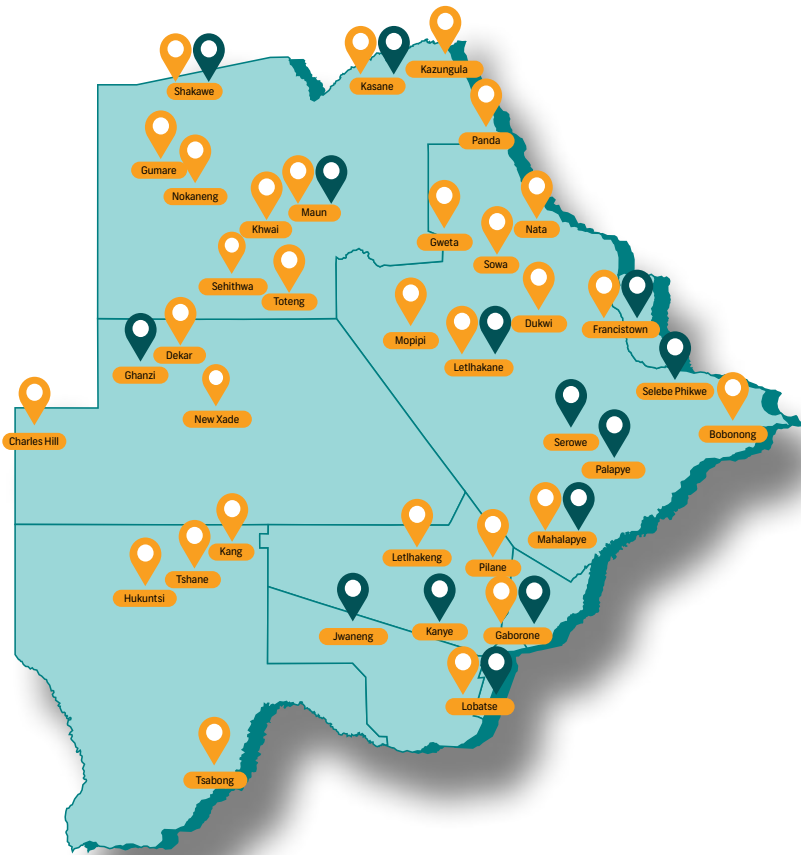
- Best Bank in the Euromoney Awards for Excellence.
- Best Bank for ESG (environmental, social and governance) in the Euromoney Awards for Excellence.
- Botswana's Best International Private Bank in the Euromoney Awards for Excellence.
- Most Admired Financial Services Brand in the Brand Africa Awards.

2024

- Visa Premium Award (highest purchase volume in premium products) in the Visa Awards.
- Visa eCommerce Award (highest eCommerce acquiring volume in Botswana) in the Visa Awards.
- Visa Cross-Border Champion (highest cross-border purchase volume in Botswana) in the Visa Awards.
- RMB was named the Best Custodian in Botswana (seven years in a row) in the Alexander Forbes Awards.



Well-established footprint in Botswana



Key

- 1,794 CashPlus agents
- 25 FNB Botswana branches

Our extensive presence across Botswana supports clients' demands for proximity and convenience. FNB Botswana's omni-channel strategy is centred on giving clients a consistent, relevant and intuitive experience.

We continue to serve our clients through a diversified multi-channel approach that includes our branch network, a 24/7 toll-free Contact Centre, digital platforms, financial advisors, relationship bankers, and merchant partners.

As part of our commitment to improving client experience and operational efficiency, we are strengthening our Contact Centre capabilities. This strategic enhancement supports the migration of more services to the Contact Centre, underpinned by an omni-channel strategy that integrates self-service options, digital channels, and CashPlus agents.

These efforts are designed to streamline service delivery, reduce foot traffic at branches, and ensure clients enjoy seamless, convenient access to our services anytime, anywhere.

753,000+
clients
(FY2024: 706,000+)

+35%*
net promoter score (NPS)
(FY2024: 68.3%)

3
Premium Suites**
(FY2024: 3)

15,366
point-of-sale (POS) machines
(FY2024: 14,141)

85
automated deposit teller machines (ADTs)
(FY2024: 84)

47,000
new-to-Bank clients
(FY2024: 51,000)

1,628
employees
(FY2024: 1,602)

25
branches
(FY2024: 25)

174
automated teller machines (ATMs)
(FY2024: 172)

67
Services offered by the Contact Centre
(FY2024: 59)

* In FY2025, we changed the survey methodology, while the score of +35 is lower than the FY2024 score, this is due to a stricter, more robust process of calculating the score.

** A centralised place where high-net-worth individuals receive personalised relationship management, priority client service and exclusive access to banking services.



CashPlus

CashPlus enables both FNB and non-FNB clients to conveniently access essential financial services through a network of CashPlus agents. Using only an active mobile phone number and a one-time PIN (OTP), clients can withdraw or deposit cash or eWallet funds, purchase electricity and airtime, and pay bills directly from their FNB accounts.

This innovative solution extends our reach beyond traditional banking channels, promoting financial inclusion and enhancing service accessibility.



1,794

CashPlus agents
(FY2024: 1,481)

9.3 million

CashPlus transactions
(FY2024: 6.7 million)

P7.8 billion

CashPlus transactional value
(FY2024: P5.5 billion)

Cash@Till

Cash@Till allows FNB clients to withdraw cash seven days a week at partner stores nationwide by swiping their FNB Visa cards on POS machines.

348

partner stores
(FY2024: 302)

285,032

transactions
(FY2024: 226,555)

P101 million

cash withdrawal value
(FY2024: P80 million)

eWallet

eWallet enables FNB clients to instantly send money to anyone with an active mobile phone number, even if the recipient does not have a bank account.

17.4 million

eWallet transactions
(FY2024: 14.4 million)

FNB Banking App

The FNB Banking App (FNB App) enables FNB clients to bank and transact anytime, anywhere. This includes purchasing airtime and electricity, making payments, sending money via Pay2Cell or eWallet, making local and international transfers, as well as processing foreign exchange transactions.

The FNB App also allows clients to update their Know Your Customer (KYC) information at their convenience.

384,000

FNB App users
(FY2024: 330,000)

Zero-rated

(no data costs for clients)
across all mobile network operators (MNOs)

27 million

airtime purchases
(FY2024: 25 million)

4.0 million

electricity purchases
(FY2024: 3.6 million)

eWallet Pro

eWallet Pro is a card-based payment solution that offers businesses a secure and instantaneous way to make payments to banked and unbanked clients via Online Banking Enterprise. Businesses can order a stock of cards that they can issue to payees, making it convenient to retrieve funds.

eWallet Pro is linked to a Visa card that allows recipients or cardholders to make POS purchases and withdraw cash from FNB and non-FNB ATMs. To further improve convenience and accessibility, new features have been added to the card, enabling cardholders to withdraw from CashPlus agents and initiate withdrawals via a mobile USSD without requiring internet connectivity.

884

machines rolled out

Speedee is a pocket-sized, printerless point-of-sale (POS) device designed for SMEs and merchants operating mobile businesses. Merchants can send receipts via SMS or email to cardholders after payments and receive an email breakdown of transactions. The device has no rental or application fees, making it an essential financial inclusion tool for SMEs, the informal sector and solopreneurs such as hawkers, content creators and more.



Our three client segments

We strive to place our clients' interests at the centre of everything we do. Our three business segments serve the distinct needs of individuals, small and medium businesses, corporates and institutional clients.

The three client segments are supported by our centralised functions. These include Channels, Information and Communication Technology (ICT), Operations, Finance, Human Capital, Marketing and Communications, Risk, Internal Audit, Compliance, Treasury, Governance, Legal and Sustainability.

FNB Botswana Treasury manages liquidity and funding with P3.1 billion Treasury deposits (FY2024: P5.5 billion).

						
	Retail Banking	Commercial Banking	Rand Merchant Bank (RMB)			
Leadership	Monkgogi (Mo) Mogorosi <i>Director, Retail Banking</i>	Jennifer Makgabenyana <i>Director, Commercial Banking</i>	Harriet Mlalazi <i>Director, RMB (Rand Merchant Bank)</i>			
Clients	Supporting individuals throughout their financial journeys. We service all individuals, including children, students, solopreneurs, formally and informally employed as well as private business owners.	We are committed to fostering inclusive growth and long-term sustainable development by delivering responsible banking services and cultivating strategic partnerships across all sectors. This includes small, medium, and large-scale enterprises, parastatals, local government entities, and non-governmental organisations. Through these partnerships, we aim to strengthen economic resilience, promote environmental stewardship, and advance social equity, ensuring our impact contributes meaningfully to the broader development agenda.	Corporate and Investment banking division of FNB Botswana, servicing large corporates and institutions covering the following sectors: mining, oil and gas, retail, telecommunications, financial institutions, sovereign entities and diversified industries.			
Products	Solutions include transactional banking, savings and investment, insurance, loans and advances and asset and vehicle financing. We also have a comprehensive integrated advice programme that helps consumers build a healthy relationship with their finances.	Tailored solutions addressing all business banking needs, including transactional banking, lending, insurance, trade and working capital solutions, merchant services, and Islamic banking.	Integrated and comprehensive range of investment banking solutions that encompass lending and advisory, global markets, custody and transactional banking.			
Indicators	662,958 active clients (FY2024: 620,657)	P7.2 billion client deposits (FY2024: P6.7 billion)	90,009 active clients (FY2024: 85,339)	P10.2 billion client deposits (FY2024: P10.4 billion)	366 active clients (FY2024: 355)	P5.9 billion client deposits (FY2024: P7.4 billion)
	P12.4 billion loans and advances (FY2024: P11.8 billion) Read more on page 64.	P4.1 billion loans and advances (FY2024: P3.6 billion) Read more on page 66.	P5.0 billion loans and advances (FY2024: P4.1 billion) Read more on page 68.			



Attractive choice for investors

FNB Botswana is a market leader recognised for its effective banking solutions, continuous innovation, committed people and care for clients and communities. Our strong reputation and legitimacy position us for growth, quality earnings and planned diversification into a holistic financial services provider.

1. Leading market position supported by an extensive national footprint

- A 34-year history in Botswana.
- Botswana's largest commercial bank by balance sheet size, client numbers and income¹.
- Consistent year-on-year growth in client base.
- Significant opportunity for further growth as a diversified financial services provider to meet underserved client needs.
- Brand leadership position supported by flagship corporate sponsorships and positive impact on society.

8

banking awards won
(FY2024: 5)

75.4%

External Client Satisfaction Index
(FY2023: 86.6%)

753,000+

clients
(FY2024: 706,000+)

47,000

new-to-bank clients
(FY2024: 51,000)

Read more about plans to leverage our brand to transition to become a holistic financial services provider on page 16.

2. Innovative approach to banking and technologically advanced solutions

- Reliable outcomes for clients with competitive products and services.
- Digital channels offering a simplified client experience and increased self-service options.
- A scaled-up Contact Centre enhancing service accessibility and real-time solutions, as well as reducing pressure on the branch network for better efficiencies.
- Optimised and automated processes, for quicker turnaround times and improved client experience.
- Ability to harness data-driven insights to design and deliver hyper-personalised client experiences.
- Machine learning predictive capabilities to detect client attrition risks to amplify retention strategies.

87%

of the targeted 150 processes automated
(FY2024: 30%)

82%

process risk maturity
(FY2024: 75%)

96%

KYC compliance
(FY2024: 89%)

78%

client adoption of digital channels
(FY2024: 71%)

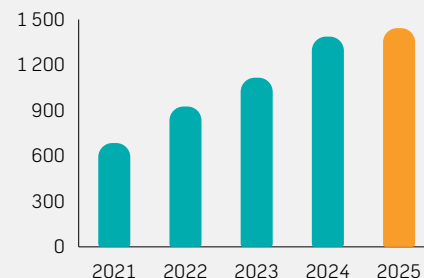
Read more about our drive to improve operational efficiencies on page 50 and client experience on page 52.

3. Sound financial discipline with increasingly diversified earnings

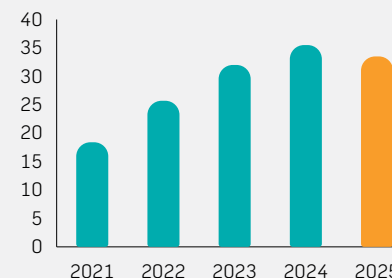
- The largest company on the Botswana Stock Exchange by market capitalisation.
- A track record of steady income growth and consistent dividends.
- Strong growth of non-interest income provides earnings diversification.

Read more about our financial performance on page 18.

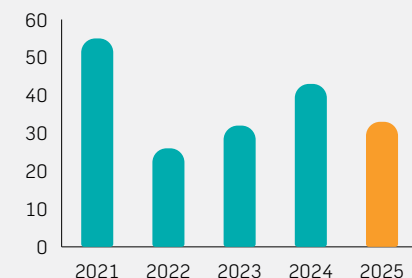
Profit after tax (P'million)



Return on equity (%)



Dividend per share (thebe)



¹ As at 30 June 2025.



4. A diverse, competent and stable leadership team

- Stable and experienced Executive Committee (ExCo).
- A robust Talent Framework to develop executive leadership capabilities.
- A respected Board with an appropriate mix of knowledge, skills, experience, diversity and independence.
- High standards of ethics leadership and governance.

69%

Home-Grown Index for ExCo
(FY2024: 65%)

343

years combined ExCo experience
(FY2024: 335 years)

75%

of Directors are independent
(FY2024: 77%)

75%

of Directors are local
(FY2024: 69.2%)

Read more about our governance structures and activities for FY2025 on page 71.

5. A shared prosperity focus to realise value for stakeholders and the nation

- Well-positioned to support Botswana's national diversification priorities.
- Profitable and proven strategies to increase financial inclusion at scale.
- Market position as the leading sustainability financier.
- Shared prosperity considerations are embedded within operations, strategy and funding processes.

P997 million

approved for sustainable finance across all
business segments (FY2024: P610 million)

P6.2 million

in corporate social investment (CSI)
(FY2024: P11 million)

P851.3 million

sustainable finance disbursed
(FY2024: P610 million)

P26 million

in corporate sponsorships

P7.8 billion

transactional value through CashPlus
(FY2024: P5.5 billion)

P397 million

procured through local companies
(FY2024: P390 million)

860,000+

individuals reached through financial literacy and awareness campaigns
(FY2024: 800,000+)

Read more about shared prosperity and ESG initiatives from page 56.



A strategy realised

The recently completed 2025 Strategy strengthened FNB Botswana's role as the financial solutionist of choice. Over the past five years, we have embedded innovation, operational efficiency and shared prosperity principles across the Bank.

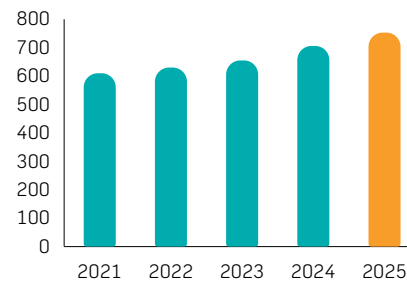
Key outcomes of the 2025 Strategy

Became a more inclusive bank

Over the past five years, we have embedded client experience improvements, operational efficiency, and shared prosperity principles, becoming a more inclusive Bank that serves a broader spectrum of clients. Sustained investment in our platforms, such as CashPlus, eWallet and eWallet Pro, has expanded access for traditionally underserved segments.

We continue to support the SME sector, which accounts for 22% of our commercial balance sheet (FY2024: 28%). Prevailing market challenges and economic pressures primarily drove the decline in SME contribution for FY2025. Despite these setbacks, the Bank remains committed to supporting SMEs, recognising their critical role in economic development. We will continue to implement targeted initiatives to foster growth, resilience, and long-term sustainability within the SME sector.

Client base (P'000)

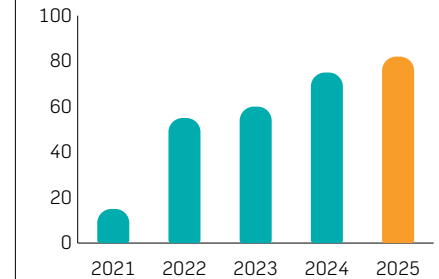


Built the foundation for digital success

In FY2021, many internal processes were either undocumented or sub-optimally designed. We achieved near-complete process mapping coverage, which will enable targeted automation of high-impact processes such as account opening, loan origination, and KYC updates. These enhancements have significantly improved speed, consistency and client experience.

We recorded 5% five-year growth in the adoption of digital channels like Online Banking and the FNB App.

Process risk maturity (%)

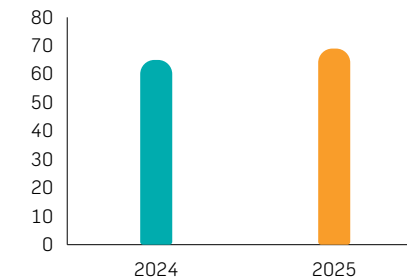


Embedded a people-first approach

In FY2021, we faced significant headwinds due to the Covid-19 pandemic. Despite these challenges, we remained steadfast in our commitment to employee wellbeing. We enhanced our wellness offering and successfully launched the Employee Wellness Centre, an important milestone that underscored our dedication to putting our people first. This initiative reflects our broader strategy to foster a supportive and resilient workplace culture, even in times of uncertainty.

A robust Talent Management Framework was introduced to develop our talent pool, resulting in several home-grown promotions to ExCo and other leadership positions. Taking a long-term view, we have developed a 10-year succession plan supported by personal development plans.

Home-Grown Index for ExCo¹ (%)



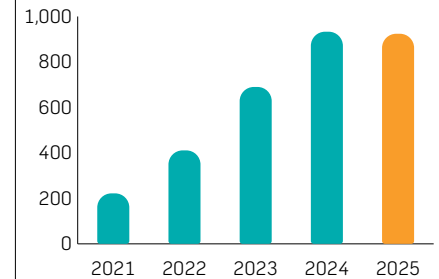
¹ The Home-Grown Index is a measure of how we have identified, developed and promoted Botswana.

Set a path for sustained financial performance

The 2025 Strategy has supported financial performance, despite fierce competition from banks and other competitors, including fintechs and MNOs. This includes growth in our balance sheet to P20 billion (FY2021: P15 billion), a turnaround in performance for the Commercial segment and year-on-year growth in profit before tax.

We have also built our reputation as the ESG financier of choice, with RMB disbursing P642 million in funding for the landmark Mmadinare Solar Cluster Project.

Net income after cost of capital (NIACC) (P'million)



I am especially proud of the culture of care we have embedded across our organisation. We are widely recognised as a bank that genuinely cares for our clients, our communities, our employees, and our shareholders. This culture is reflected in the way we engage, support, and create value for all our stakeholders, reinforcing our commitment to responsible and inclusive growth.

Board Chairperson: **Balisi Mohumi Bonyongo**

Our evolution has consistently demonstrated that resilience is one of our greatest strengths. We have successfully navigated major challenges, including the Covid-19 pandemic and, more recently, low market liquidity, because of our solid foundation and diversified income streams.

These attributes continue to position us for sustainable growth, enabling us to adapt, respond, and thrive in dynamic market conditions.

CEO: **Steven Lefentse Bogatsu**



In conversation with the Chairperson

FNB Botswana delivered strong operational and financial results, successfully defending and growing market share while maintaining constructive relationships with our regulators. As we conclude the 2025 Strategy, we acknowledge the significant progress made in strengthening our position as a solutionist bank, committed to delivering personalised, innovative solutions that meet the evolving needs of our clients.

How has the operating environment shifted over the past year?

The Botswana economy faced significant headwinds during the year, with gross domestic product (GDP) contracting by 3%¹ due to both cyclical and structural challenges within the global diamond market. This is the most severe economic shock since the Covid-19 pandemic, and has a ripple effect across the economy, impacting spending, credit demand and savings for both businesses and consumers.

A change in Government for the first time in 58 years marked a shift in national priorities. These priorities include imposing fiscal discipline, diversifying the economy, reinforcing policymaking credibility and investing in transformative infrastructure. Given the depressed diamond sector, the Government turned to borrowing to fund consumption, which has created liquidity challenges, escalating the cost of funding for banks.

In response to the liquidity challenge, the Bank implemented strategies to safeguard its balance sheet and exercise prudent cost management. These challenges have brought about headwinds within the lending landscape, and as a result, credit appetite is reviewed more frequently and adjusted accordingly in tandem with prevailing market conditions.

The Bank of Botswana's temporary zero-rating of the primary reserve requirement from December 2024, where banks are no longer required to hold a percentage of their deposits as reserves with the central bank, provided some liquidity relief to the market.



Return on equity: **33.5%**

Profit before tax growth: **6%**

The risk landscape continues to evolve, with cyber threats, particularly phishing scams that compromise clients' financial information through fraudulent clickable links, emerging as a growing concern.

In response, we have intensified our efforts to enhance client resilience against fraud and reinforce trust in our digital platforms. Key initiatives included:

- Strengthened client education and awareness campaigns to promote safe digital practices.
- Targeted communications to alert clients to emerging threats and preventative measures.
- Delivery of financial crime prevention training to equip stakeholders with the knowledge to identify and respond to risks effectively.

These actions reflect our proactive approach to safeguarding client trust and maintaining the integrity of our digital ecosystem.

Despite a challenging operating environment, we achieved growth across all three business segments, driven by strong contributions from the agriculture, renewable energy, construction, and manufacturing sectors.

Our financial key performance indicators (KPIs) reflect a positive trend, underpinned by disciplined cost and credit management, and a continued focus on enhancing client convenience. These results affirm the strength of our strategy and our ability to deliver sustainable value across diverse market conditions.

Is the Board confident it has a robust governance ecosystem?

We have embedded the King IV governance imperatives within our Board Governance Framework to ensure ethical and effective leadership, responsible corporate citizenship, and sustainable development. This framework also provides robust oversight of risk, independence, and accountability.



Overall, the combination of King IV and the central bank governance guidelines has improved governance oversight with a positive knock-on impact on business performance.

In addition, the Bank of Botswana's Corporate Governance Guidelines for Banks introduce an added layer of rigour, outlining clear requirements for Board composition, appointments of Board members and senior management, Board responsibilities, disclosures, transparency, and performance evaluations. As part of our commitment to continuous improvement, we conduct an independent Board evaluation annually, alongside our internal self-assessment.

We continue to enhance our governance and risk management practices to support ethical business conduct, responsible corporate citizenship, and long-term sustainability. This includes improvements to our control environment and a sharpened focus on risk oversight.

Our robust Governance Framework positions us to comply effectively with the Banking Act of 2023, which came into force on 15 August 2025. The Act introduces a modern, risk-based regulatory approach, strengthens board accountability, and embeds international standards for prudential oversight and bank resolution.

In FY2025, the Board placed particular emphasis on improving oversight of our control environment. This included monitoring control breakdowns and ensuring management accountability for timely and effective remedial actions.

¹ This is according to the World Bank's Economic Outlook for Botswana, April 2025.



Is the Board comfortable with the Bank's regulatory compliance?

The Board Compliance and Conduct Committee (BCCC) oversees the Bank's compliance risks. In FY2024, our compliance risk was significantly outside appetite primarily due to the Data Protection Act of 2024. The Bank has made significant progress toward compliance with the Data Protection Act. As at FY2025, the compliance risk profile was rated as close to appetite due to these remediation efforts.

The BCCC also oversees our Business Conduct Programme to embed high ethical standards across the Bank. This includes management of conflicts, employee conduct, anti-bribery and corruption and whistleblowing cases. At year-end, our business conduct risk was rated close to appetite, with pleasing improvements in the management of whistleblowing cases and turnaround times for investigations.

What is the Bank's progress with succession planning?

The Directors' Affairs and Governance Committee (DAGC) monitors succession planning for the Board and executives. This was critical as we rebuilt our leadership team following FY2022, where most of our ExCo talent was lost to competitors.

We have achieved a Home-Grown Index of 69% at executive level. We take a long-term view on developing our leadership talent with a 10-year succession plan. 30% of ExCo roles have successors in the zero-to-12-month readiness bracket and 60% have successors in the one-to-two-year readiness bracket. Developmental interventions such as leadership, coaching, secondments and strategic exposure are in place to accelerate candidates' readiness.

The Board is pleased with the strides made in maturing our succession planning.

The Board appointed Dr Mbako Mbo as Deputy CEO, effective July 2025, to provide additional oversight of the delivery of the 2030 Strategy and support our CEO. Mbako joined the Bank in 2023 as Chief Financial Officer (CFO), serving as an Executive Director on the Board since August 2023. In his new role, he will provide strategic oversight for key focus areas, namely: Finance, the Commercial segment, Technology, Operations and Data and Analytics. With over 20 years of finance leadership in several African and Asian markets, the Board is confident that Mbako will make a strong contribution to directing the 2030 Strategy.

The Board reviews its skillsets as part of the annual Board evaluation process. The Board is satisfied that Board members are suitably qualified with a diverse range of skills, including banking, finance and accounting, strategy, governance, risk management, human capital, ICT and legal.

What risks and opportunities are the Board monitoring?

The challenges in the year ahead cement our resolve to build a resilient and more sustainable business. It remains uncertain whether the natural diamond market will recover fully, and other significant sources of Government revenue will take time to materialise. This has resulted in rising unemployment, increased poverty and an underperforming private sector. We expect our lending business to grow, although at lower levels than we are accustomed to. Transaction growth may also slow down if economic headwinds persist for a protracted period.

We have identified some positive diversification opportunities for the local economy. This includes copper production at a time when global demand is rising. Battery material prospects are also promising, with a manganese mine going into operation and lithium prospecting in the Makgagadi area, northeastern Botswana. There are also renewed efforts by Government to resuscitate the beef industry for both export and local markets. In addition, tourism could become a major private sector lever for growth.

The country's decarbonisation journey is gaining traction, with total installed solar capacity estimated to reach 250MW by December 2025, accounting for 29% of the peak electricity demand. The Government ultimately plans to export power to the region. These all present exciting opportunities for the banking industry.

FNB Botswana's strong foundations, including robust governance, sound financial health, operational excellence, a skilled and engaged workforce, a client-centric approach, and a trusted brand, combined with our high-performance culture and clearly defined 2030 Strategy, position us to deliver long-term value to stakeholders. These pillars also enable us to contribute meaningfully to Botswana's economic development and social progress.

Our 2030 Strategy will see the Bank transitioning to become a holistic financial services provider, with ambitions to reshape the market in other financial services.

The benefits of our platform investments are advancing our payments capabilities, accelerating our digitalisation journey, and modernising internal operations. In addition, our significant investment in data and analytics is critical to driving process optimisation and automation across the business.

Any final words to stakeholders?

On behalf of the Board, I extend our sincere gratitude to John Kienzley Macaskill, who retired from the Board in November 2024. John has been an integral part of the FirstRand Group since 1972, serving in various leadership roles including Chief Executive Officer, Board Chairperson, and Non-Executive Director.

We deeply appreciate his immense contributions, strategic insight, and steadfast commitment to the Bank over the decades. His legacy of leadership and dedication has left a lasting impact, and we wish him all the best in his retirement.

In September 2025, Doreen Ncube retired from the Board after 10 years of dedicated service. Doreen contributed significantly to the Board's oversight and strategic direction, drawing on her deep expertise in banking, risk management and regulation. She was instrumental in establishing the Board Compliance and Conduct Committee (BCCC), which has strengthened our governance and enhanced oversight on regulatory and conduct matters. The Board wishes her well in her future endeavours.

We also welcome Moses Dinekere Pelaelo as an Independent Non-Executive Director of the FNBB Board, effective 3 September 2025. Moses has over 33 years of experience in financial sector regulation, supervision, and public policy making, having served in various capacities at the Bank of Botswana and the Financial Stability Institute of the Bank for International Settlements, Basel, Switzerland. We look forward to his insights and contributions.

I extend my heartfelt gratitude to my fellow Board members, the Executive Committee, and all FNB Botswana employees for their perseverance and dedication in effectively implementing the 2025 Strategy. Your commitment has been instrumental in driving our progress and delivering value to our stakeholders.

I also wish to thank our clients for their continued trust and partnership as we journey together toward shared prosperity.

We strive to deliver on our purpose and exceed our stakeholders' expectations in FY2026.

Balisi Mohumi Bonyongo
Board Chairperson



The CEO's reflections

Clients demand more personalised, inclusive and transparent banking experiences. In response, the Bank's 2030 Strategy aims to deliver simplified, affordable and tailored solutions to remain responsive to client preferences and positioned for sustainable growth.

FNB Botswana delivered a resilient financial performance, albeit slightly below our targets for FY2025. This was primarily due to worsening macro-economic conditions, which required a more cautious approach when extending credit. We had to carefully balance our ambitious growth targets against our risk appetite and responsibilities to shareholders. Our Board Credit Risk Committee (BCRC) assisted the Bank in monitoring its large exposures and concentration risks.

Despite economic turbulence, we managed a healthy balance sheet with non-performing loans (NPLs) and impairments within our anticipated ranges. Financial performance was supported by a 13% growth in our non-interest income, a testament to the Bank's ongoing drive to diversify its income streams.

In making trade-off decisions, FNB Botswana adopts a longer-term perspective informed by a comprehensive understanding of our risks and opportunities. Digital transformation increases financial inclusion, improves client service and will reduce costs over time. However, this demands a significant, sustained capital investment to achieve our digitalisation objectives. Automation also makes certain roles redundant, requiring us to invest in continuous employee upskilling and reskilling as we retrain, rather than retrenching employees.

Succeeding in a digital landscape

The banking landscape is evolving with fintechs and MNOs increasingly capturing market share, particularly among entry-level and underserved client segments. While this shift presents competitive pressures, especially in transaction volumes, it also catalyses innovation. The Bank invests in digital transformation to deliver agile, secure, and client-centric solutions to remain relevant in an increasingly digitised financial ecosystem.

Over the past five years, the Bank has achieved a 12% increase in non-interest income, driven primarily by the success of the FNB App, our market-leading digital transacting platform. Sustained investment in the FNB App's capabilities has positioned it as the most trusted and preferred digital banking platform in Botswana, offering clients a seamless and secure banking experience.

Our digital inclusion strategy has also been a key contributor to this growth. Solutions such as CashPlus, eWallet, eWallet Pro, and Pay2Cell have gained momentum by offering clients convenient channels to send and receive funds.



78%

client adoption of digital channels (FY2024: 71%)

P7.8 billion

transactional value through CashPlus (FY2024: P5.5 billion)

21%

growth in eWallet transactions (FY2024: 15%)

In FY2025, CashPlus averaged 393,015 unique monthly users transacting on the platform. This level of engagement highlights the strong adoption of our inclusive banking solutions.

We acknowledge the challenges clients have experienced with our Know Your Customer (KYC) process, which remains too lengthy and has caused inconvenience. Addressing this has required concerted efforts to improve efficiency and client satisfaction.

We are actively working to resolve these issues and are committed to delivering a fully automated KYC and account opening process within the first half of FY2026. This initiative is part of our broader digital transformation strategy aimed at streamlining onboarding, enhancing compliance, and improving overall client experience.

Our client experience enhancements have led to increased satisfaction, expanded self-service options, and reduced time spent in branches.

Retail Banking

7% increase in active client base (FY2024: 8%)

This is our largest segment in client numbers, loans, advances and profitability. The past financial year was tough, as the business focused on defending its balance sheet and client base against increasing competitive pressures while supporting consumers in navigating the country's economic challenges. Consumers remained under financial pressure, which impacted their disposable income and hampered recreational spending and savings activity.

The priority was on growing the advances and loan book cautiously and sustainably. We reduced activities that proactively promote lending sales and focused on encouraging uptake of savings and investment solutions. The Bank continued to support its clients with integrated advice to assist them with budgeting, money management and prioritisation of financial decisions.

This resulted in a 5% growth in advances, 8% growth in deposits and a 7% growth in our active client base.



These improvements are reflected in our biennial External Client Satisfaction Index (ECSI) survey, which recorded an overall score of 75.4%.

While this score places us within the industry benchmark range of 70%–80%, we recognise opportunities to elevate our performance further. The survey highlighted key areas for improvement, including efficiency in complaint resolution, turnaround time for service delivery, clarity and reliability of digital channels and transparency of information provided.

Top-performing financial institutions typically achieve ECSI scores of 85%–90%, and we remain committed to closing this gap through targeted interventions and continuous client engagement.

Growing all three business segments

All business segments grew their income with key contributions from major sectors including Government essential services, agriculture, clean energy, construction and manufacturing.

RMB

23% increase in advances (FY2024: 20%)

We experienced strong balance sheet growth underpinned by increased lending across diverse sectors, including real estate and financial services. Profit before tax grew 26% year-on-year due to improvements in net interest income, non-interest revenue and a reduction in impairments. Non-interest revenue grew 24% year-on-year, driven by improved foreign exchange turnover, flow trading and structured portfolios.

Sustainable finance continued to be central to our strategy, and we disbursed P416 million in sustainable finance facilities to support a renewable energy transaction. ESG remains an emerging theme in the market and our participation extends beyond funding to market development and advisory services.

The competition for deposits in the market remains heightened. RMB introduced the 48-Hour Notice Deposit Account, which offers clients yield enhancement and cash accessibility without compromising short-term liquidity.



Commercial Banking

15% increase in advances
(FY2024: 13%)

The Commercial segment demonstrated resilience amid a challenging macro-economic environment marked by tight liquidity, elevated funding costs, and intensified competition for deposits. PBT increased by 8% year-on-year, reflecting strong operational execution and strategic focus on core revenue drivers. Cost containment efforts were notably successful, with disciplined expense management leading to lower-than-expected cost growth, preserving profitability and operational efficiency.

Growth was primarily driven by increased overdraft utilisation, particularly within the fast-moving consumer goods (FMCG) and oil sectors, which continued to show robust demand. In response to competitive market pressures, we executed tactical interventions to safeguard deposit volumes, including targeted retention strategies and rate-sensitive adjustments. Our successful savings and investment campaigns further bolstered deposit inflows, reinforcing the segment's stability and adaptability in a volatile landscape.

Gross loans grew by 16% year-on-year, reaching P4.1 billion, primarily driven by increased overdraft activity in the FMCG and oil sectors. We continued to prioritise support for SMEs, with a strategic focus on expanding access to credit. Our scored credit platform achieved a 10% year-on-year growth under Asset-Based Finance, driven by increased credit limits that enabled more SMEs to secure financing. Existing clients also benefited from higher limits, empowering them to scale operations and accelerate business growth. Characterised by faster turnaround times and simplified credit requirements, the scored credit offering remains a powerful and accessible solution for SME financing, contributing to long-term economic resilience and inclusive development.

The eWallet Pro offering gained strong traction as a disbursement solution for commercial and corporate clients. This ensured that the disbursements remain in our ecosystem as beneficiaries use our platforms to transact.

Introducing the 2030 Strategy

Our 2030 Strategy pillars

Simplified and personalised experiences

Agile and empowered people

Value preservation

Transform and disrupt

Sustainable growth

Our 2030 Strategy is anchored on the principle of shared prosperity and our purpose of being a trusted partner committed to building a future of shared prosperity. The strategy builds on the solid foundation of the 2025 Strategy and focuses on:

- Developing our people.
- Using technology and innovation to transform and disrupt.
- Providing simplified and personalised client experiences to maintain sustainable growth and preserve value.

The 2030 Strategy was developed using a bottom-up approach with comprehensive input from our three segments and enablers.

In the Retail segment, we are targeting the entry-level market, aiming to bank the unbanked and underbanked population to enhance inclusive financial services in Botswana. For the Commercial segment, our focus is on growing our SME client base and refining service models to better serve underweighted sub-segments, including micro-enterprises. We will continue to build RMB's position as a trusted partner to clients and the sustainable financier of choice.

Our 2030 Strategy priorities

Short-term (FY2026 to FY2027)

Realise the full value of our platform investments. This includes enabling self-service banking capabilities for solutions such as account opening and loan applications, thereby advancing inclusive payment solutions and enhancing client convenience and accessibility.

This phase will be characterised by a conservative growth approach while navigating the current national liquidity challenges.

Medium-term (FY2027 to FY2028)

Leverage data and analytics to proactively respond to client needs and support our client acquisition and retention strategy.

This phase will also see the institutionalisation of innovation through establishing innovation labs to foster disruptive ideas that will unlock new income streams.

Long-term (FY2029 to FY2030)

Evolve into a holistic financial services provider offering integrated financial solutions. This will require significant investments into people, systems and processes to radically diversify our income streams and propel our long-term growth.

Understanding our sustainability opportunities

As the largest bank in Botswana, we acknowledge our responsibility to channel funds that have a positive impact on society and the environment. We aim to support and partner with Government, individuals and businesses to address the current economic issues, including through sustainable finance beyond green finance.

Climate risk management and sustainable finance are emerging focus areas for the Bank, which has led to a slower-than-anticipated integration into business strategy and operations. The 2030 Strategy, which builds on the shared prosperity pillar of the 2025 Strategy, will accelerate this adoption by developing guiding themes that address societal challenges while allowing segments flexibility in developing solutions. The strategy emphasises ESG compliance, improved data management and transparent external reporting. Better ESG compliance and enhanced disclosure will support the Bank in making better decisions, identifying ESG risks and opportunities, avoiding greenwashing, and ultimately supporting enhanced shareholder returns over the long term.



Ensuring our future-readiness

The Bank's future-readiness relies on our people's capability, processes and technology adoption.

People

Our agile and empowered people are at the heart of the 2030 Strategy. We are investing in building future-ready skills, enhancing our employee value proposition to attract and retain critical talent while driving a high-performance culture rooted in strong values and performance principles.

We have great talent, but our skills mix, work allocation, and current capabilities need to be reviewed against future needs. We are proud that, despite the competitive pressures, we have not undertaken mass retrenchments, reaffirming our commitment to employment stability and skills retooling. We are in the process of establishing internal academies focused on relationship management, data and analytics and people management, which are expected to commence in November 2025. Read more on page 46.

The Bank has a robust Talent Management Framework that ensures our people can access learning and developmental tools to refine their skills and stay current with the latest trends. FirstRand Group mobility programmes provide our employees with career opportunities in Namibia, Zambia, Mozambique and South Africa. There is a concerted effort to develop our executives through executive education, coaching, mentorship and regional placements.

Processes

Innovation relies on sound building blocks. This includes getting the basics right, like maximising data-driven innovation, optimising our processes, and introducing automation wherever possible. We have made significant progress in this area, with 60% of our records digitised and 87% of the targeted processes automated.

Technology

Clients increasingly expect a secure and hyper-personalised banking environment with a seamless digital experience. We have evolved our Banking Operations Department into a strategic, cross-functional centre responsible for operating performance, risk and resilience, technology enablement and client-centric delivery. We are embedding proactive risk sensing through analytics, real-time dashboards and predictive alerts. The Bank created a local Data and Analytics centre of excellence to accelerate the development and adoption of data solutions, optimise resource utilisation, enhance decision-making, reduce risk and foster collaboration. By providing a centralised hub for expertise and standardised processes, the centre streamlines data solutions development, deployment and governance, ultimately driving business value and strategic alignment.

We have also built a home-grown development team that can deploy locally relevant solutions. For example, our development team built and launched the Policy Administration System, which allows clients to take up insurance solutions through the FNB App.

Welcoming new ExCo appointments

In January 2025, FNB Botswana appointed Mathews Phetogo as our new Chief Operating Officer (COO), a promotion from his role as the Bank's Deputy COO. A Fellow Certified Chartered Accountant, Mathews has over 20 years of experience in public and private sector finance roles. Mathews joined FNB Botswana as the Head of Finance, Risk, and Operations for Global Markets in August 2013. He was later appointed Head of Operations at RMB, where he led strategic direction and operations, including foreign exchange payments (local and cross-border), real-time gross settlement payments, trade and working capital, and custodial services.

In May 2025, we welcomed Carlo Testi as our new Credit Director, a promotion from his role as the Head of Credit for RMB. Carlo has over 12 years of banking experience, with nine years specifically focused on credit risk management in the corporate and investment banking space. Carlo's career began with FNB Zambia in 2012, and he has been with the FirstRand Group since then. Throughout his career, Carlo has gained valuable exposure to diverse markets, which enhanced his skills in credit analysis, risk management and strategic decision-making.

In July 2025, we elevated Duncan Gareatshela to ExCo membership, he is the Bank's first Chief Data and Analytics Officer (CDAO). He will provide strategic leadership for data, analytics and artificial intelligence (AI), critical for our 2030 Strategy and ambition to lead in digital innovation and foster a strong data-led culture across the Bank. Since 2023, he has played a pivotal role in strengthening FNB Botswana's data governance, advancing regulatory compliance, and embedding AI-driven insights into the Bank's decision-making and client experience.

We are also pleased to welcome Orapeleng Senwelo, appointed as Acting CFO in July 2025, following the appointment of Dr Mbako Mbo (former CFO) as Deputy CEO. Orapeleng is a seasoned financial leader with over 20 years of experience across telecommunications, power generation, ICT and banking.

35 years of impact: Celebrating our legacy, advancing our 2030 vision

As we look ahead to 2026, we prepare to celebrate a remarkable milestone: 35 years of FNB Botswana. This anniversary is more than a commemoration of our history; it is a powerful reminder of our purpose and a reaffirmation of our commitment to the future. It arrives at a pivotal time as we accelerate the implementation of our FNB Botswana 2030 Strategy, which is designed to shape a more inclusive, innovative and sustainable financial future for all.

Since our founding in 1991, FNB Botswana has grown into a trusted financial partner, serving individuals, businesses, and communities across the country.

Our journey has been defined by a relentless focus on client experience, a deep commitment to financial inclusion and a strong belief in shared prosperity. These principles have guided our evolution and continue to anchor our strategy.

The 2030 Strategy is our roadmap for the next chapter. It is built on the foundation of digital transformation, client-centricity, and sustainable impact. We are reimagining how we serve our clients, making banking more accessible, intuitive and empowering. Our goal is to ensure that every Motswana has the opportunity to participate in and benefit from a thriving financial ecosystem.

Over the years, we have demonstrated our impact by supporting entrepreneurs, enabling home ownership, driving financial literacy and contributing to national development. These achievements are not ours alone. They are the result of strong partnerships, visionary leadership and the dedication of our people.

To our employees, thank you for your passion, resilience, and commitment to excellence. To our clients and stakeholders, thank you for your trust and continued support. You have been instrumental in shaping our journey, and we are honoured to walk this path with you.

As we prepare to celebrate 35 years in 2026, we also look forward with ambition and optimism to the next 35 years. Our commitment to excellence, innovation, and shared prosperity remains unwavering. Together, we will continue to build a better Botswana, one that is inclusive, resilient, and full of opportunity.

Appreciating our stakeholders

I express my gratitude to the Board and Chairperson for their support, both in overseeing the successful conclusion of the 2025 Strategy and in guiding the crafting of the 2030 Strategy. I thank every employee for their diligent efforts in pursuing the 2025 Strategy objectives. We will strive to be an employer of choice and create a high-performance and inclusive culture.

We are also grateful for the loyalty and trust of our +753,000 clients. We look forward to responding to your evolving needs through carefully considered and intuitive financial solutions.

We also value our regulators' role in ensuring a stable, competitive and responsible banking sector. Together, we are confident in our ability to deliver sustained value and contribute meaningfully to Botswana's future.

Steven Lefentse Bogatsu
Chief Executive Officer (CEO)



Insights from the CFO and Treasurer

The Bank's strong performance for 2025 is a testament to its strong risk discipline and operational resilience. Despite a disrupted and difficult environment, we delivered a return on equity of 33.5%, driven by a 6% rise in profit before tax (PBT).

Performance overview

The Bank posted good financial performance results for the full year, with PBT closing at P1.884 billion, marking a 6% year-on-year increase. This growth reflects the strength of the underlying business, driven by increased transaction volumes across all major lines, growth in advances across all client segments, and positive results of a cost transformation strategy.

Total income after impairments rose by 5%, while operating costs went up by 5%, recording an improved cost-to-income ratio of 47.5%, down from 49.4% in the previous year. Interest income grew by 6%, supported by a 12% increase in client loans. Interest expense on the other side declined by 4% compared to the prior period, reflecting prudent liquidity management that preserved cost efficiency by maintaining a diversified and optimal funding mix, despite a reduction in the deposit base.

Non-interest income reached P1.780 billion, reflecting a 12% increase year-on-year. This performance underscores the Bank's commitment to delivering contextual solutions to our clients through efficient and convenient service channels. Client numbers grew by 7%, with transaction volumes rising across all major lines. The Bank continues to invest in technology, capabilities and talent to ensure that every client interaction meets their evolving needs and preferences.

Total costs were well managed, increasing by 5% year-on-year, aligned with the Bank's strategic focus on delivering operational efficiency and cost transformation strategy. Employee expenses rose by 13%, reflecting continued investment in talent development and retention to support business growth. Other operating expenses declined by 5%, driven by disciplined cost control and process optimisation across the Bank's operations.



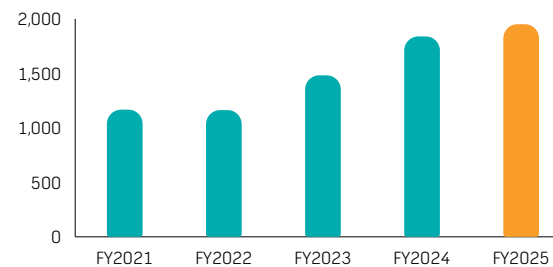
Key financial indicators

5% increase in income from operations before operating expenditure (FY2024: 21%)

The increase is due to a 6% growth from pre-impairment interest income and 12% expansion in non-interest income.

6% increase in net interest income before impairment of advances

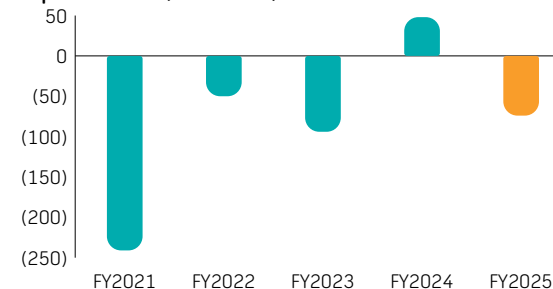
Net interest income (P'million)



Gross interest income increased by 6% (FY2024: 23%) due to interest on advances expanding by 4%, slightly muted by the impact of the rate cuts in June and August 2024, totalling 50 bps. Interest expense is down 4%, despite substantially higher costs of funding.

1% increase in net interest income after impairment of advances

Impairments (P'million)

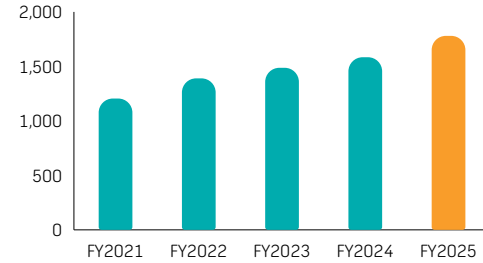


FY2024 had a release in provisions stemming from the impact of long-term investments in collection capabilities and enhancements coupled with improved credit origination. Based on the strong core credit performance the existing provision levels could not be justified and a release was proposed. The FY2025 impairment charge has also taken a conservative approach to include forward-looking indicators aligned to the prevailing macro-economic challenges. However, it is important to note that this results in a credit loss ratio of 0.34%, which is well within the Bank's credit loss appetite.



Key financial indicators

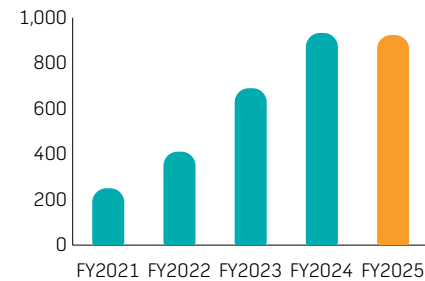
12% increase in non-interest income
Non-interest income (P'million)



Non-interest revenue increased 12% to P1.8 billion, driven by a 7% increase in client numbers and higher volumes across all major transaction lines, including eWallet, merchant services, CashPlus and ATM transactions. Foreign exchange and trading income increased by 27% (FY2024: 7%), driven mainly by volumes.

6% increase in profit before tax (FY2024: 25%)

P866 million NIACC (FY2024: P933 million)
NIACC (P'million)

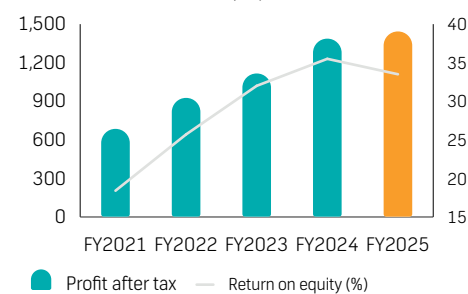


Profit before tax at year-end was P1.9 billion (FY2024: P1.8 billion).

In addition to measuring our profit before tax, we apply a capital charge to our profit to determine the NIACC.

NIACC decreased by 7% due to the 4% increase in profit after tax. The Bank continues to implement disciplined capital optimisation initiatives to sustain a strong NIACC.

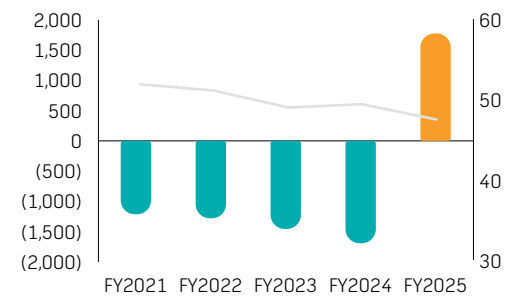
33.5% return on equity



Return on equity declined, despite the 4% increase in profit after tax. This was against the backdrop of an increased cost of equity due to current market conditions.

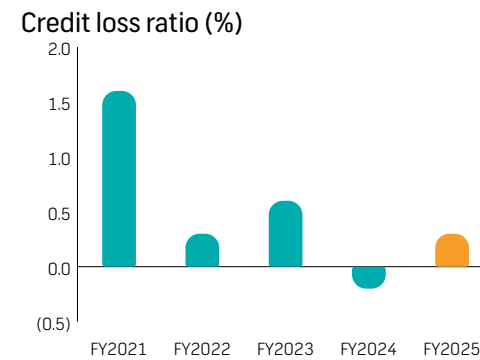
Key financial indicators

47.5% cost-to-income ratio



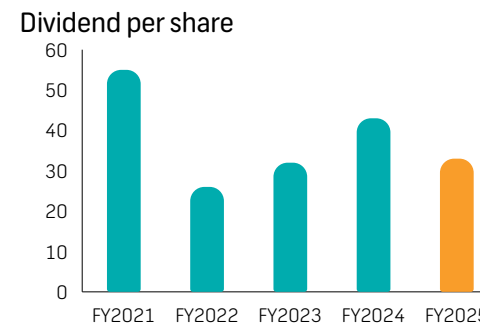
Operating expenses grew 5% year-on-year, reflecting consolidating benefits from the cost transformation programme instituted in the prior year. However, certain critical expenditure line items grew faster than the overall 5% growth. These include employee expenses, ICT and related development costs as well as branding and marketing.

0.34% credit loss ratio



The increase in the credit loss ratio comes on the back of a release in provisions in FY2024. The FY2025 number includes the impact of the Bank raising additional provisions to cater for forward-looking indicators, noting the prevailing economic headwinds. The credit loss ratio is within the Bank's acceptable loss appetite.

33 thebe ordinary dividend per share



The Board proposed a final dividend of 15 thebe (FY2024: 27 thebe). This is in addition to an interim dividend of 18 thebe (FY2024: 16 thebe) declared and paid to ordinary shareholders.



Advances

Overall net advances grew by 11% (FY2024: 14%) with growth across our three segments.

- Retail advances increased by 5% (FY2024: 11%) with a focus on selected client segments to sustainably and responsibly grow the portfolio.
- Commercial advances increased by 15% (FY2024: 16%), driven by growth in credit extension to the SME space and the Commercial Asset-Backed Finance (WesBank) portfolio expanding by 10%. This includes green financing, primarily driven by tourism clients converting to renewable energy to support their sustainability credentials.
- RMB advances increased by 23% (FY2024: 20%), driven by increased lending activity in various sectors, including real estate and financial services. Advances included P416 million towards the construction of the Mmadinare Solar Cluster Project, Botswana's first utility-scale solar facility (read more on page 68).

The loan-to-deposit ratio improved to 78% (FY2024: 62%) and is a testament to our sound asset and liability management.

Gross advances by segment (P'million)

	FY2025	FY2024
Retail	12,354	11,779
RMB	4,989	4,062
Commercial	4,115	3,564
	21,457	19,406

Deposits

Overall, deposits decreased by 12% (FY2024: 29% increase), indicating liquidity constraints in the market. However, the Bank was able to attract and retain deposits in the current economic condition. The decline was impacted by a decline in mining sector deposits, significantly more capital flowing into Government bonds, state-owned enterprises tapping into reserves and under-pressure consumers saving less.

In the Retail segment, the tightening local liquidity environment resulted in a higher interest rate risk as rate-sensitive clients sought higher returns. Retail deposits increased by 8% (FY2024: 7%) due to proactive deposit attraction and retention efforts.

The competition for business deposits is becoming intense. Commercial deposits decreased by 1% (2024: 12% increase). CashPlus agent-managed collections further strengthened the Bank's deposit-taking capabilities in decentralised locations.

RMB experienced a 30% decline (FY2024: 6% increase) in deposits due to market liquidity challenges and subdued economic activity. RMB, however, benefited from improved deposit margins year-on-year, emanating from the change in the deposit mix.

Treasury deposits decreased by 45% (FY2024: 574% increase), as the funds that the Bank temporarily held from repatriated pension flows were subsequently deployed into other asset classes.

Deposits by segment (P'million)



Commercial	10,233
(FY2024: 10,397)	
RMB	5,997
(FY2024: 7,412)	
Retail	7,209
(FY2024: 6,693)	
Treasury	3,053
(FY2024: 5,537)	

Capital management

FNB Botswana maintains sound capital ratios in line with its risk appetite to uphold confidence in the solvency and the quality of its capital during calm and turbulent periods in the economy and financial markets.

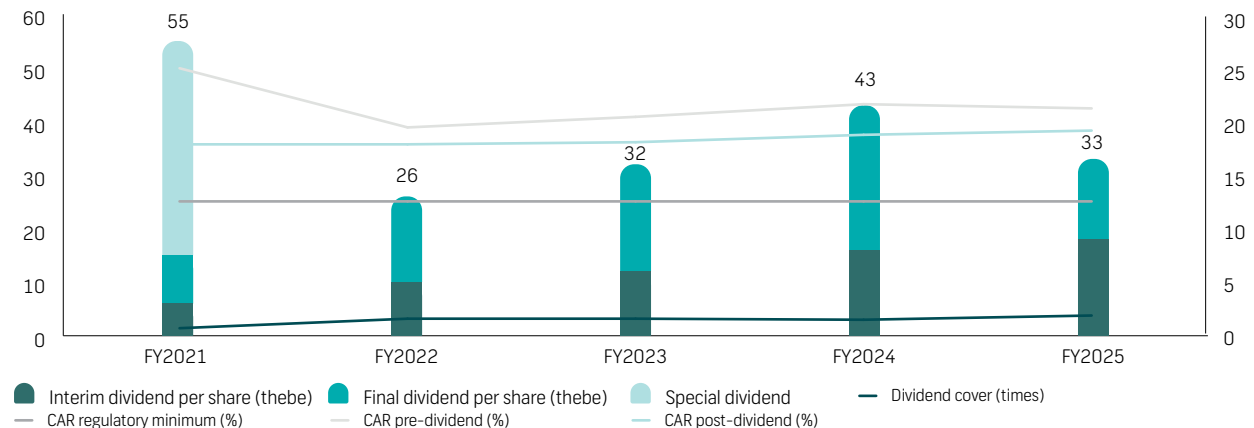
In FY2025, the Bank operated above both the internal and regulatory minimum capital adequacy ratios. The Bank of Botswana maintained the capital adequacy ratio (CAR) requirement at 12.5%. FNB Botswana maintains an internal Board-approved limit of 16%. The Bank's capital is also stress-tested annually to ensure it is adequate for the coming three years.

Capital is allocated in line with our Capital Management Framework to support the expected demand from the Retail, Commercial and RMB segments. The remaining capital is invested in risk-free interest-bearing instruments.

Board oversight

The Board reviews and approves macro-economic scenarios semi-annually, adjusting them to respond to changes in the operating environment. The Capital Management Framework is reviewed by the Board annually, and this, together with approved economic scenarios, forms the basis for the Internal Capital Adequacy Assessment Process (ICAAP).

ICAAP provides sound guidance for managing our capital in a dynamic world.



At year-end, our CAR was 21.83% (FY2024: 21.7%), allowing for a total dividend for the year (interim and final) of 33 thebe (FY2024: 43 thebe), representing a 23% decline year-on-year. Our post-dividend CAR of 19.2% (FY2024: 19.0%) remains comfortably above the minimum regulatory threshold and adequate to fund client needs into the future.



Funding and liquidity

The Bank proactively implemented strategies to safeguard the balance sheet and exercise prudent cost management in response to the local liquidity challenge. Our funding composition is predominantly driven by client deposits, about 75% of which are non-maturity-type deposits, such as call, savings and current accounts.

Deposits by type (P'million)	FY2025	FY2024	Change
Current and managed accounts	13,499	16,505	18%
Call and term deposits	11,045	11,787	6%
Savings accounts	1,947	1,729	13%
Total	26,492	30,021	12%

While Basel III has not yet been adopted in Botswana, the Bank already adheres to some of the requirements as it tracks the liquidity coverage ratio (LCR) and net stable funding ratio.

Credit risk

We take a prudent approach to credit risk origination and management and have noted improvements in the quality of our book. This, together with robust credit management, has supported lower levels of NPLs.

We evaluate risk per applicant, at a portfolio level, and across business segments, sectors and industries to ensure a balanced approach. The credit assessment process is robust, with significant transactions approved by the Board Credit Risk Committee (BCRC) or directly by the Board.

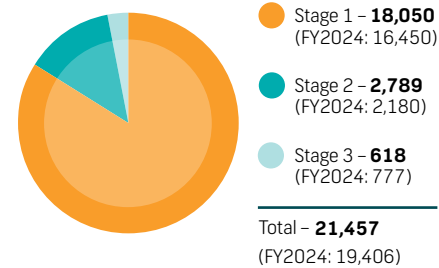
Overall credit appetite is reviewed regularly and adjusted accordingly in line with prevailing market conditions. Insufficient market liquidity has increased the cost of funding, and the Bank cannot pass on all additional costs to clients. This resulted in a slowdown in balance sheet growth and reduced margins.

We provide for anticipated credit losses in line with IFRS 9. Our Stage 1 (performing loans) portfolio expanded by 10% in line with growth in advances and remains within our expectations and risk appetite. We have also noted a reduction in our Stage 1 coverages driven by the portfolio tilt to lower risk assets.

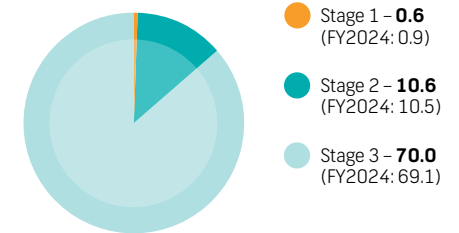
The Stage 2 portfolio (underperforming loans) increased by 28%. This was primarily driven by a combination of heightened credit risk due to the prevailing macro-economic headwinds and the Bank applying Stage 2 overlays on sections of the portfolio deemed to have experienced a significant increase in credit risk. This significant increase in credit risk comprises elevated retrenchment risk as well as evident and forecasted macro-induced industry strain, captured through stressing the forward-looking indicators (inflation, interest rates and GDP growth) inputs into the IFRS 9 models. We continue to monitor the risk outlook for this portfolio and ensure coverage is adequate.

The Bank has experienced a 21% decrease in its Stage 3 (credit-impaired loans) portfolio due to the confluence of subdued inflows into Stage 3 because of sustained collections and recovery efforts, as well as write-offs on long outstanding exposures with negligible prospects of recovery. Stage 3 coverages have also increased slightly, reflective of the anticipated downward pressure on recovery rates as the economic contraction persists.

Gross advances by stage (P'million)



Balance sheet provisions and coverage (%)



NPLs decreased by 21% (FY2024: 10%) year-on-year to P618 million (FY2024: to P777 million). The NPL/gross advances ratio decreased to 3% (FY2024: 4%) year-on-year.

Outlook and priorities

The Bank is committed to supporting both individuals and businesses in key sectors with appropriate funding solutions to contribute to the economy's recovery.

The Bank remains cautiously optimistic and will continue its support to key sectors of the economy, sustaining businesses, institutions and households with solutions in line with key national priorities. With the diamond market and production likely to recover in the medium term, economic diversification is critical. We see potential for growth in agriculture, manufacturing, mining, tourism and renewable energy.

We will continue with our prudent credit appetite, with appropriate adjustments as informed by economic realities. This includes monitoring interest rate risk and currency risk. Investments in digitalisation remain a priority, as we seek to exponentially transform the client experience and entrench operational excellence.

Mbako Mbo
Deputy Chief Executive Officer
(Former CFO)

Tshepiso Mokgethi-Magapa
Treasurer



Our business model summary

How we apply our six capitals in delivering our strategy determines the creation, preservation and erosion of value. We maintain a sustainable competitive advantage by leveraging our internal resources and strengths to develop financial solutions that contribute to Botswana's economic development.

Impacted stakeholders



Clients



Employees and organised labour



Government and Regulators



Shareholders



Suppliers



Communities

Our capitals...

Inputs



Financial

Diversified sources of deposits and funding support our sound capital base.

- P20.6 billion net advances.
- P28.6 billion deposits.
- P4.5 billion shareholders' equity.
- 19% CAR.



Manufactured

Our business and channel structure, fixed assets, ICT systems and infrastructure.

- 25 branches.
- Three Premium Suites.
- 174 ATMs.
- 85 ADTs.
- 15,366 POS machines.
- 1,794 CashPlus agents.
- Bespoke ICT infrastructure.



Human

Our culture, solutionist people, committed leadership and teams.

- 1,628 employees.
- P942 million in employee benefits.
- P10.2 million spent on employee training and skills development.
- 343 years combined management experience.

...enable financial solutions that create...

Business activities

Trade, currency and commodity finance and solutions

Funding and deposits

Transactional banking

Investment and saving

Insurance

Commercial banking

Trading

Corporate finance

Credit extension, including home loans and vehicle and asset finance

Trade finance, letters of credit and guarantees

...shared prosperity for our stakeholders

Outcomes



Financial

- P1.9 billion profit before tax.
- P924 million NIACC.
- 33 thebe dividend per share.
- 4% return on assets.
- Retained capital for sustainable long-term value creation.



Manufactured

- Strong uptake of relevant, cost-effective banking products and services.
- Increased financial inclusion.
- Repurposed branches with designated digital banking zones.
- Scaled up our Contact Centre services to reduce client time spent in branches.



Human

- Career progression enabled.
- Reward and recognition.
- Motivated and engaged employees.
- Retention of critical skills.
- 69% Home-Grown Index.





Our capitals...

...enable financial solutions that create...

...shared prosperity for our stakeholders

Inputs

Business activities

Outcomes

Impacted
stakeholders

Intellectual

Our brand, digital innovation, governance structures and financial risk management.

- Strong internal control, risk and compliance systems and frameworks.
- Investment in digital platforms and innovative product development.



Social and relationship

Our stakeholder relationships and reputation, including communities in which we operate to enable people to thrive.

- 753,000+ clients.
- Responsible banking practices.
- Stakeholder engagement.
- Responsible corporate sponsorships and community support.
- FNB Botswana Foundation.
- Employee Volunteer Programme.



Natural

- Solar energy installation at our Francistown office.
- Operations and business activities that promote ESG and environmental stewardship.
- Responsible lending principles aligned to our Environmental and Social Risk Assessment Policy.
- Climate risk elevated to a principal risk, and a Climate Risk Appetite Statement was developed.

Trade, currency and
commodity finance and solutions

Funding and deposits

Transactional banking

Investment and saving

Insurance

Commercial banking

Trading

Corporate finance

Credit extension, including home loans
and vehicle and asset financeTrade finance, letters of credit and
guarantees

Intellectual

- Increased digital adoption and transformation.
- Digitised documents and automated and optimised processes.
- Modernised in-branch experiences.
- Regulatory compliance.
- Financial sector stability.
- Brand strength and loyalty.



Social and relationship

- 99.96% average service availability.
- P441 million tax payment towards economic development.
- P397 million paid to local suppliers.
- P26 million in corporate sponsorships.
- P6.2 million invested in CSI through the FNB Foundation.
- P2.6 million allocated to Botswana Institute of Banking and Finance to support industry training interventions.
- 12 community projects completed by the Employee Volunteer Programme.



Natural

- 307,610KWh of renewable energy consumed.
- Environmental and social risk assessment of credit applications aligned with Equator Principles.
- Leading industry discussions on sustainability matters.
- Deploying and promoting sustainable finance.



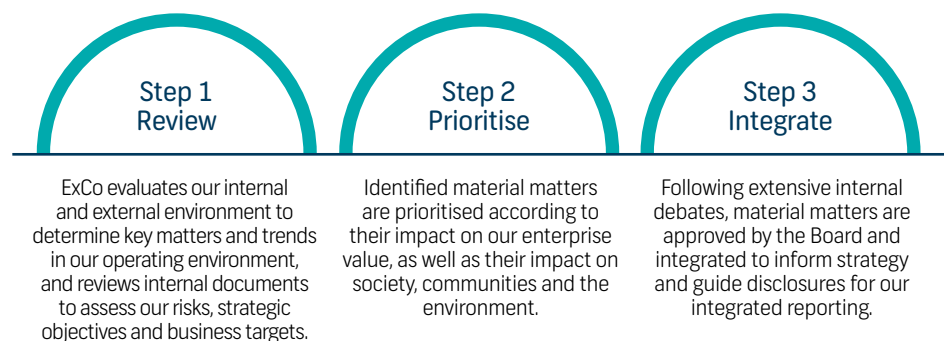


Material matters informing our decision-making

Our material matters shape our strategy and serve as a filter for determining the material information included in this report. The Board approves our material matters and provides direction on which information to include in this report.

Our materiality determination process

Material matters are those that have the potential to significantly impact our ability to generate value over the short, medium and long term. Material matters influence our performance, sustainability and legitimacy. Our materiality determination process supports the Bank in identifying all material matters, both positive and negative, and adjusting our strategy appropriately.



The material matters are unpacked on the following pages, and we demonstrate how each one aligns to our 2025 Strategy, stakeholders and the six capitals.

Legend

Strategy



Shared prosperity



Customer experience



Operational efficiencies



Solutionist people



Value protection

Stakeholders



Clients



Employees and organised labour



Governments and regulators



Shareholders



Suppliers



Communities

Capitals



Financial



Manufactured



Intellectual



Human



Social and relationship



Natural

Material matters overview



1. Socio-economic environment

Economic

Time frame: Short to medium term

▲ Y-o-Y impact change



2. Digitalisation and financial inclusion

Social

Time frame: Short, medium and long term

▲ Y-o-Y impact change



3. Industry disruption

Economic

Time frame: Short, medium and long term

▲ Y-o-Y impact change



4. Compliance and security

Economic

Governance

Time frame: Short to medium term

▲ Y-o-Y impact change



5. High-performance culture and future skills development

Social

Time frame: Short, medium and long term

— Y-o-Y impact change



6. Shared prosperity

Economic

Social

Time frame: Short, medium and long term

— Y-o-Y impact change



7. ESG stewardship and climate risk

Governance

Social

Environmental

Time frame: Short, medium and long term

▲ Y-o-Y impact change



1. Socio-economic environment

● Economic

Time frame: Short to medium term

▲ Y-o-Y impact change

Context

Botswana's economic performance in recent years has been characterised by a slowdown, with a contraction in growth in 2024, due to weakened diamond demand. Structural vulnerabilities related to over-reliance on diamonds and a public sector-led model have amplified the impact of global economic fluctuations on Botswana's growth prospects.

Global tensions remain high, elevated by US tariffs, resulting in an inflationary environment with elevated interest rates and volatility in foreign exchange rates.

These factors, combined with limited local market liquidity, higher unemployment, and caution from business clients, affect client numbers and growth in deposits and advances. We also face the risk of increased NPLs and impairments.

Our response to protect value

- Maintain a prudent and conservative approach to lending.
- Migrate clients to cost-effective digital channels.
- Introduce new solutions to diversify our income away from net interest income.
- Zero-rate transactions on the FNB App to alleviate consumer pressure.
- Provide support structures for clients, employees and communities.
- Participate in private sector and Government initiatives to diversify the economy.
- Consider socio-economic factors in our shared prosperity focus areas.

Outlook for this material matter

While we anticipate an economic recovery over the medium term, we will continue evaluating local and global socio-economic trends. Cost optimisation measures, operational efficiencies and continued non-interest revenue diversification will support our sustainable income and profitability. We will continue to engage with Government as a key private sector partner in the country's diversification drive.

Connectivity matrix

Strategic response



Stakeholders interested in this matter



Capitals impacted



2. Digitalisation and financial inclusion

● Social

Time frame: Short, medium and long term

▲ Y-o-Y impact change

Context

Digitalisation enables more people to access banking services, including underserved and vulnerable populations, thereby improving financial inclusion.

Technological advancements provide us with opportunities to improve efficiencies, decrease costs, improve turnaround times and provide consistent and personalised client experience.

Our response to protect value

- Embed a culture of innovation and continuous improvement.
- Invest in appropriate technology, platforms and infrastructure.
- Use technology to streamline processes and automate routine tasks.
- Extend access to banking services through digital migration, merchant solutions, eWallet and CashPlus.

Outlook for this material matter

We will continue to automate, optimise and digitise our processes and solutions to increase access to banking services. Technological advancements will improve the speed, efficiency, and convenience of client service, driving further adoption of digital technology.

Connectivity matrix

Strategic response



Stakeholders interested in this matter



Capitals impacted





3. Industry disruption

● Economic Time frame: Short, medium and long term ▲ Y-o-Y impact change

Context

The local financial services landscape is being reshaped by newer players such as MNOs and fintechs, which are competing aggressively for market share. This will be supported by Government regulation, which aims to open the payments space to newer entrants. Clients are attracted to these offerings by their simplicity and absence of paperwork. Traditional banking platforms are not well-positioned to compete in the informal sector.

In addition, the difficult economic climate has intensified competition between banks for clients and deposits.

Banking will increasingly be enabled by technologies such as AI, machine learning and automation. This demands the development of new skills and change management to support employees through the transition.

Our response to protect value

- Introduce new and innovative products, particularly related to mobile payments and money transfer.
- Develop our digital, data and analytics capabilities to deploy home-grown solutions.
- Enhance our existing product suite to offer increased self-service capabilities.
- Adopt technological solutions that improve efficiencies, lower our cost base and enhance client service.
- Deepen our relationships with clients through data-led insights and customisation.
- Consider partnerships to accelerate our competitive response options.

Outlook for this material matter

Competition for clients is expected to accelerate as new entrants build momentum and banking competitors seek to win market share. We will continue to defend our market leading position through innovation and exceptional client service.

Cash will remain dominant in the medium term, particularly in rural areas. We will focus on accessible, efficient and affordable money transfer solutions to reduce dependency on cash.

Connectivity matrix

Strategic response

Stakeholders interested
in this matter

Capitals impacted



4. Compliance and security

● Economic Time frame: Short to medium term ▲ Y-o-Y impact change
● Governance

Context

We must comply with all relevant banking, good governance and other regulations to maintain the stability and integrity of the local financial services sector and remain an attractive choice for investors. This includes localising our data systems and infrastructure to comply with the conditions of the Data Protection Act.

Digitalisation has elevated cybersecurity and data protection risks. Cybercriminals target the financial services sector as we manage clients' money and sensitive data. In May 2024, the Ministry of Communications and Innovation tabled the Cybersecurity Bill, which aims to strengthen the national critical information infrastructure, with more compliance requirements for banks.

Our response to protect value

- Proactively comply with regulatory requirements and maintain high corporate governance standards.
- Complete the project to localise data systems and infrastructure.
- Conduct cybersecurity audits and an annual effectiveness assessment to verify the adequacy of controls.
- Provide cybersecurity training to employees, clients and members of the public.
- Adhere to ethics frameworks, policies and standards.
- Track and promptly attend to whistleblowing cases and client fraud reports on our website and App Security Centre.
- Leverage emerging technologies to identify and respond to potential fraud incidents.

Outlook for this material matter

We support the Bank of Botswana's initiatives to protect and enhance the financial services sector. KYC compliance and transaction monitoring are effective mechanisms to combat financial crime, and we are making significant progress to comply with the Data Protection Act. We are well-prepared to comply with the Bank of Botswana Amendment Act, 2022.

We will invest in digitalisation and advanced detection tools to enhance governance of our compliance requirements and combat corruption and fraud. We will tighten our oversight of third-party technology providers' cyber protections.

Continuous cybersecurity and fraud awareness training for employees and clients will remain critical. As cybersecurity threats evolve, educated and vigilant users will be a primary line of defence.

Connectivity matrix

Strategic response

Stakeholders interested
in this matter

Capitals impacted





5. High-performance culture and future skills development



Social

Time frame: Short, medium and long term — Y-o-Y impact change

Context

Employers' value propositions must provide a holistic approach to employee wellbeing to support employees' physical, mental, and financial wellbeing in difficult socio-economic conditions.

A changing financial services landscape demands new skillsets and employees who are comfortable navigating newer technologies. In addition, innovative and future-focused mindsets are required.

The competition for talent remains intense, and competitors, including newer entrants, are targeting our employees for critical roles.

Our response to protect value

- Offer performance-based rewards and recognition together with comprehensive employee wellness services, including financial management training.
- Embed a high-performance culture aligned with the FirstRand Group's promises and create an environment where employees can raise issues before they escalate.
- Continue to enhance the employee value proposition (EVP).
- Deploy interventions to reskill employees for future skills requirements.
- Enhance our talent development and succession capabilities and leverage skills mobility within the FirstRand Group.

Outlook for this material matter

Talented workers have more options and are in greater demand due to the sector's growing competition. The retention of talent will continue to be a priority. To establish ourselves as an employer of choice, we will foster a culture of excellence, creativity and employee support. We will also accelerate our initiatives to develop future-fit skills and capabilities.

Connectivity matrix

Strategic response



Stakeholders interested in this matter



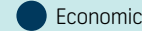
Capitals impacted



6. Shared prosperity



Social



Economic

Time frame: Short, medium and long term — Y-o-Y impact change

Context

Our growth and sustainability depend on a future where our clients, employees, suppliers and the broader communities are supported to thrive and develop. This includes the SME sector as an engine of economic growth. Societal challenges have been exacerbated by economic issues related to the decline in diamond sales.

Financial inclusion remains a major societal need and opportunity. This includes access to banking services as well as investment and life insurance products.

We also aim to contribute to solving issues such as the need for economic diversification and local value chains, affordable housing challenges and youth unemployment.

Our response to protect value

- Collaborate with Government to solve economic challenges and diversify the economy.
- Design initiatives that intentionally generate employment prospects.
- Provide relevant and profitable products that enhance financial inclusivity and bolster Botswana's digital transformation journey.
- Enhance access to financial products in remote areas.
- Provide financial literacy training and awareness.
- Allocate funding and additional support for SMEs.
- Foster employee development and an inclusive work environment.
- Promote the inclusion of the youth, women and small and locally owned businesses in our supplier network.

Outlook for this material matter

Shared prosperity is a central component of our 2030 Strategy as we seek to embed shared prosperity within our core activities, profitably and at scale. This includes scaling up our support to SMEs, expanding our product range to meet our financial inclusion objectives and contributing to human and social development initiatives.

Connectivity matrix

Strategic response



Stakeholders interested in this matter



Capitals impacted





7. ESG stewardship and climate risk

● Governance
● Social ● Environmental

Time frame: Short, medium and long term

▲ Y-o-Y impact change

Context

Sound ESG governance and management protect our social licence to operate. This is reflected in implemented ESG policies, programmes and practices.

Botswana is recognised as vulnerable to climate change impacts due to a combination of geographic and social factors. We must manage our climate risks while also capitalising on green financing opportunities. This includes supporting Government's drive to rapidly scale renewable energy projects.

Our response to protect value

- Adhere to ESG policies and practices based on global frameworks and standards.
- Implement a roadmap to fully comply with the Botswana Stock Exchange Sustainability Guidance.
- Set and track ambitious targets for the percentage of our balance sheet for sustainable financing activity.
- Provide ESG advisory services, client training and awareness and cement our positioning as a sustainable finance leader.
- Refining our sustainability strategy by setting targets and proactively addressing emerging sustainability risks and opportunities.
- Develop internal sustainability skills, capacity and the use of systems to improve sustainability data management.

Outlook for this material matter

We continue to develop our deep understanding and response to climate and sustainability-related risks and opportunities. This will inform our approach to target-setting for ESG and sustainable financing opportunities. We believe that client demand for sustainable products will increase.

Connectivity matrix

Strategic response



Stakeholders interested in this matter



Capitals impacted





Our operating context

We monitor our operating environment to identify relevant trends, economic conditions, competitive forces and regulatory pressures that influence our performance. The Board and ExCo consider these factors and make the required adjustments to our material matters, strategy and risk register.

Economic challenges

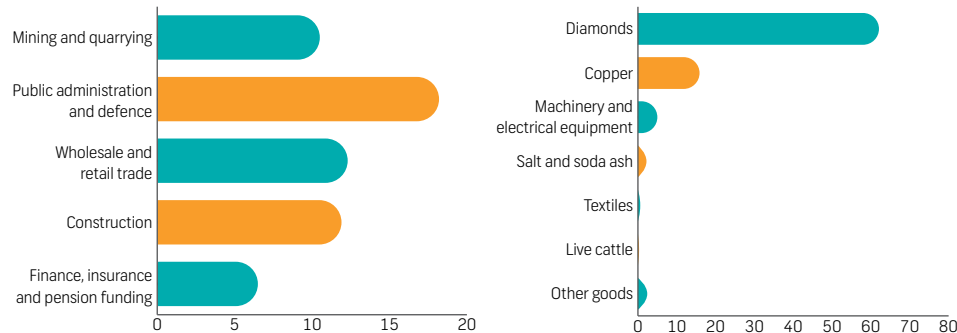
Associated material matters



Botswana's GDP contracted by 3% in 2024, primarily due to the weak global diamond market. The economy is not expected to grow in 2025 despite some positive signals in the diamond market and infrastructure investment. In the medium term, growth is expected to converge around 4%¹. The economy is heavily reliant on diamond exports, accounting for over 80% of its export revenues, making it vulnerable to fluctuations in global diamond demand and volatile foreign exchange rates.

The global diamond market is undergoing a structural transformation. The proliferation of lab-grown diamonds at the expense of naturally mined diamonds and planned diamond mining expansion projects poses significant downside risk to the country's longer-term GDP growth, and by implication fiscal revenue forecasts. In addition, the proposed 50% United States tariffs on India, the world's largest diamond processing hub, pose further risks for the global diamond market.

Top five contributors to GDP by sector – 2024* (%) Principal exports – Q1 2025** (%)



These challenges have resulted in persistent budget deficits and reduced national spending. To prevent further fiscal stress, Government has restricted its spending to cater for projects nearing completion, while new ventures will likely be put on hold. This, however, will be an additional drag on GDP growth. These challenges present headwinds to the banking sector due to reduced activity in industries engaged in supplying goods and services to both mining and Government agencies. The record issuance of Government debt to fund its expenditure has negatively affected local market liquidity and resulted in an escalation in the cost of funding. In addition, anticipated volatility in foreign exchange rates could increase credit risk and negatively impact our earnings, costs and profitability.

¹ World Bank Outlook for Botswana, April 2025.

* Statistics Botswana 2024 data.

** Statistics Botswana Quarter 1 2025 data.

This difficult economic situation has the potential to increase unemployment and reduce consumers' disposable income while raising their risk of defaulting on loans. Our employees' mental health and financial wellbeing may be affected due to the financial difficulties of family and loved ones.

The Government is seeking to build a more robust and balanced economy through diversification into tourism, renewable energy, agriculture, technology, mining exploration and private sector development. There are planned investments into transportation, water, electricity, and telecommunications to facilitate the growth of new and varied sectors. The current fiscal constraints mean that public-private partnerships will be essential to unlocking development. This provides opportunities for FNB Botswana to expand its financial solutions and contribute to these national priorities.

Our response

The current economic conditions demand a prudent approach to credit management and cost controls to ensure our ongoing sustainability should income come under pressure. Our Treasury Department manages our financial resources independently of business units, ensuring disciplined allocation of financial resources. The department also manages the availability and pricing of funding and liquidity to the business, the Bank's foreign exchange exposure and prudential limit utilisation, and monitors the net capital invested in foreign entities.

We seek to partner with Government to provide advisory services in key economic sectors, including agriculture, tourism, manufacturing, mining and renewable energy. This includes pursuing collaboration with businesses, Government entities and foreign direct investors to promote economic development and citizen empowerment. Our support to SMEs, with loans and advances to the SME sector now at 22% of our balance sheet, is vital to building a more resilient economy.



In a difficult economy, we are mindful of reducing our costs to clients and providing support to clients to manage their financial obligations.

This includes the "Real Help" initiative aimed at supporting clients who have trouble servicing their loans due to their credit issues and indebtedness. We provide ongoing financial education and awareness initiatives to clients, employees and the public. Our range of mental and physical wellness services support employees and their immediate family.

For more information on credit risk, refer to page 40.



Climate change

Associated material matters



According to the World Meteorological Organization, 2024¹ was the hottest year on record, due to a decade of unprecedented global warming driven by human activities. This was the first year to be 1.5°C above the pre-industrial era, with a global mean near-surface temperature of 1.55 ± 0.13 °C above the 1850 – 1900 average.

As the world's least climate-resilient continent, Africa is profoundly affected by climate change, with negative economic, social and health impacts. Increasingly, Botswana is exposed to water scarcity and climate change vulnerability, such as drought and flooding. In July 2023, the Government declared a drought emergency, which resulted in low crop production, a situation that continued into 2024. Droughts heighten household food insecurity, which is exacerbated by the limitations of the local agricultural sector that are unable to meet national demand. An estimated 70% of the rural population in Botswana depends on agriculture for their livelihoods, primarily through rain-fed farming.

Climate change, drought, land degradation, and habitat loss all pose a significant risk to the country's food security and resilience to economic shocks. It has a compounding effect on inequality, particularly for women and youth who often stay in the village to tend to the family when men migrate to urban areas.

Climate change has negative implications for certain sectors and segments within our portfolio. Our response to climate change must protect the Bank's long-term viability and lessen adverse impacts on lives and communities. Climate change also presents opportunities, including funding for more resilient agriculture, sustainable water management, green tourism and renewable energy.

Our response

FNB Botswana aims to reduce its impact on climate change while positioning itself as the Bank that helps clients and sectors transition to a low-carbon future. In FY2025, we elevated climate risk to one of the Bank's principal risks (read more on page 40).

As outlined in our Climate Risk Appetite Statement, the Bank is committed to reducing its own greenhouse gas (GHG) emissions (Scope 1 and 2 emissions) and managing its exposure to financed emissions. We aim to shape balance sheet evolution and underlying portfolio construction to avoid incurring outsized physical, transition, legal, or reputational risks from a single exposure or groupings of exposures. We have targets for reducing our financing exposure in the coal, oil and gas sectors.



Our response to climate change is guided by our ESG Policy, Climate Risk Appetite Statement, Own Operations Environmental Policy, Climate Change Policy, and Energy and Fossil Fuels Financing Policy.

We actively promote our green and sustainable finance solutions to retail and commercial clients and Government. This includes building on RMB's reputation as the leading local sustainable financier through thought leadership, client engagement events and advisory services. We also seek potential partnerships and co-funding arrangements with Government, the private sector and development finance institutions.

We provide agricultural solutions, including farming enterprise finance, farm risk insurance, hedging solutions and advisory services to support a more resilient agriculture sector.

Digital disruption

Associated material matters



The global banking sector is under pressure to fully digitalise and self-disrupt or be disrupted and left behind. Botswana's banking industry is being reshaped by the rapid adoption of digital technology with financial institutions using mobile banking, AI, blockchain and fintech partnerships to improve efficiency, client experience and financial inclusion.

In addition, competition from non-traditional players is on the rise, as fintechs, MNOs and Mobile Money Operators now offer innovative payment and money transfer solutions. Trends from other countries indicate that these players will increasingly seek to grow market share in other financial solutions, including lending and insurance.

Smartphone technology is central to offering financial services. Clients increasingly rely on smartphones to simplify routine banking interactions and address their needs anywhere and anytime, making banking processes almost ubiquitous. Smartphone penetration in Botswana is significant, particularly among younger demographics. In 2021, mobile phone penetration reached 161.5% of the population, indicating that many individuals have multiple SIM cards or devices. The Government and local mobile networks have worked to extend mobile coverage and services throughout the country.

Digitalisation also presents increased risks, including cybercrime, fraud and an over-reliance on third-party technology providers. Cybercriminals increasingly deploy organised ransomware campaigns against financial institutions, exploiting vulnerabilities in third-party vendors and service providers to infiltrate larger and more secure financial institutions. With the growing reliance on mobile devices, smishing (a blend of "SMS" and "phishing") has emerged as a prevalent method of tricking individuals into giving up sensitive data.

Banks need to embrace emerging technologies, ongoing employee training and robust governance and management structures to mitigate digitalisation risks and protect clients' money and financial information. Ongoing client and public sensitisation to fraud risks remains critical.

¹ World Meteorological Organization State of the Global Climate Report 2024.



Digital disruption (continued)

Our response

We use technology to provide affordable financial services to client segments that are unbanked or underbanked. This includes mini branches in outlying locations, mobile banking, digital platforms and our network of CashPlus agents.

We highlight the advantages of digitalisation to encourage clients to switch from physical to online channels. As a result, we can lower expenses, boost productivity, and offer more tailored client service.

FNB Botswana recognises that emerging technologies, particularly AI and machine learning, are reshaping the financial services sector. Our approach to adopting these technologies is deliberate, risk-aware, and closely aligned to our strategic priorities and Information Governance Framework.

Our Information Governance Framework outlines a coordinated and interdisciplinary approach to mitigating information risks, meeting compliance requirements, and optimising information value. Our regular consumer awareness campaigns educate the public and our clients about cyber and data security risks. Employees are mandated to attend regular security and compliance training.

We are investing in advanced AI tools to enhance real-time threat detection and automated incident response capabilities. We are also strengthening our security vetting, monitoring and compliance requirements for third-party technology providers to mitigate security risks within our supply chain.

The Bank remains committed to upholding the data protection standards, ensuring data is managed securely. By year-end, 82% of employees had undergone data protection awareness training, with targeted deep dives for high-risk areas such as the Contact Centre, ICT and Data and Analytics.

Competing for talent

Associated material matters



According to the 2024 Human Resources Development Council priority skills report, the lack of job openings have resulted in a high graduate unemployment rate. The demand for skills is for vacancies which require several years of work experience and, therefore, favour experienced job seekers. The situation is worsened by the slow economic growth leading to low job creation. This underlines the need for education and training reforms that enable a shift from education for employment only to education for job creation, research, and innovation.

Botswana is currently facing a significant skills shortage across multiple sectors, which poses a constraint on economic growth and development. A key contributor to this shortfall is the misalignment between the skills produced by the education system and the evolving needs of the labour market.

In the financial services sector, competition for talent with expertise in emerging technologies, such as big data, blockchain, cybersecurity and AI, is particularly intense. This demand is further amplified by the growing interest from fintech companies and mobile network operators (MNOs), who are also seeking professionals with these capabilities.

The Bank has experienced recruitment challenges in filling critical roles, notably within the trader and funding and liquidity functions. These difficulties are primarily due to the limited availability of suitably qualified and experienced candidates in the local market.

Our response

Our EVP was redefined to foster talent acquisition, development, engagement and retention. The South African Board for People Practices audits our people practices, and our policies are benchmarked against local, regional and international best practices. Our robust succession planning mitigates the risk of talent loss. The Diversity, Equity, Inclusion, and Belonging Framework and Policy, approved in FY2024, aims to foster a diverse and welcoming work environment.



We maintain Top Employer status to attract and retain suitably skilled employees.

While our digital transformation journey will reduce or resize our physical branches, this will not necessarily reduce our headcount, as new roles are likely to emerge. The goal of our Reskilling Programme is to equip affected workers with the abilities they need to transition into new roles. To foster professional growth and advancement in the financial services industry, we also provide employees with continual learning and development opportunities. This year, we introduced a multi-tiered training and development strategy to build leadership capability, technical competencies and embed a strong compliance culture.

Regulatory compliance

Associated material matters



Globally, financial regulators are introducing regulations to prioritise country-specific approaches to risks including financial stability, digital assets, AI and data governance. Regulatory changes and complexity mean that financial sector institutions must build their capacity to ensure regulatory compliance.

The Bank of Botswana regulates and supervises all banks and other financial institutions in the country. It monitors banks' solvency, liquidity, risk management, governance, and compliance with banking laws, and conducts off-site surveillance and on-site examinations. In addition, the Data Protection Act regulates the privacy and protection of data subjects' personal data. This impacts how we process and store data, as well as the resources required to manage information.

The central bank has signalled its intention to introduce new regulatory frameworks to address emerging risks as the financial services sector evolves. This includes regulating cryptocurrencies and digital payments, particularly concerning money laundering and terrorist financing.

As a listed entity, we must adhere to the Botswana Stock Exchange listing requirements. In addition, as a subsidiary of FirstRand, some of our operations are subject to requirements set by South African regulators and legislation.

Our response

We adhere to all regulatory requirements, including prudential requirements, consumer protection laws and data protection requirements. The Board is ultimately responsible for compliance, assisted by the BCCC, which the Bank of Botswana requires to be a separate Committee from the Risk and Capital Management Committee (RCC). We monitor our regulatory universe at least quarterly, and potential compliance risks are tracked in our risk register.



For key indicators, the Board has set financial limits that are more stringent than the Bank of Botswana requirements. This includes our CAR, LAR and liquidity coverage ratio (LCR).

The Board is overseeing the Bank's implementation of the Data Protection Act requirements and is pleased with the progress achieved in FY2025. See page 38 for more information.



Collaboration to create value

By actively involving and listening to stakeholders, we gather valuable insights that are crucial for strategic decision-making. These insights help us deliver financial value while contributing to Botswana's social and economic development.

FNB Botswana's approach to stakeholder engagement is anchored on proactively managing stakeholder expectations for improved business performance, risk mitigation and reputation management. The ExCo is responsible for managing stakeholder relationships in collaboration with Marketing and Communications and the CEO's office, with Marketing and Communications being responsible for defining and guiding stakeholder engagement-related frameworks.

Our stakeholder engagement commitments include:

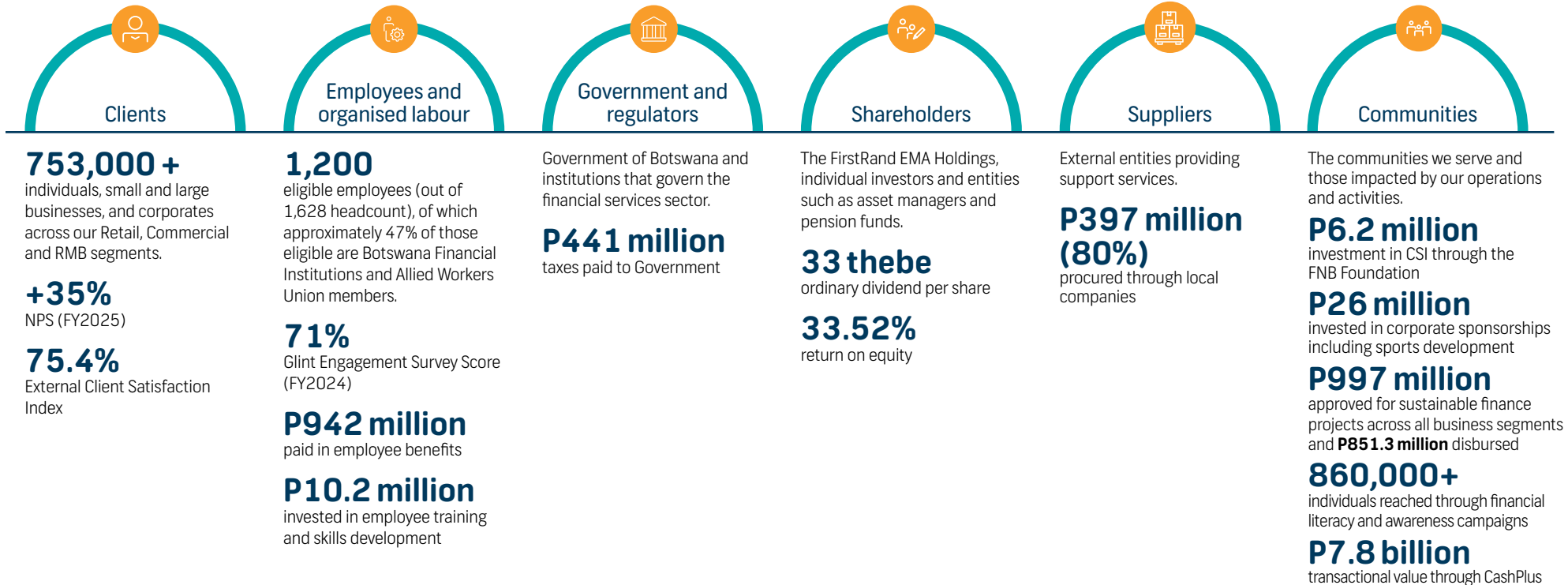
- Consulting with stakeholders on the implementation of new strategies and initiatives and involving stakeholders in decision-making through targeted communication.

- Keeping stakeholders informed of developments and relevant information to understand our position and make informed decisions.
- Considering our actions' potential impact on stakeholders.
- Listening and responding to stakeholders' needs and expectations promptly and providing relevant platforms for accessing feedback and engaging in stakeholder dialogue.
- Communicating promptly and proactively with clients on issues that affect service availability.

We introduced an External Communication and Disclosure Policy to provide key principles and guidelines regarding interaction with external stakeholders and ensure that disclosure of the Bank's information adheres to regulatory requirements and best practice. The policy outlines the approval process that must be followed before information is shared with stakeholders and who can act as a spokesperson for the Bank.

Stakeholder communication also plays a vital role in managing reputational risk. See page 37 for more information.

Our stakeholder universe





Clients

We exist to serve our clients. We deliver innovative products, services and solutions that address clients' existing and future needs. We aim to develop lifelong client relationships through a cohesive and inclusive banking ecosystem and consistently deliver an unmatched client experience.

How we engage	Stakeholder needs and interests
- Digital channels such as our website, FNB App and social media. - One-on-one interactions by relationship managers and via our branches and 24/7 Contact Centre. - Panel discussions, tradeshows, exhibitions and conferences. - Client surveys and market research. - Product and service updates and launches and media releases. - CEO meet-and-greets.	- Relevant, reliable and cost-effective products and services. - Convenient access through multiple channels. - Consistent quality of service with quick turnaround times. - Relevant advice and insights. - Safeguarding of data and personal information.

Our response

We conduct a biennial External Client Satisfaction Index to identify client requirements and pain points, and reduce turnaround times. See page 52 for more information. The FY2025 survey results indicate 75.4%, with key client feedback highlighting staff courtesy and professionalism, accessibility of branches and services and the ease and reliability of digital channels. The survey also provided opportunities for improvement in complaint resolution efficiency, turnaround times for service delivery, and clarity and transparency of information.

All three business segments conduct ongoing consumer awareness and education campaigns. Topics range from personal financial wellness to Ponzi scheme awareness. See the FNB Botswana Report to Society for more information.



Employees and organised labour

Our employees provide the foundation of client service and are essential to achieving our purpose. We prioritise building a strong succession pipeline, offering relevant learning and professional development opportunities and attracting and retaining exceptional individuals. We are committed to fostering a positive and collaborative relationship with our unions.

How we engage	Stakeholder needs and interests
- Internal communication, performance enablement discussions, manager-teams-dialogues, information sessions, awards and roadshows. - Internal SharePoint platform for collaboration, information dissemination and employee engagement. - Surveys and assessments. - Union engagements and negotiations. - Engagement and consultative forums, such as Council of Elders, Junior ExCo, an annual engagement forum for men (Podi sessions) and Kgotla sessions, which form a major part of our culture and heritage for people engagement and problem solving through dialogue.	- Conditions of employment and adherence to labour laws. - Healthy and safe working environment. - Job security and role flexibility. - Fair performance enablement, reward and recognition. - Opportunities for career development and advancement. - Diversity, equity, inclusion and belonging. - Regional mobility opportunities.

Our response

Our EVP is designed to promote talent attraction and retention.

We are implementing a Bank-wide High-Performance Culture Initiative to promote leadership and accountability. A qualitative performance scorecard supports this to promote equitable rewards.

Following an audit of our human capital standards, the South African Board for People Practices classified us as a Top Employer in 2025.

See page 47 for more information.



Government and regulators

We aim to forge supportive partnerships with Government and collaborate with relevant entities at national and local levels. We adhere to all regulatory and legislative requirements set by the Bank of Botswana and other applicable institutions to promote a stable and trustworthy financial services sector.

How we engage	Stakeholder needs and interests
- Integrated report, financial statements, financial results briefings, roadshows, seminars and presentations. - Strategic one-on-one or targeted engagements. - Panel discussions, tradeshows, exhibitions and conferences. - Collaboration with industry experts. - Contributions to policymaking and regulatory developments.	- Sound corporate governance practices. - Proactive adherence to regulatory requirements. - Positive societal contribution and environmental stewardship. - Contribution to national development plans and priorities.

Our response

We have effective governance structures and processes and adhere to regulations. We also protect citizens through our anti-fraud initiatives.

We contribute to national priorities, including financial inclusion, SME development, and the transition to renewable energy sources. We have been intentional about driving national transformation by partnering closely with Government through the provision of strategic advisory, shaping ESG policies and frameworks, and catalytic funding for key state-owned enterprises to build institutional capacity and accelerate green transition projects. See page 56 for more information.

We play an active role in developing the local financial services sector through employee training. In November 2024, we partnered with Government to represent Botswana at the 29th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP29).



Shareholders

FNB Botswana is a listed entity and is accountable to our shareholders. 70% of issued shares are held by First National Bank Holdings (Botswana), which FirstRand EMA Holdings wholly own. 30% of shares are publicly held on the Botswana Stock Exchange, with no shareholder holding more than 10% of the issued shares.

How we engage	Stakeholder needs and interests
- Integrated report, financial statements, financial results briefings, roadshows and presentations. - AGM. - Ongoing dialogue with analysts and investors.	- Strong and ethical leadership. - Transparent reporting and disclosure. - Consistent financial performance and returns. - Sustainable growth and business continuity. - Clear and concise strategic objectives. - Appropriate risk management. - Sound ESG practices.
Our response Good governance is essential to our success and sustainability. Our Board is committed to safeguarding the Bank's long-term viability and growth while upholding the highest standards of ethics and integrity. See page 71 for more information on governance. At our AGM held on 5 November 2024, 97.46% (FY2023: 97.91%) of shareholders attended, and all resolutions were passed.	



Suppliers

Our suppliers provide services including computer systems, property management, maintenance, security, advertising and other outsourced solutions. In keeping with our commitment to local economic empowerment, we empower businesses that are owned by women, youth and citizens by giving them access to business opportunities and guidance on how to expand their enterprises.

How we engage	Stakeholder needs and interests
- Contracts, service level agreements and other formal correspondence. - Face-to-face interactions, including product, service and project review meetings, and relationship management meetings and visits.	- Contractual roles and responsibilities. - Transparency and equitable treatment. - Fair payment terms and timely payment. - Opportunities to collaborate and co-create.
Our response In support of Government's drive to empower citizens, we are intentional about sourcing from local businesses. 80% of our procurement spend this year was allocated to local enterprises. We actively support SMEs through our financial services solutions and our entrepreneur development programmes. See page 60 for more information.	



Communities

Our operations impact the communities in which we operate, the underbanked and the unbanked. Our commitment extends beyond our core operations, and we actively work to promote common objectives, including education, sports, the arts, environmental preservation and social advancement.

How we engage	Stakeholder needs and interests
- Website, social media channels, press statements and awareness campaigns. - Partnerships, sponsorships and CSI (CSI is implemented through the FNB Botswana Foundation). - Employee Volunteer Programme.	- Access to expert financial advice, products and solutions. - Financial literacy. - Employment opportunities and economic inclusion. - Corporate social responsibility and investment. - Active contribution to society and the environment.
Our response We aim to build a future of shared prosperity through our commitments to sustainable finance, financial literacy and awareness, financial inclusion, SME development and human and social development. We support economic transformation by offering financial solutions to SMEs and engage, collaborate, and facilitate dialogue around private sector growth through various platforms. See the FNB Botswana Report to Society for more information.	



Managing the risks

The Risk Management Office plays an advisory role, enabling the business to consider risks when making decisions. Traditionally, the risk function has been viewed as hindering innovation. However, we believe a risk-aware culture should support innovation and faster decision-making in a rapidly evolving environment.

Lindiwe Mogotsi
Chief Risk Officer



Our approach

Risk is defined as any factor that could prevent us from achieving our business objectives or have unfavourable impacts, such as harm to our reputation, if not sufficiently evaluated, tracked and managed.

Risk-taking is integral to the growth of any business. We cannot eliminate risk but strive to achieve an appropriate balance between risk and reward. Our risk management process provides the checks and balances necessary to ensure sustainable performance, create opportunities, achieve desired objectives, and avoid adverse outcomes and reputational damage.

Risk management is well-embedded in the Bank's tactical and strategic decision-making and is integrated across all management functions and business segments. Managing our risks effectively is a key differentiator and source of competitive advantage.

Board of Directors

The Board is ultimately responsible for risk management and:

- Governs risk in a way that supports the Bank in setting and achieving our strategic objectives, while ensuring independent thought and governance.
- Embeds a strong risk management culture throughout the business.
- Approves and oversees risk-related frameworks, policies and processes.
- Actively monitors the Bank's risk profile relative to our risk appetite.

The Board is supported by its Committees, particularly the Risk and Capital Management Committee (RCC), Board Credit Risk Committee (BCRC), and the Board Compliance and Conduct Committee (BCCC).

Enterprise Risk Management Framework

Our Board-approved Enterprise Risk Management Framework defines how risks are identified, measured, monitored, controlled and appropriately mitigated. The Framework:

- Articulates and gives effect to our risk management approach.
- Establishes an integrated approach to risk management across the Bank.
- Outlines the Bank's key risk management principles and guidelines.
- Creates a framework for risk management policies, standards, processes and methodologies.
- Defines the roles and responsibilities of everyone involved in risk management and oversight.

Our robust and transparent risk reporting process enables the Board and ExCo to gain an accurate and comprehensive view of the Bank's risk profile and make appropriate strategic and business decisions.

Risk appetite

Risk-taking must be aligned with our Board-approved risk appetite, which aims to ensure an appropriate balance between risk and reward. The Bank's risk appetite is geared towards:

- Creating long-term value.
- Delivering superior and sustainable economic returns to shareholders within acceptable levels of volatility.
- Maintaining balance sheet strength.

Lines of risk defence

Risk controls have been established throughout the Bank through three primary lines of risk defence.



Understanding our sustainability-related risks

The Botswana Stock Exchange Sustainability Disclosure Guidance requires listed companies to disclose the processes used to identify, assess, prioritise and monitor their sustainability-related impacts, risks and opportunities, and how they are integrated into their overall management processes.

FNB Botswana has begun the journey to comply with this guidance, ensuring that we have the resources to identify and understand our sustainability-related risks. We have started integrating a process to identify sustainability risks within our Enterprise Risk Management Framework.



Our principal risks and mitigating actions

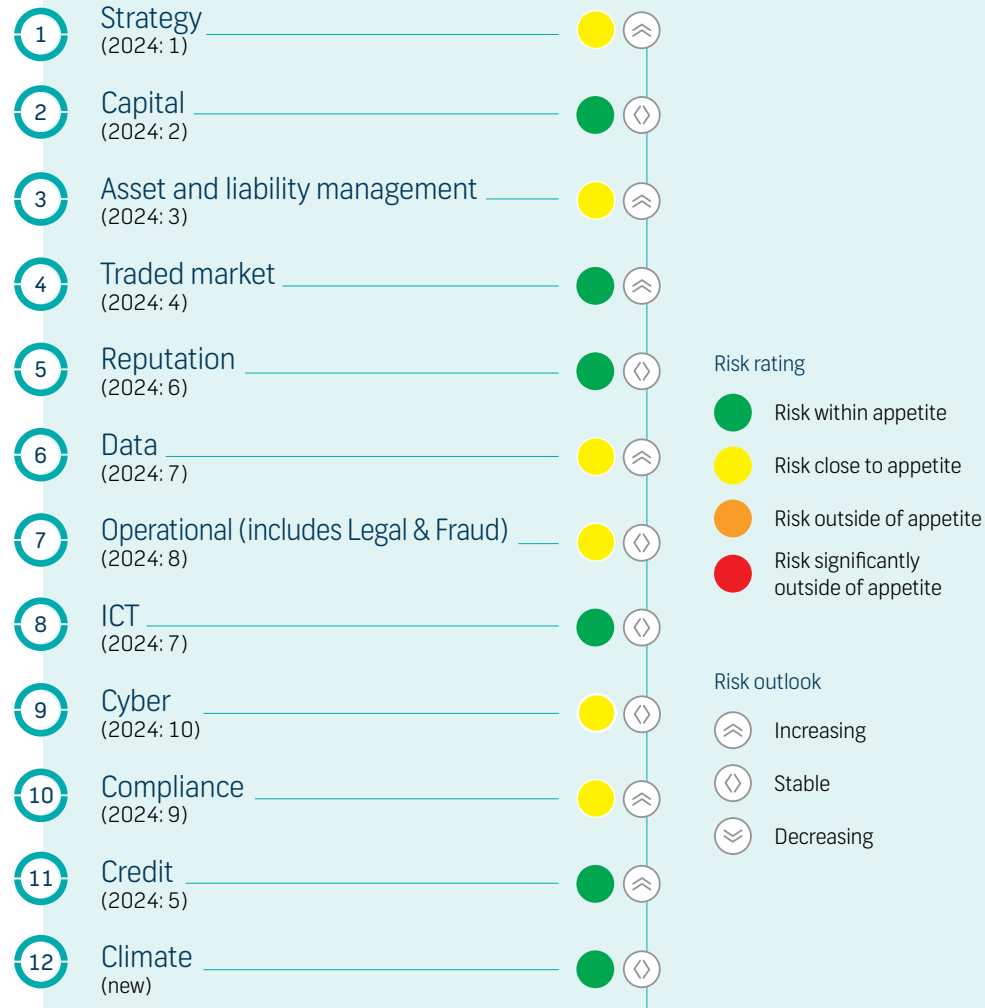
Risk ratings are indicated in relation to our risk appetite and reflect the residual risk remaining after existing controls have been considered. The outlook, which is a projection of future trends, considers the Bank's influence and reaction time to internal and external environmental changes. The outlook for most of our risks is stable, given the mitigating actions in place. We constantly scan our environment to identify new trends and continuously evaluate and implement proactive measures to respond accordingly.

Risk movements in FY2025

- We included climate risk as a new principal risk due to its increased impact on certain client segments, such as agriculture.
- We continue to monitor our credit risk closely, given the difficult macro-economic conditions. Management has invested in the collections capabilities and processes and performs frequent risk appetite reviews to inform the credit origination process.
- People risk is no longer included as a principal risk due to the successful execution of our human capital strategy.

Refer to the strategy section starting on page 41 for details on how we address our risks and leverage opportunities.

The following principal risks inform our risk management priorities and are unpacked in the pages that follow:



1. Strategy risk

Strategic risks refer to possible losses resulting from strategic decisions. These include failures in business strategy or planning related to:

- Internal forces or events, such as poor communication, inadequate cash flow, an unsuccessful merger or a change in senior management.
- External forces or events, such as changes in consumer demand, new technologies and new market entrants.

There has been a significant shift in the macro-economic environment, which has resulted in market liquidity challenges, impacting the financial services sector. The environment remains uncertain and is still evolving, with the potential to impact FNB Botswana's growth prospects. Therefore, it requires close monitoring and review of our strategic priorities.

Furthermore, as non-traditional financial services providers expand their offerings, this increases competition for banking clients. This, combined with increased competition from other banks, can potentially impact the Bank should it not respond swiftly and appropriately to client needs.

The war for talent for specialised skills, including digital skills, changes in the regulatory landscape and increased competition to grow the client base, must be managed proactively, to not impact the realisation of the strategy.

Key mitigating actions

Our 2025 Strategy has delivered sustainable growth in a challenging environment. Strategy execution is monitored through a dashboard that is evaluated monthly by the ExCo and reported quarterly to the Board. Initiatives to close gaps are implemented as required.

Strategic focus areas are reviewed and refined at annual strategy review sessions conducted by the management team and Board. ExCo conducts quarterly strategy reviews to account for environmental changes and implement performance improvements identified.



2. Capital risk

Banks hold adequate capital reserves to protect against potential losses and maintain stability. A solid capital base enables banks to absorb losses and continue operating, serving their clients effectively. Bank failures due to insufficient capital can result in the loss of client deposits and investments, erode faith in the financial system and have negative consequences for the broader economy.

To mitigate against this risk, the Bank of Botswana requires banks to have a minimum CAR of 12.5%. This ratio measures a bank's capital relative to its risk-weighted assets.

The current macro-economic landscape is being closely monitored to ensure the Bank's capital is well managed within risk appetite in light of the current fiscal challenges and potential contagion risks from possible reduced earnings growth.

Key mitigating actions

The Bank remains well-capitalised and is operating above both internal and regulatory limits. Our post-dividend CAR was 19.20% (FY2024: 18.58%) against the 12.5% regulatory limit. Our capital is stress-tested to ensure we can absorb unforeseen losses from various stress events, and excess capital is optimally invested to enhance returns. See page 20 for more information.

3. Asset and liability management risk

Banks run mismatches on their assets and liabilities; however, these must be managed closely and within appetite to ensure they have adequate liquid assets to honour their commitments as they fall due, as well as being able to support the achievement of their strategy and targets. Poor management of this risk can increase the Bank's interest and liquidity risks, which may result in the Bank's inability to meet its obligations, particularly in times of stress. In extreme events, this could lead to financial distress and bank failure.

In addition to the minimum liquid asset ratio (LAR) of 10%, Bank of Botswana has issued guidelines for LCR, which will require banks to hold sufficient stock of high-quality liquid assets that can enable banks to withstand short-term liquidity shocks. This enhancement promotes the Bank's short-term resilience to shocks. The guidelines were issued in May 2025, and a gradual approach to implementation has been adopted, with a minimum requirement of 60% by December 2025, which will increase by 10% annually to reach 100% by December 2029.

Key mitigating actions

The Bank has an approved ALM risk appetite that considers both the business strategy and balance sheet resilience in the short and long term. This risk increased significantly in the financial year due to the constrained macro-environment, and therefore, received increased oversight from the Asset, Liability and Capital Committee, and RCC.

We operated within an approved risk appetite, with adjustments made to ensure the Bank remains agile in responding to the evolving environment in the short term, thereby ensuring that client flows and regulatory requirements are met at all material times. FNB Botswana's LAR of 16% (FY2024: 23%) remains above the regulatory threshold of 10%. The cash reserve requirement was managed at 2.50% for a majority of the first half of the financial year and eventually revised to 0% in December 2024.

Our net surplus LCR of 160% (FY2024: 167%) indicates that we have adequate high-quality liquid assets to handle both Bank-specific and market-wide liquidity pressures. This exceeds the Basel-recommended 100% and complies with the Bank of Botswana's guidelines.

The Bank's interest rate risk on the banking book is managed through the PV01¹ limit, which is approved by the Board. This is to ensure that the potential impact on earnings, due to changes in interest rates, remains within appetite. This risk is managed through balance sheet optimisation and implementation of hedging strategies. The Bank of Botswana conducted an on-site inspection of this risk during the financial year, and the results were satisfactory, with areas for improvement to enhance the management of this risk currently under remediation.

4. Traded market risk

The risk of losses in a Bank's trading book position due to unfavourable market-pricing changes is known as traded market risk. FNB Botswana's main traded market risks are interest rate risk and foreign exchange risk, with the most significant risk for the Bank emanating from foreign exchange.

The risk is impacted by both global and local events, with increases in the risk noted, due to increasing global trade tensions, wars in Gaza and Ukraine, regional political changes and the impact on constrained Government revenues due to low diamond demand. The decline in Botswana's foreign exchange reserves and the current macro-economic environment are likely to result in currency depreciation over the short term, which has led to changes in the government's foreign exchange policy. This increases the risk outlook in the short term.

Key mitigating actions

The Bank actively monitors these risks to ensure it remains within the set limits. In addition, there is increased monitoring of conduct-related risks to ensure that employees adhere to ethical conduct in line with clients' and regulatory expectations. This risk is managed through a Board-approved stress loss, which is reviewed annually to take the Bank's strategy and client flows into account.

5. Reputational risk

Reputational risk refers to anything that can harm how the Bank is perceived by shareholders, employees, clients, or other stakeholders. This may erode stakeholder trust and negatively affect our growth and financial performance.

In an era with multiple platforms for accessing information, including social media, this risk remains elevated and requires a proactive and robust management approach to identify and respond to online reputational threats, particularly in an environment of fake news and deepfakes.

Key mitigating actions

We safeguard our reputation through a responsive approach to stakeholder engagement, as outlined in the External Communications and Disclosure Policy, which establishes clear stakeholder management responsibilities. Read more on page 32.

The Bank has policies and processes in place to manage crises when they occur. Simulations are conducted periodically to ensure plans are tested and remain relevant. We develop and implement comprehensive communications plans to respond to incidents appropriately and proportionally based on the circumstances. When required, we assemble a Crisis Committee to manage crises and monitor progress. The Bank also has several strategies in place to mitigate and manage this risk in the normal course of business.

We maintain a mutually beneficial relationship with the media. When journalists contact us for information, we respond rapidly with an accurate and transparent response or a holding statement.

¹ PV01 is the present value of a basis point that measures the balance sheet sensitivity to changes in the interest rate.



We monitor social media to track client sentiment, including client commentary on the increasing incidence of account takeovers. We conduct client education and regularly review internal controls to prevent account takeovers.

We track service interruptions, delays and network failures. A root cause analysis is conducted to ensure issues are effectively resolved. Refer to page 38 for more information on our approach to ICT risk.

In FY2025, the Board approved a reputational risk appetite, which is monitored and the Bank operated within the appetite.

6. Data risk

Data risk refers to the potential harm or loss that can result from the handling, storage or processing of data. This can include financial, reputational or operational damage. Data risk can refer to a wide range of issues, from data breaches, compliance failures and business disruptions.

Key mitigating actions

We have established standards for data quality, security and privacy. Performance against these standards is evaluated by the RCC and reported to the Board every quarter. Our comprehensive data privacy policies, practices, and ongoing communication with employees and clients mitigate our data risk. We implemented data literacy programmes to train employees on data and analytics skills. Data champions at the business unit level entrench data best practices and offer in-depth training.

We are guided by the Bankers Association's Data Protection Act Technical sub-Committee and update the Data Commissioner on our compliance efforts and potential compliance risks.

No data breaches nor regulatory penalties for non-compliance were recorded in FY2025.

Compliance with the Data Protection Act

The Botswana Data Protection Act (33 of 2022) regulates the privacy and protection of citizens' personal data. In 2025, we made significant progress in complying with the conditions of the act.

In FY2025, the Bank advanced several initiatives to align its data processing practices with principles of transparency, accountability and fairness. These include enhancing data governance frameworks, strengthening internal controls, and integrating data protection considerations into the development and lifecycle of products and services. In addition, the Bank has invested in enterprise-wide awareness and training programmes to cultivate a culture of responsibility throughout the organisation. The Data Protection and Privacy Office has collaborated closely with business units to embed compliance into core operations, proactively identifying and managing data privacy risks.

As FNB Botswana continues to expand its digital capabilities, it remains dedicated to ensuring that robust data protection practices support growth. Compliance with legislative requirements is an ongoing effort that underpins long-term resilience, stakeholder confidence, and sustainable value creation.

The Bank made progress in localising its data, with host sites secured to establish local data storage and processing infrastructure. We tested the infrastructure environment and completed the first phase of data localisation by May 2025. The Localisation Steering Committee, an ExCo sub-Committee, oversees the localisation process and reports on the status of this initiative and potential risks to the Board.

7. Operational risk

We define operational risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This includes legal risk, which includes the financial losses, reputational damage or disrupted operations due to legal actions, non-compliance with laws and regulations and contractual failures.

The Bank seeks to drive operational risk maturity, which will enable us to proactively identify and mitigate any risks before they materialise.

Key mitigating actions

The Bank has an operational risk appetite that is approved by the Board on an annual basis. The appetite considers the operating environment and the risk maturity level across the Bank. In FY2025, we operated within our appetite for most metrics, and these are reported to the RCC on a quarterly basis. While losses closed the year within appetite, there are areas related to audit management that require improvement in relation to the risk appetite statement.

The operational risk strategy is centred around embedding tools that support proactive risk management, as well as driving risk maturity and culture.

The Bank has rolled out several tools on an operational risk dashboard to proactively manage operational risk. This dashboard provides timely information to risk owners, enabling them to manage risk proactively. Other ongoing initiatives include process maturity and driving automation into our control testing, which will enable us to identify risks more proactively as they materialise. There are also initiatives to drive risk awareness and risk culture, which run continuously, to ensure risk is managed effectively across the Bank and at all levels.

We anticipate that our operational risk profile will improve through digitalisation as more processes are automated. We appreciate that the digitalisation and automation introduce new risks, including operational resilience, third-party, and cyber risks, which we continue to monitor and respond to appropriately.

Infringement of our intellectual property continues to be a risk, and we engage with the relevant authorities to obtain determinations and rulings. We monitor all matters in our litigation register. We identify and address operational processes that require improvement or additional control where appropriate.

We have zero tolerance for fraud. Our overall fraud risk profile is medium and stable. Monitoring, control reviews, and employee awareness and training are ongoing.

The overall legal risk profile is within appetite with an increasing outlook. Legal risk management includes contract and litigation management, emerging legislation, and intellectual property. The increasing outlook is as a result of increased emerging legislation and the Bank is managing the same appropriately.

8. ICT and cyber risk

ICT risk refers to the potential for negative impacts related to the use, operation, or management of technology. This can encompass a wide range of threats, including hardware and software failures, as well as human error. ICT risks can disrupt business operations, damage reputation and lead to financial losses.

Key mitigating actions

We maintain a continual focus on ICT systems availability and stability, minimising outages and ensuring seamless access for clients. Performance against established thresholds for infrastructure availability is monitored by the RCC and reported to the Board every quarter.

Our risk rating improved due to replacing a long-standing, unsupported telephone and voice recording system with a new supported system.



9. Cyber risk

FNB Botswana's operations rely on an ICT infrastructure that may be exposed to cyberattacks. These attacks can harm systems, interfere with the delivery of services and provide criminals with access to private client information. These risks expand as we increasingly rely on digital technologies to automate and optimise our processes. We must also consider the cybersecurity posture of our third-party technology providers.

Cybersecurity remains a key risk due to a constantly evolving external threat landscape and the increasing sophistication of cyberattacks, as well as cybercriminals' access to newer technologies.

Key mitigating actions

We continually enhance our cybersecurity controls and processes to detect cyber risks and provide ongoing employee training, awareness campaigns and phishing simulations. At year-end, 96% of employees attended compulsory cybersecurity training.

The Bank has established a cyber risk appetite and key risk indicators to manage and monitor this risk. Performance against these thresholds is reported to the RCC quarterly. We have structures to ensure proactive monitoring of this risk, with oversight from the second line of defence. Our Technology and Cyber Risk Management Committee provides dedicated management of this risk.

We adhere to the Bank of Botswana's Guidelines of Cybersecurity and Resilience, which offer banks guidance on improving their cyber position and are evaluating the implications of the proposed Cybersecurity Bill. From January to February 2024, the Bank of Botswana conducted an on-site cybersecurity examination in accordance with these guidelines. The results were satisfactory, and the required remedial actions are almost completed.

There were no significant cybersecurity incidents in FY2025.

10. Compliance and conduct risk

FNB Botswana operates in a highly regulated financial services sector. There are serious repercussions for non-compliance with applicable legislation and regulations, including penalties, loss or restriction of banking and other licences, criminal and civil liability, claims for losses, regulatory restrictions or fines and reputational damage.

Key mitigating actions

We encourage a compliance culture that observes both the purpose and letter of the law, and we strive for full compliance with applicable laws, regulations and supervisory requirements. When there is legal ambiguity, we apply a thorough evaluation of the facts, compliance requirements and associated risks, with the assistance of outside legal and/or regulatory views as needed. The BCCC oversees this risk.

Financial crime

We track financial crime key indicators, such as cash thresholds, suspicious transactions, excessive daily incoming fund transfers and high-risk clients, and make transparent disclosures as required.

Our prudential regulatory compliance is monitored by the BCCC, which considers current and anticipated legislation in Botswana and South Africa, as well as potential risks and mitigating actions.

ESG-related incidents

As per the Botswana Stock Exchange Sustainability Guidance's recommended metrics, we can confirm that:

- There were no significant ESG-related incidents in 2025.
- There were no incidents of legal non-compliance (whether under investigation, pending finalisation or finalised), directives, compliance notices, warnings or investigations, or any public controversies in 2025.
- FNB Botswana did not pay many fines, settlements, penalties or suffer other monetary losses related to ESG incidents or breaches.

The FNB Botswana difference: Embedding ethical behaviour

FNB Botswana upholds ethical principles, including honesty, integrity, fairness, equality, diversity, accountability, transparency and individual rights. These principles are ingrained in our culture and incorporated into our human capital policies.

FNB Botswana employees, Directors and suppliers must adhere to our Group Code of Ethics. This Code establishes a clear and universally understood description of acceptable and ethical behaviour. It provides guidance on making ethical decisions and promoting ethical conduct.

By year-end, 98% of employees had completed anti-bribery and corruption online training. Targeted in-depth training has been conducted in high-risk areas, including procurement, marketing, human capital and the FNB Botswana Foundation. The objective of the training was to ensure an understanding of the Anti-Bribery and Corruption Policy and our stakeholder obligations.

Employees are advised to report minor incidences of unethical conduct (where it is not illegal or does not pose potential damage to the Bank or any of its stakeholders) to approach the offending colleague or direct line managers, any manager or senior manager in the Bank that employees trust can also be approached, as well as a human capital business partner, risk or compliance functionary or ethics officer.

We have a robust, anonymous and independently managed whistleblowing process for reporting of unethical conduct. In-person and online training is continuously conducted to create awareness of the process. All reported cases are thoroughly investigated, and appropriate disciplinary action is taken if any breach is found. This supports a culture of accountability and transparency throughout the Bank.

We received 26 whistleblowing reports (FY2024: 24; FY2023: 29), all of which have been completed and referred to the Group for quality assurance and closure. In FY2025, one bribery and corruption case was reported through the whistleblowing channel. The allegation pertained to projects undertaken by the Bank at various branches. The case was investigated, and the employee involved was dismissed.

The last engagement was with the Directorate on Corruption and Economic Crime in June 2024. No engagements were held in 2025.



Monitoring regulatory developments

We conducted a gap analysis to understand our level of compliance against the Virtual Assets Bill and the re-enacted Financial Intelligence Act, 2022.

The Virtual Assets Bill provides a regulatory framework for the sale, trade, and custody of virtual assets, as well as the licensing of Virtual Asset Service Providers (VASPs) and issuers of Initial Token Offerings. The Non-Bank Financial Institutions Regulatory Authority (NBFIRA) is designated as the supervisory authority. Under this framework, the Bank has a clear legal pathway to participate in virtual asset services, either by applying for a Virtual Asset Custodian Licence or establishing a subsidiary to obtain a VASP Licence, subject to approval by the Bank of Botswana as the primary regulator. Should the Bank choose to pursue these licences, it possesses the necessary governance structures, infrastructure, and regulatory engagement capabilities to operate effectively within the virtual asset ecosystem, with the requisite approvals from both NBFIRA and the Bank of Botswana.

The Bank demonstrates strong alignment with the Financial Intelligence Act, its amendments, and related regulations. A comprehensive framework of documented controls, risk-based processes, and robust governance structures underpins this compliance. Risk assessments are regularly conducted and documented, with appropriate mitigation measures submitted for Board approval. The Bank has established AML/CFT programmes that are fully aligned with the requirements of the Act, supported by documented client due diligence processes that are both robust and risk-sensitive. These are further strengthened by comprehensive enhanced due diligence measures. Effective monitoring and reporting mechanisms are in place to identify and address control lapses, while record-keeping practices comply with all relevant legislative requirements. The Bank also maintains structured and responsive regulatory engagement, complemented by targeted training initiatives and governance arrangements that reinforce a strong culture of compliance.

11. Credit risk

Credit risk refers to the risk that a client or counterparty may not meet their financial obligations by failing to honour their contractual credit agreements. This would be not repaying a loan, interest or other debt as per the stipulated agreements. This is a major concern, given the potential financial losses the Bank may incur if there is a high level of loan defaults.

Botswana's economic challenges are expected to affect businesses and consumers' appetite for credit and ability to repay loans.

Key mitigating actions

The Bank has comprehensive policies, processes and controls to manage its credit risk. Our credit management environment is supported by enhanced stress testing in our credit origination, coupled with more frequent monitoring and reporting of portfolio performance. The BCRC oversees credit risk, ensuring adherence to prudential thresholds, reviewing credit risk appetite, and constantly reviewing portfolio performance. All regulatory and Board prudential limits were adhered to.

We have provided for expected credit losses and impairments remained within acceptable thresholds, as discussed in the CFO report starting on page 18.

12. Climate risk

Climate risk is defined as risk resulting from climate change:

- Climate-related physical risk includes the increased severity and frequency of extreme weather phenomena and chronic environmental changes such as sustained higher temperatures, which may result in operational risks and credit risks (for example, farmers are unable to repay loans due to drought).
- Climate-related transition risks are related to changes in client behaviour, regulatory interventions and investor preference for less carbon-intensive assets and products, which may result in market, reputational or legal risks for the Bank.

Key mitigating actions

FNB Botswana has begun to understand its physical and transitional climate risks. This includes developing its climate risk processes to ensure the Bank adequately mitigates against this risk type. The Sustainability Committee oversees the effectiveness and implementation of the Bank's Climate Management Programme, while climate risk is monitored by the RCC.

The Bank also intends to set climate-related targets. In FY2025, the Bank completed an exercise to understand its financed emissions attributable to its lending and investment activities. In FY2026, we will set targets for reducing our financing exposure in the coal, oil and gas sectors. We are actively promoting sustainable finance solutions to clients, businesses, corporates and Government.

Our Climate Change Policy and our Energy and Fossil Fuels Financing Policy describe how we fund primary activities in the oil and gas, coal and renewable energy sectors. We support the transition from fossil fuels to more sustainable forms of energy generation, as outlined in our funding commitments. Read more about our climate activities on page 62.

The Bank seeks to support clients in their mitigation, transition and adaptation efforts to align with global and national priorities.



Our 2025 Strategy

FNB Botswana's 2025 Strategy was anchored in a comprehensive assessment of our operating environment and material matters that influence our business choices. The strategy leveraged opportunities across our segments to improve service diversification and efficiencies while contributing to a more prosperous Botswana.

The 2025 Strategy, launched in 2020, aimed to bring our purpose of being a trusted partner committed to building a future of shared prosperity to life. The strategy has five strategic pillars, all of which are enabled by digital transformation.

The Board defined annual targets and strategic focus areas per strategic pillar. These were reviewed quarterly to ensure we remain on track to achieve our long-term objectives while remaining responsive to changes in the operating environment.

This year was the last year of our 2025 Strategy. The Board approved the 2030 Strategy in April 2025, which continues many of our strategic initiatives but sets a new, ambitious direction to build FNB Botswana into a holistic financial services provider. Read more about the 2030 Strategy on page 16.





Digital transformation

Digital transformation serves as both an enabler of our 2025 Strategy and the overarching strategic goal. The Bank's long-term viability depends on digital transformation, which will also support us in generating more value for all stakeholders. 🟡

Digitalisation drivers

Digital transformation in banking is the act of integrating digital technologies and strategies to optimise operations and enhance personalised experiences for clients. By expanding access to financial services, digitalisation helps the unbanked and underbanked in developing nations like Botswana. This builds financial resilience and opens economic prospects for individuals and SMEs.

Client experience

Digital tools provide a seamless, personalised and convenient banking experience through channels such as Online Banking and the FNB App.

Costs

Digital channels are more cost-efficient than physical branches. Cost savings can be passed on to clients to reduce banking costs.

Speed

Transactions and information updates are faster on self-service and unassisted channels.

Financial inclusion

Improved connectivity and increased mobile phone use allow those in remote or outlying areas to more easily access financial solutions.

Data

Digital channels allow us to capture information on client requirements and trends. Big data can be processed through analytics tools to facilitate decision-making.

Automation

Manual tasks can be automated to increase efficiency, decrease errors, and allow employees to focus on customer service and other core business activities.

ICT and related risks governance

Information Governance Framework

Information is a strategic asset. We aim to derive optimal value from this asset while considering its legal and ethical use.

Our Information Governance Framework considers the Data Protection Act, POPIA, the European Union's GDPR, the South African Revenue Service's directive on cloud computing and the offshoring of data, and Basel risk data aggregation and risk reporting principles.

The Board is ultimately responsible for the effectiveness of information governance processes assisted by the RCC, Information Governance Committee and Head of Information Governance. Responsibility for information management and governance is cascaded down to the CEO, business area heads and ultimately, the information owner. This ensures that each employee working with data assumes a fiduciary level of responsibility.

The Data Protection Act introduces new compliance requirements to safeguard the rights of data subjects. This requires an awareness of data privacy and robust data handling practices. The Act also exposes the Bank to increased regulatory scrutiny and potential penalties for non-compliance.

Cybersecurity

Cyber risks are managed according to our Cybersecurity Risk Management Framework and Information Security Policy. Our information and cybersecurity goals are to maintain a secure perimeter and network, reduce the attack surface, ensure reliable access, and protect data both at rest and in motion. Refer to page 38 for more information on cyber risk.

Our cybersecurity strategy securely enables FNB Botswana to innovate and grow through trust. We mature and maintain our information and cyber resilience and data protection capability in a way that is feasible, repeatable, adaptive, reduces compliance risk, meets regulatory obligations and considers the broader ecosystem in which we operate.

Financial crime

Our Financial Crime Risk Management Framework and associated Policy describe processes for identifying, managing, responding to and reporting financial crimes.

The framework and policy provide practical guidelines to the Board, ExCo, and employees on adhering to the compliance principles of the Botswana Financial Intelligence Act (2 of 2022). These include client due diligence, how we deal with prominent influential persons, client and payment screening, monitoring and reporting and recordkeeping.

Business segments and units perform an annual training needs analysis to determine the relevance and appropriateness of financial crime training, considering institutional risk assessment and internal audit reports.

All employees, contractors and agents, where appropriate, must complete general awareness training at least annually.

How we protect client data

We manage client data as per the regulations set out in the Data Protection Act and have the following safeguards in place to protect the privacy and security of client data:

- An established governance structure to support oversight of how data is governed and managed.
- Board approved frameworks and policies.
- A continuous staff training and awareness on data privacy and social engineering.
- Third-party risk assessments for service providers.
- Technical safeguards are in place (multi-factor authentication, endpoint security, encryption, monitoring and logging).
- Incident response and resilience plans.

In FY2025, there were no client claims regarding breaches of consumer privacy or any leaks, thefts or losses of client data.



Digital transformation outcomes

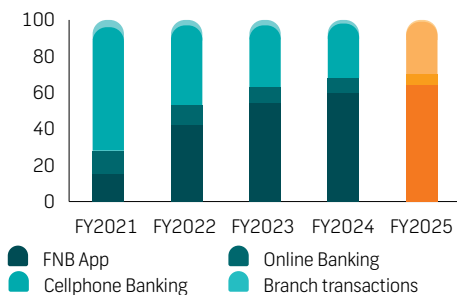
Key outcomes achieved from our digital transformation journey include:

1. Enhanced operational efficiencies through automation of manual tasks and streamlined workflows through process optimisation.
2. Improved client experience through providing services to clients via digital platforms at their convenience.
3. Improved agility to respond to client needs and trends through enhancements to our omni-channels.
4. Increased employee engagement and productivity through the adoption of digital tools, which empower employees to collaborate and continuously upskill themselves through readily available training resources.

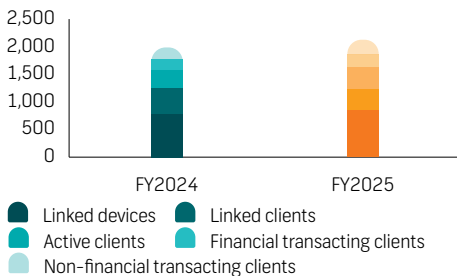
We have built a local development team tasked with creating digital solutions customised to the Botswana market. The development team collaborates with counterparts in the FirstRand Group, and even exports some of our local capabilities to other Group subsidiaries.

We continue migrating clients from branches to digital channels through education and awareness campaigns. Each branch has employees dedicated to digital migration who onboard and educate clients on the use and benefits of digital platforms. As clients migrate to the FNB App, which is zero-rated on all local MNOs (exempted data costs), we are experiencing a reduction in transactional volumes on cellphone and Online Banking.

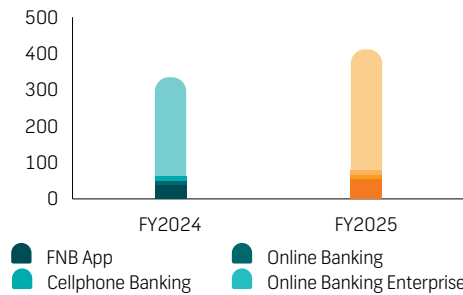
Transaction volumes contribution (%)



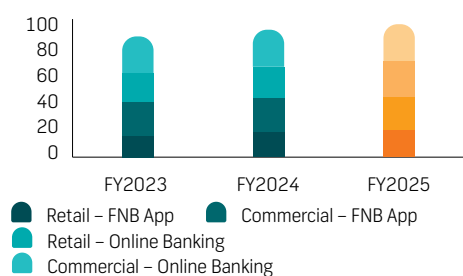
FNB App (P'000)



Transaction volumes (P'billion)



Digital penetration (%)



Response to risks and challenges

Lack of internet access

Many remote areas in Botswana lack widespread internet access, which prohibits existing and future clients from accessing our digital channels. With disposable income under pressure, not everyone can afford data or a smartphone.

To address these challenges, we offer access to digital services in our branches, mobile bank (Bank on Wheels) and mini branches. We have also zero-rated the FNB App across all MNOs (exempt from data costs).

Skills disruption

Digital transformation is inherently disruptive. Some job roles have become obsolete and routine tasks have been targeted for robotisation. New roles that require different skill sets are emerging, and these critical skills are often scarce in the market.

The Bank provides ongoing training to reskill employees for the new roles and competencies required. This includes soft skills, such as those required in teamwork and client service, technical skills and product knowledge.

Rise in cybercrime

The increasing reliance on digitalisation has also resulted in a higher threat of cybercrime. We have deployed digital tools for effective fraud detection. Technology also allows us to automatically and quickly process and analyse large volumes of data and separate real from false alerts.

We also conduct regular employee and consumer awareness training to inform people of the latest scams and how to respond appropriately. Read more about managing our cyber risks on page 38.



We aim to provide a seamless client experience through our innovative and integrated financial solutions platform. As we look forward to our 2030 Strategy, technology will continue to play a strongly enabling role.



Solutionist people

Our goal is to attract, nurture, and retain creative, highly committed employees who will deliver on our purpose.

Our people profile

As stated in the Bank's value proposition, we value diversity and use it to forge a cohesive work environment where innovation and agility are encouraged. Our Diversity, Equity, Inclusion, and Belonging Framework and Policy, approved by the Human Capital Remuneration Committee (HCRC) in FY2024, encapsulate our dedication to transformation and inclusivity and building a high-performance culture.

1,628
total employees
(FY2024: 1,602)

65.9%
female
(FY2024: 65.6%)

0.2%
employees living with a disability
(FY2024: 0.1%)

89.6%
permanent employees (FY2024:
88.4%) (of which 65.9% are female)

53%
women in executive roles
(FY2024: 62.5%)

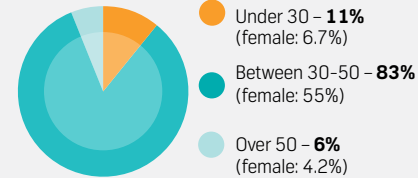
3%
of employees have access to flexible
working arrangements (FY2024: 71%)¹

P942 million
spent on employee remuneration
(FY2024: P824 million)

108
contractors who provide specialist services in the areas of automation, client outreach and specialised consulting services

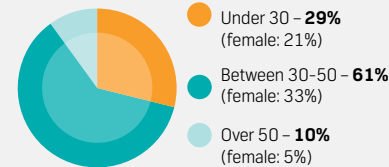
38

average employee age
(FY2024: 37.7 years)



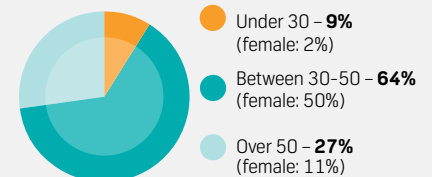
5%

Percentage of new hires with employees joining the Bank (5% in Central, 1% in Ghanzi, 1% in Kgatleng, 1% in Kweneng, 2% in North East, 2% in North West, 84% in South East, 1% in Chobe and 3% in Southern)



7%

employee turnover with 100 employees leaving the Bank (3 in Central, 1 in Ghanzi, 2 in Kweneng, 2 in North East, 0 in North West, 85 in South East, 4 in Chobe and 3 in Southern)
(FY2024: 6.7%)



The Bank supports employees' right to freedom of association, in line with the Trade Unions and Employers Organisations Act. This is facilitated through formal engagement structures with the Botswana Financial Institutions and Allied Workers Union (BOFIWU). As of FY2025, 574 of our 1,200 employees (47.9%) are union members.

The Bank has a Collective Bargaining Arrangement (CBA) with the Union, that governs the relationship between the two parties.

More information on collective bargaining is provided on page 91.

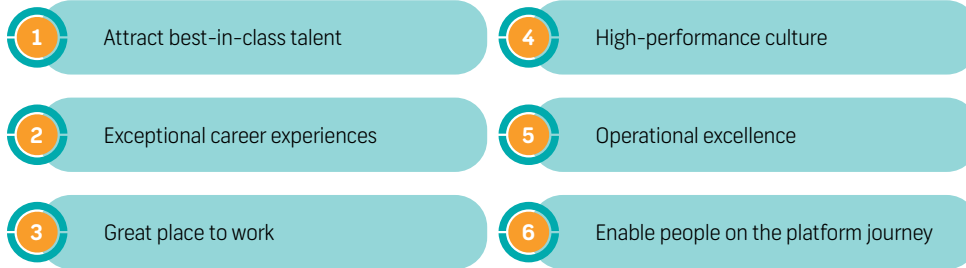
¹ The reduction in the number of employees with access to flexible working arrangements reflects the Bank's strategic commitment to fostering a high-performance culture and enhancing overall productivity. Employees continue to have the opportunity to work remotely, subject to management discretion.



Performance against our human capital strategy

Human Capital continues to be a key player in executing FNB Botswana's broader business strategy, ensuring that talent management, leadership development, and employee engagement are business enablers. Human Capital plays a central role in enabling innovation, client-centricity and operational excellence.

Our human capital strategy is based on six pillars.



Progress against 2025 strategic focus areas

Annual targets for 2025	Commentary
Great place to work	Achieved Top Employer Certification awarded by the Top Employer Institute.
Exceptional career experiences	Home-Grown Index improved to 69%. The Bank continues to invest in the development of leaders to ensure readiness for leadership roles.
Attract best-in-class talent	7% employee turnover (FY2024: 6.7%). The war on talent is still ongoing. The Bank is closely monitoring the turnover of critical skills and putting in place interventions to engage and retain talent.

1. Attract best-in-class talent



Our track record of strong talent attraction and retention has resulted in lower employee costs, improved morale and a more stable and productive workforce.

The Bank partners with two well-established organisations, the South African Board for People Practices and the Top Employer Institute, that audit our human capital practices against world-class standards. In FY2025, the Bank achieved an overall rating of 89% by the Top Employer Institute, earning Top Employer status. This certification is a strategic lever that reinforces the Bank's ability to deliver long-term value through its people. It supports our ambition to attract and retain top talent, boost employee engagement and strengthen our employer brand.

The bank has a well-defined talent management framework and related policies that guide the business in the attraction and retention of best-in-class talent. They key initiatives entail: succession planning, Young Talent Development Programme (YTDP), and coaching and mentoring programme. The bank has identified critical roles across all levels and has developed succession plans for the identified roles. The YTDP also augments the Bank's succession initiatives by ensuring continuing supply of young talent to be developed for future roles. The success of attracting and retaining best in class is underpinned by targeted coaching and mentorship for high-potential individuals.

Other focus areas for FY2025 include:

Inclusive hiring: We employed three (3) persons who are differently abled (target: 10), increasing our representation from 0.2% to 1%. As part of our commitment to building a more inclusive Bank, we aim to employ differently abled individuals across all departments.

Future skills development: Through our First Spark Career Accelerator Programme, we hired nine high-potential graduates from partner universities with which the Bank has memorandums of understanding (MoUs). This initiative will be extended to additional universities going forward.

Employee turnover: We recorded an overall turnover rate of 6% (FY2024: 6.7%). Of this, 3% is voluntary. The bank also recorded 7% in critical skills turnover, against a target of 10%.

Home-Grown Index: We continued to improve our Home-Grown Index, which measures the proportion of internal promotions versus external hires in current roles. For ExCo members, we achieved a rating of 69% (target: 65%), reflecting our commitment to developing and promoting internal talent.



2. Exceptional career experiences



The Bank adopts a strategic and inclusive approach to learning and development that is designed to meet current business needs and future-proof employee capabilities. This directly supports employee career growth and internal mobility.

FNB Botswana's learning strategy is designed to equip employees to take ownership of their careers. This year, we implemented a multi-tiered training and development strategy designed to build leadership capability, technical competencies and a strong compliance culture.

Learning and development plans are informed by our Talent Framework, and the dedicated talent forum reviews progress against our talent management objectives. The learning interventions for FY2025 addressed specific organisational risks and opportunities. This included:

- Executive strategic development to enhance decision-making at the executive level and minimise strategic execution risks.
- The World-Class Manager Programme to build a pipeline of high-performing, people-centric leaders and eliminate inconsistent leadership behaviours and underperformance in team management.
- Coaching and mentorship programme to provide personalised development and on-the-job guidance and accelerated career progression for future leaders.
- Emotional intelligence training to enhance self-awareness, empathy and interpersonal effectiveness in the workplace and improve conflict escalation and team dynamics.
- Technical skills development to equip teams with updated skills on the functionality of the Systems to eliminate operational errors and client dissatisfaction due to a lack of system knowledge.
- Payment systems training to upskill employees on new or enhanced payment processes to improve service delivery efficiency, prevent payment processing delays and regulatory non-compliance.

The Bank is prioritising relationship management, data and analytics, and people management skills to help drive a high-performance culture and meet strategic objectives. The three academies will be launched in November 2025.

Relationship Managers Academy

This academy will comprise multiple targeted learning modules to equip employees with the essential skills, behaviours, and tools required to foster trusted, value-driven and enduring client relationships. Key focus areas include enhancing client engagement and loyalty, developing consultative selling and advisory capabilities, driving revenue growth through deeper client partnerships and promoting service excellence and accountability.

Data and Analytics Academy

The objective of this academy is to cultivate a workforce proficient in leveraging data analytics to generate actionable business insights, improve operational efficiency and stimulate innovation. Initiatives will include building data literacy across all organisational levels, advancing expertise in data engineering, data science and AI, fostering a data-driven culture to empower decision-making and aligning analytics capabilities with business priorities such as revenue growth, risk management and client experience.

People Academy

This academy aims to develop a resilient, empowered and future-ready workforce by nurturing skills, mindsets and leadership capabilities that align with the Bank's strategic vision. Focus areas encompass strengthening leadership and management effectiveness, fostering a culture of agility, collaboration, and empowerment, enhancing emotional intelligence and people-centric behaviours, equipping employees with skills to support career mobility and employability, and driving engagement, retention and overall organisational performance.

Online learning

Employees can access self-paced learning through Udemy, an online learning platform. This empowers individuals to take ownership of their professional development through self-paced courses covering a wide range of topics, from data analysis and coding to digital communication and project management.

Mobility

We leverage employee mobility within the Broader Africa group to support skills transfer and career development. This year, we had 13 employees (FY2024: 23) on short-term internal secondments in South Africa, Namibia and Zambia.

Way forward

Key initiatives planned for FY2026 include workforce planning, succession management, skills development and leadership pipeline strengthening. The aim is to build future and ready-now capabilities and ensure the Bank has the right talent in the right roles.

We have also embarked on a high-performance culture journey, which mandated heavy investment in leadership training, which consumed a significant portion of the training budget.



P10.2 million

invested in employee training and skills development
(FY2024: P20.2 million)



P78,102

invested in coaching and mentoring programmes
(FY2024: P600,000)



P456,595

disbursed in bursaries
(FY2024: P1.5 million)



126.7%

training budget utilised
(FY2024: 112%)



9,488

learning hours on Udemy
(FY2024: 4,435)



3. Great place to work



Our EVP seeks to establish FNB Botswana as an attractive workplace where employees are supported financially, emotionally and physically. By embedding our EVP into everyday practices, we strengthen our position as a Top Employer, one that values people, fosters growth and a culture of belonging.

A compelling EVP is central to attracting, engaging and retaining top talent. Our EVP is not a statement, but a lived experience that should evolve in response to employment trends and employees' changing expectations. The Bank's EVP is expressed through the statement: People First: Enhancing careers, celebrating you, nurturing your wellbeing. This reflects our commitment to valuing our people, investing in their growth, recognising their contributions and supporting their overall wellbeing.

In FY2025, the Bank formalised its EVP by developing a comprehensive EVP Framework. This framework provides clarity on how the EVP will be embedded across the employee lifecycle from recruitment and onboarding to engagement, development and retention. In FY2026, the Bank will develop an action plan to support the EVP Framework, including:

- Internal communications.
- Aligning performance and reward strategies with the EVP.
- Creating ongoing feedback mechanisms to ensure the EVP remains relevant.

In FY2026, we will focus on improving the overall employee experience throughout the employee lifecycle.

In FY2024, 93% of employees participated in the Employee Experience Survey (Glint), achieving an overall score of 71% for employee engagement, below our target of 75%. The survey provided insights into our key strengths (company direction, change communication and prospects) and areas for improvement (rewards, workload, culture and work-life balance).

In FY2025, we evaluated perspectives on sustainable performance, employee empowerment, wellbeing and psychological safety, inclusivity, alignment with FirstRand's promises, and perceptions around growth and career development opportunities. Based on the findings, the Bank implemented a comprehensive action plan to address concerns and strengthen areas of success.

A more refined tool, the Employee Listening Survey, is scheduled for launch in FY2026. This new survey will assess progress made with the Glint action plan and provide deeper insights into evolving people and cultural dynamics. By listening to employees and acting on feedback, we aim to foster a more engaged, inclusive and motivated workforce.

We provide holistic employee support as part of our employee wellbeing offering, which is a key component of our EVP. With an office-based work environment, we do not have major work-related health risks.



Physical and mental wellbeing

- Through a network of Bank-appointed medical practitioners, employees and their immediate family members have convenient access to a range of healthcare services. These include general medical consultations, physiotherapy, dietary consultations, and medical laboratory services. All services are claimable through medical insurance, with any out-of-pocket expenses borne by the employee.
- Our healthcare claims ratio for the year is 81%, in line with our threshold of 80%.
- A Wellness Centre serves employees and their immediate families in Gaborone. This houses an independent physiotherapist, psychologist, general practitioner and medical laboratory that visits twice a week. Total uptake exceeds 120 employees per month.
- The Bank also promotes preventative healthcare through various initiatives. These include condom distribution and seasonal influenza vaccination campaigns.
- We host an annual employee Wellness Day where health practitioners offer screenings, counselling and therapy.
- We monitor key employee health indicators, including non-communicable diseases, chronic health conditions and HIV, to provide appropriate support.
- In FY2025, we expanded wellness offerings to employees outside the head office, including access to gym facilities and sporting clubs. Employees were sponsored to participate in marathons, valued at P1.2 million.
- Employees working in high-risk environments, such as cash centres, undergo annual medical examinations and are provided with appropriate personal protective equipment to mitigate exposure to dust and noise-related hazards.
- Our Wellness Centre in Gaborone offers *ad hoc* childminding services at no cost (Kids Lounge).



Financial wellbeing

- Our Employee Assistance Programme provides counselling to employees who experience financial distress.
- In FY2025, we provided online financial literacy and money management training to 1,126 employees.

Our health and safety performance

We are committed to a "Zero Harm" workplace. Health and safety interventions include sensitising employees and contractors on personal safety and timely reporting of safety risks. We recorded:

- 14 cases of injuries on duty (FY2024: 14).
- Zero fatalities (FY2024: 0).
- Zero accidents (FY2024: 0).
- No incidents of work-related illnesses or health conditions related to exposure to work-related hazards.



4. High-performance culture



We nurture an organisational culture of high performance and accountability founded on the FirstRand promises and organisational commitments.

In FY2024, we introduced our Bank-wide High-Performance Culture Initiative, which aims to shape a culture of high performance through accountability. Here, our FirstRand promises (see page 5), leadership practices, commitments and behaviours are tools to empower employees to achieve exceptional results and personal success. The High-Performance Culture Initiative includes a comprehensive development assessment of our ExCo team, the development of a culture blueprint, and an organisational design review to ensure that our structure is fit-for-purpose.

In FY2025, we continued the implementation of the Bank-wide High-Performance Culture Initiative. We hosted coaching and capacity-building workshops with middle management to ensure the successful adoption of the identified high-performance behaviours. While ExCo has defined the organisational culture, middle management is tasked with formulating guidelines for achieving and sustaining a high-performance culture, as well as ensuring the execution of desired cultural practices. This aims to equip leaders to become coaches and practice a coaching leadership style to drive a high-performance culture.

In March 2024, we hosted an event to cascade the High-Performance Culture Initiative to all employees. This is supported by an internal communication strategy to reinforce messaging and maintain engagement. A communication toolkit was designed and shared with middle management to assist them in answering employee questions.

Outlined below are the Bank's updated and refined commitments:

1. **I learn from my failures and invest in the growth of my team:** I take full responsibility for my mistakes, viewing them as valuable opportunities for learning and growth. I am intentional about fostering my own development and that of my team.
2. **I am 100% accountable for my impact on others and on business results:** I own my impact, drive results, exceed stakeholder expectations and lead with unwavering accountability.
3. **I celebrate my own and team success:** I celebrate both my own and my team's achievements to inspire excellence, nurture a culture of continuous growth, and ensure that rewards and recognition are transparently aligned with merit and meaningful contribution.
4. **I honour and fulfil commitments:** I consistently follow through on promises and commitments, demonstrating reliability and trustworthiness.
5. **I embrace self-awareness, speak with integrity and listen with empathy:** I proactively seek feedback, acknowledge blind spots, and communicate with clarity, honesty, and respect, always assuming positive intent in others.

Performance enablement

The qualitative performance review process was introduced in FY2024 to promote high-performance culture and continuous development. Significant strides were made in FY2025 to embed and operationalise this new approach. Given that the rating model was still relatively new, targeted training interventions were rolled out during FY2025 to support both employees and managers in adopting the new performance principles effectively.

Tailored training sessions were conducted between March and April 2025 to prepare for the end-of-year performance appraisals. These sessions focused on helping employees effectively self-appraise and equipping managers and supervisors to evaluate performance in line with the performance enablement model. As a result of these initiatives, 98% of performance reviews were completed through the Workday system's performance enablement function, demonstrating strong adoption and a positive shift toward a high-performance culture grounded in feedback, growth and alignment with the FirstRand promises.

This was supported by a comprehensive pay benchmarking analysis of top management and an annual benchmarking exercise of employees' guaranteed packages against market information. A Rewards Policy Roadshow is scheduled for FY2026 to sensitise employees around performance-linked pay and reinforce transparency and consistency. See page 91 for more information.

The FNB Botswana difference: Creating a safe and inclusive work environment

Our Culture Risk Assessment, conducted in FY2023, assessed the employee experience, including factors such as working culture, conduct, ethics, organisational design and engagement. In FY2024 and FY2025, we implemented an action plan to promote accountability, raise awareness about bullying, harassment, and victimisation, increase psychological safety, and foster connections between teams. Initiatives included:

- Identified and trained a Junior ExCo team.
- Collaborative meetings between ExCo and employees, heads of department and branch managers.
- Continued with the Kgotla system whereby a 'Council of Chiefs' (leaders) in each division is elected to ensure that employee concerns are appropriately raised and addressed in meetings.
- Celebrating international awareness days (such as World Mental Health Day) to promote diversity awareness.
- Implemented an antibullying campaign and a bullying reporting line with our Employee Assistance Programme provider.

In FY2025, FNB Botswana received no allegations or confirmed incidences of discrimination or human rights abuses from employees. The Bank did not experience any losses due to legal proceedings associated with labour law violations, employment discrimination or human rights violations.



5. Operational excellence



We aim to boost productivity, reduce inefficiencies and provide outstanding client service by promoting operational excellence.

In FY2025, FNB Botswana made operational excellence enhancements with a focus on enabling efficiency, transparency and data-driven decision-making. The Bank leverages Workday, its human capital information management system, to enable better employee self-service, improved data insights and more responsive talent management systems. The platform provides real-time data, markedly improving the agility of HR processes and decision-making.

By automating routine HR processes and consolidating disparate systems, employees save time previously spent on manual paperwork. For example, employee onboarding, performance reviews, goal tracking and leave approvals are now streamlined. This has improved the accuracy of employee data and resulted in higher utilisation rates of self-service tools by employees.

Refresher training sessions are planned for FY2026 to support system adoption, ensure effective use of new functionalities, and upskill employees and leaders in maximising Workday's potential.

See page 50 for information on this year's progress in achieving operational efficiencies.

6. Enable people on the platform journey



Significant progress has been made in embedding a platform mindset and equipping our workforce with the skills and capabilities needed to thrive in a digitally enabled platform environment.

We are building a future-ready talent pipeline across core capability areas including agile project management, software engineering, AI, cybersecurity, data management, analytics, coding and robotics.

In FY2025, we sponsored 51 employees pursuing undergraduate and postgraduate studies in actuarial science, business intelligence and data analytics, software engineering, AI, robotics, technology and innovation. The Bank also invested in intensive training for 13 data analysts on AI, data science and data engineering. This improved internal capacity to support predictive analytics, automation and platform intelligence. Data scientists are now embedded in key digital initiatives, contributing to efficiency gains and smarter decision-making.

The Bank delivered a comprehensive Data Protection Act training programme for 1,620 employees on data protection and privacy, the legal basis for processing data, our Data Privacy Management Programme and planned assurance for the programme. To improve our cybersecurity measures, we implemented compulsory cybersecurity awareness training for all employees to reduce phishing and social engineering risks.

Our platform journey initiatives have:

- Elevated the technical maturity of our workforce.
- Supported faster delivery of digital solutions aligned to our strategy.
- Reduced dependency on external consultants by strengthening internal capability.
- Contributed to a culture of continuous learning and digital innovation.

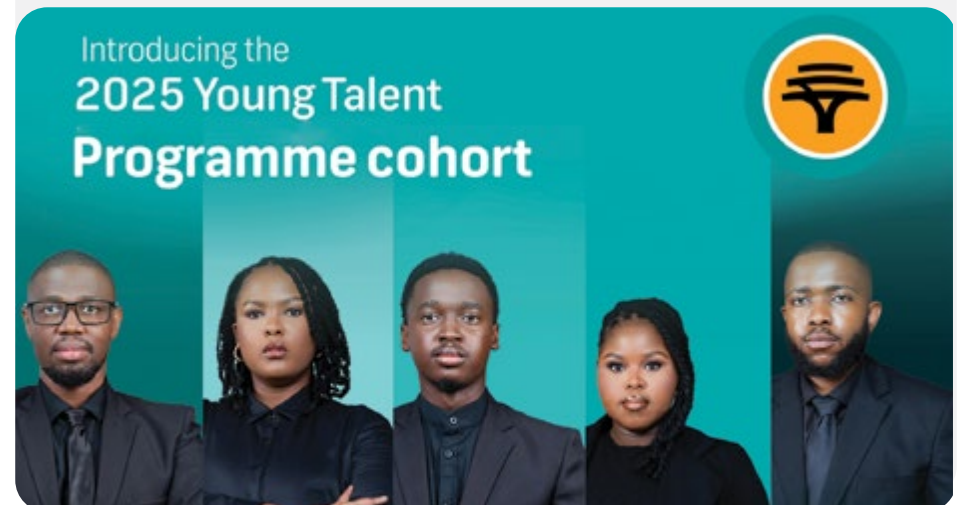
Solutionist people: A five-year summary

In 2020, at the outset of the 2025 Strategy, we struggled to navigate through the Covid-19 pandemic and its inevitable people impacts. At this time, our culture journey was not well-defined. We also recognised the importance of developing a holistic wellness offering to protect our employees' health and wellbeing.

Some of the key achievements for the solutionist people pillar include:

- Our EVP Framework was developed and reflects a renewed focus on employee wellbeing, growth, inclusivity and flexibility. It will be embedded through a detailed action plan aligned with the 2030 Strategy.
- A robust Talent Management Framework was introduced, which has resulted in two promotions to ExCo-level positions. Talent strategies are supported by regional mobility opportunities.
- We developed a 10-year succession plan for successors across junior, middle and senior management levels, which is supported by comprehensive development plans.
- We made significant progress in embedding a high-performance culture to enhance accountability. This is supported by performance management enhancements to drive individual excellence, reward outcomes and align performance with Bank priorities.
- The Data and Analytics Office was established to strengthen business intelligence, analytics and data mining capabilities. This unit supports data-informed business decisions and ensures compliance with the Data Protection Act.
- Enhanced our wellness centre, which offers medical services and childcare for our employees and immediate family members. This demonstrated our intention to put our employees first by extending services to branches outside of Gaborone.

In April 2025, we onboarded five talented graduate trainees for our Young Talent Development Programme that offers hands-on experiential learning and skills development.





Operational efficiencies

This strategic pillar focuses on connecting our people to systems and processes that enhance performance as we deliver safe and efficient solutions for our clients. We are digital first, but human when it matters. 🟡

Our objective is to be recognised as the most innovative bank in Botswana by delivering cutting-edge platforms. We aim to simplify and automate processes to deliver a superior digital client experience while improving our human touchpoints, including our 24-hour Contact Centre, private bankers and branches.

The pillar has three principles: being client-first in everything we do, maintaining a production mindset and leveraging data-driven on-platform solutions.

Progress against 2025 strategic focus areas

Annual targets for 2025

Consumption of (migration to) cutting-edge platforms through work item load contracting

85% of processes optimised

150 processes automated

98%+ client data quality maintained (based on KYC measurements set by the Financial Intelligence Agency)

>50% records digitised

Commentary

Over 150,000 work items were migrated during the strategy period.

Client Device First (CDF) interactions increased over the strategy period, exceeding 15,000 in April 2025. Meanwhile, Assistance On Platform (AOP) interactions rose to over 10,000 in March 2025.

We optimised 82% of our processes.

131 out of 150 (87%) processes were automated.

We maintained a 98% data quality as per KYC measurements.

Achieved a Bank-wide digitised records completion rate of 60% across all digital records repositories

- A self-service Contact Centre telephone line has been added as an alternative channel to visiting the branch for clients to inform the Bank of their intentions to withdraw funds.
- Enabled the opening of additional bank accounts via digital channels for existing Retail and Commercial clients, eliminating the need to come to the branch.
- Implemented a Policy Administration System to allow clients to activate funeral policies on the FNB App and Online Banking.

Process efficiencies

There are more than 2,000 processes across the Bank, and we continue to simplify these through automation to deliver safe and efficient solutions to our clients. We employ on- and off-platform techniques to accelerate processes, including macros, data analytics, robotics process automation and advanced workflow solutions. We outline processes through a process mapping tool and undergo robust risk assessments. Employees are trained to achieve superior process maturity.

This year, we:

- Completed the automation of 131 of the 150 processes targeted for FY2025.
- Automated several processes to increase efficiencies, reduce costs and mitigate risks, including SME credit risk categorisation, statements requisition and loading charges.
- Automated repetitive and time-consuming tasks such as data entry, account reconciliation and transaction processing, reducing errors to allow employees to focus on higher-value tasks.
- Re-engineered several processes to remove non-value-added steps, streamline operations, and enhance efficiency and fit-for-purpose structures.
- Continued the implementation of a Bank-wide Electronic Document Management System to effectively manage data and records storage and access thereof.
- Improved our business intelligence capabilities.

Fit-for-purpose platforms

We are modernising and simplifying our platforms with a focus on our unassisted, self-service channels and digital sales experiences. We are investing in talent and have established a home-grown development team.

This year, we:

- Launched the Assistance On Platform, a core banking system interface that aims to improve efficiency through simplified navigation and reduced manual paper-based processes to approve amendments on client profiles. The client now authorises profile amendments through an OTP process.
- Rolled out a new electronic telling solution across all branches. The in-house solution is expected to amplify efficiencies in telling and service zones and contribute to a reduction in branch minutes and an increase in sales minutes.
- Our Contact Centre migrated from an unsupported, legacy telephone system to a new supported system that offers improved business continuity and localised support.



Record digitalisation and data management

We continue our journey to digitise all records to enhance accessibility and security, reduce our environmental impact and optimise costs. This also assists us in ensuring compliance with regulations. Our Data Governance Framework ensures data accuracy, consistency, and reliability.

This year, we:

- Achieved a Bank-wide digitised records completion rate of 60% across all digital records repositories. This supports our cost containment and cost transformation initiatives by reducing the physical storage expense.
- Explored the localisation of robotic process automation.
- Continued to remediate missing client data and incorrect data through automated and manual processes.

The FNB Botswana difference: Making KYC easy for clients

We aim to maintain client data quality at a minimum of 98%. This is reliant on clients keeping their information up to date and employees maintaining a high degree of accuracy and attention to detail when managing client information. The Bank achieved a significant uplift in year-on-year KYC compliance, improving from 89% to 96%. This progress reflects a strategic and operational focus on automating the KYC process to ensure a greater self-service channel usage and meeting regulatory standards. Notably, clients increasingly use the MyProfile platform on the FNB App and Online Banking to maintain their personal data, including loading KYC documents. This has resulted in a noticeable reduction in branch traffic.

Vibrant and creative spaces

We are modernising the spaces where we work and interact with clients to reflect our innovative and collaborative culture. We plan to modernise at least two branches every year and continually seek opportunities to enhance employee workspaces. At the same time, we are focused on reducing our environmental impact through resource efficiency and waste reduction.

This year, we relocated the Maun branch to a modern facility designed to enhance client experience, featuring improved accessibility and increased parking with a convenient one-stop shopping mall.

Operational efficiencies: A five-year summary

In 2020, many internal processes were either undocumented or sub-optimally designed. Over the strategy period, we invested in our systems and achieved a near-complete process mapping coverage, which enabled targeted automation of high-impact processes such as account opening, loan origination and KYC updates. These enhancements have significantly improved speed, consistency and client experience.

Some key achievements for the operational efficiencies pillar include:

- Developing a Policy Administration System, which has enabled clients to apply for funeral insurance policies on the FNB App and other FNB channels. This has improved service turnaround time for clients and supports financial inclusion.
- We have evolved our client profile management to modernise client interaction on the FNB App and Assistance On Platform (AOP). Clients can now onboard and register at their convenience, and take up new products, open accounts and purchase funeral policies. Clients can now update their own profiles and fulfil the KYC requirements on the FNB App and other channels.
- We have localised client personal data in compliance with the Data Protection Act.
- Our infrastructure projects have resulted in rental cost savings and reduced running costs of branches.
- We enhanced our process risk maturity from below 30% to 82% through structured process mapping, standardisation, risk assessments and ownership frameworks, reducing our exposure to process-related risks.
- We have benefited from automation, including saving 41,888 man-hours over five years while unlocking over P50 million over the same period in savings due to process automation and optimisation exercises.



Customer experience

We are investing in developing a positive client experience to boost client retention, loyalty and, ultimately, revenue.

Client experience involves every interaction we have with existing and potential clients. A positive client experience is essential in today's competitive environment as a driver of client loyalty and retention. Client feedback is actively shaping service improvements, with measurable outcomes that reflect a culture of listening and continuous improvement.

Going forward, we plan to harness real-time feedback across channels and leverage data analytics for predictive insights and proactive enhancements.

Progress against 2025 strategic focus areas

Annual targets for 2025

90% External Client Satisfaction Index (this is measured through the biennial survey and against the quarterly review of resulting action plans)

100% completion and execution of action plans stemming from service promises identified across the Bank to meet three key identified client commitments in each business unit

85% Hygiene Index (the extent to which business units deliver their core services and/or resolve queries and complaints within the targeted turnaround times)

Commentary

While our External Client Satisfaction Index (ECSI) score of 75.4% places us within the industry benchmark range of 70%–80%, we recognise clear opportunities to elevate our performance further. This score reflects a decline from the 86% achieved in 2023, signalling a need for targeted improvements in key areas of client experience.

The survey reaffirmed FNB's strengths, which clients continue to value – such as our friendly and helpful employees, clean and professional facilities, and strong product knowledge. Our digital channels, especially the FNB App, were commended for their reliability, ease of use, and ongoing innovation.

We remain committed to addressing these concerns through focused interventions, enhanced digital capabilities, and continuous engagement with our clients to ensure their evolving needs are met.

We completed 90% of our service promises and action plan. During the year, we consistently delivered on our service promises, with several areas achieving 100% fulfilment against targets. Loan approvals were reduced to an average of 11 hours, Pre-Approved SME loans to two hours, and funeral claims to 16 hours, while windscreen repair orders are now issued within six hours. Notably, 100% of customer onboarding enhancements, account opening process improvements, and product roll outs such as eWallet Pro and Dynamic Forms were successfully implemented, reflecting our commitment to efficiency, transparency, and customer trust.

The bank achieved strong performance on its Hygiene Index, which measures adherence to critical service standards across Retail, Commercial and RMB. The overall Hygiene Index averaged around 83%, reflecting consistent delivery against turnaround targets for account opening, credit processing, complaint resolution and refund payouts. Notable improvements were recorded in query resolution, with up to 90% of Tier 1 queries closed within 24 hours, and in account opening efficiency where processing timelines improved significantly. Credit processing turnaround times were also stabilised within agreed service levels. These results demonstrate meaningful progress in embedding reliability and consistency across customer journeys, building trust and confidence in the bank's ability to deliver on its commitments.

Enhanced digital channels to improve client experience

We continue to enhance our digital channels to provide a seamless digital experience and expand our service availability through Online Banking and the FNB App. This year, notable enhancements included:

- Launched the Client Device First Initiative to prioritise assisting clients on their devices as they enter the branch. This educates clients on how to navigate the FNB App and showcases its key functionalities.
- Introduced verified digital statements and bank confirmation letters via Online Banking or the FNB App, reducing the need for clients to visit the branches.
- Zero-rated the eWallet transfer fee to align with our commitment to provide seamless and cost-effective digital payment solutions.
- Expanded the eWallet Pro functionality to enable eWallet Pro recipients to access cash from CashPlus and USSD channels, supporting easier access to cash in remote areas.

- Enabled clients to activate their cards via QR Code or USSD, removing the risk of cards being lost with PIN, and reducing card packaging material. We also enabled clients to change and view their PIN via the FNB App.
- Implemented the immediate debiting of fees from clients' balances as and when they transact, allowing for more transparency around pricing and fees.
- Lifted the PIN requirement for low ticket transactions (below P50, P100 and P150) to facilitate faster payment processing of card-present transactions. The enablement will be rolled out in batches, starting with Private Clients in June 2025.
- Introduced a new way of accessing international airport lounges using a QR Code on the new VISA Airport Companion App, eliminating the need for physical card access.



Optimised the Contact Centre

The Contact Centre focused on optimising operations and promoting client adoption of digital channels. Two major drivers of call traffic are KYC issues and FNB App navigation queries. Following an in-depth analysis of these drivers, a series of targeted initiatives was designed to reduce volumes and improve the client experience. This contributed to a reduction in monthly call volumes from a peak of 63,000 to an average of 40,000 by year-end.

These initiatives included:

- Creating a dedicated KYC line to allow clients to call the KYC team directly to resolve issues.
- Introduction of "how to" videos shared with clients to have a reference point on how to navigate the FNB App, as well as Contact Centre agents assisting clients.
- Launching a digital educational campaign to raise awareness on navigating the FNB App. This campaign was deployed using social media, radio interviews, app push notifications and SMS.

Improve client service through data analytics

At FNB Botswana, data is the foundation upon which strategic decisions, client engagement and channel optimisation are built. It enables a 360-degree understanding of our clients, drives actionable insights through business intelligence, and empowers us to deliver a seamless, integrated omni-channel experience.

This year, notable enhancements included:

- Improving our ability to unify client data and generate actionable insights through the Client 360 Intelligence Layer.
- Identifying and migrating high-transaction clients from savings accounts to transactional accounts to help them reduce banking costs.
- Continued analysing client segments and their needs, allowing us to extend more solutions to existing clients and improve our value proposition to new clients.

Introducing the Client 360 Intelligence Layer

As part of our broader data strategy, we implemented a Client 360 Intelligence Layer to unify client data and generate actionable insights for frontline teams and relationship managers. The objective was to shift from reactive servicing to proactive, insight-driven engagement. This new system offers the following:

1. Attrition risk prediction

Using machine learning, we built a model that assigns each Retail client an attrition risk score, based on behavioural signals such as reduced transaction volumes, service complaints, declining balances and FNB App disengagement. High-risk attrition clients are flagged early, with targeted retention campaigns and personal engagement strategies deployed, resulting in a measurable reduction in churn.

2. Recommender engine

We developed an AI-powered product recommendation algorithm that suggests relevant products for each client based on transaction patterns, product usage, financials and peer cohort behaviour. The recommender engine should lead to increased conversion of secondary product offerings, especially in personal lending and savings.

3. Maturing deposits insights

The dashboard flags deposits nearing maturity and provides prompts for proactive engagement, enabling relationship managers to advise clients on reinvestment options, thereby avoiding fund outflows and deepening client relationships.

Retaining clients

Proactive retention efforts

Our retention desk manages client base attrition using predictive analytics to identify account inactivity and early signs of attrition. The retention desk calls and texts clients to remind them to keep their accounts active by transacting monthly.

Through the concerted efforts of the retention desk and the relationship teams, commercial managed to keep account attrition at 10% against a budget of 16%, showing great resilience and collaboration.

Providing financial education

To promote financial wellness, we provided money management training to 3,679 employees (FY2024: 6,699) of various companies who have a scheme relationship with the Bank. Training modules included growing my money, managing my debt, protecting things that matter and understanding my money.

An expanding rewards programme

A total of 212,223 (FY2024: 183,552) Retail clients benefited from CashBack Rewards, our loyalty programme, and P44 million (FY2024: P39 million) was awarded to these clients.

We added two (FY2024: six) rewards partners to the suite of service providers offering discounts to clients on lifestyle benefits such as health, fitness, travel and courier services.

A relationship-based approach

RMB pursues a relationship-based approach to acquiring new clients that emphasises building and maintaining long-term connections. By focusing on long-term engagement and understanding client needs, we foster loyalty and create opportunities for sustainable growth.

In FY2025, RMB implemented a client attrition management model to monitor behavioural indicators and transaction patterns and identify disengagement risks, enabling the business to proactively manage potential client losses.



We focus on collaborative efforts between segments to identify opportunities to provide value to companies and formulate strategic plans to provide financial services to their employees.



Responding to client needs

The Bank employed a multi-faceted approach to assess client satisfaction and experience, to capture a holistic view of client interactions. The primary measurement tools used are the biennial External Client Satisfaction Index, the NPS and the Client Effort Score. The feedback regarding client expectations, perceptions and satisfaction levels is used to inform business improvement and strategic focus on overall service delivery.

The External Client Satisfaction Index survey is sent to current, former and potential clients from all segments (those who have shown an interest in our solutions), ensuring that we capture diverse perspectives across a variety of client segments. The survey centres around product satisfaction, service delivery, the overall banking experience, and suggestions for improvement and enhancement.

Together with the survey results, we analyse feedback from our social media platforms and website interactions to ensure a multi-channel approach. Real-time feedback mechanisms are implemented at critical client interaction points, such as account opening and during the query or complaint handling process, to capture immediate impressions. These touchpoints generate valuable insights that inform ongoing process refinements and help identify systemic friction areas.

Insights from the survey and additional analyses are used to inform action plans. We regularly evaluate the success of these plans and assess their impact during the next client survey. This ensures that we measure the effectiveness of our response over time.



75.4%

External Client Satisfaction Index reflecting a generally positive view of service quality (FY2023: 86.6%)



+35¹

NPS indicating a strong client advocacy (FY2021: 68.33%)



2.4²

Client Effort Score suggesting that clients generally found it easy to interact with the Bank (target: 2)

The following enhancements and changes were introduced based on direct client feedback:

- The immediate debiting of transaction fees has empowered clients to better manage their day-to-day finances and reduced end-of-month billing surprises and related disputes.
- Efforts to streamline the KYC process have led to an 87% reduction in KYC-related complaints. We implemented targeted and proactive client communication to ensure clarity and ease throughout the KYC process.
- The tenure limit for personal loans was increased to 84 months to lower monthly instalments, allowing for improved client control over budgeting and repayment planning.

¹ While this year's score of +35 is lower than the FY2024 score, the Bank has adopted a stricter methodology of calculating the score. This score reflects that most clients remain satisfied with the Bank and that we are still performing strongly.

² Client Effort Score (CES) is measure to assess how easy it was for clients to achieve their intended outcome, whether resolving an issue, obtaining support, or completing a transaction. Clients rate their experience on a five-point scale from Very Difficult to Very Easy, reflecting the overall ease of doing business with the Bank. A good CES is under three on a 1–5 scale, indicating easier customer interactions.

Addressing clients' complaints

Client complaints to FNB Botswana are received through various channels, including branch walk-ins, the Contact Centre, social media and the FNB App. Complaints are logged on to our CARE system and then allocated to the appropriate business unit and closely managed for resolution.

The Bank may receive complaints via the Office of the Botswana Banking Ombudsman. These may be escalated issues or clients who report directly to the Ombudsman. They are also logged to CARE and allocated for resolution. This year we received 11 cases (FY2025: 12) via the Ombudsman Office. Nine cases were amicably resolved, while two remain open and await a response from either the client or the Ombudsman.

Where required, mediation meetings are arranged between the Bank and the client to obtain further advice from the Ombudsman. This is to ensure the fair treatment of clients and the opportunity to rebuild relationships.

Client experience: A five-year summary

FNB Botswana's CX strategy initially focused on migrating clients to digital platforms and promoting the benefits of technology. This has evolved into a client-led preference for digital engagement, enabling the Bank to accelerate its digitisation efforts in line with growing client demand for convenience, efficiency, and accessibility.

Key outcomes include increased adoption of CashPlus, greater use of the Contact Centre for sales, and a rise in digital account maintenance activities. By year-end, 77% of Retail clients were active on the FNB App, up from 60% in 2020, highlighting strong progress in digital adoption.

While overall client satisfaction declined slightly to 75.4% (from 78.62%), primarily due to complaint resolution, KYC, fees, and service consistency issues, the Bank responded with several corrective measures. These included the deployment of the DataEQ social listening tool, which improved responsiveness and client sentiment across digital platforms.

Client engagement was further enhanced through initiatives such as the immediate debiting of service fees, the "Thank You for Choosing Us" campaign, and the Compliments Drive via the FNB App, all aimed at reinforcing client appreciation and recognising service excellence.

Despite challenges, the Bank maintained an 85% query and complaint closure rate, in line with SLA targets. Benchmarking indicates that FNB Botswana continues to meet industry standards in client satisfaction, complaint handling, and overall CX maturity.



Value protection

Deploy resources SMART-ly and responsibly to achieve attractive shareholder returns.

The value protection pillar aims to protect shareholder interests through prudent capital management, risk management, cost optimisation and revenue diversification. This requires remaining focused and managing our financial and human resources carefully while implementing key initiatives. By defending our market position, we build a more sustainable business and protect our assets. We measure the pillar's performance by tracking key financial measures.

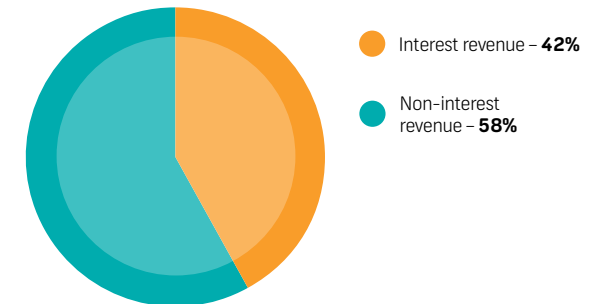
Our ongoing profitability allows us to invest in society through initiatives that improve the lives of Batswana. This is a critical link between the value protection and the shared prosperity pillars (pillars detailed in the following section).

Progress against 2025 strategic focus areas

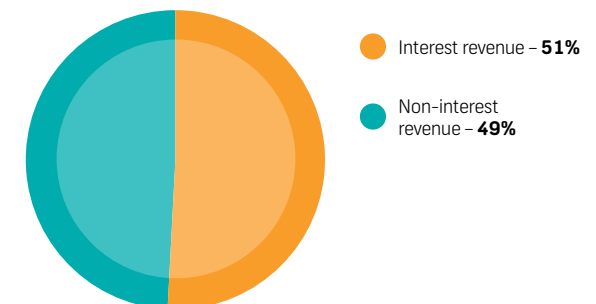
Annual targets for 2025	Commentary
SMART responsible allocation of resources to achieve great returns	We apply a disciplined risk-return approach to allocate resources where they create the most value, balancing growth, profitability, and risk to deliver sustainable returns.
P979 million NIACC	We delivered P866 million in NIACC, 13% below our target for the year. Read more on page 19.
Sustainable pre-impairment profit	Our pre-impairment profit was P1.958 billion, a year-on-year growth of 13%. Read more on page 18.
Normalised in-country direct costs (excluding service level agreements)	Direct costs (excluding SLAs) amounted to P1.373 million, exceeding the target of P1.335 million by 3% due to increased staff-related expenses. These were driven by ongoing investments in critical areas of the Bank in support of the digital platform journey the Bank has embarked on.
Achieve a risk-managed maturity status	We did not achieve a risk-managed maturity status, although 80% of our risk types are risk-managed.

- Expansion of the CashPlus agent network with an average monthly transaction value of P650 million.
- The success of the Speedee solutions in providing informal businesses with a simplified, convenient and affordable alternative to POS machines. In FY2025, 484 Speedee devices were onboarded, bringing the total devices to 884.

Revenue breakdown in 2020



Revenue breakdown in 2025



Income diversification

We continued to grow non-interest revenue to P1.8 billion (FY2020: P1.3 million), equivalent to 49% of total income (2020: 58%). The main contributors to income diversification in FY2025 include:

- Driving our main bank strategy to encourage clients to consider FNB as their primary bank, a key lever for sustaining non-interest revenue through payments and transaction volumes.
- Growth of the active Retail transactions account base, which increased by 6% in FY2025, was supported by enhanced transaction and payment capabilities on these accounts.
- Strong growth in foreign exchange income and transaction service fees for both Commercial and RMB.
- Expansion of RMB's expertise across a range of industries, including energy and resources, infrastructure and real estate, retail and FMCG, allowing the segment to offer niche structured solutions for corporate and institutional clients.
- Continued adoption of eWallet and the eWallet Pro solution for corporates. The eWallet Pro solution's payments volume and value more than doubled in FY2025 compared to FY2024, while card issuance grew by 51% in FY2025.



Risk management

We made significant progress towards fulfilling our strategic objective of being risk managed. Our financial risks, where processes and systems are more mature, are rated as risk managed. Our data and compliance risks have improved as we have made significant progress with localising our data.

Our people risk is well managed, dropping out of our principal risks due to the success of our human capital strategy execution.

We continue to mature our approach to cyber and ICT risk. The Bank has appropriate business continuity plans in place to mitigate disruptions. We continue to invest in security assessments across our platforms to ensure system robustness, simplicity and reliability of access while complying with regulatory requirements.

Read more about our risk management on page 35.

Value protection: A five-year summary

We have a consistent record of delivering strong financial results and creating value for our stakeholders. Our 2025 Strategy has seen the Bank improve its risk management capabilities, revenue diversification and scale. We now play across the banking landscape, serving all segments of Botswana's population.

Key achievements for this strategic pillar include:

- We have grown the balance sheet to P35 billion (2020: P30 billion), supported by responsible and principled lending.
- Achieved P1.8 billion in non-interest revenue, providing a solid base of diversification away from lending activities.
- Delivered P1.9 billion in profit before tax due to strong growth and cost conservation initiatives.
- Achieved P866 million in NIACC against a target of P979 million, a measure to assess our profitability after accounting for the cost of the capital we employ, including shareholder equity.
- Client numbers increased to 753,256 (2020: 616,275), demonstrating our ability to retain and attract clients. We have deployed predictive anti-attribution mechanisms to proactively engage clients who present attrition risks.
- The Commercial segment's performance improved substantially, showing revenue growth to P786 million (2020: P507 million) and profit after tax growth to P438 million (2020: P59 million).



Shared prosperity

We harness our core capabilities to address social challenges at scale while opening new markets for the Bank. To achieve our purpose of building a future of shared prosperity, we must deliver both financial value and positive societal outcomes for our stakeholders. This objective has been incorporated into our business strategy.

Our shared prosperity focus areas are informed by existing and emerging issues that present both risks and opportunities for financial, social and environmental value creation. They are linked to the SDGs relevant to our purpose and to which we can make the most meaningful contribution. In FY2025, we embedded the shared prosperity pillar in our operating framework and further improved how we track, report and measure impact.

We deliver on our shared prosperity focus areas by leveraging our core business and capabilities.

Delivery mechanisms

Financial resource management | The way we allocate our financial resources, including capital, funding and liquidity, risk capacity and local procurement.

Platforms | The technology platforms, systems and ICT infrastructure that enable our clients to access products and services.

Networks | Our knowledge, partnerships, and access to clients, ideas and skills.

Operations | The employees, suppliers, operations and infrastructure that help us deliver on our strategy.

Social investing | The means through which we deliver on our CSI goals, such as our Employee Volunteer Programme and the FNB Botswana Foundation.

Shared prosperity focus areas

Sustainable finance

Financial literacy and awareness

Financial inclusion

SME development

Human and social development



Shared prosperity performance overview

How we measure our impact provides us with a holistic view of how we are changing lives in Botswana. We have clear objectives, key performance indicators and set targets that inform our approach to each Shared Prosperity pillar. We summarise our performance against key targets below.

We provide expanded commentary on certain elements in the pages that follow, based on their materiality within the integrated report context. Refer to our separate FNB Botswana Report to Society for detailed insights into each of the shared prosperity focus areas. This report also includes how we address social issues.

Progress against 2025 strategic focus areas

Annual targets for 2025		Commentary
Sustainable finance	P1 billion sustainable finance disbursements	P851.3 million disbursed sustainable finance.
Financial literacy	Increase the number of people reached through financial literacy and awareness initiatives by 10%	We reached an estimated 860,000 (FY2024: 800,000) people through our financial literacy and awareness initiatives, narrowly missing our target of 880,000.
Financial inclusion	Increase CashPlus agency banking penetration in areas designated as "remote villages"	CashPlus demonstrated strong growth of its agency network, including expanding into 146 remote villages. Our penetration stands at 93% of our target of 150 remote villages.
SME development	Citizen Economic Empowerment Programme (CEEP) SME support target of P500 million	We provided P387 million in financing for CEEP SMEs, short of our target, largely due to challenging economic conditions and pressure in the mining sector.
	Maintain procurement spend and introduce SME development initiatives	P397 million in local procurement spend against a target of P500 million (80% achievement).
	Develop value-creating outcomes from The FirstPreneur Programme	Since the programme's inception, 28% of cohort members have secured banking facilities to support their cash flow needs and enable business expansion. These financial interventions are critical to fostering sustainable growth and operational resilience among participating businesses. 20% of cohort members have been equipped with POS devices, enhancing their ability to accept digital payments and improve client convenience. 8% of cohort businesses have been successfully onboarded as CashPlus agents, enabling them to offer basic banking services within their communities and diversify their revenue streams.
	10 sustainable businesses graduated from the First Youth Programme managed by the FNB Botswana Foundation	This year, 16 youth businesses graduated from the First Youth Programme, achieving our target of 10 for the year.
Human and social development	P14 million invested through FNB Foundation	P6.2 million invested through FNB Foundation P26 million invested through corporate sponsorships
	P581,000 invested in arts and culture development and commercialisation	The FNB Botswana Foundation supports local artists. One key initiative is the "Botswana Arts Online" Project, which received a P2.4 million sponsorship. This project, in partnership with the Thapong Visual Arts Centre, provides local artists with a platform to showcase their work and reach international markets.
	10 jobs attributable to investment in creative industries	We created eight jobs in creative industries through our partnership with the Thapong Visual Arts Centre.





Sustainable finance



Sustainable finance directs capital flows towards investments that have a positive impact on the environment and society.

Our sustainable finance solutions address social issues, including unemployment and job creation, economic diversification, and developing local value chains.

We also allocate funding towards building a more climate-resilient economy. Our Climate Change Policy and our Energy and Fossil Fuels Financing Policy describe how we fund primary activities in the oil and gas, coal and renewable energy sectors. We support the transition from fossil fuels to more sustainable forms of energy generation, as outlined in our funding commitments.

All transactions undergo environmental and social due diligence as per our Environmental and Social Risk Assessment Policy and must adhere to regional, national, international and industry best practice.

We support clients to invest in renewable energy infrastructure projects through relevant advice and funding solutions. We provide discounted pricing on personal and home loans for hybrid and off-grid energy and water reticulation systems, as well as for hybrid and electric cars (through WesBank).



14%

of RMB advances support green energy
(FY2024: 8%)



P851.3 million

disbursed for sustainable finance
projects across all business segments
(FY2024: P610 million)

Broader impact of sustainable finance

Sustainable finance is the process of taking environmental, social and governance (ESG) considerations into account when making financing/investment decisions in the financial sector, leading to more long-term investments in sustainable economic activities and projects.

We aim to mobilise capital to fund projects that advance inclusive growth outcomes, such as mitigating climate change, enhancing social equity and fostering sustainable economic growth.

Refer to the FNB Botswana Report to Society for more information.



Financial literacy and awareness

We support our clients, employees and the public to make better financial decisions, manage their money and avoid financial strain, poor credit scores and fraud.

FNB Botswana's financial literacy initiatives aim to build shared prosperity across a broad spectrum of Batswana. We use national television, radio, newspapers, social media and various client and community engagement activities as platforms to educate the public on managing their personal finances. Financial literacy is embedded into our events, sponsorships and CEO meet-and-greet sessions.

Through a train-the-trainer model, we equipped 35 frontline employees to guide clients through key financial journeys such as home ownership, vehicle financing and debt management. This empowers clients to build financial resilience and confidently pursue their goals.

Our "Real Help" initiative supports clients who are struggling to service their loans due to financial hardship or indebtedness. We offer advice and restructuring to avoid asset forfeiture or foreclosure. This protects property ownership, a wealth creation tool for many clients. In FY2025, the initiative supported 14 clients to retain their assets.



860,000+

individuals reached through financial literacy and awareness campaigns
(FY2024: 800,000+)

Broader impact of financial literacy and awareness

The impact of financial literacy and awareness on society is multi-faceted, ranging from individual wellbeing to economic growth and stability. We believe that encouraging and promoting financial education at various levels can lead to a stronger and financially secure society. Financial literacy also helps clients protect their hard-earned money by avoiding scams. We have expanded and integrated advisory campaigns to include a wide range of people, from primary school learners to university students, as well as working professionals and business owners.

Refer to the FNB Botswana Report to Society for more information.



Financial inclusion

Financial inclusion means that all people and businesses have access to, and are empowered to use, affordable, responsible financial services that meet their needs. We embrace technology and innovative models to provide access to banking services.

Our financial inclusion approach is centred on digitalisation as mobile and other digital technologies have been proven to boost access to financial services for formerly excluded and underserved clients. In addition, we extend access to banking through specialised banking facilities and our CashPlus network.

We also extend our reach into more remote areas through specialised banking facilities and our CashPlus agents. In 2025, we expanded our services by adding five ATMs, six ADTs, and 313 CashPlus agents to meet the needs of underserved regions.

The FNB Botswana difference: Making transacting accessible

1,794

CashPlus agents
(FY2020: 147)

Launched in 2019, CashPlus allows FNB Botswana and non-FNB clients to conduct various transactions without a bank account. Using only a mobile phone (with Online Banking and the FNB App), users can:

- Withdraw money from their eWallet.
- Deposit or withdraw money from an FNB account.
- Buy prepaid airtime and electricity.

These services are provided through our extensive CashPlus agent network of local business owners who offer basic banking services using a secure mobile banking platform connected to our network. CashPlus services are also provided by three major retailers, namely Spar, Choppies and Trans-Africa.

CashPlus has significantly extended the Bank's market reach, enabling access to financial services in last-mile and low-income communities where traditional banking infrastructure is either economically unviable or geographically inaccessible. It further supports regulatory objectives set out in the National Financial Inclusion Roadmap and aligns with central bank mandates on expanding formal financial services.

CashPlus is evolving into a fully integrated banking channel that breaks down barriers to financial inclusion while providing a growth opportunity for the Bank. CashPlus delivered a strong year-on-year performance underpinned by its growing agent network and increasing client adoption. In FY2025, we onboarded 146 agents against a target of 150. We still seek to expand our footprint in rural areas in alignment with our financial inclusion objectives.

9.3 million

Transaction volumes
(FY2020: 318,000)

The CashPlus channel serves as a liquidity management and cash handling solution for small and informal traders who operate cash-intensive sectors. By offering secure, low-cost deposit and withdrawal services, the model facilitates working capital management, cash digitalisation and increased velocity of funds within underserved micro-economies.

As a self-funding channel, CashPlus contributes materially to the Bank's non-interest income through transaction fees, agent commissions and cross-sell opportunities. Additionally, by capturing cash deposits at source, particularly from merchants and beneficiaries of Government disbursements, the solution optimises funding costs across the balance sheet and strengthens our deposit-taking capabilities in decentralised locations.

CashPlus's steady growth underlines its strong client appeal. However, the solution has its issues, including a high agent attrition rate, inconsistent client experience from agents and crime at agent sites. We have developed a model, including robust training to ensure a standardised experience across the network.

P7.8 billion

Value of transaction
(FY2020: P225 million)

Broader impact of financial inclusion

Financial inclusion is a critical lever for inclusive economic growth, improving the quality of life for low-income earners and supporting the development and resilience of SMEs. Through our financial inclusion products, we strive to remove the barriers that exclude Botswana from participating in the financial sector. This includes making products convenient, affordable and easy to understand and use.

Refer to the FNB Botswana Report to Society for more information.



SME development



SMEs are vital drivers of economic growth, innovation, and employment. They stimulate local development, foster entrepreneurship, and contribute significantly to GDP and job creation. Supporting SMEs is essential for building resilient, inclusive, and dynamic economies.

To support the growth of SME lending, the Bank strategically enhanced its scored credit value proposition by increasing the maximum facility limit under WesBank from P750,000 to P1 million. This adjustment significantly improved access to credit for qualifying SMEs, thereby stimulating demand and enabling broader participation in the scored credit offering. As a direct result of this enhancement, the scored credit portfolio experienced substantial growth, expanding from P298 million to P460 million. This reflects both increased uptake and improved credit accessibility, reinforcing the Bank's commitment to empowering small and medium enterprises through tailored financial solutions.

We provide several value-adds to SME clients to complement our suite of transactional, savings, investment, credit, insurance, forex solutions and trade and working capital solutions. These include an online accounting solution, which is free to all FNB business account holders, making it easier for them to manage their finances.

We support procurement from local companies and SMEs, particularly those owned by women and the youth, and 80% (FY2024: 95%) of our procurement spend was paid to local enterprises.

Empowering citizens

In November 2023, FNB Botswana unveiled its five-year strategic partnership with several corporates to unlock value for SMEs under the Citizen Economic Empowerment Programme (CEEP). These partnerships spanned key sectors including Mining, Oil and Gas, Transport and Logistics, Water, and Road Infrastructure. The initiative was designed to provide citizen suppliers and contractors with comprehensive banking solutions, business support, and access to funding—ultimately aimed at building local capacity and expertise.

In 2025, we improved the impact of CEEP by expanding sectoral coverage, deepening engagement with citizen-owned enterprises, and introducing tailored financial products aligned with project life cycles. We enhanced our onboarding processes to accelerate access to credit and advisory services and strengthened collaboration with corporate partners to ensure consistent demand for local suppliers. Additionally, we launched digital platforms to streamline procurement, improve transparency, and support SMEs in meeting compliance and performance standards as well as training on ESG and ESRA compliance.



P387 million

advanced as part of CEEP
(FY2024: P157 million)



P41.2 million

allocated towards renewable energy
projects for CEEP recipients



78

CEEP clients were assisted in the
current financial year (FY2024: 64)



P460 million

scored credit
(FY2024: P298 million)

Supporting entrepreneurs

We introduced the eighth cohort of learners to our six-month First Youth Programme, facilitated by the FNB Botswana Foundation, which provides entrepreneurship and soft skills training to young people aged between 18 and 35. In FY2025, 16 youth businesses graduated from the First Youth Programme, achieving our target of 10 for the year.

Broader impact of SME development

SME development is vital for creating a prosperous and inclusive society. FNB Botswana is dedicated to fostering entrepreneurship and empowering local businesses. This includes focusing our procurement approach to support local SMEs, considering their needs when developing new financial solutions and through our ongoing commitment to implement, improve and expand our entrepreneurship programmes.

Refer to the FNB Botswana Report to Society for more information.



Human and social development



We execute human and social development initiatives across the country through sponsorships, the work of the FNB Botswana Foundation and our Employee Volunteer Programme.

Sponsorships

FNB Botswana adopts a strategic approach to sponsorships, ensuring alignment with business objectives, brand promise and our commitment to national development. Flagship sponsorships, such as the FNB Premiership, the FNB Kazungula Bridge Marathon, the FNB Botswana Golden Grand Prix, and the Mares (Women's national football team), reflect this intent by promoting community upliftment, sports development, talent nurturing and inclusive sports participation.

Our sponsorships are guided by the Bank's Sponsorships, Donations, Gifts and Entertainment Standard. In FY2025, we allocated P26 million (FY2024: P11 million) towards sponsorships spanning across sports development, creative industry and strategic partnerships with similar interest organisations, tertiary institutions as well as ESG, mining and agriculture related initiatives.

FNB Botswana Foundation

The FNB Botswana Foundation implements our Corporate Social Responsibility Policy and administers our CSI funds. We allocate up to 1% of the net profit after tax to CSI initiatives. CSI projects must align with the Foundation's six focus areas and Botswana's national priorities to realise sustainable community benefits.

In FY2025, the Foundation invested P6.2 million in its CSI projects (FY2024: P11 million). This included P2.4 million invested in arts and culture development and commercialisation, exceeding our target set for the year, resulting in 10 new jobs in creative industries.

Since its inception in 2001, the Foundation has spent more than P76 million on CSI initiatives working across 350 projects.



The Foundation's six focus areas and the percentage of total CSI investment

Arts and culture preservation and commercialisation

12.93%

Projects that support and encourage current artistic developments, preserve local artistic heritage and promote access to Batswana.

Youth empowerment

39.31%

Projects that empower disadvantaged youth entrepreneurs and youth professionals.

Education

17.96%

Projects that empower disadvantaged learners to improve their academic performance.

Sports development and commercialisation

6.34%

Projects that promote sports skills sharing and talent enhancement.

Environmental sustainability

5.98%

Projects that protect or preserve the environment to ensure that future generations are not disadvantaged from enjoying environmental benefits.

Social welfare

17.75%

Projects that focus on people living with disabilities, marginalised groups, underprivileged members of the community, as well as orphans and vulnerable children.

Broader impact of human and social development

Human and social development is crucial because it creates healthy, productive individuals and inclusive, stable societies. By contributing to reducing poverty, inequality and vulnerability, FNB Botswana empowers individuals and communities while improving their quality of life and resilience. Our sponsorships play an important role in funding sports and athletes while promoting the benefits of sports in a healthy society.

Refer to the FNB Botswana Report to Society for more information.



Shared prosperity: A five-year summary

In 2020, our shared prosperity agenda was still nascent. Since then, we have taken deliberate steps to embed shared prosperity into our operating model to ensure our growth contributes meaningfully to the broader economy. A significant achievement has been our participation in sustainable finance transactions, which support economic development and align with Botswana's energy transition efforts. These projects contribute to reducing reliance on coal-fired power and accelerating the shift toward cleaner energy solutions.

Key achievements for the shared prosperity pillar over the five years include:

- Engaged Government through RMB as an advisor and partner in the country's climate finance journey.
- CashPlus has made significant progress in bridging the financial services gap in areas where traditional infrastructure is absent or insufficient, while contributing significantly to the Bank's non-interest revenue streams.
- We have made significant inroads in funding SMEs and in 2025, 22% of our advances were to SMEs, below our target of 30% (2020: 30%).
- We provided P387 million in CEEP advances, 78% of our target of P500 million, and a significant improvement against last year's performance (P157 million). We have put strategies in place to improve this performance by 2030.
- We disbursed P948.3 million in sustainable finance on our balance sheet. Notable projects include the Selebi Phikwe Citrus Project, the first large-scale citrus farm in Botswana, the 60MW Mmadinare Solar power plant and Barloworld's green building in Phakalane.
- The Bank established the FNB Botswana Foundation in 2001 to carry out its CSI/CSR initiatives. The Bank donates up to 1% of its net profit after tax to community investments.

ESG performance

By integrating ESG into financing and banking decisions and operations, we bolster our risk management processes, stimulate innovation and identify opportunities for future growth. This approach protects and enhances our ability to create stakeholder value while positively impacting society and the environment.

Debt and equity investors increasingly require transparent and comparable ESG disclosures against globally accepted ESG reporting frameworks. Adhering to these frameworks will ensure FNB Botswana is accurately rated on our ESG performance. We are maturing our approach to ESG, including integrating ESG thinking into our operations and strategy. Information on our ESG governance, frameworks, etc, and expanded performance information is in the .

Key achievements for the shared prosperity pillar over the five years include:

areas

Environmental stewardship

ESG targets for 2025

Francistown solar installation: Return 268KWh of power to the grid and reduce overall monthly electricity bill by P10 000 monthly

Introduce measures to separate and recycle waste, reduce plastic waste and begin to measure hazardous waste

Achieve a 5% cost reduction in water, diesel and electricity expenses

Commentary

The Francistown building consumed a total of 776.00MWh since the installation of solar PV. The solar plant generated 453MWh (41.58%) of clean energy. Of this, 346MWh (76.5%) was utilised by the facility and 107MWh (23.6%) was fed to the grid. The monthly saving was P18,573.

Waste bins were provided in all the buildings to separate waste. They are all colour-coded and labelled.

The electricity consumption in First Place resulted in a 2.27% total increase in usage. This may be attributed to employees returning to the office.

Water consumption reduced by 4.35%.

Diesel prices increased due to the refill of the FNB Head Office (First Place) tank and power outages. The increase was 169.5%.

Our Own Operations Environment Policy recognises our ethical and legal responsibility to ensure that our operational activities do not place the local community or environment at risk or cause avoidable harm. The policy guides how we identify and manage environmental risks in our operations.

While the financial services sector is not a significant GHG emitter, prudent management of our environmental footprint supports our own sustainability and the wellbeing of clients, employees and communities. Our Operations Environment Policy shapes our approach to sustainability within our operations.

The environmental aspect of financed activities is covered on page 58.



Energy

In 2025, the Bank consumed 3,692kWhs of electricity, of which 95% was supplied by the Botswana Power Corporation, which generates most of its power through coal-fired power stations.

All FNB Botswana branches have migrated from fluorescent lights to energy-saving and long-lasting light-emitting diode lights. Uninterruptible power supplies with lithium-ion batteries were installed to reduce carbon-emitting generators.

In January 2024, we implemented a grid-tied solar solution at our Francistown building. It provides 45% of the electricity required. In 2025, it reduced our energy consumption by 346kWh and returned 107kWh to the national grid. This year, we began implementing a grid-tied solar solution, including solar awnings through our client parking area, at our First Place Head Office in Gaborone. We aim to complete this project in FY2026, and it should reduce our energy consumption by 45% of kWh.

Waste

Our waste management strategy emphasises waste minimisation, the use of environmentally friendly chemicals such as biodegradable chemicals and ozone-friendly refrigerants and responsible waste disposal. We recycled 13,359 kg of waste at First Place (FY2024: 15,257 kg).

Water

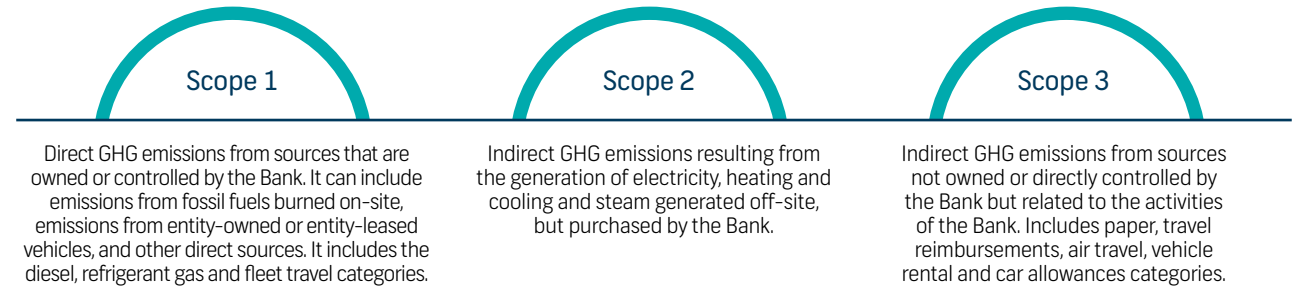
Water-saving initiatives have been implemented in some of our branches, including flow-reduction taps, pressure-assisted toilet flushing mechanisms and sensor-driven air-conditioning systems. We irrigate our garden spaces using recycled water.

9,057 kilolitres of water (FY2024: 9,279 kilolitres) were consumed in three FNB Botswana buildings (FNB House, Francistown branch, and First Place). Water bills for the rented branch buildings are included in the rental bills and pose a challenge with quantifying consumption attributable to FNBB. We are in the process of devising a methodology to track this consumption.

Emissions

We measure our operational GHG emissions and aim to reduce our emissions, build climate resilience and increase resource efficiency. Our GHG emissions data is calculated according to the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition). Grid emissions conversion factors used in the calculation for Scope 2 are sourced from the International Renewable Energy Agency. The remaining emission factors, which are annually updated, are sourced from the United Kingdom Government Conversion Factors for GHG reporting.

The Bank's carbon emissions are classified into three scopes:



In FY2026, FNB Botswana will comply with Botswana Sustainability Guidance's requirements by disclosing its Scope 1, 2 and 3 emissions. The Bank will adopt the internal emissions measurement for FY2023 and FY2024 as the baseline for ongoing improvement in the data and reporting processes, including the articulation of future ambitions and target-setting for emissions reductions.

Social impact

We have a positive social impact through our employment policies, including how we hire, develop, and remunerate employees and how we invest in society through CSI and sponsorships. The Human Capital Manual provides guidance on social welfare matters for employees. Refer to page 44 for information on employees.

External social impact on communities is achieved through corporate sponsorships and the FNB Botswana Foundation's activities. Refer to the FNB Botswana Report to Society 2025 for details about the Foundation's activities.

Social impact targets for 2025

Achieve 100% growth in our graduate development enrolment and onboard three graduates who are people living with disabilities
Collective bargaining agreement in place

Record zero occupational injuries

Implement a lifestyle and health education initiative in the workplace, including occupational health and hygiene elements

Have no employees working more than 56 hours per week

Percentage of employees with leave balances over their annual entitlement – Average number of employees exceeding annual leave

Have employee representation of 1% or more from people living with disabilities

Have a gender diverse workplace with 60% female representation

Spend 100% of the training and development budget

Commentary

The target has not been reached, and plans are being implemented to enhance candidate sourcing and diversity.

The Bank has a collective bargaining agreement in place.

13 incidents occurred mainly from falls, car accidents, and cash box injuries. Corrective actions include new driving policies and redesigning cash boxes to improve safety.

The Bank has implemented several lifestyle and health education initiatives in the workplace. These include wellness days with health screenings and counselling, flu vaccinations during winter, and recreational events like Spring Day with entertainment and refreshments. Team-building activities, both locally and internationally, also support mental wellbeing and cohesion. These efforts promote a healthy and supportive work environment.

Read more on page 47.

Compliance fell short at 0.7% and corrective actions are in progress.

16% of employees exceeded annual leave limits; measures are being taken to improve leave management.

Representation stands at 0.2%, below the 1% target.

Successfully exceeded the 60% target, reaching 65.9% female representation.

126.7% of the training budget was utilised.

Governance

We are continually improving our governance approach, as guided by annual independent and self-assessment Board evaluations. Read more about our governance from page 71.



This chapter should be read in conjunction with the insights from the CFO and Treasurer (page 18), where financial performance is discussed, 2025 Strategy progress (starting on page 70) as well as the segmental reporting in the financial statements.

Retail Banking

The segment is shifting from product-led engagements to nurturing meaningful relationships through impactful financial solutions. We are embedding financial advisory and memorable experiences across all client touchpoints and empowering our teams with the tools and data required for personalised client engagements. We help our clients navigate life, whether they are facing liquidity pressures, rising fraud risks, financial setbacks, or looking for wealth creation and management opportunities.

Monkgogi (Mo) Mgorosi
Director, Retail Banking



Highlights

- To further promote digital transactions and reduce the use of cash on daily spending, the segment ran a Spend and Win Campaign on prepaid airtime. This resulted in an 8% growth in airtime purchase volumes over the campaign period. The segment conducted financial literacy workshops for 22 employers we have scheme relationships with and 12 schools around the country, reaching 66,000 individuals.
- A total of P44 million was paid to clients in the form of CashBack Rewards. This is to reward loyalty and give incentives for desirable financial behaviours.

Priorities for FY2025

The journey of continuous improvement with a desire to reduce clients' pain points informed the segment strategy. This includes getting the basics right, enhancing the client experience, and optimising processes to improve operational efficiencies. The use of data provided the necessary insights to guide the business on areas seeking immediate priority. These included predictive analytics to manage attrition, pre-qualify clients and offer relevant solutions, while highlighting process inefficiencies and potential risks to the business and clients.

Relationship teams and branch managers were empowered with a Client 360-Intelligence Layer to enable them to have a single view of the client's relationship to enrich engagements and offer personalised experiences and advisory services (read more on page 53). We have started using automation to track productivity and ensure client instructions are acted on within agreed turnaround times and to promptly escalate to senior management in cases of delayed resolution.

Some of the key initiatives to enhance products, client engagement and experience included:

- Leveraging social media to boost client engagement through gamification. Gamification initiatives included interactive quizzes to promote awareness of the Bank's solutions. This encouraged peer-to-peer learning, with clients educating each other on solutions, service charges and responsible banking practices.
- Establishing a loan fulfilment centre to enhance client experience through a centre of excellence, reviewing all loan applications from the national sales team to identify and address errors to minimise avoidable delays. This has improved average turnaround times for 70% of loan applications from five days to 24 hours.
- Refining the personal loan process to allow efficient end-to-end tracking at each application stage.
- Hosting a green market day to educate consumers on environmental conservation. Over 20 local businesses displayed their environmentally friendly solutions, including hybrid cars, bicycles, water-saving solutions and products from recycled materials. The segment promoted its credit facilities that fund sustainable products and solutions. The day included a cycling event for children and adults attended by local cycling clubs.

We endeavour to adhere to evolving regulations on KYC, anti-money laundering (AML) regulations and the Data Protection Act. We reviewed our product application forms, reduced unnecessary documents and streamlined our processes to reduce the pains associated with KYC reviews. The segment partnered with the Compliance and Legal Departments to monitor AML risks, review KYC remediation backlogs and implement training on responsible lending and affordability assessments. Our automated process of tracking new-to-bank KYC compliance has improved operational efficiency and client satisfaction.

Through our collections team, we support clients facing financial strain by helping them manage their financial commitments. This includes loan payment holidays, debt restructuring and debt consolidation solutions. We offer clients a free integrated financial advice programme to help them manage their finances when they face unexpected difficulties.



Curated client events

Family Feud watch parties

We hosted four themed watch parties attended by 650 clients to support our Family Feud TV show sponsorship, airing on national television. This was to reward clients with an engaging, interactive experience.

Auto experiences

WesBank hosted key clients for a Land Rover and a Mercedes experience, including test drives of their wide range of luxury vehicles.

Golden Grand Prix VIP hosting

We invited the longest-serving clients, who have banked with Retail for over 30 years, to the FNB Botswana Golden Grand Prix athletics event to demonstrate our appreciation of their loyalty. FNB Botswana is a major sponsor of the event.



Progress with the WesBank turnaround strategy

The WesBank turnaround strategy remains on track, focusing on operational efficiency, improved sales execution and enhanced market visibility. Key initiatives included piloting improvements in sales workflows, identifying client experience enhancements and elevating brand presence through targeted stakeholder engagements. These efforts contributed to solid growth across key performance metrics and strengthened partnerships with auto dealerships.

This strategy delivered 9% year-over-year growth in sales and a 9% year-over-year increase in the balance sheet. Growth was driven by several marketing campaigns launched in partnership with our dealerships. WesBank deployed new business development officers to the Northern region to protect market share and enhance the client experience, resulting in a growth in market share from 19% to 26% in the region.

Aligned with the Bank's commitment to sustainability, WesBank advanced P11.9 million in financing of hybrid cars.

The FNB Botswana difference: The power of zero-rating

FNB Botswana offers a zero-data service for its mobile app, meaning FNB Botswana pays for the data that our clients use for accessing the FNB App. Users can access the FNB App without incurring data charges across all mobile network providers in Botswana. In FY2025, the Bank allocated P3.5 million to enable clients to access the App anytime, anywhere. Zero-rating the FNB App is a catalytic social and economic enabler. It ensures everyone, regardless of income or mobile network provider, can benefit from the digital economy, reinforcing the FNB Botswana difference.

Zero-rating removed barriers to financial inclusion as low-income earners no longer need to limit their digital banking usage due to the cost of mobile data. This is especially important for rural and peri-urban populations, youth and students and informal workers.

Users can check balances, send money, pay bills, manage accounts and integrate digital finance into their daily lives without worrying about data charges. This increased trend towards digital behaviour reduces reliance on cash, and cashless transactions are safer, more efficient and more cost-effective to service.

Zero-rating encourages micro-enterprises and solo entrepreneurs to use the FNB App to accept payments, track cash flow, and operate digitally, empowering economic activity at the grassroots level.

Risks and opportunities

It is estimated that over 90% of the bankable population has a banking relationship. This reemphasises the need to segment and enhance focus on retention and loyalty programmes for our existing client base, as well as attracting new clients through our payment and transaction capabilities. We leverage data to proactively manage the client lifecycle, enhance value propositions and reduce client attrition.

Botswana's liquidity pressures intensified competitiveness, compelling banks to defend and attract client deposits. The rising cost of funding, driven by heightened competition for deposits, introduced new pricing pressures as depositors demanded higher returns. This eroded portfolio margins, requiring a prudent approach to balance the growth of deposits and advances while delivering value to shareholders.

There is an increasing trend of digital profile takeovers initiated through fraudulent links sent via SMS to consumers. These often lead to clients compromising their card details and allowing fraudsters to gain access to their digital profiles. The Bank continues to conduct consumer awareness campaigns and improve its monitoring controls to manage this risk proactively.

Future focus

"Real Help" (Thuso), simplicity, personalisation and exceptional experiences continue to be our focus. We believe that help changes everything, and we remain committed to helping consumers thrive.

The strategic service pillars of Thuto (Education), Thuso (Real Help) and Botho (Humility) are integrated into our culture to drive meaningful impact. We aim to mature these service pillars through a sustained focus, enhanced visibility and leadership reinforcement. Our priority areas, linked to our strategic service pillars, for 2026 are:

- Scaling our integrated advice offering across platforms and channels.
- Further process simplification and proactive, transparent communication to improve the client experience.
- Expanding Real Help client interventions through data-driven, preventative engagements.
- Enhancing Botho (humility) through inclusive service design, empathy training and improved accessibility.
- Introducing performance metrics to track delivery on the strategic service pillars at the team and branch level.



Commercial Banking

The transformation of the Commercial segment is guided by clients' evolving needs, driving a strategic shift toward more robust and responsive engagement across all sub-segments. This evolution has reinforced the importance of client relationship management, with a sharpened focus on innovation and solution-oriented service delivery.

Within the SME sector, our strategic priority is to enhance engagement through a hybrid relationship model that blends digital platforms with in-person interactions. This dual approach ensures greater accessibility, agility and deeper relationship-building, tailored to the unique needs of SME clients. By integrating technology with human touchpoints, the Commercial segment is positioned to offer more personalised, scalable solutions that support business growth and improve the ease of doing business. 🟡

Jennifer Makgabenya Director
Commercial Banking



Highlights

- Expanded the overall client base by 5% year-on-year through client acquisition and retention strategies.
- Fee income increased by 5% year-on-year, primarily driven by foreign exchange income and transaction service fees, which maintained double-digit growth. Strategic client engagements, margin management and targeted client acquisition efforts supported foreign exchange revenue growth.
- Our client attrition rate increased to 17% (FY2024: 13%) due to current economic conditions. We support attrition through enhanced onboarding, setting minimum account holding balances, reserving accounts for businesses that are not yet trading and a retention desk that reminds clients to keep their accounts active.
- Merchant services revenue grew, supported by a strategic fast-moving consumer goods client acquired late FY2024.
- SME merchant demand for the Speedee device continues to be strong, with 884 new devices onboarded in FY2025. The roll out of the devices has expanded the financial inclusion of the micro-enterprises.

Priorities for FY2025

Despite the economic challenges, the segment continued to increase its credit extension to SMEs through the scored credit platform. Existing clients benefit from quicker turnaround times and fewer credit requirements as a result of the automation. This year, the segment increased the maximum loan amounts for asset-backed finance solutions to align with current motor vehicle market values. This enabled strong growth in the scored credit asset-backed finance book.

The Bank's Sustainable Finance Framework was approved in January 2025 and published in June 2025. The segment disbursed P508 million in funding in line with the framework's principles for 2025, with most of this funding deployed to SMEs. This funding supports employment creation and the growth of the SME sector.

We continued our drive to migrate clients from assisted channels to self-service offerings. Traditional channels, including ADT, ATM and branch, experienced year-on-year declines in transaction volumes. Branch transactions now account for 2% of total transactions, indicating a clear shift towards more convenient banking solutions. Digital channels demonstrated significant growth, with CashPlus experiencing the most substantial increase in transaction volumes (read more on page 59). The FNB App and card channels were the most used options in FY2025, followed by Online Banking.

Our responsible lending approach reduces client over-indebtedness and financial hardship. This includes conducting detailed credit reference checks and affordability tests, providing structured lending solutions that provide a controlled flow of funds managed by agreements, covenants and conditions aimed at maintaining sound credit quality. The segment is investing in client education and automated credit assessments.

The FNB Botswana difference: Integrations to improve efficiencies

In February 2024, we completed an integration with the Companies Intellectual Property Agency's (CIPA) online business registration system to support annual KYC requirements. This notifies the Bank to contact the directors of deregistered companies to register their companies. The integration also flags changes in directors and shareholders and operating addresses. This assists the Bank in updating changes per KYC requirements and advising borrowing clients to make relevant changes in letters of suretyships for their loan obligations. An automated KYC functionality alerts clients to confirm their KYC information.

In March 2025, we introduced an integration that allows clients to pay their tax invoices from the Botswana Unified Revenue Service (BURS) on FNB digital channels without manually inputting any reference. This project enables FNB Botswana to curb BURS revenue leakages, simplify compliance and improve the client experience.



Risks and opportunities

Due to the current macro-economic challenges exacerbated by the prolonged diamond sales slump, the Government has suspended most major infrastructure projects with knock-on impacts for the construction sector. This has affected demand from our construction clients for asset-backed finance to procure equipment for infrastructure projects. The segment will continue to support clients with exposures to ensure resilience and sustainability. We are also positioning the segment to capitalise on the Government's diversification focus on agriculture, manufacturing and renewable energy.

Renewable energy is a high-growth sector supported by strong demand from the tourism sector and Botswana Power Corporation's Independent Power Producers (IPP) Programme and Domestic Roof Top Initiative (RTI). However, as the national utility is the only off-taker for the IPP and RTI projects, this might create a concentration risk for business investment.

Botswana faces significant socio-economic challenges, including pressures from economic recovery, increasing poverty rates, and persistent youth unemployment. We have implemented digital initiatives to respond to these challenges by increasing financial inclusion. These include CashPlus, FirstPreneur's SME development, CEEP, Speedee and eWallet Pro. We see further opportunities to contribute to economic development through digital banking, green investments, skills development initiatives and public-private partnerships.

Aligned with our strategy of inclusive banking, the Commercial segment is preparing to launch a credit risk mitigation guarantee in partnership with a development finance institution. This guarantee will enable broader credit extension to underserved segments, including women-led enterprises, green energy initiatives, and lending opportunities that traditionally fall outside the segment's standard credit appetite. The initiative is designed to promote financial inclusion and support sustainable development goals.

In addition, the segment will deploy the Speedee device, an innovative, low-cost POS solution aimed at enabling informal sector trading. By integrating Speedee into existing banking networks, we aim to bridge the gap between informal and formal financial ecosystems. This approach will facilitate secure transactions, improve financial visibility, and support the long-term transition of informal enterprises into the formal economy.

Future focus

Looking ahead to FY2026, the Commercial segment will prioritise the growth of non-interest revenue as a strategic lever to mitigate liquidity constraints and drive sustainable performance. This focus reflects a broader commitment to financial resilience and operational efficiency in a dynamic economic environment.

Strategic initiatives will continue to centre on delivering tailored financial solutions that address the evolving needs of both SMEs and larger enterprises. By deepening sectoral engagement and enhancing product relevance, the segment aims to empower businesses to navigate market volatility, unlock growth opportunities and contribute meaningfully to Botswana's economic development.

The Commercial segment is currently experiencing a slowdown, largely driven by subdued economic activity stemming from reduced diamond sales and lower Government expenditure. In response, we are recalibrating our strategic priorities to align with prevailing economic conditions and the Government's developmental focus areas.

The following priorities will guide our efforts in FY2026:

- **Ecosystem banking expansion:** Deepening ecosystem banking by targeting Government suppliers, cooperatives, and public sector entities to drive inclusive financial participation.
- **Industry-specific solutions:** Enhancing segmentation capabilities to deliver tailored financial products and insights for key growth sectors, including logistics, tourism, agriculture and construction.
- **Strategic partnerships:** Building and strengthening partnerships to support market expansion and reinforce our position as a leading financial services provider.
- **Client experience transformation:** Delivering simplified, hyper-personalised client experiences to boost loyalty, retention and organic growth.
- **Digital channel migration:** Accelerating client migration to low-cost digital and alternative channels, while improving interoperability across Online Banking, POS and agency platforms.
- **Agile innovation:** Leveraging agile methodologies to remain responsive to disruptive technologies and evolving client expectations.



RMB

RMB has consistently demonstrated capital discipline, credit risk resilience and strategic ability despite shifting local and global dynamics. The segment is known for its innovation, strong financial performance and continued market leadership.

Harriet Mlalazi Director
RMB



Highlights

- Sound credit origination and management policies reduced impairment provisions by 34% year-on-year.
- RMB experienced a year-on-year growth in assets of 23%. This was driven by increased lending activity in various sectors, including real estate and financial services, and strong sales activity in the Investment Banking and the Trade and Working Capital divisions.
- RMB experienced a 19% year-on-year decline in deposits due to portfolio rebalancing by some key clients and liquidation of long-held investments. However, RMB benefited from improved deposit margins due to change in deposit mix.
- Maintained our share of Global Markets at 38% (FY2024: 36%) as the market leader in this space, although overall market profitability declined due to client pricing sensitivity across key foreign exchange products.

Priorities for FY2025

Our prudent lending approach, supported by our enhanced risk management, enabled us to continue partnering with our clients in structuring solutions that facilitated their strategic imperatives.

Efforts to grow the client base yielded positive results, with notable key mandates secured and market share growth in real estate and financial services. The Bank implemented targeted initiatives anchored in data-driven insights, service innovation and personalised engagement strategies to meet changing client expectations, support retention and build trust.

We developed a client attrition management model to monitor behavioural indicators and transaction patterns, enabling the early identification of attrition risks and a proactive response to retain clients. We implemented a differentiated client engagement model to improve relevance, agility and relationship depth. These initiatives contributed to measurable improvements in client satisfaction, cross-product adoption and retention rates. The External Client Satisfaction Index results indicate that clients appreciate our process efficiency improvements.

The segment has made measurable progress in transitioning clients to digital and self-service platforms. This resulted in a 9% year-on-year reduction in manual payment volumes and a 10% year-on-year increase in payment values processed via Online Banking. This migration affirms our long-term vision of a data-driven corporate banking model that reduces friction and enhances client experience.

We deployed P416 million in green lending disbursements, a year-on-year increase of 51%, including allocations to renewable energy and climate-resilient infrastructure projects. This included finance for landmark renewable energy projects, including further tranches of funding for the planned 120MW Mmadinare Solar Cluster Project. Our ESG focus is supported by internal screening, reporting tools, and Environmental and Social Risk Assessment risk management protocols.

As part of our market development drive, RMB introduced the RMB CEO Roundtable Sessions, aimed at facilitating intimate engagements and knowledge sharing with industry leaders on topical themes. The sessions foster connections among industry leaders, leading to potential collaborations and strategic partnerships.

RMB also hosted an FX Solutions Roundtable, targeted at the retail, fuel and logistics sectors, promoting RMB as a leading provider of foreign exchange solutions. RMB also hosted and participated in several ESG-related initiatives and events, cementing its position as a sustainability leader (read more on page 58).

The FNB Botswana difference: Funding Botswana's transition to a low-carbon economy

In March 2025, the Mmadinare Solar Cluster Project, Botswana's first utility-scale solar facility, began commercial operations, producing the first 60MW of the planned 120MW project. The project will generate predictable revenues from a 25-year power purchase agreement (PPA) with Botswana Power Corporation.

The remaining 60MW of the project is under construction and is expected to be completed by March 2026.

The total project funding was P1.5 billion, including P936 million in debt funding. RMB, as the lender, hedging and account banker, contributed 50% to the project's debt funding for the first 60MW phase and 50% of the second 60MW phase.

Once completed, the plant will produce 15% of Botswana's total electricity requirements. This will provide approximately 20,000 households with electricity and offset annual carbon dioxide (CO₂) emissions by approximately 40,000 tonnes.



Risks and opportunities

The tightening of domestic liquidity has increased the risk of declining deposits and lower margins due to heightened client price sensitivity. However, RMB will prioritise balance sheet growth and optimise our liquidity buffers to proactively address this risk.

Corporates are increasingly accessing capital for expansion from pension funds, development finance institutions and private equity vehicles. This means RMB must strengthen its structured lending capabilities and leverage partnerships with development finance institutions to offer blended finance arrangements.

The Bank is navigating increased volatility in the foreign exchange market owing to global geopolitical tensions and South Africa's economic challenges. This has resulted in higher volatility for the SDR¹ and Rand, currencies that the Pula is pegged to, making risk management strategies more expensive and complex.

RMB has established itself as a market leader in ESG advisory services and innovative financial solutions that address sustainability challenges. Empowering employees to be ESG experts continues to be a focus area to enable support for the ever-evolving demands of the client base and the ESG industry.

The Government's increased fiscal commitments, coupled with its ambition to explore sovereign fund frameworks, open potential mandates around treasury optimisation, state-owned enterprise restructuring and liability management. The Bank of Botswana is expanding its role in managing liquidity via regular bond and treasury bill auctions. These auctions will allow us to deploy our own liquidity effectively and deepen our role as a market maker in local currency instruments.

We also see opportunities to support Government in public-private partnerships in housing, water and energy projects, including for blended finance in partnership with development finance institutions. We are positioning our financial solutions and advisory support to support the Government's diversification into manufacturing, pharmaceuticals, cannabis and hemp production.

Providing quick cash access at attractive yields

In November 2024, RMB introduced the 48-Hour Notice Deposit Account, a strategic addition to our liability portfolio. This product offers clients a solution that combines yield enhancement and cash accessibility without compromising short-term liquidity. The 48-hour period allows clients to earn interest on idle funds with minimal operational disruption. This product diversifies our offering and positions us competitively in the money market fund space, demonstrating our commitment to providing versatile and attractive solutions.

RMB unveils enhancements to eWallet Pro

The eWallet Pro solution allows Commercial and RMB clients to make instant and secure payments regardless of whether the recipient has a bank account. This digital wallet offers accessible banking solutions for the marginally banked. Building on its popularity, RMB launched new eWallet Pro functionality in April 2025. This allows businesses to link their eWallet Pro recipients via their mobile phones. Recipients can now access cash at any FNB ATM and CashPlus agents, use prepaid services, protect their wallets, and view balances and mini statements. These enhancements underscore our commitment to delivering comprehensive, simple solutions with greater convenience and security.

In FY2025, the eWallet Pro Card issuance grew by 51% to 17,000 cards issued, and transaction volumes grew by over 600% to 18,000 disbursement transactions.

Future focus

RMB is positioned for resilient growth with a strategic focus on deepening our role as trusted partners to clients through tailored solutions, digitally enabled platforms and ESG-aligned financing. RMB's proactive ESG positioning places us on a solid path for continued growth and impact.

Our focus areas for FY2026 include:

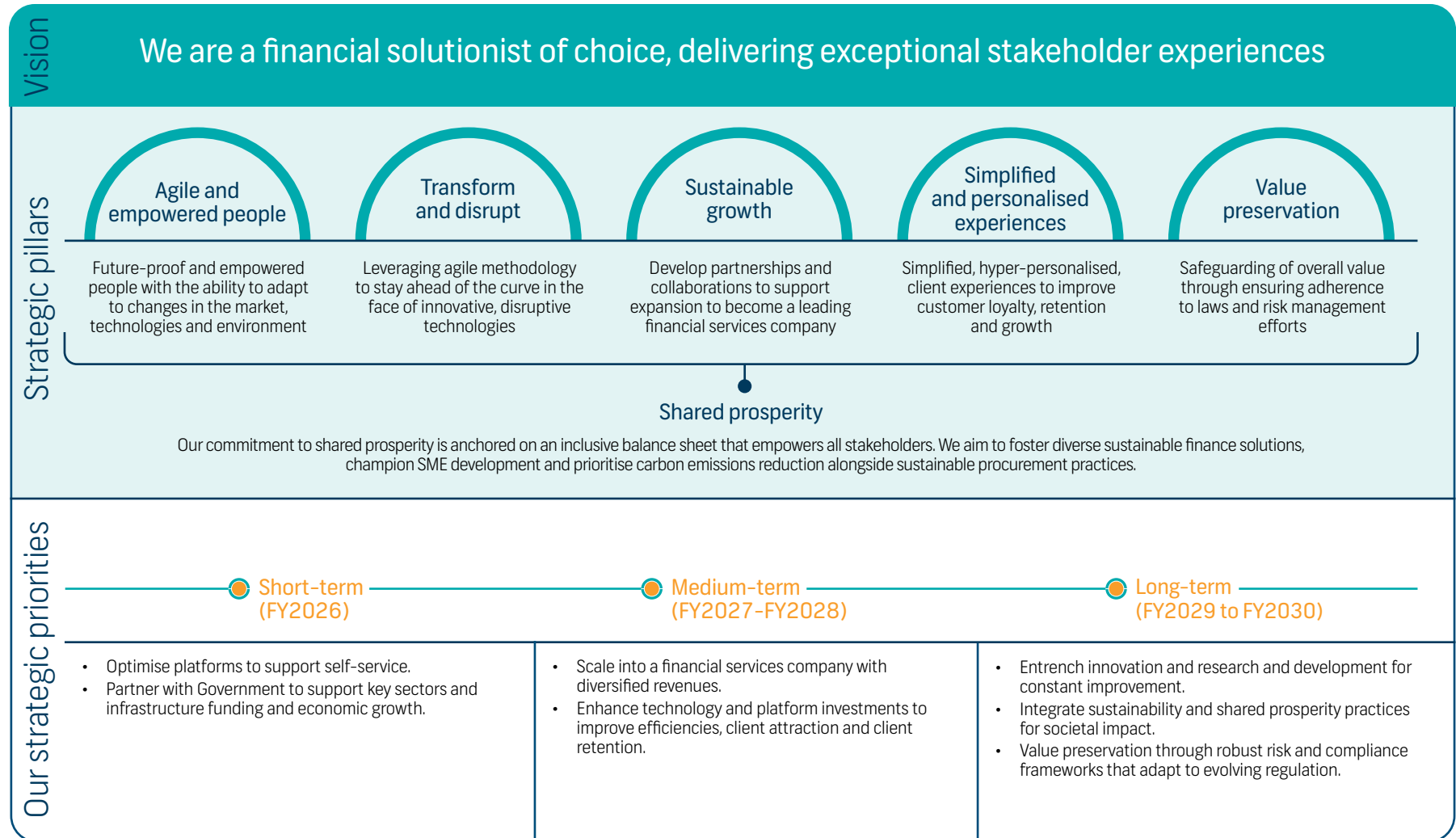
- Defending our market position through optimising existing platforms and leveraging automation and data analytics to provide efficient and personalised client service, increase self-service solutions and launch differentiated products.
- Providing industry workshops and advisory updates to build brand visibility and entrench our position as trusted partners.
- Diversifying our revenue streams to drive balance sheet growth through acquiring strategic clients, focusing on new sectors, ESG-linked assets, and public-private partnerships, including selected state-owned enterprises.
- Widening our transactional banking offering by introducing value-added products for merchant services, optimising our eCommerce product offering, and deepening penetration of new products, including a 48-Hour Notice Deposit Account.
- Promoting our fee-based capital-light transactions like debt capital markets and advisory mandates.
- Supporting our employees through leadership development, coaching and employee wellness initiatives.

¹ The SDR is the international reserve asset. The SDR is not a currency, but its value is based on a basket of five currencies: the US Dollar, the Euro, the Chinese Renminbi, the Japanese Yen, and the British Pound Sterling.



Positioning the 2030 Strategy

Our 2030 Strategy builds on the foundation created by the 2025 Strategy. This new strategy and vision will be enabled by our empowered people, who are equipped to provide personalised solutions that create shared prosperity for the people of Botswana. ●





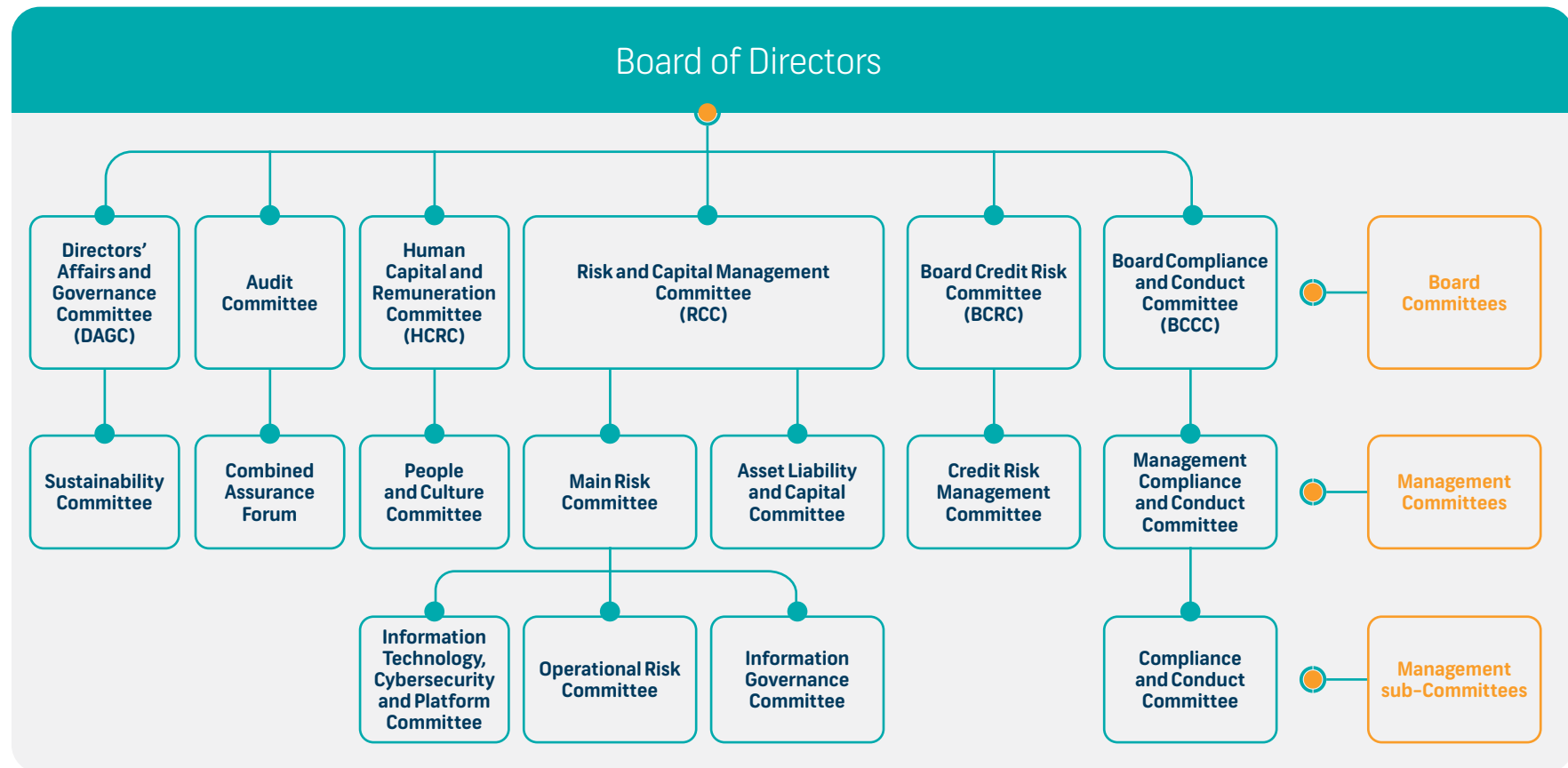
Diligent governance

Governance Framework

The Board regards excellence in corporate governance, transparency, fairness, responsibility and accountability as essential for the Bank's long-term business sustainability.

The Board operates in accordance with the FNB Botswana Constitution and Board Governance Framework, which are informed by the Botswana Companies Act, Banking Act and the BSE Equity Listings Requirements. The Framework also considers corporate governance principles and guidelines published by the Bank of Botswana, Basel Committee on Banking Supervision and King IV.

Governance structure





Guidance on corporate governance

The Company Secretary, G Setlhake, plays a pivotal role in assisting the Board in adhering to corporate governance principles, procedures, statutes and regulations. All Directors are afforded unrestricted access to her guidance.

The Company Secretary's performance undergoes an annual evaluation as part of the Board's assessment process. This evaluation confirms her effectiveness in executing her role, including:

- Demonstrating effective discharge of responsibilities.
- Maintaining a professional and unbiased relationship with the Board and its Directors.
- Possessing the necessary skills, knowledge and experience to provide the Board with sound governance guidance.

For FY2025, the Board is satisfied that the Company Secretary has discharged her duties as required.

Under the FNB Botswana Constitution, Board members are entitled to procure independent advice at the Bank's cost while carrying out their fiduciary obligations. Additionally, they possess the privilege of direct communication and unrestricted access to the external auditors and ExCo. No independent advisors were consulted during the year.

Governance objectives

The Board is responsible for:

- Steering and setting the Bank's strategic direction, considering the macro-environment, key stakeholder needs and the Bank's business model.
- Enabling strategy delivery by approving policies, frameworks, budgets, plans, structures and procedures.
- Overseeing strategy implementation.
- Demonstrating accountability and transparency through appropriate disclosure.

Governance principle	Description as per FNB Botswana's Governance Framework
Ethical and effective leadership	Effective leadership is about directing results-driven performance that achieves strategic goals. It is exemplified by responsibility, accountability, fairness and transparency. Ethical leadership and effective leadership should reinforce one another.
Corporate citizenship and sustainable development	As a corporate citizen, FNB Botswana is an integral part of society and has obligations and responsibilities towards society.
Strategy oversight	The Board leads value creation and protection by appreciating that strategy, risk and opportunity, performance and sustainable development are inseparable. When considering strategy, the Board considers: • Risks and opportunities in our operating context. • The legitimate and reasonable needs, interests and expectations of all stakeholders. • Our ability to support strategy through the six capitals, business structures and processes. • The impact of our operations on resources and relationships. • The interconnectivity and interdependence of the above matters.
Risk oversight	The Board must embed a strong risk management culture and oversee frameworks, policies and processes to identify and manage risks. It actively monitors our risk profile relative to risk appetite and seeks to ensure an appropriate balance of return and consistent shareholder value.
Independence	All members of the Board have a duty to act with independence of mind and in the Bank's best interests.
Accountability	The Board is accountable for its decisions and actions. Governance structures and arrangements connect responsibility and accountability.

The Board's overall governance objective is to ensure that an adequate and effective process of corporate governance is established and maintained, consistent with the nature, size, complexity and risk inherent in the Bank's activities, and which is responsive to changes in our operating environment.



Governance features as at 30 June 2025

Board structure

Unitary Board structure

No more than 13 Directors as per the Bank's Constitution

Currently 12 members

Non-Executive Directors are appointed by the majority of shareholders at the AGM

One-third of Non-Executive Directors retire at every AGM, and a retiring Director is eligible for re-election

Automatic retirement at 10 years

Board Committees

Six Board Committees

Audit Committee consists of three Independent Non-Executive Directors

RRC consists of three Independent Non-Executive Directors and one Non-Executive Director

BCCC consists of three Independent Non-Executive Directors

BCRC consists of three Independent Non-Executive Directors

HCRC consists of three Independent Non-Executive Directors

DAGC consists of three Independent Non-Executive Directors and one Non-Executive Director

Separation of Board roles

The Chairperson of the Board is not a member of the Audit Committee

The Audit Committee is separate and distinct from all other Board Committees

The BCCC is separate from the Risk and Capital Management Committee

The BCRC is separate from the RCC

Board diversity

75% are Independent Non-Executive Directors and 25% are related parties (One Non-Executive Director related employed by Group and two Executive Directors employed by FNBB)

75% of Directors are citizens and 83% are resident Directors

42% female Directors

17% are aged 30-50

83% are aged over 50

The Board collectively has diverse skills in finance and audit, accounting, business administration, legal, ICT, regulatory, human capital and banking

ExCo

Committee set up as per the CEO-delegated mandate to drive strategy and resource allocation

14 members, including the CEO and Deputy CEO

58% female executives

79% are aged 30-50

21% are aged over 50

67% aged less than 50

305 years combined experience

4 years average tenure on ExCo

Delegation of authority

As the custodian of corporate governance, the Board uses a Governance Framework to outline the delegation of authority falling within the Board's jurisdiction and entrusted to Board Committees. This Framework, bolstered by processes and policies, ensures consistent governance, facilitates the strategic execution necessary for meeting stakeholder expectations, and fosters role clarity and sound decision-making.

Guiding the Board are Charters which delineate composition, meeting frequency and roles. These Charters are subject to annual review to uphold their relevance.

Committee Chairpersons furnish the Board with reports regarding Committee meetings at each Board session. Furthermore, Committee Chairpersons participate in the AGM to address inquiries from shareholders.

FNB Botswana does not have a Lead Independent Director.



The Board is satisfied that the delegation of authorities as set out in the Board Governance Framework contributes to role clarity and the effective exercise of authority.

Ethical behaviour

King IV Code emphasises ethics as a core component of good governance and sustainable business practices, with an ethical culture being a good governance outcome. Specifically, King IV provides the following ethics-related principles:

- Principle 1: The governing body should lead ethically and effectively.
- Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.
- Principle 3: The governing body should ensure that the organisation is, and is seen to be, a responsible corporate citizen.



In line with King IV, the FNB Botswana's Board is collectively responsible for carrying out its duties with integrity and due diligence, and for ensuring the establishment of an ethical culture within the Bank. The specific responsibility for oversight, strategic direction and decision-making concerning ethics at the Board level is delegated to the BCCC.

At an ExCo level, the Management Compliance and Conduct (MCCC) is responsible for ensuring the implementation of the ethics strategy, standards, and policies as adopted at the Board level. Refer to the governance structure on page 71. As a minimum, the Bank is required to align with the following:

Leadership should individually and collectively cultivate the characteristics of integrity, competence, responsibility, accountability, fairness and transparency.	The Board individually and collectively pledges to the Code of Ethics on an annual basis.
The tone for an ethical organisation must be set from the top, and that conduct should go beyond compliance with law to embrace the purpose and spirit of the law, together with defined ethical standards.	The Board's annual effectiveness survey, which is conducted on an annual basis, specifically the peer review, tests whether each Director leads with integrity, responsibility, and accountability.
The governing body of the organisation must set the direction for how ethics should be approached and managed within the organisation and must exercise appropriate levels of oversight concerning ethics management.	The Board has approved an Ethics Framework, which provides guidelines for managing ethics. In addition, all Directors and employees must adhere to FNB Botswana's Code of Ethics.
The organisation's purpose, values, strategy and conduct should be in line with the expectations of being a responsible corporate citizen.	One of the pillars of the Bank's strategy is value preservation, and the Compliance and Conduct function oversees that value is preserved. The Bank must adhere to the highest level of ethics and ensure that there are no ethics breaches that will erode its value.
The governing body must adopt appropriate codes, frameworks, policies and standards to effectively manage ethics and ethics-related risks.	The Board and BCCC have approved the following ethics frameworks and policies: • Ethics Framework. • Code of Ethics. • Supplier Code of Conduct. • Ethical Use of Data Framework. • Conflict of Interest Management Policy. • Ethics Line Policy. • Anti-Bribery and Corruption Policy. • Gifts and Entertainment Standard. • FNB Botswana Human Rights Framework. • Personal Account Trading Policy.

Anti-bribery and corruption training

The anti-bribery and corruption online training completion rate is 98% of the employee base. Targeted training has been conducted in high-risk areas, including procurement, marketing, FNBB Foundation and human capital. The objective of the training was to ensure understanding of the ABC Policy as well as the stakeholder obligations. The last engagement was with the Directorate on Corruption and Economic Crime in June 2024. No engagements were held in 2025.

Read more about our whistleblowing process on page 39.

Key Board activities in FY2025

Focus areas

Close monitoring of the macro-economic environment and mitigants to preserve value

The culmination of various economic events has resulted in liquidity challenges in the market. The Board, supported by the RCC, closely monitored the impact of liquidity and guided management to navigate these conditions. The Board is satisfied that the strategies implemented by management will safeguard the balance sheet as well as result in prudent cost management. The Board challenged management to support both Government and businesses through the economic headwinds. The current macro-economic challenges were considered in the development and approval of the 2030 Strategy.

Control environment oversight

Through the Audit Committee, the Board increased its oversight over the control environment and ensured that the three lines of defence are properly monitored through the Combined Assurance Forum. The Board's focus was to ensure that root causes for control environment lapses are adequately addressed, and management accountability is enhanced. There was a concerted effort to ensure that people-related control breakdowns, particularly related to management accountability, are adequately addressed. As a result, there was a notable increase in the number of disciplinary actions instituted for consequence management related to control breakdowns.

Board and ExCo succession planning

The Board reviews its own and the ExCo succession plan twice a year. The Board's succession plan was deemed adequate, and there was ongoing recruitment for replacements for John Macaskill, who retired at the 2024 AGM and Doreen Ncube, who will be retiring at the 2025 AGM.

The Board also continued to ensure that the ExCo succession plan is in place and effective. DAGC. The ExCo succession plan is divided as follows: emergency successors, ready in one to three years, ready in three to five years, ready in five to seven years and ready in seven to 10 years. A comprehensive development plan is in place for all the succession candidates.

The Board approved a succession strategy for the position of CEO and identified a candidate to assume the role in the medium term.

Oversight on remediation plans for compliance, data and operational risks

In the prior year, compliance risk was significantly outside appetite due to new legislation, particularly the Data Protection Act of 2024, which came into force in January 2025. When the Act was enacted, the Bank was 16% compliant with its provisions. During the 18-month grace period, the Bank put an action plan in place to comply, which the Board monitored closely through the BCCC. At the end of FY2025, the Bank is now 90% compliant and areas where the Bank is non-compliant have been disclosed to the regulator. By year-end, the compliance risk and data profiles have therefore improved to close to appetite, mostly due to the effort around the remediation of the Data Protection Act.

Close monitoring of how the Bank responds to emerging cybersecurity threats

The risk landscape has shifted, with cyber threats, particularly phishing scams through fraudulent clickable links, posing a growing concern. These attacks are designed to compromise client financial information and personal data. To mitigate this, the Bank has intensified client awareness initiatives, rolled out targeted communications, and delivered financial crime prevention training. These efforts are aimed at enhancing client resilience against fraud and reinforcing trust in our digital platforms.



Key Board matters dealt with this year

Financial outcomes and internal controls

- Discussed the Bank's financial performance on a quarterly basis.
- Discussed the competitor analysis biannually.
- Noted that the Bank's CAR was above the prescribed regulatory limit on all the quarters.
- Approved the result announcement for the interim and year-end period.
- Approved the trading statement for the period ended 31 December 2025.
- Approved the annual financial statements for the year ended 30 June 2025.
- Considered the going-concern review for the interim and year-end period and agreed with management that the Bank was a going concern.
- Approved the proposed interim and final dividend for FY2025.
- Executed a solvency certificate confirming that the Bank will be able to pay its debts following interim and final dividend payments.
- Noted internal and external auditors' escalation matters from the Audit Committee on a quarterly basis.
- Approved the external auditors' fee for the year ending 30 June 2025.
- Executed a letter to the South African Reserve Bank confirming that there was no material malfunction relating to the Bank's internal controls, procedures and systems for FY2025.
- Approval of the Audit Committee Charter.
- Noted the Audit Committee's key escalation matters on a quarterly basis.
- Approved the 2025/2026 budget.

Risk oversight

- Approved the macro-economic scenarios biannually.
- Approved the following processes and frameworks:
 - (ICAAP).
 - Risk Appetite Framework.
 - Capital Management Framework.
 - Stress Testing Framework.
 - Recovery and Resolution Plan.
 - Risk Return Framework.
 - Traded market risk limits.
 - PV01 dispensation.
 - Extension of the single depositor limit dispensation.
 - Cyber risk matrices.
 - ICT Governance Framework, Information Technology Infrastructure Library (ITIL) Framework.
- Noted the Bank's overall risk profile and key escalation on a quarterly basis.
- Approved the RCC Charter.

Credit risk management

- Approved credit applications in line with its mandate, i.e. applications above P380 million.
- Noted credit applications approved by BCRC in line with its delegated mandate, i.e. applications more than P100 million but below P380 million.
- Noted the Large Exposure Report.
- Approved the Credit Risk Appetite Statement.
- Approved the Debtor Finance Mandate.
- Approved Retail Mandate Framework.
- Approved the deferral of the CCIB Mandate Framework.
- Approved the BCRC Charter, including revised mandates relative to the Bank's unimpaired capital.
- Noted the overall credit risk profile and key escalation matters.

Governance and sustainability

- Conducted the annual election of the Board Chairperson.
- Discussed the Board and CEO succession plans.
- Discussed the ExCo succession plan.
- Discussed the results of the Board Evaluations self-assessment.
- Approved the South African Reserve Bank Regulation 39 assessments.
- Approved the Board Charter.
- Approved the DAGC Charter.
- Approved the Board Governance Framework.
- Noted the names of Directors due to retire by rotation at the November 2025 AGM.
- Noted the Board training plan.
- Noted the sustainability and shared prosperity reports.
- Approved the Climate Risk Appetite Statement.

Compliance and conduct

- Signed the Code of Ethics Pledge.
- Approved the following:
 - Ethics Framework.
 - Pillar 3 Disclosure Policy.
 - The extension of Anti-Bribery Framework to FY2026.
- Approved the BCCC Charter.
- Noted the Bank's overall compliance and conduct profile and key escalation matters on a quarterly basis.

Human capital and remuneration

- Approved the CEO Scorecard.
- Approved the Human Capital Risk Appetite Statement.
- Noted remuneration outcomes for FY2025 as approved by the HCRC.
- Resolved to increase total directors' fees by 5% from prior year, subject to final approval by the shareholders at the November 2025 AGM.
- Noted the HCRC update on the union negotiations mandate for the period ended June 2025.
- Approved the HCRC Charter.
- Noted the Bank's overall human capital and remuneration profile and key escalation matters on a quarterly basis.

Strategy and reporting

- Conducted the Board strategy review and agreed with management on the 2030 Strategy as well as the 2026 strategic focus areas.
- Approved the 2030 Corporate Scorecard.
- Noted the CEO's report on progress against the strategy.
- Approved and signed off the 2024 integrated report.
- Approved the material matters for the 2025 integrated report.

Continual oversight

- Delivery of shared prosperity to multiple stakeholders.
- Effective management of internal and financial controls.
- High-performance culture.
- Compliance and Conduct.
- Progress against strategic focus areas.
- Maturing risk processes and culture.
- Board and ExCo succession planning.
- Value preservation.



Board evaluation, development and skills

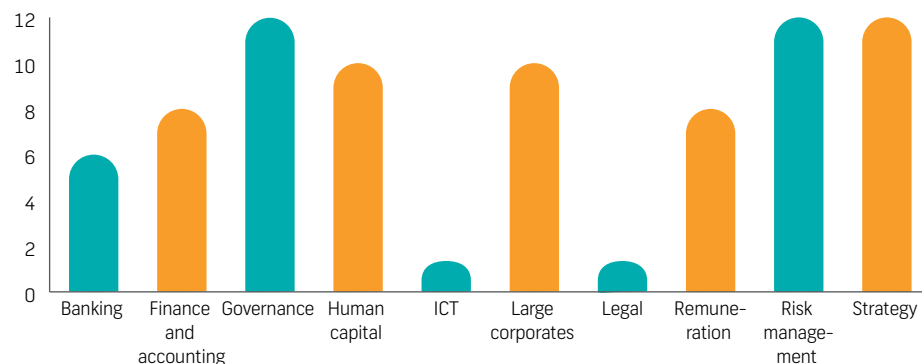
The Board is required to evaluate its effectiveness and that of its Committees on an annual basis. The requirement is that the Board must first self-assess and separately engage an external provider to independently assess the Board. The Board concluded its internal self-assessment in May 2025. The evaluation confirmed overall effectiveness. To test this outcome, the Board engaged the services of an external provider for an independent view. The outcome of this exercise will be shared with the Board by November 2025.

Newly appointed Directors complete a comprehensive onboarding programme centred on the Bank's culture and operational intricacies. They also receive documents and training on governance, ethics, financial and risk management.

The Board's annual training plan offers Directors ongoing training and focuses on governance of risk and any needs identified during the annual assessment process. The Board completed training on regulatory and conduct risk (AML, business conduct including ethics and market conduct), financial metrics analysis, credit risk management, environmental and social risk assessments, the Data Protection Act, climate risk management, process quality and maturity management.

The DAGC conducts an annual review of the Board's skills composition against factors such as industry needs, regulatory changes and the Bank's long-term strategy. The Board is satisfied that the evaluation process improves its performance and effectiveness and that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.

Skills (number of Board members)*



* Skills are per 30 June 2025, prior to D Ncube's retirement and MD Pelaelo's appointment.

Board changes

	Director	Date
Retirements*	JK Macaskill	November 2024
	D Ncube	September 2025
Appointments	BM Bonyongo (re-appointed as Chairperson)	February 2025
	MD Pelaelo	September 2025

* Director retired by rotation after serving the prescribed maximum of 10 years.

Balisi Bonyongo, Naseem Lahri and Louis Jordaan are due to retire by rotation at the upcoming AGM. All the Directors will seek re-election.

Board meeting attendance

Directors	Board	Audit Committee	BCCC	BCRC	DAGC	HCRC	RCC
Independent Non-Executive Directors							
BM Bonyongo*	4/4				4/4	4/4	4/4
LF Jordaan**	4/4			12/12		4/4	4/4
JK Macaskill***	1/4		1/4		1/4		1/4
NB Lahri	4/4	4/4					
ED Letebele	4/4			12/12	4/4		
M Marinelli	4/4	4/4					
D Ncube****	3/4		4/4	12/12			
A Petkar	4/4		4/4				4/4
Keneilwe Mere	4/4		4/4		4/4	4/4	
PA Mothopeng-Makepe	4/4	4/4					
Non-Executive Directors							
L Van Zyl	4/4						4/4
Executive Directors							
SL Bogatsu	4/4	4/4	4/4	10/12	4/4	4/4	4/4
M Mbo	4/4	4/4	4/4	12/12	4/4	4/4	4/4

* Chairperson.

*** Retired November 2024.

**** Retired September 2025.



Leadership team

Board of Directors

Independent Non-Executive Directors



FNB Botswana has an independent Board supported by a highly experienced ExCo.

Balisi Mohumi Bonyongo (57) Board Chairperson and Chairperson of the DAGC	Louis Frans Jordaan (55) Chairperson of the HCRC	Naseem Banu Lahri (49) Nationality: Moptswana	Ephraim Dichopase Letebele (65) Chairperson of the BCRC	Massimo Marinelli (68) Chairperson of the Audit Committee	Keneilwe Patricia Mere (53)
BEng (Hons) Mineral Engineering (Leeds), MBA (Cape Town), Senior Executive Programme (London Business School) Appointed to Board: 2019 Tenure: 6 years Strengths: 1. Managing large and complex corporates. 2. Strong strategic, risk and ethical oversight. 3. Strong management accountability oversight. Other governing bodies and professional positions: • Founder of ZAWL. • Director in Mine-Ex Consulting. • Director in Fraser McGill. Balisi was the Managing Director of Debswana Diamond Company, the world's leading diamond producer by value and volume. During his distinguished 26-year career with Debswana, he held various senior management and executive roles, including Corporate Strategy Manager, Jwaneng Mine General Manager and Debswana COO.	BCompt Programme in Mathematical Modelling of Derivatives (Unisa), Executive Development Programme (Duke) Appointed to Board: 2022 Tenure: 3 years Strengths: 1. Extensive banking experience. 2. Leadership and strategic formulation and execution. 3. Strong risk management oversight. Other governing bodies and professional positions: • Founder of Gigiri Investments Louis has 30 years of banking experience in credit, risk, governance and strategy. His roles include being a senior executive of various divisions within the FirstRand Group. Louis retired from the FirstRand Group in 2020. He served as a Director and Chairperson of several subsidiary banks within the FirstRand Group.	MSc Strategic Management (Derby), BCom (University of Botswana), ACCA (Botswana Accountancy College) Appointed to Board: 2019 Tenure: 6 years Strengths: 1. Leading a multi-jurisdictional, large and complex corporate. 2. Extensive experience in finance and audit. 3. Strategy formulation and oversight. Other governing bodies and professional positions: • Lucara Botswana CEO Naseem was appointed CEO of Lucara Botswana in 2025, the first female to lead a diamond mining company in Botswana. She has over 20 years of experience in mining in various finance roles.	BCom (University of Botswana), MSc Strategic Management (Derby), Chartered Secretary (Associate of the Chartered Governance Institute of Southern Africa, CGISA) Appointed to Board: 2017 Tenure: 8 years Strengths: 1. Extensive experience in government and corporates. 2. Strong governance oversight. 3. Strong risk management oversight. Other governing bodies and professional positions: • Founder of Ramokoroga Ephraim has 26 years of experience in Government as well as corporate experience. He served as CEO of the Botswana Public Officers Pension Fund for eight years. He has valuable insight into international investment drivers and the importance of risk and return. In 2010, he established Ramokoroga, a property development and sub-letting business. In 2018, Ephraim was appointed Chief Executive Director of Prescient Fund Services in Botswana until January 2020. Ephraim has served on several boards in the telecommunication, education, pension and banking sectors.	BCompt (Unisa), BCompt (Hons) (Unisa), Certified Chartered Accountant, Botswana and South Africa Appointed to Board: 2021 Tenure: 4 years Strengths: 1. Strong finance and audit background. 2. Leadership in a large corporate. 3. Strong risk oversight. Other governing bodies and professional positions: • Member of the Disciplinary Committee of the Botswana Institute of Chartered Accountants. • Director Barclays House • Independent director PrimeTime Property Holdings • Director of Camomile. • Director of Delhurst Properties. Massimo is the former Country Managing Partner of Deloitte Botswana, with a career spanning over 40 years. During his tenure at Deloitte, he served in South Africa and Botswana and spent 31 years as a Partner in Botswana until his retirement in 2020. Massimo also served as a Council Member and President of the Botswana Institute of Chartered Accountants. He remains an active member of the Institute, currently serving on the Disciplinary Committee.	Bachelor of Laws (University of Botswana) Appointed to Board: 2024 Tenure: 1 year Strengths: 1. Experienced legal expert in multiple sectors. 2. Extensive compliance experience. 3. Strong risk management oversight. Other governing bodies and professional positions: • Co-Founder Moribame Matthews. • Chairperson of the Disciplinary Committee of the Law Society of Botswana. • Chairperson of the BFA tribunal. Keneilwe has over 22 years of experience as a legal practitioner, traversing various industries and jurisdictions. Her key areas of expertise include compliance and regulation, drafting and reviewing complex banking agreements and instruments, reviewing legislation and policies, and providing transactional advisory services. Keneilwe has held numerous board positions in financial services, FMCG, non-profit organisations, and the legal industry. She is a Co-Founding Partner at Moribame Matthews, a law firm established 17 years ago, where she serves as the Head of Service Lines: Commercial, Employment and Civil Litigation.

**Doreen Ncube (66)¹**
Chairperson of the BCCC**Asad Petkar (52)**
Chairperson of the RCC**Pinkie Mothopeng-Makepe (62)****Moses Dinekere Pelaelo (67)²**

BA (Admin) (University of Botswana, Lesotho and Swaziland), MSc Management (Arthur D Little Management Education Institute)

Appointed to Board: 2015**Tenure:** 10 years**Strengths:**

1. Extensive regulation and compliance experience.
2. Banking experience.
3. Strong risk management oversight.

Other governing bodies and professional positions:

None

Doreen has worked in the banking sector for 23 years and has extensive experience in financial planning, risk management and compliance. She began her career with the Ministry of Commerce in 1990 and briefly joined Shell Oil Botswana. She joined the Bank of Botswana in 1991, where she held several roles, including Deputy Director of the Banking Supervision. In 2002, Ncube joined Barclays Bank Botswana Limited in Compliance, where she rose to the rank of Head of Risk Advisory Services and Regional Head of Compliance for Southern Africa. Doreen served on the Botswana Medical Aid Society Board, where she chaired the Board's Finance Committee.

BCom (Information Systems and Economics) (University of Cape Town), BCom (Honours in Information Systems) (University of Cape Town), MCom (Information Systems) (University of Cape Town)

Appointed to Board: 2021**Tenure:** 4 years**Strengths:**

1. ICT and cyber expert.
2. Strategy formulation.
3. Strong risk management oversight.

Other governing bodies and professional positions:

- Director in EOH Consulting Botswana.
- Director in EOH Consulting Namibia.
- Director in Flocash Gateway Botswana.
- Director in Exponential Investments.
- Director in Knight Consulting Services.
- Australia.
- Loatso Investments.
- Circumference Investments.
- Rainbow School.

Asad is a seasoned management consultant whose career commenced with KPMG Consulting in 2001. He is the co-owner of a new-generation management consultancy firm that has a presence in Botswana, Namibia and Australia. His areas of expertise include corporate strategy development, deployment of strategic information technology that supports 4IR practices, organisational transformation, digitalisation, organisational restructuring, talent management, finance and audit, performance management and SME growth. Asad serves on several boards in various industries, including property, real estate and education.

Associate of the Chartered Institute of Management Accountants (CIMA)

Appointed to Board: 2024**Tenure:** 1 year**Strengths:**

1. Strong finance and audit background.
2. Risk management
3. Strategy formulation.

Other governing body and professional positions:

- Mothopeng Consultancy

Pinkie's experience over 30 years as an accounting professional spans various industries. Pinkie's key areas of expertise include financial management and reporting, strategic and financial planning, corporate governance, risk management and leadership.

Pinkie has held numerous leadership positions in the mining industry, the most notable being the CFO of Diamond Trading Company from 2016 to 2023. Additionally, she has held numerous board positions within the financial services and aviation industries.

BCom (University of Botswana and Swaziland), MBA (University of Miami), Macro-economic Policy and Management Programme (Harvard University)

Appointed to Board: 2025**Tenure:** 1 month**Strengths:**

1. Extensive banking supervision experience.
2. Financial sector regulation.
3. Risk management

Other governing bodies and professional positions:

None

Moses has over 33 years of experience in financial sector regulation, supervision, and public policymaking, having served in various capacities at the Bank of Botswana and the Financial Stability Institute of the Bank for International Settlements, Basel, Switzerland. He was appointed Deputy Governor in 2006 and Governor of the Bank of Botswana in 2016 until his retirement in 2023.

Before joining the Bank of Botswana, Moses was a lecturer at the School of Accounting and Management Studies at the University of Botswana and the Institute of Administration and Commerce. Moses has served in intergovernmental agencies and committees, including the Minerals Policy Committee and the Financial Sector Coordinating Committee.

¹ Doreen was a Board member for FY2025. She retired in September, two months after the financial year end.

² Moses joined the Board in September 2025, two months after financial year end.



Board of Directors

Non-Executive Director

Executive Directors

Lee-Anne Van Zyl (59)	Steven Lefentse Bogatsu (53) CEO	Dr Mbako Mbo (45) Deputy CEO ¹
BCom (Business Economics and Industrial Psychology), Certified Director (Institute of Directors South Africa) Appointed to Board: 2024 Tenure: 1 year Strengths: 1. Experienced banker. 2. Strong governance and risk oversight. 3. Leadership and strategy formulation. Other governing bodies and professional positions: • Slow Lounges. • FirstRand Staff Assistance Trust Board. • Johannesburg Inner City Partnership Board. Lee-Anne's experience gained over 23 years in financial services spans various businesses, customer segments, and disciplines across the FirstRand Group. This includes corporate, digital, retail, operations, real estate management, strategy, marketing, fintech, and client service. Her leadership positions within the FirstRand Group include being the CEO of FNB South Africa Points of Presence and the CEO of Real Estate Management Services FirstRand. She is the COO for FNB South Africa's Personal and Private segment.	ACCA, MSc Strategic Management (Derby) Appointed to Board: 2015 Tenure: 10 years Strengths: 1. Experienced commercial banker. 2. Leadership and strategy execution. 3. Finance and audit experience. Committee membership: Standing invitee on all Board Committees Other governing body and professional positions: None Steven became CEO of FNB Botswana in 2015. Before this, he spent two years as CEO of FNB Swaziland and held previous positions as CFO and Director of Product Houses at FNB Botswana, responsible for property finance, WesBank, credit card, International trade and custody. Alongside his banking career, Steven has held directorships on several boards, including the Local Enterprise Authority and Botswana Medical Aid and Med Rescue International.	BAcc (University of Botswana), BSc (Hons) Applied Accounting, AMCT, MBA, FCCA, PhD (Business Management and Administration), Harvard Executive Education Appointed to Board: 2023 Tenure: 2 years Strengths: 1. Finance and audit experience. 2. Experienced commercial and development banker. 3. Strategy formulation. Committee membership: Standing invitee on all Board Committees Other governing body and professional positions: None Mbo joined the Bank in 2023 from Standard Chartered in Singapore, where he was a Global CFO for personal, business banking, and digital, having previously served as CFO for its local operations. Before joining Standard Chartered, Mbo worked for Botswana Development Corporation as its CFO. He also worked for the African Development Bank, based in South Africa, as a fiduciary specialist for a portfolio spanning several African countries. During his 19-year career, Mbo has served on various boards of corporates and non-profit organisations.

¹ Dr. Mbako Mbo was appointed Deputy CEO of FNB Botswana on 1 July 2025. He previously held the CFO position.



Board of Directors

Independence

FNB Botswana adheres to the Guidelines on Corporate Governance for Banks/Financial Institutions Licensed and Supervised by the Bank of Botswana, which stipulates that Non-Executive Directors shall not serve for a cumulative term exceeding 10 years.

The Board relies on King IV principles and Guidelines for Corporate Governance for Banks/Licensed Institutions by the Bank of Botswana to assess the independence of Directors and ensure that no Director wields unfettered power over the Board or is likely to unduly influence or cause bias in decision-making, when judged from the perspective of a reasonable and informed outside party. The roles of the Chairperson and CEO are clearly defined in the Board Charter, demonstrating a clear balance of power and authority at the Board level to ensure that no single Director has unfettered powers of decision-making.

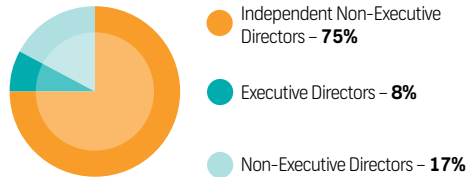
The Conflict of Interest Policy is in place to manage any potential conflicts of interest. Directors sign quarterly declarations stating that they are not aware of any undeclared conflicts of interest that may exist due to their financial interests in, or association with, any other company. In addition, Directors disclose interests in contracts and related-party transactions for the Board to assess whether such transactions are on arm's length commercial terms. In instances that they are conflicted, Directors will recuse themselves from the relevant deliberations.



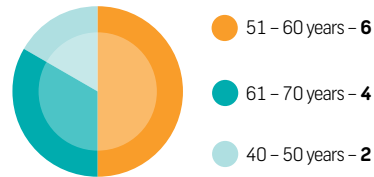
The Board is satisfied that all Directors act independently, free of undue influence and in the best interests of the Bank.

Our Board composition

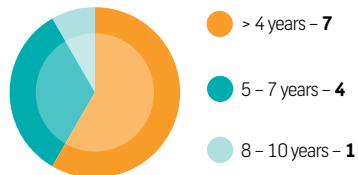
Director independence



Director age diversity (years)



Director tenure (years)



75%
Batswana
(FY2024: 66%)



42%
female
(FY2024: 38%)



57
average age
(FY2024: 57)



4 years
average tenure
(FY2024: 4.5)



Board Committees

Six Committees support the Board in fulfilling its oversight duties and identifying and managing risks and opportunities.

Each Committee operates according to a Board-approved Charter, and the Committee Chairperson reports to the Board on Committee discussions and decisions. The CEO and CFO are standing invitees to all Committees. The Board is satisfied that each Committee effectively discharged its responsibilities during the financial year.

Audit Committee

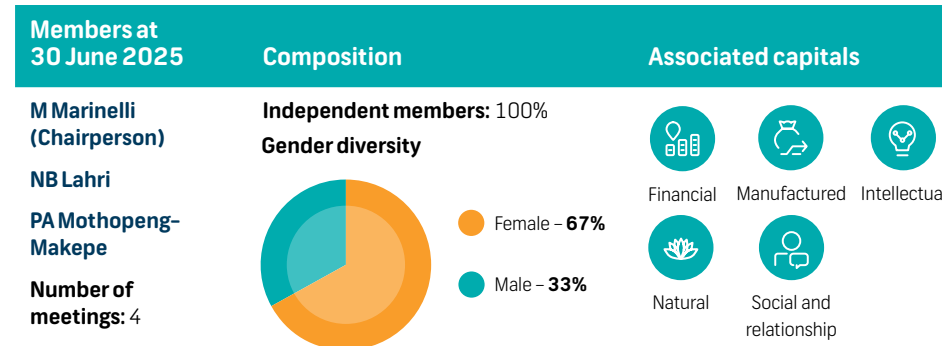
The Audit Committee assists the Board in fulfilling its oversight responsibilities in internal and external audits, financial reporting, financial risk management, regulatory compliance and internal control systems.

The Audit Committee is supported by the following:

- **Internal Audit:** The Internal Audit function provides risk-based and objective assurance, advice and insight to assess and enhance the Bank's risk management, internal controls and governance processes, as well as the integrity of financial reporting systems. The Internal Audit function presents quarterly reports to the Audit Committee on potential control deficiencies.
- **External Audit:** The Audit Committee is satisfied with the performance and independence of the external auditors, and they have been appointed in line with applicable legislation. The Audit Committee Chairperson conducts private sessions with the external auditors to obtain feedback on the Bank's Finance Department's performance, including strengths and improvement areas.
- **Combined Assurance Forum:** The Combined Assurance Forum convenes quarterly and includes representatives from management and internal and external auditors. Its purpose is to synchronise risk management and assurance endeavours across the Bank. The Forum's consolidated perspective on key risks and control themes is reported to the Audit Committee every quarter.

In line with King IV, the Audit Committee conducted the annual assessment of the CFO, Head of Internal Audit and External Audit.

The Committee was satisfied with the qualification, experience, competency, and the quality of work of the CFO (and the entire Finance Function), Head of Internal Audit (and the entire Internal Audit function) as well as the External Auditors.



Key matters dealt with this year

On a quarterly basis, the Committee discussed the following:

Q1

- Discussed the financial performance for the first quarter of 2025.
- Discussed the competitor analysis report.
- Reviewed the external auditors and credit specialist fee overrun and recommended the same for Board approval.
- Discussed the South African Reserve Bank Regulation 46.1 and 46 (2)(a) report for the year ended 30 June 2024.
- Conducted the annual assessment of the CFO and internal and external auditors in line with the requirements of King IV.

Q2

- Discussed the financial performance for the interim period.
- Reviewed the proposed ordinary final dividend for the interim period ended December 2024 and recommended the same for Board approval.
- Reviewed the going-concern assessment and recommended the same for Board approval.
- Reviewed the draft 2025/2026 budget and provided comments.
- Approved the external auditors' audit strategy plan for the financial year ending 30 June 2025.
- Discussed the internal audit report.
- Discussed the external audit report.
- Discussed the combined assurance report.
- Reviewed the external auditors' proposed fee for the year ending 30 June 2025 and recommended the same for Board approval.

Q3

- Discussed the financial performance for the third quarter of 2025.
- Approved the Internal Audit Plan for 2025/2026.
- Approved the Internal Audit and the Combined Assurance Forum Charters.
- Reviewed the South African Reserve Bank Regulation 39 self-governance assessment for the Audit Committee and recommended the same for Board approval.
- Discussed the internal audit report.
- Discussed the external audit report.
- Discussed the combined assurance report.
- Approved the Account Reconciliation Management Policy.

Q4

- Reviewed the annual financial statements for the year ended 30 June 2025 and recommended the same for Board approval.
- Reviewed the proposed ordinary final dividend for the year ended 30 June 2025 and recommended the same for Board approval.
- Reviewed the going-concern assessment and recommended the same for Board approval.
- Reviewed the Audit Committee Charter and recommended the same for Board approval.
- Reviewed the South African Reserve Bank Regulation 40 (5)(a)(iv) material malfunction letter and recommended the same for Board approval.
- Discussed the internal audit report.
- Discussed the external audit report.
- Discussed the combined assurance report.
- Approved the Procurement Policy.



Ongoing focus areas

The Audit Committee will continue to monitor the Bank's going-concern status, key financial ratios, the adequacy and effectiveness of internal controls and remediation of internal and external audit findings.

Board Credit Risk Committee

The BCRC ensures sound credit risk management and approves credit applications within an approved and delegated mandate from the Board.

The BCRC operates per the Credit Risk Management Framework. It approves credit applications ranging from P100 million to 10% of the Bank's unimpaired capital. For applications exceeding this threshold, the BCRC reviews applications and makes approval recommendations to the Board.

The BCRC:

- Ensures that all credit activities relating to large exposures are conducted within the Board-approved risk strategy, policies and tolerance levels.
- Ensures that exposures are sufficiently backed by counterparty collateral and that applicable agreements and contracts are adhered to.
- Provides oversight of the balance between advanced NPLs and impairment provisioning.
- Monitors large exposures as part of an annual review of facilities.

Members at 30 June 2025

Composition

Associated capitals

ED Letebele
(Chairperson)

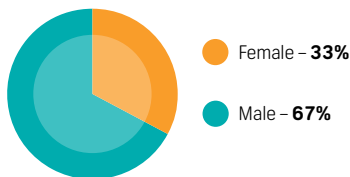
D Ncube

LF Jordaan

**Number of
meetings: 12**

Independent members: 100%

Gender diversity



Financial



Intellectual



Natural



Social and
relationship

Key matters dealt with this year

The BCRC continued to discharge its mandate and ensured that credit risk was managed effectively.

Overall, the Committee:

- Ensured that all credit activities relating to large exposures were conducted within the Board-approved risk strategy, policies and tolerance levels.
- Ensured that exposures were sufficiently backed by collateral provided by counterparties and that covenants were adhered to and with appropriate risk/reward balance.
- Provided oversight of the balance between advanced NPLs and impairment provisioning.
- Monitored large exposures on an ongoing basis as part of an annual review of facilities.
- The quarterly credit report covers the following:
 - Credit appetite and outlook.
 - Provisions and impairments.
 - Prudential limits governance.
 - Asset growth.
 - Portfolio insights.
 - NPLs.
 - Credit governance.

Q1

- Reviewed the quarterly credit report.
- Reviewed the BCRC Charter and recommended it to the Board for approval.
- Approved 13 credit applications within its mandate.
- Reviewed two credit applications and recommended the same to the Board for approval.

Q2

- Reviewed the quarterly credit report.
- Approved the Credit Risk Management Framework.
- Approved the Prudential Limit Framework.
- Approved 34 credit applications in line with its mandate.
- Reviewed one credit application and recommended it to the Board for approval.

Q3

- Reviewed the quarterly credit report.
- Reviewed the credit risk appetite statement and recommended it to the Board for approval.
- Reviewed the Debtor Finance Mandate and recommended it to the Board for approval.
- Approved 10 credit applications in line with its mandate.
- Conducted the South African Reserve Bank Regulation 39 self-governance assessment for the Committee and recommended the same for Board approval.

Q4

- Reviewed the quarterly credit report.
- Approved 14 credit applications within its mandate.
- Reviewed the Retail Mandate Framework and recommended it to the Board for approval.
- Reviewed the request for extension for the review of the CCIB Mandate Framework and recommended it to the Board for approval.
- Reviewed one credit application and recommended it to the Board for approval.

Ongoing focus areas

The BCRC will continue to review and monitor large exposures and scheme loans, particularly in light of current operating challenges.



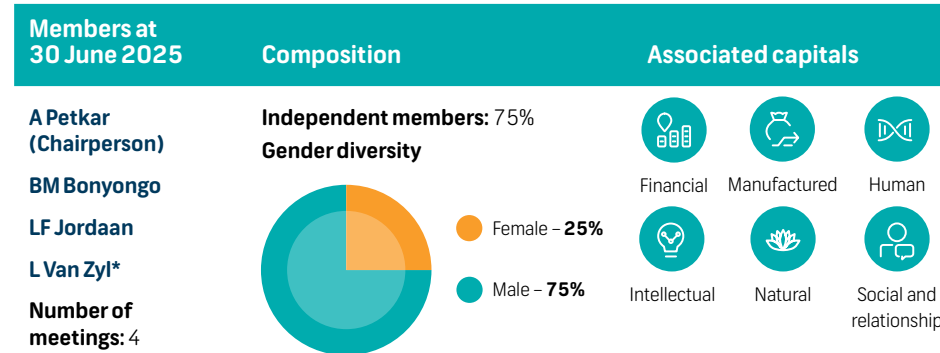
Risk and Capital Management Committee

The RCC assists the Board by supervising risk management across the Bank and ensuring that risks are managed per the Risk Appetite Framework.

Effective November 2023, compliance and credit risk were separated from the RCC and allocated to the BCCC and BCRC, respectively. However, the RCC retains overall responsibility for monitoring risk appetite and ensuring that the Bank's capital is safeguarded and managed prudently.

The RCC:

- Monitors the Bank's overall risk profile against approved risk appetite.
- Considers high and emerging risk types and escalates these to the Board where appropriate.
- Considers the operational control environment, the appropriateness of management actions, and the assurance provided by the second line of defence.
- Monitors the risk maturity of each risk type.
- Ensures that systems and resources needed to combat cybercrime and fraud are continually assessed and amended as necessary, particularly within the context of AI.



Key matters dealt with this year

Overall, the RCC:

- Monitored the Bank's overall risk profile against approved risk appetite every quarter; the risk profile includes the following risk types: strategic/business, capital, asset and liability management, traded market, reputational, data, cyber, ICT, people, operational (includes fraud), legal, compliance and credit.
- Considered high and emerging risk types every quarter and escalated for Board approval where appropriate.
- Monitored the risk maturity of each risk type.
- Considered the operational control environment, the appropriateness of management actions and the assurance provided by the second line of defence.
- Ensured that systems and resources necessary to combat cybercrime and fraud are continually assessed and amended as necessary for this ever-evolving risk, paying particular attention to emerging risks and the pace of change resulting from AI.

Q1

- Reviewed the Bank's risk profile and noted performance against the approved risk appetite.
- Approved the Control Assurance Plan, whose purpose was for the Risk Department to test the embedded controls put in place to close audit findings.
- Approved the Main Risk Committee Charter in line with its mandate.
- Reviewed and escalated the following for Board approval:
 - Internal Capital Adequacy Assessment Process.
 - Risk Appetite Framework.
 - Capital Management Framework.
 - Stress Testing Framework.
- Deferral of the Resolution and Recovery Plan to November 2025.

Q2

- Reviewed the Bank's risk profile and noted performance against the approved risk appetite.
- Reviewed the macro-economic forecasts and scenarios for budgetary purposes and escalated the same for Board approval.
- Approved the following policies in line with its mandate:
 - Information Governance Framework.
 - Cyber Risk Management Framework.
- Reviewed the Risk Return Framework and recommended it to the Board for approval.
- Reviewed the PV01 limit dispensation and recommended the same to the Board for approval.

Q3

- Reviewed the macro-economic forecasts and scenarios for the purposes of the internal capital adequacy assessment process and IFRS 9 and escalated the same for Board approval.
- Reviewed the South African Reserve Bank Regulation 39 self-governance assessment and escalated the same for Board approval.
- Approved the Asset, Liability and Capital Committee Charter following policies in line with its mandate.
- Reviewed the recovery resolution plan and escalated it for Board approval.

Q4

- Reviewed the Bank's risk profile and noted performance against the approved risk appetite.
- Approved the following in line with its mandate:
 - Annual control assurance plan.
 - Operational Risk Management Framework.
 - ICT Governance Framework.
- Reviewed the following and recommended the same to the Board for approval:
 - Traded market risk limits.
 - PV01 dispensation.
 - Extension of the single depositor limit dispensation.
 - Cyber risk matrices.

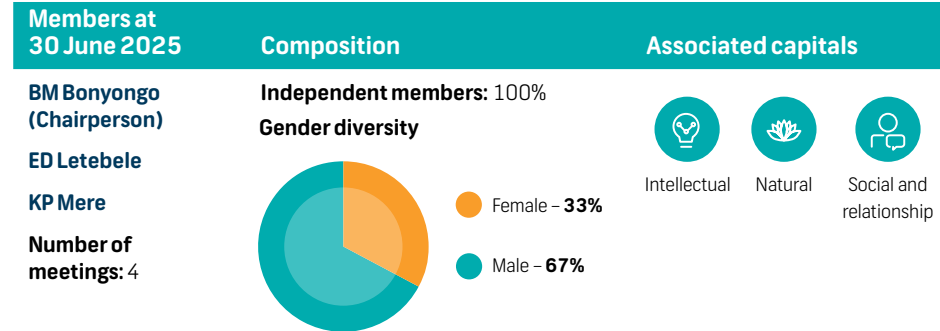
Ongoing focus areas

The RCC will continue to monitor key risks, particularly those rated as close to appetite as of June 2025. Additionally, the Committee will continue to focus on emerging risks, including cyber.



Directors' Affairs and Governance Committee

The DAGC ensures the appropriateness of the Bank's corporate governance practices. This includes Board and Committee structures, Board continuity and effectiveness, succession planning, and the Bank's ambition to deliver shared prosperity.



Key matters dealt with this year

- Reviewed both ExCo and Board succession plans.
- Provided oversight of the appointment of new Directors and executives.
- Reviewed Board Committee composition and escalated the same for Board approval.
- Monitored the Board's related-party threshold.
- Provided oversight of the annual election of the Board Chairperson.
- Oversaw external Board evaluations to review:
 - Performance and effectiveness of the Board and Board Committees.
 - Performance of the Board Chairperson, individual Non-Executive Directors and the Company Secretary.
- Conducted the South African Reserve Bank Regulation 39 self-governance assessment for the Committee and recommended the same for Board approval.
- Facilitated the pledging of the Bank's Code of Ethics by Directors.
- Provided oversight of the implementation of the approved Board training plan for 2025.
- Submitted to the Board for approval the revised Governance Framework, Board Charter and DAGC Charter.
- Approved the Sustainability Committee and its Charter.
- Provided oversight of the Bank's sustainability and shared prosperity KPIs.

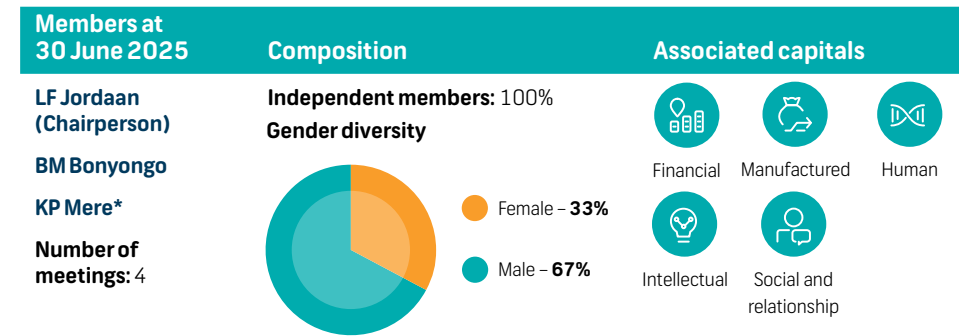
Ongoing focus areas

The DAGC will continue to monitor the Board's effectiveness and continuity, focusing on succession planning and training. Additional focus areas include ExCo succession planning, as well as providing an overview of the sustainability targets and progress, as well as shared prosperity performance in the country as a responsible corporate citizen.

Human Capital and Remuneration Committee

The HCRC oversees the Bank's human capital practices, including culture, recruitment, talent management, learning and development, wellness, performance enablement and remuneration.

The HCRC ensures that the Bank's remuneration policies consider the welfare of both employees and shareholders. The Committee actively promotes fairness in remuneration practices and implements the principle of equal pay for work of equal value. It also ensures that remuneration practices remain aligned with market standards and are sustainable over time.



Key matters dealt with this year

The HCRC provided oversight on:

- The Bank's demographic profile, including headcount and productivity ratios.
- The human capital strategic pillars.
- The human capital strategic and risk scorecard.

The HCRC monitored:

- Key people risks, including loss of talent, culture and reward.

With regard to remuneration, the HCRC:

- Considered macro-economic factors likely to have an impact on remuneration.
- Considered the Bank's business and financial performance and its impact on remuneration.
- Monitored union negotiations and mediation of non-managers' salaries.
- Considered and recommended to the Board a 5% increase in Board Director fees.
- Considered the FY2024 annual salary review principles for salary increases, bonuses and share allocations.
- Performed an annual review of pay comparisons and benchmarking in the local market of salaries and variable pay (incentive/flexible options, bonus, shares and retention packages for key resources).
- Conducted a line-by-line review of ExCo remuneration, relative to the market.
- Conducted the South African Reserve Bank Regulation 39 self-governance assessment.
- Submitted the HCRC Charter to the Board for approval.

Ongoing focus areas

The HCRC will continue to monitor key people risks, research and evaluate remuneration best practices, and improve King IV remuneration disclosures.

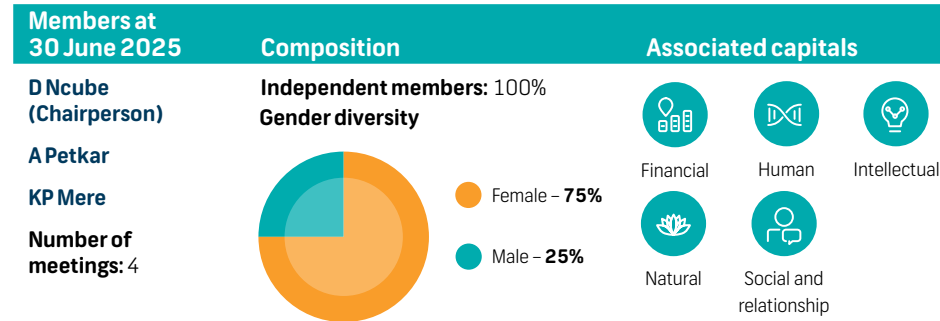


Board Compliance and Conduct Committee

The BCCC assists the Board in ensuring effective management of the Bank's compliance risk – particularly risks relating to financial crime, business conduct (ethics) and market conduct.

The BCCC:

- Monitors the consolidated compliance risk profile relative to the regulatory landscape.
- Ensures that compliance management policies, frameworks, approaches and processes are approved in terms of the Compliance Management Framework.
- Oversees the implementation of measures to comply with requirements relating to AML and combating the financing of terrorism.
- Oversees the implementation of ethics and market conduct policies.



Key matters dealt with this year

On a quarterly basis, the Committee:

- Monitored the consolidated compliance risk profile relative to the regulatory landscape.
- Ensured that compliance management policies, frameworks, approaches and processes are approved in terms of the Compliance Management Framework.
- Oversaw the implementation of measures to comply with requirements relating to AML and combating the financing of terrorism for identifying depositors at ATMs with deposit terminals and addressing enhanced due diligence of politically exposed persons.
- Oversaw the implementation of the ethics and market conduct policies.

Q1

- Reviewed the Bank's compliance and conduct profile and noted performance against the approved risk appetite.
- Approved the following in line with its mandate:
 - Ethics Line Policy (Previously Whistleblowing Policy).
 - Political Party Position Statement.
 - Payments Legal Framework.

Q2

- Reviewed the Bank's compliance and conduct profile and noted performance against the approved risk appetite.
- Approved the following in line with its mandate:
 - Financial Crime Risk Management Compliance Programme omnibus.
 - Compliance Framework.
 - Human Rights Framework.
 - Modern Day Slavery Statement.
 - Data Privacy and Protection Framework.
 - Tax Risk Management and Compliance Framework.
- Reviewed the following and recommended the same for Board approval:
 - Ethics Framework.
 - Pillar 3 Disclosure Policy.

Q3

- Reviewed the Bank's compliance and conduct profile and noted performance against the approved risk appetite.
- Approved the following in line with its mandate:
 - FNBB AML risk self-assessment.
 - Regulatory universe.
 - Compliance monitoring plan.
 - Management Compliance and Conduct Committee Charter.
- Reviewed the South African Reserve Bank Regulation 39 self-governance assessment and recommended the same for Board approval.

Q4

- Reviewed the Bank's compliance and conduct profile and noted performance against the approved risk appetite.
- Approved the following in line with its mandate:
 - Financial Crime Risk Management Compliance Programme omnibus.
 - FNBB Financial Crime Position Statement- Financial Services for Political Parties.
- Reviewed the following and recommended them to the Board for approval:
 - Deferral of the Anti-Bribery and Corruption Framework and Policy.
 - Board Compliance and Conduct Charter.

Ongoing focus areas

The BCCC will continue to monitor compliance and assurance activities relating to financial crime and market and business conduct. Implementation of the Data Protection Act will receive specific focus in the coming year.



Application of King IV

The King IV principles aim to promote and harness ethical culture, good governance, effective control and legitimate business practices.

The below broadly highlights how the Board applied all the principles.

Principle	Comments
Principle 1: The governing body should lead ethically and effectively.	Board members are assessed on ethics and integrity as part of the annual Board evaluation. They periodically attest to the Bank's Code of Ethics and declare their interests as a standing governance practice and as per the Conflict of Interest Management Policy.
Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	Management, through its Compliance and Conduct Committee, submits a quarterly ethics report to the Board Compliance and Conduct Committee (BCCC). Through the BCCC, the Board oversees the Bank's ethics culture.
Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The Board has adopted a Shared Prosperity Framework through which the Bank strives to unlock environmental, economic and social value for multiple stakeholders, including the broader society in which we operate. This includes the value created through the FNB Botswana Foundation. See page 56 for more.
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.	See page 1 for information on our purpose, 24 for our material matters, 41 for strategy and 18 for financial performance.
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.	This report aligns with applicable reporting frameworks to ensure that stakeholders can make an informed assessment of the Bank's performance. See page 2 for reporting frameworks and guidance that inform this report.
Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The Board operates according to a Board Governance Framework that requires it to serve as corporate governance's focal point and custodian. See page 71.

Principle

Comments

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.

Information on Board composition and member profiles is provided on page 77.

Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.

Information on how we ensure effective governance is provided earlier on page 72, and a description of our Board Committees is on page 81.

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.

Information on our annual Board evaluation is provided on page 76.

Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.

The DAGC is responsible for ExCo appointments and succession planning.

Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.

Refer to page 83 for more information.

Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.

ICT risk is managed by the RCC. See page 83 for more information.

**Principle****Comments**

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.

Compliance with applicable laws is a key risk managed through the RCC. Matters of business and market conduct are managed through the DAGC. See page 84 for more information.

Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.

Refer to the remuneration report starting on page 91.

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 of the organisation's external reports.

Assurance is provided through the internal and external audit functions and Combined Assurance Forum. This is covered on page 81.

Principle 16: In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.

Refer to our chapter on stakeholders, starting on page 32.

Principle 17: The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote good governance and the creation of value by the companies in which it invests.

N/A



Leadership team

Executive Team¹



Steven Lefentse Bogatsu (53)
CEO

ACCA, MSc Strategic Management (Derby)

Experience: 31 years (23 in banking)
Tenure in FNB Botswana: 10 years (10 years on ExCo)



Dr Mbako Mbo (45)
CFO²

BAcc (University of Botswana), BSc (Hons) Applied Accounting, AMCT, MBA, FCCA, PhD (Business Management and Administration), Harvard Executive Education

Experience: 21 years (15 in banking)
Tenure in FNB Botswana: 2 years all on ExCo



Moses McGeoff (53)
Chief Information Officer

BSc Computer Science (University of Botswana), MBA (Maryland Global Campus), certified in ITIL, COBIT 5, PRINCE 2 and RESILIA Cybersecurity Management

Experience: 26 years (6 in banking)
Tenure in FNB Botswana: 7 years (3 years on ExCo)



Lindiwe Mogotsi (45)
Chief Risk Officer

BCom (Melbourne), member of ACCA and CPA Australia

Experience: 21 years (18 in banking)
Tenure in FNB Botswana: 3 years all on ExCo



Matthews Phetogo (54)
Chief Operating Officer

BSc Computer Science (Technical University of Nova Scotia), Certificate in Banking (BIOB), MBA (De Montfort University), Leading with Finance (Harvard University)

Experience: 23 years (7 in banking)
Tenure in FNB Botswana: 10 years (1 year on ExCo)



Gaone Setlhake (41)
Company Secretary and Director, Legal & Sustainability

Bachelor of Laws (University of Botswana), MS Leadership and Change Management (Leeds Metropolitan), Postgraduate Degree in Enterprise Risk Management (Botswana Accountancy College)

Experience: 17 years (12 in banking)
Tenure in FNB Botswana: 12 years (5 years on ExCo)



Tshepiso Mokgethi-Magapa (43)
Treasurer

Bachelor of Business Management (University of Botswana), Associate Diploma in Banking (Institute of Bankers Botswana), ACI dealing certificate, Senior Management Development Programme

Experience: 20 years (all in banking)
Tenure in FNB Botswana: 2 years all on ExCo

¹ Includes CEO and Deputy CFO whose profiles appear on Board of Directors page 77.

² Dr. Mbako Mbo was appointed Deputy CEO of FNB Botswana on 1 July 2025.



Leadership team (continued)

Executive Team



Jennifer Makgabenyana (61)
Director, Commercial Banking

MBA (Management College of Southern Africa), Diploma in Accounting and Business Studies, Associate Diploma in Banking, Management Development Programme (Stellenbosch), RMB Lead (Lapin International), Coaching for Development (Cape Town)

Experience: 32 years (all in banking)
Tenure in FNB Botswana: 15 years (5 seconded to FNB Mozambique and FNB Ghana and 2 years on FNB Botswana ExCo)



Sethunya Molodi (42)
Director, Compliance

Bachelor of Laws (University of Botswana), Diploma in Trial Advocacy (National Institute for Trial Advocacy, US), ACIS (CGISA)

Experience: 18 years (14 in banking)
Tenure in FNB Botswana: 10 years (7 years on ExCo)



Carlo Testi (34)
Director, Credit

Bachelor of Business Management, Masters in International Management (University of Essex)

Experience: 12 years (all in banking)
Tenure in FNB Botswana: 3 years (3 months on ExCo)



Mlungisi Jackalas (49)
Director, Human Capital

BA Economics (Cape Town), MComm Organisational Psychology (University of South Africa (Unisa))

Experience: 24 years (3 in banking)
Tenure in FNB Botswana: 3 years all on ExCo



Peo Porogo (41)
Director, Marketing and Communications

Member of the Chartered Institute of Marketing (CIM, UK), BA Business Administration (University of Botswana), Marketing Management Development Programme (Cape Town and Stellenbosch)

Experience: 18 years (12 in banking)
Tenure in FNB Botswana: 10 years (3 years on ExCo)



Monkogoi (Mo) Mogorosi (43)
Director, Retail

BSc Finance (Virginia Commonwealth), MSc Strategic Management (Derby), Digital Business Strategy Certificate (MIT), Management Development Programme Certificate (Stellenbosch)

Experience: 20 years (18 years in banking)
Tenure in FNB Botswana: 3 years all on ExCo



Harriet Mlalazi (45)
Director, RMB

MBA (Gordon Institute of Business Science), BA (Admin) (University of Botswana), ACI Dealing Certificate, Senior Manager Development Programme, University of Stellenbosch

Experience: 21 years (all in banking)
Tenure in FNB Botswana: 11 years (1 year on ExCo)



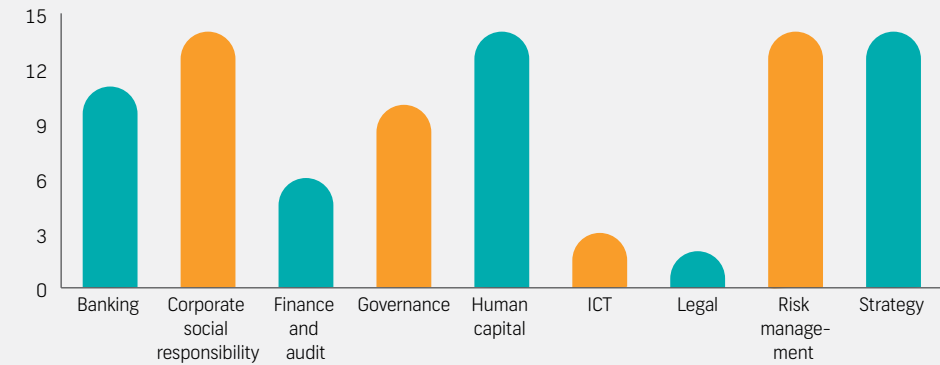
Leadership team (continued)

Executive Team

Duncan Gareatshela and Orapeleng Senwelo were appointed after June 2025.

	
Orapeleng Senwelo (45) Acting CFO	Duncan Gareatshela (39) Chief Data and Analytics Officer
MBA in Leadership and Sustainability (University of Cumbria), Bachelor of Accounting, (University of Botswana), ACCA	MSc in Information Technology Management, BSc in Computer Science (University of Botswana), Certified Data Management Professional
Experience: 21 years (1 year in banking) Tenure in FNB Botswana: 1 year	Experience: 15 years (10 years in banking) Tenure in FNB Botswana: 2 years

Skills (number of ExCo members)



Standing invitee to ExCo meetings


Theetso Nkwe (46) Head, Internal Audit
Bachelor of Accountancy (University of Botswana), ACCA (Botswana Accountancy College), Certified Internal Auditor (Institute of Internal Auditors)
Experience: 23 years (19 years in banking) Tenure in FNB Botswana: 13 years



4 years

average tenure in FNB Botswana
(FY2024: 6.27)



93%

Batswana
(FY2024: 88%)



46

average age
(FY2024: 46)



58%

female
(FY2024: 63%)

The Board is satisfied with the collective experience and skills of the ExCo.



Equitable and accountable remuneration

In today's service-driven economy, FNB Botswana's competitive advantage is supported by our dynamic and committed people. They safeguard our sustainability by providing outstanding client service and fostering enduring and collaborative partnerships.

Background statement

The HCRC oversees the implementation of FNB Botswana's human capital strategy and ensures that our people are appropriately resourced, developed, engaged and retained. As part of its role, this Committee is also charged with overseeing the implementation of the Bank's Remuneration Policy and practices to ensure alignment between employees and shareholders. The Committee promotes fairness in remuneration by ensuring that the principle of equal pay for work of equal value is applied and that remuneration is market-related.

The HCRC operates independently of management and makes recommendations to the Board for consideration and approval. The Committee is chaired by an Independent Non-Executive Director who is supported by two additional Independent Non-Executive Directors, one of whom is the Chairperson of the Board. The CEO and the Deputy CEO are standing invitees to Committee meetings.

The HCRC met four times in FY2025. See page 84 for more information on this Committee and its focus areas for the year. The Bank's remuneration philosophy is based on shareholders' long-held view that remuneration must align with shareholder value. This ethos has shaped the philosophy that is anchored in the performance management framework through which performance is managed at the individual, team, business unit and Bank level.

FNB Botswana has a total reward remuneration approach designed to attract and retain talent in line with the current and future requirements of the role. The total reward is made up of a guaranteed package, short-term incentive (STI) and long-term incentive (LTI).

FNB Botswana recognises the Botswana Financial Institutions and Allied Workers Union as the exclusive consultative and negotiating agent for non-managerial employees. The Bank negotiates salary increases with this union on an annual basis, as provided for under the Collective Bargaining Agreement. Salary negotiations and resulting agreements are influenced by prevailing macro-economic factors, as well as individual, business segment and Bank performance. All remuneration increases are reviewed and approved by the HCRC.

The Bank's performance management process begins with an annual performance planning process, whereby an annual operating business plan is developed, informed by the Bank's long-term strategic direction. The Board sets strategic priority areas and targets for the particular financial year in line with the overall risk appetite. FNB Botswana engages independent service providers to benchmark market data on remuneration. Emergence Growth is used as the service provider, and benchmarking is conducted against banking and financial services sector metrics.

A comprehensive remuneration benchmarking analysis was conducted in FY2025 to compare FNB Botswana's pay with the market. The HCRC is satisfied that the data used was appropriate and comparable, and that the service provider acted independently and objectively, and has sufficient experience in remuneration.

Looking ahead, the HCRC will continue reviewing and benchmarking the Bank's Remuneration Policy to ensure that it remains competitive and fair and is understood by all stakeholders. We also aim to improve remuneration disclosures as per King IV.

A Rewards Policy Roadshow is scheduled for FY2026 to sensitise employees around performance-linked remuneration and reinforce transparency and consistency.



The HCRC believes the Remuneration Policy achieved its stated objectives. No significant changes were made to the Policy or practices during the year, but they are subject to continual review to ensure responsiveness and adherence to best practices.

Remuneration Policy

We believe that remuneration must align with shareholder value. This ethos has influenced our outcomes-based remuneration philosophy and performance management framework.

Our Remuneration Policy aims to:

- Contribute to attracting and retaining talented and high-performing employees.
- Inspire and motivate people to outperform the business strategy, targets and objectives.
- Reward and recognise innovation and performance.

Our approach to remuneration is founded on the following principles:

- **Talent attraction and retention:** We aim to attract and retain the best talent in the market through competitive reward packages.
- **Pay for performance:** Variable pay (STIs and LTIs) is subject to financial and non-financial performance criteria aligned to the Bank's strategic objectives.

Our remuneration mix is deliberately weighted towards variable pay to reinforce a culture of sustainable performance.

- **Alignment with shareholder value:** NIACC, which is our key performance measure, ensures that employees receive variable pay only after all obligations have been met, including those to shareholders. Increases in management remuneration may not exceed the growth in accumulated net asset value and dividends over an economic cycle (six years).
- **Sustainability:** Management has a responsibility to other stakeholders; we aim to deliver sustainable long-term growth for the benefit of all, including clients, regulators, deposit holders and the broader society. HCRC aims to ensure sustainable long-term growth for the benefit of all stakeholders.
- **Fair and responsible remuneration:** We promote equal pay for work of equal value and do not tolerate discrimination based on gender or any other arbitrary characteristic.



Ensuring fair and responsible remuneration

In a performance-based culture, supported by rigorous evaluation, pay gaps will inevitably emerge. In fact, employees must know that outperformance can and will be rewarded.

However, pay inequalities can never be based on arbitrary grounds such as race or gender.

We set salary ranges per role, based on role evaluations and market benchmarking. New employees are placed within the salary range based on their skills, qualifications and experience in the role. We favour a market-pricing approach to determine compensation for senior and executive positions.

Annual reviews compare employees on objective criteria such as performance, skills and experience, as well as market benchmarks. Remuneration is validated and aligned through an annual internal review that identifies and assesses potential income differentials.

Fair

- The principle of equal pay for work of equal value is applied across all job roles.
- Remuneration practices are impartial and not affected by self-interest or prejudice on arbitrary grounds, including race and gender.
- Employee remuneration is fairly differentiated for performance, skills and expertise. Unjustifiable income differentials are identified and corrected.

Responsible

- Remuneration outcomes are aligned with the Bank's strategy and sustainable value creation.
- Incentives are based on both individual and corporate performance criteria.
- Incentive schemes do not promote excessive risk-taking. HCRC, in consultation with RCC, ensures that actions outside risk appetite are not rewarded and that incentive pools are appropriately adjusted for risk.
- Variable remuneration is subject to malus and clawback.

Benchmarking of remuneration

The Bank conducts annual external benchmarking to ensure fair and competitive remuneration for all employee levels. *Ad hoc* surveys are also conducted if significant shifts in market practices occur. By using market data points, a pay range for each role is determined, which is anchored to the market median. Employee positioning in the pay range is based on:

- Employee experience and competence.
- Scarcity of skill.
- Employee performance in the role.

Pay equality disclosures

In FY2025, for the first time, the Bank has disclosed key pay equality measures as per the BSE's Sustainability Disclosure Guidance. We support the principles behind transparent pay equality disclosures as they promote fair compensation by providing a clear view of pay disparities. No employees earn below minimum wage.

Ratio of the total annual remuneration of women to men	
Overall	80%
Living wage ¹	
Entry-level wage to the legislated minimum wage	188%
Lowest wage to living wage for employees	184%
Lowest wage to living wage for non-employees	163%

¹ FNB Botswana considers necessities like food, accommodation, utilities, transport and school fees as well as savings and investments and entertainment.



Remuneration structure

We believe that each employee should be able to influence their earnings through the value they contribute.

Remuneration components

The Bank's remuneration structure consists of:

- **Fixed pay:** A guaranteed package that is competitive in the market, reflecting the role, skills and experience of the individual employee.
- **Variable pay:** This includes STIs based on Group¹, segment and individual performance and LTIs are calibrated to three-year, forward-looking Group performance conditions. The greater the individual's influence on the Bank's overall risk and returns, the higher the proportion of LTIs awarded. LTIs and deferred STI payments also act as retention mechanisms.



Guaranteed package

The guaranteed package is competitive in the market and reflects the individual's role, skills and experience. FNB Botswana participates in annual benchmark exercises to benchmark against market information. This is also done at the position level during annual salary surveys. This approach ensures that guaranteed packages are competitive and allows the Bank to attract and retain talent and critical skills. In instances where it appears that pay for certain skills has fluctuated rapidly (owing to factors such as a scarcity of skills), the HCRC or ExCo may commission a targeted and customised benchmark.

The HCRC has taken deliberate steps to ensure that any arbitrary internal pay inequalities are addressed. These processes compare like-for-like objective criteria across the employee base. When unjustified income differentials are identified, adjustments are made as part of the annual reward review exercise to the extent that these can be accommodated in the employee cost budget.

The comparative ratio averaged 104% and 100% for the guaranteed package and total reward, respectively. This indicates that all non-managerial salary bands in the Bank fall comfortably within the sector's market median, which typically ranges between the 80th and 120th percentile for guaranteed package and total reward.

Retirement contribution

All permanent and pension employees are contractually obliged to contribute to the FNB pension fund. An independent Board of Trustees manages this fund and must improve retirement outcomes by maximising investment returns and minimising costs. Employer and employee representatives constitute the Board.

Medical aid contribution

All permanent and pension employees are contractually obliged to belong to a medical aid scheme. The Bank contributes 100% to medical aid cover for employees and their immediate family members.

Short-term incentives (STI) Scheme

The STI is awarded based on Bank, business segment and individual performance achieved during the year. STI pool determination is anchored to a multi-year budget process that considers strategy, risk appetite and financial resource allocation (such as increases in guaranteed packages and changes in headcount). The STI pool for managerial and non-managerial employees is determined by the HCRC using a combination of financial and non-financial performance measures.

- **Financial measures:** The STI pool considers performance measures such as return on equity, normalised earnings and NIACC for the year. STIs that exceed a certain threshold are deferred into cash and share awards to be paid in the future.
- **Non-financial measures:** The HCRC will adjust the STI pool downwards for material risk and conduct-related events.

This involves consideration of the control environment, internal and external audit results, compliance with risk policies and processes, regulatory compliance, platform maturity, and employee, client, business and financial market conduct.

Individual STIs less than P800,000 are paid out in full in August each year, while those between P800,000 and P1.6 million are paid out in three tranches, providing for a six and 12-month deferral, respectively. Interest accrues on the second and third tranches and is included in these payments.

STIs above P1.6 million are also paid in three tranches, but a component of the bonus is deferred as a share-linked award that vests two years later (based on continued employment and good standing). Should an employee resign or leave the employ of the Bank for any reason before the date on which any tranche is payable, any outstanding tranche will no longer be payable and is forfeited.

¹ Group refers to the FirstRand Group.



STI calculation



Long-term incentive (LTI) Scheme

LTIs are granted to eligible executives and senior managers (where HCRC determines such awards are appropriate), with conditions tied to the compound performance of the Group over three years. Those who are in decision-making positions that affect the overall performance of the Group and delivery of value to shareholders are eligible. LTIs are settled in cash or, at the election of the participant, with shares purchased in the open market. Awards granted from FY2025 will only be settled in shares that will be purchased in the open market.

FNB Botswana operates an LTI Scheme which seeks to ensure that employees are aligned to shareholder requirements for sustainable earnings growth, sustainable and superior returns, and the creation of long-term franchise value. LTIs also support the long-term retention of critical management-level employees.

The FirstRand Conditional Incentive Plan in South Africa is used to achieve these objectives.

FirstRand Conditional Incentive Plan

The Conditional Incentive Plan is denominated in South African Rands. To align with the overall strategic intent of the FirstRand Group, the plan is linked to the performance of the FirstRand SA share price (applicable to qualifying employees).

For all qualifying employees, 100% of the award has the FirstRand share price as the underlying factor.

The award vests three years from the award date if performance and employment conditions have been met.

At the date of vesting, the employee will receive the vesting value, based on the share price at the time. Settlement of the vesting value will either be in cash or by acquiring settlement shares (if so chosen by the employee). Shares required for settlement are purchased in the open market, not issued, to avoid shareholder dilution. There is no accrual of dividends over the vesting period, and participating employees remain exposed to fluctuations in the Group's share price over the vesting period. This further supports alignment between employee and shareholder value.

A distinction has been made between professionals, senior leadership and executives.

- The award for professionals is 100% de-risked, and individual performance is required to be rated meets expectations or above.
- For senior leadership, 50% Bank and individual performance conditions apply.
- For executives (chief executives), 100% of vesting is subject to Bank and individual performance.

The total LTI award pool for the Bank is approved annually by the HCRC, taking into account overall headcount growth and salary inflation increases. The allocation of this pool is determined by the value created and the sustainability of the Group's contribution to shareholder value.

The LTI is granted with conditions tied to the Group's forward-looking compound performance over three years and is linked to the FirstRand share price. Segments put through their LTI requests for the year, and these are consolidated for submission to FirstRand as a country request.

The allocation to individuals is driven by eligibility criteria with guidance on the quantum linked to the individual's guaranteed package. Performance conditions for the LTI plans include targets for return on equity and earnings growth and are deeply embedded in the Bank's performance culture.

Performance conditions should support motivation and retention.

Therefore, the HCRC considers several factors, including:

- The outcomes of the three-year budget process, as well as scenario analyses on the budgets that incorporate risk and stressed views.
- The macro-economic outlook and probabilities assigned to various scenarios and the required investment in platforms and new business development for future growth strategies. This investment is expensed, not capitalised.
- The opportunity to grow more than the economy, given the Bank's relative market share.
- The requirement to protect the return profile, as opposed to incentivising earnings growth at the expense of return on equity.

Return on equity and earnings growth

FNB Botswana does not assign weightings to the return on equity and earnings growth conditions, as we believe this practice creates two separate instruments that could drive behaviour where one condition is favoured at the expense of the other. The Bank requires both return on equity and earnings growth conditions to be met.

- Return on equity is a prerequisite and must be achieved before earnings growth is assessed.
- The earnings growth target is measured over a three-year rolling period on a cumulative basis.
- The return on equity target is measured as the average return on equity over the three-year vesting period, and positive NIACC is required in line with the Group's performance philosophy.
- The return on equity is based on net asset value rather than tangible net asset value and, as such, includes goodwill.

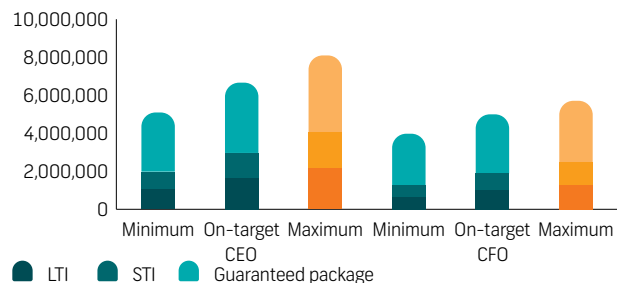


Total reward

We recognise that employee motivation goes beyond financial compensation. As such, FNB Botswana emphasises the concept of "total reward", which includes intangible rewards such as a positive work environment, supporting colleagues, empowering culture, opportunities for growth and development, innovation and recognition.

Our total reward approach improves employees' performance, engagement and delivery against the purpose of shared prosperity. In turn, the Bank benefits from increased efficiencies and innovation.

Potential remuneration for Executive Directors (P'million)



Executive contracts

- There are no contractual entitlements to payments on termination, and no special termination arrangements or golden-parachute agreements are in place.
- Contractual notice and accrued leave are paid out where legally required.
- Unvested deferred STI awards or unvested LTI awards are dealt with in accordance with the rules of the applicable scheme.
- Malus and clawback provisions apply to STI and LTI awards.

Termination, malus and clawback provisions

Malus applies to awards that have not yet vested; these will be cancelled where necessary. Clawback applies once an award has vested and an event occurs that triggers repayment of the award.

A trigger may include:

- The discovery of a material misstatement of performance that resulted in a variable award, which the Board is satisfied the employee contributed to and is responsible for.
- The discovery that the assessment of any metrics upon which the award was made was based on erroneous, inaccurate or misleading information.
- Any action or conduct which, in the reasonable opinion of the Board, amounts to dishonesty, fraud or misconduct.
- The discovery of a material failure in risk management to which the employee had contributed and is responsible for.
- The discovery that performance related to financial or non-financial targets was misrepresented and that such misstatement led to the overpayment of incentives.

The clawback applies for three years after the discretionary payment is made or, in the case of share schemes, three years after the award vested. Should an employee resign or be dismissed, unpaid bonus tranches are forfeited.

Performance enablement

Following the Bank's transition from an Oracle-based performance management system to Workday's performance enablement platform in FY2024, notable progress has been made in effectively managing employee performance. In FY2025, the Bank achieved a commendable 98% completion rate for performance appraisals. Among the FirstRand Group subsidiaries, Botswana ranked second after Zambia, which recorded a 99% completion rate.

This reflects strong capability in administering performance reviews, ensuring timely appraisals, and facilitating meaningful feedback conversations. Furthermore, the Bank continues to recognise and reward employees based on their annual performance, with clear evidence of performance-based recognition practices in place.

The performance enablement principles are as follows:

- Enable accountability, ownership and differentiation, while keeping it simple.
- Promote frequent, purposeful conversations between employees and managers.
- Accelerate personal growth and development.
- "What" is delivered is as important as behaviours displayed in the "how" of delivery (aligned to the FirstRand promises, page 5).
- Align to business needs and objectives that help drive FNB Botswana's success.

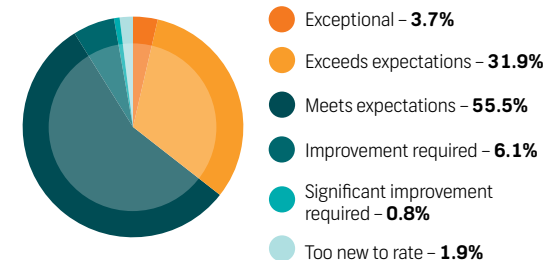
The overall outcome of individual performance ratings in line with performance enablement is shown alongside.

Remuneration

The table below shows the average percentage salary increase for employees, based on their performance ratings.

Rating	ExCo	Management	Non-management
Significant improvement required	0.0%	0.0%	0.0%
Improvement required	3.0%	3.0%	3.0%
Meets expectations	3.5%	3.5%	8.0%
Exceeds expectations	4.0%	4.0%	9.0%
Exceptional	4.5%	4.5%	10.0%

Remuneration and performance



The HCRC believes that FNB Botswana has effectively met the objectives outlined in our Remuneration Charter and fulfilled our commitment to establish equitable and accountable remuneration practices as defined in our Remuneration Policy.



Remuneration implementation

Executive Directors

The corporate scorecard fully incorporates various measures into the main scorecard, which is approved by the Board of Directors and focuses on financial, strategic, risk and control, sustainability, ESG and talent management. The scorecard is for STI and is approved by the Board.

Aspect	Category	Measure	Metrics
Financial	FirstRand Group earnings and returns	Growth in normalised profit before tax	Normalised profit before tax
		- FNB Botswana - Retail - Commercial - In-country head office residual, insurance, and other - Vehicle asset finance - RMB - Banking - Markets - Group Treasury - FirstRand Corporate Centre	
		Normalised earnings measured against budget/business case	Normalised earnings
		Year-on-year NIACC growth	NIACC
Strategic	Protect and grow banking business	Growth in active clients	Active clients
		Increase cross-sell	Vertical Sales Index
		Increase number of primary Bank relationships	Primary banking relationships
		Grow deposit franchise	Closing deposits
		Targeted origination strategies in line with risk appetite	Closing advances
		Cost management (good cost control)	Operational expenses
	FirstRand platform Journey	Digitising operations and client relationships aligned with the FirstRand platform journey and work item process	Delivery in line with Roadmap
	Sustainable earnings	Diversify our offering and approach – sustainable earnings delinked from macros	Non-interest revenue
	Client focus	Client retention, enhanced client service level and reduced attrition rates	Client complaints and attrition rate
	Disciplined management of financial resources	Adherence to financial resource management guidelines	Assessment based on financial resource management guidelines

Aspect	Category	Metrics
Risk and control	Control environment	Pre-2025: Audit issues per risk maturity scorecards Post-2025: Percentage of repeat unacceptable and significant improvement required audit findings of open issues
	Market conduct	Pre-2025: Regulatory, including conduct rating per risk scorecards Post-2025: Market conduct (first-line ownership)
	Business conduct	Pre-2025: Regulatory, including conduct rating per risk scorecards Post-2025: Business conduct: Declaration of interests and whistleblowing
	Risk appetite and volatility	Pre-2025: Risk maturity rating per risk scorecards Post-2025: Risk appetite and volatility
	Credit loss/impairments	Credit loss ratio
	Reduce the NPL ratio over time	NPL ratio
	Operational, market and investment risks (excluding compliance and conduct)	Pre-2025: Operations losses per risk maturity scorecards Post-2025: Risk maturity
	Complaints	Complaints management
	Compliance/operational, market and investment risks	Pre-2025: AML scored based on high-risk enhanced due diligence, overall programme status Post-2025: Residual compliance based on risk appetite
	Ensuring the health of organisational culture and good corporate governance	Engagement survey
Sustainability	Health of key relationships	Health of regulatory relationship, feedback from Board and Audit Committee Chairpersons
	Shared prosperity	Varying targets per shared prosperity scorecard covering sustainable finance, financial inclusion, SME development, financial literacy and awareness, and human and social development
	Climate	At the inception stage where policy adoption and implementation are a key priority, quantitative measures are undefined yet
People	Talent management and succession planning	Pipeline utilisation, bench strength and succession planning, development activities to close skills gap, talent retention (risk and impact of loss of key skills) and talent mobility



Overall performance rating

Management was appraised on the above scorecard and in line with the new performance enablement rating methodology. Management was awarded an overall rating of Meets Expectations.

Performance on key metrics

	Return on equity	Profit before tax	NIACC	Client number	Advances
Target	23% – 27%	P2 billion	P1.01 billion – P1.07 billion	763,256	P23 billion
Actual	33.5%	P1.9 billion	P924 million	753,000	P20.6 billion

Remuneration reward for FY2025 performance

	Guaranteed package		Bonus		Shares		Total	
	FY2025	FY2024*	FY2025	FY2024*	FY2025	FY2024*	FY2025	FY2024*
Executive Directors								
SL Bogatsu	4,102,400	3,560,000	2,970,000	2,800,000	3,286,030	2,610,000	10,358,430	8,970,000
M Mbo	3,330,409	3,167,271	2,100,000	1,936,000	1,278,195	1,123,750	6,708,604	6,227,021

Executive management's remuneration reward for FY2025: Guaranteed package, STI and LTI

Below is an illustration of total remuneration for executive management (excluding CEO and Deputy CEO) (based on a single, total figure):

ExCo	FY2025**	FY2024*
Employee number	12	14
Annual total base pay	19,368,301	22,262,164
Annual total gross package (guaranteed package)	26,683,390	30,891,939
STI	11,990,500	13,750,000
LTI	6,600,752	6,923,750
Total reward	45,274,642	51,565,689

Non-management's remuneration reward for FY2025: Guaranteed package, STI and LTI

Below is an illustration of total remuneration for non-management employees (based on a single, total figure):

Non-managerial	FY2025	FY2024*
Total number of non-managerial members	977	988
Annual total base pay	208,625,362	214,712,044
Annual total gross package (guaranteed package)	291,075,283	293,231,919
STI	14,131,352	13,182,510
LTI	–	–
Total reward	305,206,635	306,414,429

Managerial remuneration reward for FY2025: Guaranteed package, STI and LTI

Below is an illustration of total remuneration for other management (excluding CEO, CFO and executive management) (based on a single, total figure):

Managerial	FY2025	FY2024*
Total number of managerial members	395	393
Annual total base pay	244,832,897	238,042,244
Annual total gross package (guaranteed package)	352,563,808	333,925,488
STI	53,219,379	42,925,038
LTI	5,178,878	7,200,000
Total reward	410,962,066	384,050,526

* 2024 remuneration figures are for FY2024 performance.

** This table excludes the Head of Internal Audit.



Independent Non-Executive Director Fees

According to the Board Governance Framework, Directors' fees are benchmarked externally every other year. In the intervening year, an inflationary adjustment will be applied. In FY2024, an inflationary increase of 4% was approved by the Board and recommended to the AGM for final approval. 100% (2023 AGM: 90.57%) of shareholders voted in favour of the proposed Non-Executive Directors' fees. The approved fees are currently being implemented (from January 2025 to December 2025) and the following principles are being applied:

- Executive Directors and Non-Executive Directors employed by the FirstRand Group do not receive fees.
- Board and Committee meeting fees are paid at a flat rate, with a premium rate for Chairpersons. Meeting fees cover preparation and actual meetings.
- All members of the Board are paid a retainer, with the Chairperson of the Board earning a premium retainer. All Committee Chairpersons are paid a retainer relative to the complexity of each Committee. Only the members of the Audit Committee are paid a retainer. The retainer covers retention for skill and expertise, round-robin applications, *ad hoc* and special meetings, training, attendance of Bank events, and engagement with Bank stakeholders.
- The retainer is paid quarterly in advance.

The Bank has engaged an external service provider for the benchmarking of Directors' fees. The HCRC, therefore, made proposals for Directors' remuneration for FY2026 based on the results of this benchmark. The HCRC proposed a 5% increase in Directors' remuneration for FY2026 at the upcoming AGM to be held on 6 November 2025.

For a full breakdown of the proposed fees, refer to the AGM notice on page 229. For the year ended June 2025, a total of P5,862,138 was paid to Independent Non-Executive Directors.

Non-Executive Directors	2025	2024 [#]
BM Bonyongo*	P838,910	P725,199
LF Jordaan	P752,660	P618,343
NB Lahri	P494,280	P400,309
ED Letebele	P709,850	P726,119
JK Macaskill**	P252,208	P535,989
M Marinelli	P626,880	P596,316
D Ncube	P632,850	P679,529
A Petkar	P583,020	P492,768
KA Mere	P477,200	–
PA Mothopeng-Makepe	P494,280	–
MW Ward***	–	P377,761
JR Khethe***	–	P192,061
Total	P5,862,138	P5,344,394

* Board Chairperson.

** Retired in November 2024.

*** Retired in November 2023

[#] The increased fees and retainers approved at the November 2024 AGM were only implemented in January 2025 and will be in force until December 2025.

The directors' fees of P6.1 million disclosed in the financial statements include a P300,000 retainer accrual, compared to P5.8 million which represents actual payments made to the directors' during the year under review.



Consolidated and Separate Financial Statements

for the year ended 30 June 2025

First National Bank of Botswana Limited

(Registration number BW00000790476)



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Report of the Audit Committee

The Group's Audit Committee comprises of non-executive Directors, in accordance with Section 23 of the Banking Act (Cap 46:04). The external and internal auditors attend Audit Committee meetings by invitation. The Committee meets at least four times a year and assists the Board in discharging its responsibilities for ensuring that the Group's financial and accounting systems provide accurate and up-to-date information on its current financial position and performance, and that the Group's and Company's published financial statements present a fair reflection of this position and performance.

It also ensures that appropriate accounting policies, control and compliance procedures are in place.

The objectives of the Committee are:

- To assist the Board of Directors in its evaluation of the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes applied in the day-to-day management of the business;
- To provide a forum for communication between the Board of Directors, Management, and the internal and external auditors; and
- To introduce such measures as, in the opinion of the Committee, may serve to enhance the credibility and objectivity of the financial statements and affairs of the Group and Company.

The Committee has met its objectives and has found no material weaknesses in internal controls. The Committee is satisfied that the consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards and in compliance with the Banking Act (Cap 46:04).

On behalf of the Audit Committee

Massimo Marinelli
Chairman

Tuesday, 19 August 2025

Directors' responsibility statement

The Directors of First National Bank of Botswana Limited (the Company) are responsible for the preparation of the consolidated and separate financial statements in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in compliance with the Banking Act (Cap 46:04).

The Directors are also responsible for the Group and Company's system of internal financial controls. These are designed to provide reasonable, but not absolute assurance as to the reliability of the consolidated and separate financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The consolidated and separate financial statements have been audited by an independent auditor, Ernst & Young, who was given unrestricted access to all financial records and related data, including minutes of the meetings of the Board of Directors and committees of the Board. The Directors believe that all representations made to the independent auditor during their audit are valid and appropriate. The independent auditor's report is presented on pages 103 to 107 of these Annual Financial Statements.

The Directors have reviewed the Group's budgets and flow of funds forecasts and have considered the Group's ability to continue as a going concern in light of current and anticipated economic conditions. On the basis of this review, and in light of the current financial position and profitable trading history, the Directors are satisfied that the Group has adequate resources to continue in business for the foreseeable future. The going concern basis, therefore, continues to apply and has been adopted in the preparation of the annual financial statements.

Against this background, the Directors accept responsibility for the consolidated and separate financial statements presented on pages 108 to 222 of these Annual Financial Statements, which were approved on 28 August 2025 and were signed on their behalf by:

Approval of financial statements

Balisi Bonyongo
Chairman

Steven L. Bogatsu
Chief Executive Officer



Directors' report

The Directors have pleasure in submitting their report together with the consolidated and separate financial statements of First National Bank of Botswana Limited ("FNBB" or "the Company"), and its subsidiaries, together referred to as ("the Group") for the year ended 30 June 2025.

The consolidated and separate financial statements are prepared in accordance with IFRS Accounting Standards and in compliance with the Banking Act (Cap 46:04).

The Group maintains systems of internal control which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of the Group's assets. The Directors are also responsible for the design, implementation, maintenance and monitoring of these systems of internal financial controls. Nothing has come to the attention of the Directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

Nature of business

The Group is a licensed financial institution which offers a wide range of banking and related services through its branches, divisions, automated teller machines, point of sale, and electronic banking (including online banking and the FNB app). The Group has one operating subsidiary which comprises of a property-owning company. The property owned by the subsidiary is used primarily for branch and office accommodation.

Trading results

The Group consolidated income after tax attributable to ordinary shareholders of 1,443 billion (2024: P1,387 billion) increased by 4% compared to the results for the year ended 30 June 2024. The Company income after tax of P1,444 billion (2024: P1,383 billion) increased by 4%, compared to the results for the year ended 30 June 2024.

Stated capital

The Company's stated capital consists of 2,543,700,000 (2024: 2,543,700 000) ordinary shares, of which First National Bank Holdings (Botswana) Limited holds 1,780,590,000 (2024: 1,780,590,000) representing 70.00% (2024: 70.00%), and the balance is traded on the Botswana Stock Exchange.

Directors' interests

The aggregate number of First National Bank of Botswana Limited shares held directly or indirectly by Directors of the Company amounts to 23,112 (2024: 23,112), which represents approximately 0.0009% (2024: 0.0009%) of the stated capital of the Company.

Dividends

The Directors have adopted a balanced approach to ensuring an efficient capital position with the need to retain sufficient capital for unexpected fluctuations in earnings volatility.

The Directors propose a final dividend of 15,00 thebe per share (2024: 27,00 thebe). An interim dividend of 18,00 thebe per share (2024: 16,00 thebe) for the year ended 30 June 2025 has been paid to holders of ordinary shares.

The post-dividend capital adequacy ratio at the end of June 2025 is 19.20% well above the regulatory minimum of 12.5%.

Going concern

The Directors have reviewed the Group's funding position and available sources of funding and conclude that these are adequate to support the Group's funding requirements. The going concern basis has been adopted in preparing the consolidated and separate financial statements. In line with the standard annual procedures, the Directors have carefully reviewed the qualitative and quantitative assumptions underpinning the going concern assessment.

The Directors have no reason to believe that the Group and Company will not be a going concern in the foreseeable future based on forecasts and available cash resources. All budget indications are that the Bank is expected to improve its trading income in the foreseeable future. The forward-looking assumptions on macros have been used for the stress testing process and cover a 3-year horizon. The Directors are confident that the Group and Company's operations will continue to remain uninterrupted for the foreseeable future.

Based on this review, and in light of the current financial position and profitable trading history. The going concern basis, therefore, continues to apply and has been adopted in the preparation of the consolidated and separate financial statements.

Events after the reporting period

In the current dynamic economic context; the Directors have considered various aspects of the business when assessing events after the reporting date as per the requirements of IAS 10 – Events after the reporting date: Key estimates and judgments used in the preparation of the financial statements have been assessed and are still considered appropriate.

The directors proposed a final dividend of 15,00 thebe (2024: 27,00 thebe) per share.

The Directors are not aware of any other matter or circumstances arising since the end of the reporting date that requires disclosure or adjustment to the financial statements.



Directors' report (continued)

Directorate

The composition of the Board during the year up to the date of approval of the consolidated and separate financial statements was as follows:

Directors	Office	Nationality	Appointed	Resigned
Balisi Bonyongo	Chairperson	Motswana	2019/01/04	N/A
Steven L. Bogatsu	Chief Executive Officer	Motswana	2015/03/01	N/A
Massimo Marinelli	Independent Non-Executive Director	Italian	2021/06/02	N/A
John K. Macaskill	Independent Non-Executive Director	South African	2014/03/04	2024/11/05
Doreen Ncube	Independent Non-Executive Director	Motswana	2015/03/23	2025/09/01
Asad Petkar	Independent Non-Executive Director	Motswana	2021/08/19	N/A
Ephraim Letebele	Independent Non-Executive Director	Motswana	2017/12/15	N/A
Naseem B. Lahri	Independent Non-Executive Director	Motswana	2019/08/15	N/A
Louis F Jordaan	Independent Non-Executive Director	South African	2022/04/26	N/A
Keneilwe P Mere	Independent Non-Executive Director	Motswana	2024/07/03	N/A
Lee-Anne Van Zyl	Non-Executive Director	South African	2024/02/09	N/A
Mbako Mbo	Deputy Chief Executive Officer	Motswana	2024/04/09	N/A
Pinkie Mothopeng-Makepe	Independent Non-Executive Director	Motswana	2024/08/20	N/A

Transfer Secretaries

Central Securities Depository Botswana

Business address

Plot 70667
4th Floor, Fairscape Precinct
Fairgrounds
Private Bag 00417
Gaborone

Postal address

Auditor

Ernst & Young

Postal address

P.O. Box 41015
Gaborone

Business address

2nd Floor, Plot 22
Khama Crescent
Gaborone



Independent auditor's report

To the Shareholder of First National Bank of Botswana Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of First National Bank of Botswana Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 108 to 222 which comprise the Group and Company's statements of financial position as at 30 June 2025, and the Group and Company's income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting information.

In our opinion, the Group and Company's financial statements give a true and fair view of the consolidated and separate financial position of the Group and Company as at 30 June 2025, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the 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' Code of Ethics for Professional Accountants (IESBA Code) and other independence requirements applicable to performing the audit of the Group and the Company and in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing the audit of the Group and Company and in Botswana. 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matter applies to both the audit of the consolidated and separate financial statements.



Independent auditor's report (continued)

Key Audit Matter	How the matter was addressed in the audit
Expected credit losses on advances to customers Significant macroeconomic uncertainty persists in the environment in which the Group operates. Consequently, management has continued to exercise judgement to ensure that the final Expected Credit Loss (ECL) is aligned to the requirements of International Financial Reporting Standard 9 – Financial Instruments (IFRS 9) and industry developments. This judgement includes the setting of macroeconomic scenarios and associated probabilities, as well as the forecasting of macroeconomic variables under the set scenarios. Impairment of advances is a matter of most significance to our current year audit due to the following: - Advances are material to the consolidated and separate financial statements. - The level of subjective judgement applied in determining the ECL on advances. - Event-driven uncertainty and its impact on the assessment of ECL. The Group's advances fall into three broad customer segments for which significant auditor attention was required: - Retail; - Commercial; and - Corporate The credit impairment models, which outline the Group's macroeconomic forecasting principles, are subject to formal governance and approval processes. Retail and commercial advances Retail and commercial advances are higher in volume and lower in value and, therefore, a significant portion of credit impairments are calculated on a portfolio basis. This requires the use of statistical models incorporating data and assumptions which are not always observable. The areas of significant judgment and estimation uncertainty relating to the retail and commercial advances customer segment include: Determination of input assumptions applied to estimate PD, EAD and LGD within the ECL measurement - The input, assumptions and methodologies applied to estimate the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). Evaluation of SICR: - The evaluation of whether there has been a Significant Increase in Credit Risk (SICR) event since origination date of the exposure to the reporting date (i.e. a trigger event that caused a significant deterioration in credit risk results in migration of the loan from Stage 1 to Stage 2). Incorporation of macro-economic inputs and FLI into the ECL measurement: - The incorporation of unbiased probability weighted forward-looking information (FLI) and consideration of the appropriate macroeconomic inputs into the ECL calculation. Assessment of post model adjustments - Assessing the appropriateness and impact of the macroeconomic uncertainty assumptions on the forward-looking economic information not incorporated into the respective models but rather in post model adjustments. - Assessing the completeness of the post model adjustments.	Our audit of expected credit loss (ECL) of advances to customers included the following procedures to address the key areas of significant judgement and estimation uncertainty in determining the ECL. We performed these procedures with the assistance of our economic and credit specialists: - Across all significant portfolios, assessed the advances impairment policies and practice applied by inspecting the Group's policies and comparing them against the requirement of IFRS 9. - Assessed the Group's probability-weighted macroeconomic scenario estimates and evaluated the methodology, scenario view and associated probabilities against the principles of IFRS 9. - Assessed the forecasts for appropriateness against the Group's macroeconomic forecasts against the principles of IFRS 9 by reviewing the approval of these macroeconomic variables by the appropriate governance structures through discussions with management, inspecting documentation and comparing to our own benchmarked economic forecasts and independent market data. Retail and commercial advances We performed the following procedures on the ECL for all material retail and commercial advances portfolios with the assistance of our economics and credit specialists: Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement: - Obtained an understanding of the inputs, methodologies and assumptions used by management in the various ECL model components (PD, EAD, LGD) through inspection and inquiry, and assessed these against the requirements of IFRS 9. - Assessed the accurate implementation of the documented methodologies as well as the appropriateness of assumptions made by management in applying the macroeconomic inputs, EADs, PDs, LGDs and valuation of collateral in the current economic climate against recent actual experience and the modelled outcomes per our own independent model. - Assessed the appropriateness of the component inputs used by management by independently recalculating the ECL, applying our own independent assessment and comparing our independent results to management's results. Evaluation of SICR: - Evaluated the appropriateness of the SICR triggers adopted by management and tested whether these were correctly and consistently applied in the models by performing an independent SICR efficacy assessment to confirm the appropriateness of the implemented PD thresholds and that the required SICR adjustment has been recognised. Incorporation of macro-economic inputs and FLI into the ECL measurement: - Assessed the application of forward-looking information (FLI) in the ECL calculation by building our own independent model which incorporated the probability – weighted FLI information and included a selection of relevant independently sourced macro-economic variables such as Gross Domestic Product (GDP) and the central bank rates, and assessed whether these variables were appropriate indicators of future losses by benchmarking these against external evidence and stress testing the assumptions used. - Performed an independent FLI assessment at an industry level to evaluate whether the recent experience and economic outlook per industry were appropriately incorporated. - Assessed the Group's probability-weighted macroeconomic scenario reports and compared the outlined methodology, scenario views and associated probabilities against the principles of IFRS 9.



Independent auditor's report (continued)

Key Audit Matter	How the matter was addressed in the audit
Expected credit losses on advances to customers Corporate advances The ECL on corporate advances customer segment is dealt with on a case-to-case basis unlike retail and commercial advances. This also requires the use of statistical models incorporating data and assumptions which are not always observable. The area of significant judgement and estimation uncertainty relating to the corporate advances customer segment include: Determination of input assumptions applied to estimate PD, EAD and LGD within the ECL measurement: - The input, assumptions and methodologies applied to estimate the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). Evaluation of SICR: - The evaluation of whether there has been a Significant Increase in Credit Risk (SICR) event since origination date of the exposure to the reporting date (i.e. a trigger event that caused a significant deterioration in credit risk results in migration of the loan from Stage 1 to Stage 2). Incorporation of macro-economic inputs and FLI into the ECL measurement: - Assessing the appropriateness and impact of probability-weighted macroeconomic uncertainty on the forward-looking economic information incorporated into the respective models. Assessment of ECL raised for stage 3 exposures: - Assumptions used to estimate the realisable values and timing of future cashflows of individual exposures, which have been classified as non-performing. The related disclosures associated with the key audit matter are set out in the consolidated and separate financial statements in the following notes: - Note 1.4 – Accounting policy for financial instruments - Note 1.8 – Significant judgements and sources of estimation uncertainty - Note 13 – Advances to customers - Note 15 – Impairment of advances - Note 40 – Financial risk management	Assessment of post model adjustments: - Performed industry analysis and assessed individual counterparties using publicly available information to evaluate the appropriateness of the macroeconomic assumptions applied in the post-model adjustments recognised. - Assessed the inherent limitations of the ECL models within the banking portfolios, including the limitation of past performance, emerging industry risks which are not yet present in the current data, macroeconomic forecast challenges and sectoral stresses, by benchmarking against our own economic forecasts and building our own independent model which incorporates our own point estimates and inputs. - Assessed the completeness of the post model adjustments against our own research and publicly available information including country, sector and portfolio specific risk factors. Corporate advances We performed the following procedures on the ECL for all material corporate advances with the assistance of our economic and credit specialists: Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement: - Obtained an understanding of the inputs, methodologies and assumptions used by management in the various ECL model components (PD, EAD, LGD) through inspection and inquiry and assessed these against the requirements of IFRS 9. - Assessed the accurate implementation of the documented methodologies as well as the appropriateness of assumptions made by management in applying the macroeconomic inputs, credit risk grades, EADs, PDs, LGDs and valuation of collateral in the current economic climate against recent actual experience and the modelled outcomes per our own independent model. - Assessed the appropriateness of the component inputs used by management by independently recalculating the ECL applying our own independent assessment and comparing our independent results to management's results. Evaluation of SICR: - Selected a sample of performing advances and assessed if the application of the SICR trigger was reasonable by forming an independent view based on publicly available information and management's periodic credit reviews. Incorporation of macro-economic inputs and FLI into the ECL measurement: - Assessed the application of forward-looking information (FLI) in the ECL calculation by building our own independent model which incorporated the probability-weighted FLI information and included a selection of relevant independently sourced macro-economic variables such as Gross Domestic Product (GDP) and the central bank rates, and assessed whether these variables were appropriate indicators of future losses by benchmarking these against external evidence and stress testing the assumptions used. - Performed an independent FLI assessment at an industry level to evaluate whether the recent experience and economic outlook per industry were appropriately incorporated. - Assessed the Group's probability-weighted macroeconomic scenario reports and compared the outlined methodology, scenario views and associated probabilities against the principles of IFRS 9. Assessment of ECL raised for Stage 3 exposures: Assessed the Stage 3 LGD, EAD and PD assumptions used by management by inspecting the methodology used for providing for non-performing loans and comparing these against the requirements of IFRS 9. We assessed the adequacy and completeness of the financial statement disclosures included in the Group and Company's financial statements relating to the expected credit losses on advances per the above-mentioned notes to determine compliance with IFRS 9.



Independent auditor's report (continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 233-page document titled "FNB Botswana Integrated report 2025" which includes the Report of the Audit Committee, Directors' Responsibility Statement, Directors' Report and Note 28 on page 183 of the consolidated and separate financial statements obtained prior to the date of this 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 express an audit opinion or 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, 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 the 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, and the requirements of the 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 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 the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the 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 the 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance 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.



Independent auditor's report (continued)

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable 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.

Ernst & Young

Practicing member: Francois Roos (Partner)

Certified Auditor

Membership number: CAP 0013 2025

Gaborone

09 September 2025



Material accounting policies

1. Introduction

First National Bank of Botswana Limited is a public company incorporated and domiciled in Botswana. The Group and Company's registered office is at PricewaterhouseCoopers Proprietary Limited, Plot 64289 Tlokweng Road, Gaborone Botswana and the principal place of business is First Place, Plot No 54362, Central Business District, Gaborone, Botswana.

The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards, including IFRIC interpretations issued by the International Accounting Standards Board ("IFRS Accounting Standards"), and the requirements of the Banking Act (Cap 46:04).

These financial statements comprise the consolidated and separate statements of financial position as at 30 June 2025, the consolidated and separate income statements, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, as well as the notes, which comprise a summary of material accounting policies and other explanatory notes.

1.1 Basis of preparation

The consolidated and separate financial statements have been prepared on the historical cost basis except where otherwise stated.

The Group prepares consolidated financial statements which include the assets, liabilities and results of the operations of First National Bank of Botswana Limited and its subsidiaries. To compile the consolidated financial statements, information about the financial position and results of operations as at 30 June each year for all significant subsidiaries in the Group.

Accounting policies of subsidiaries have been changed at acquisition, where necessary, to ensure consistency with the accounting policies adopted by the Group.

The segmental analysis included in the segment report is based on the information reported to the Chief Operating Decision Maker (CODM) for the respective segments under the current operating business management structures. The information is prepared in terms of IFRS Accounting Standards and certain adjustments are made to the segment results in order to eliminate the effect of segment specific items that impact certain key ratios reviewed by the CODM when assessing the operating segments' performance.

Use of judgments and estimates

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are outlined in section 1.8.

Presentation of financial statements, functional and foreign currency

Items included in the financial statements of the Group and Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The functional and presentation currency is the Botswana Pula (P) and all amounts are presented in thousands of Pula. The Group has a policy of rounding in increments of P500. Amounts less than P500 will therefore round down to P nil and are presented as a dash. Foreign currency transactions of the Group are translated into the functional currency using the exchange rates prevailing at the date of the transaction.

Balances are translated at the relevant exchange rates, depending on whether they are monetary items in which case the closing spot rate is applied. Non-monetary items that are measured at historical cost in a foreign currency are translated to Botswana Pula using the spot exchange rates as at the date of recognition.

Foreign exchange gains or losses are recognised in non interest income through profit and loss.

The Group presents its statement of financial position in order of liquidity. Where permitted or required under IFRS Accounting Standards, the Group offsets assets and liabilities or income and expenses and presents the net amount in the statement of financial position or in the statement of comprehensive income and in the statement of profit and loss.



Material accounting policies (continued)

1.1 Basis of preparation (continued)

Application of the going concern principle

The Directors reviewed the Group and Company's budgets and flow of funds forecasts for the next three years and considered the Group and Company's ability to continue as a going concern. These budgets and flow of funds forecasts considered projections of the Group's capital, funding and liquidity requirements, all of which are projected to remain within internal targets and above regulatory requirements.

As part of this assessment, the Directors considered the sufficiency of the Group's financial resources. The management of the Group's financial resources, which it defines as capital, funding and liquidity, and risk capacity, is a critical enabler of the achievement of the Group's stated growth and return targets and is driven by the Group's overall risk appetite. Forecast growth in earnings and balance sheet risk weighted assets (RWA) is based on the Group's macroeconomic outlook and its strategy and is evaluated against available financial resources, considering the requirements of capital providers and regulators. The expected outcomes and constraints are then stress tested, and the Group sets targets through different business cycles and scenarios.

On the basis of this review, and in light of the current financial position and profitable trading history, the Directors are satisfied that the Group has adequate resources to continue in business for the foreseeable future. The going concern basis, therefore, continues to apply and has been adopted in the preparation of the annual financial statements.

The Group has adopted the following material accounting policies in preparing its financial statements and these policies have been consistently applied to all years presented.

Summary of material accounting policies				
1.2	Subsidiaries	Basis of Consolidation (Section 1.2.1)	Related party transactions (Section 1.2.2)	
1.3	Income, expenses and taxation	Income and expenses (Section 1.3.1)	Income tax expenses (Section 1.3.2)	
1.4	Financial instruments	Classification and Measurement (Section 1.4.1)	Impairment of financial assets and off-balance sheet exposure subject to impairment (Section 1.4.2)	Transfers, modifications and derecognition (Section 1.4.3)
		Off-setting of financial instruments and collateral (Section 1.4.4)		
1.5	Other assets and liabilities	Intangible assets (Section 1.5.1)	Other non-financial assets (Section 1.5.2)	Leases (Section 1.5.3)
		Property and equipment (Owned and Right of Use) (Section 1.5.4)		
1.6	Stated capital and equity	Shares issued and issue costs (Section 1.6.1)	Dividends paid/declared (Section 1.6.2)	
1.7	Transactions with employees	Employee Benefits (Section 1.7.1)		

New standards adopted in the current year

Refer to note 42 for new standards adopted during the year.



Material accounting policies (continued)

1.2 Subsidiaries

1.2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and all subsidiaries as disclosed in note 18. Subsidiaries are entities which are controlled by the Group. Typical shareholding in the assessment of entities is based on a shareholding of 50% and above. The Group measures investments in these entities in its separate financial statements at cost less impairment.

Consolidated financial statements

Initial recognition in the consolidated financial statements.

Subsidiaries acquired are accounted for by applying the acquisition method of accounting to business combinations. The excess/(shortage) of the sum of the consideration transferred, the value of non-controlling interest, the fair value of any existing interest, and the fair value of identifiable net assets, is recognised as goodwill or a gain on bargain purchase. Transaction costs are included in operating expenses within profit or loss when incurred.

Intercompany transactions and balances with consolidated entities

Intercompany transactions are all eliminated on consolidation, including unrealised gains. Unrealised losses on transactions between Group entities are also eliminated unless the transaction provides evidence of impairment of the transferred asset, in which case the transferred asset will be tested for impairment in accordance with the Group's impairment policies.

Impairment

In the consolidated financial statements either the cash generating unit (CGU) is tested i.e. a grouping of assets no higher than an operating segment of the Group; or if the entity is not part of a CGU, the individual assets of the subsidiary and goodwill are tested for impairment in terms of IAS 36.

Goodwill

Goodwill on the acquisition of businesses and subsidiaries represents excess consideration transferred and is recognised as an intangible asset at cost less accumulated impairment losses.

If this amount is negative, as in the case of a bargain purchase, the difference is immediately recognised in other non-interest income.

Goodwill is tested annually for impairment by the Group in March or earlier if there are objective indicators of impairment. For subsidiaries acquired between March and June a goodwill impairment test is performed in June in the year of acquisition and thereafter annually in March. For testing purposes, goodwill is allocated to a suitable CGU.

Impairment losses in respect of goodwill are not subsequently reversed.

1.2.2 Related party transactions

Related parties of the Group, as defined, include:

- subsidiaries of the Group and entities that have significant influence over the Group, including subsidiaries of these entities,
- Key Management Personnel (KMP), entities controlled, jointly controlled or significantly influenced by KMP or their close family members.

The principal shareholder of the First National Bank of Botswana Limited Group is First National Bank Holdings (Botswana) Limited, incorporated in Botswana. The ultimate parent of the Company is FirstRand Limited, incorporated in South Africa.

Key Management Personnel of the Group are the First National Bank of Botswana Board of Directors and prescribed officers, including those of any entities which provide key management personnel services to the Group.

Transactions with related parties occur in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those for comparable transactions with other external parties. These transactions do not involve more than the normal risk of collectability or present other unfavourable features. The amounts advanced to KMP consist of mortgages, instalment finance agreements, credit cards and other loans. The amounts deposited by KMP are held in cheque and current accounts, savings accounts and other term accounts. Refer to other accounting policies for income, expenses 1.3 and financial assets and liabilities 1.4.



Material accounting policies (continued)

1.3 Income, expenses and taxation

1.3.1 Income and expenses

Interest income includes:

- interest on financial instruments measured at amortised cost and;
- interest on debt instruments measured at fair value through profit and loss.

Interest income is calculated using the effective interest rate, which includes origination fees. The original effective interest rate is applied to:

- the gross carrying amount of financial assets; and
- the amortised cost of financial assets which represents the net carrying amount, from the month after the assets become credit-impaired (refer to policy 1.4 on the impairment of financial assets).

Modified advances (derecognition not achieved) – The unamortised portion of origination fees and capitalised transaction costs on financial assets are included as part of interest income. The interest income on the modified financial asset (refer to policy 1.4) is calculated by applying the original effective interest rate to the asset's modified gross carrying amount.

Modified advances (derecognition is achieved) – The unamortised portion of origination fees and capitalised transaction costs on financial assets are included as part of interest income. New fees or costs charged on the new advance which are integral to the new asset recognised are capitalised to the new loan.

Interest and similar expense includes:

- Interest on debt instruments measured at fair value through profit or loss;
- interest on debt instruments measured at amortised cost;
- the difference between the purchase and resale price in repurchase agreements where the related deposit is measured at amortised cost.
- Depositors Insurance scheme premiums at amortised cost

Interest expense on deposits is accrued daily based on individual customer rates.

The total interest expense excludes the amount incurred in respect of liabilities used to fund the Group's fair value activities. This amount is reported in fair value income within non-interest revenue.

Deposit Insurance Scheme of Botswana (DISB) is a public scheme established under section 43A of the Bank of Botswana Act and operationalised through the Bank of Botswana (Deposit Insurance Scheme) Regulations (2023), that came into effect on July 21, 2023.

The scheme is a guarantee that all or a limited amount of the principal and interest accrued on qualifying deposit accounts will be paid if a financial institution fails. The annual premium is calculated at 0.1% of 12-month average deposits.

Non-interest revenue recognised in profit or loss

Non-interest revenue from contracts with customers

The Group assesses contracts and determines whether the fees identified in the contract relate to revenue as defined in IFRS 15. The revenue is recognised only if the Group can identify the contract; the performance obligation (i.e. the different services) and can determine the transaction price which is allocated to the identifiable performance obligations. Unless specifically stated otherwise, the Group is the principal in its revenue arrangements as the Group controls the goods and services before transferring them to the customer.



Material accounting policies (continued)

1.3 Income, expenses and taxation (continued)

1.3.1 Income and expenses (continued)

Non-interest revenue recognised in profit or loss (continued)

Fee and commission income

Fees and commissions that form an integral part of the effective interest rate are excluded from fees and commissions from customers and recognised in interest income.

Fee and commission income is earned by the Group by providing customers with a range of services and products, consists of the following main categories:

- banking fee and commission income;
- knowledge-based fee and commission income;
- management, trust and fiduciary fees;
- fee and commission income from service providers; and
- other non-banking fees and commission income.

The major portion of fee and commission income is earned on the execution of a single performance obligation and as such, significant judgement is not required when allocating the transaction price to the performance obligation. Fee and commission income which typically includes transactional banking fees, such as bank charges, interchange fees, point-of-sale fees, exchange commissions, cash deposit fees and knowledge-based fee and commission income, are recognised at a point in time when the performance obligation is fulfilled.

Where the distinct performance obligation is satisfied over a period of time, the fees are recognised as follows:

- fees for services rendered are recognised on an accrual basis as the service is rendered and the Group's performance obligation is satisfied, e.g. annual card fees and asset management and related fees; and
- commission income on bills and promissory notes endorsed is credited to profit or loss over the life of the relevant instrument on a time apportionment basis.

Commitment fees for unutilised funds made available to customers in the past, are recognised as revenue over the period the facility remains unutilised. Commitment fees paid upfront for a future facility, where it is not probable that a specific lending arrangement will be entered into by the Group, are recognised as revenue on a straight-line basis over the period for which the funds are committed.

Other non-banking fee and commission income relates to fees and commissions earned for rendering services to customers other than those related to the banking, insurance and asset management operations from the sale of prepaid airtime, electricity and data vouchers paid through the Group's channels. This includes fee and commission income earned from providing services on behalf of third-party service providers, in effect acting as an agent. The revenue is recognised at a point in time and includes commission earned at the point when a sale has been executed.

Fee and commission expenses

Fee and commission expenses are expenses that are incremental and directly attributable to the generation of fee and commission income and are recognised as part of fee and commission expense. These include transaction and service fees, which are expensed as the services are received.

Fair value gains or losses

Fair value gains or losses of the Group recognised in non-interest revenue includes the following:

- fair value adjustments and interest on financial instruments at fair value through profit or loss including derivative instruments that do not qualify for hedge accounting;
- a component of interest expense that relates to interest paid on liabilities which fund the Group's fair value operations; and
- fair value adjustments on financial instruments designated at fair value through profit or loss in order to eliminate an accounting mismatch, except for such instruments relating to the Group's funding operations for which the interest component is recognised in interest income.



Material accounting policies (continued)

1.3 Income, expenses and taxation (continued)

1.3.1 Income and expenses (continued)

Expenses

Expenses of the Group, apart from certain fee and commission expenses included in net fee and commission income, are recognised and measured in terms of the accrual principle and presented as operating expenses or employee benefits in profit or loss.

Indirect tax expense

Indirect tax includes other taxes paid to central and local governments including non-claimable value added tax. Indirect tax is disclosed separately from income tax and operating expenses in the income statement.

1.3.2 Income tax expenses (Direct taxation)

Current income tax

The current income tax expense is calculated by adjusting the profit before direct taxation for items that are non-taxable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred income tax

Recognition

Deferred tax is recognised on temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements except for;

- Where a deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

An entity shall recognise deferred tax relating to assets and liabilities arising from a single transaction.

The liability method under IAS 12 is used, which means applying tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

For temporary differences arising from the fair value adjustments on investment properties, deferred income tax is provided at the rate that would apply on the sale of the property i.e. the capital gains tax rate.

Deferred income tax is recognised in profit or loss unless it relates to items recognised directly in equity or other comprehensive income.

Deferred tax assets

The Group recognises deferred income tax assets only if it is probable that future taxable income will be available against which the unused tax losses can be utilised, based on management's review of the Group's budget and forecast information.

The Group reviews the carrying amount of deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

The Group only off-sets its deferred tax assets against liabilities when there is both a legal right to offset its current tax assets and liabilities and it is the Group's intention to settle on a net basis.



Material accounting policies (continued)

1.4 Financial instruments

1.4.1 Classification and measurement

Initial measurement

All financial instruments are initially measured at fair value including transaction costs, except for those classified as fair value through profit or loss in which case the transaction costs are expensed upfront in profit or loss, usually as part of operating expenses. Any upfront income earned on financial instruments is recognised as is detailed under policy 1.3, depending on the underlying nature of the income.

Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for newly originated financial assets measured at amortised cost.

Classification and subsequent measurement of financial assets

Management determines the classification of its financial assets at initial recognition, based on:

- the Group's business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

Business model

The Group distinguishes three main business models for managing financial assets:

- holding financial assets to collect contractual cash flows;
- managing financial assets and liabilities on a fair value basis or selling financial assets; and
- a mixed business model of collecting contractual cash flows and selling financial assets.

The business model assessment is not performed on an instrument by instrument basis, but at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The main consideration in determining the different business models is whether the objectives of the business model are met primarily through holding the financial assets to collect contractual cash flows, through the sale of these financial assets, by managing assets and liabilities on a fair value basis, or through a combination of these activities.

In considering whether the business objective of holding a group of financial assets is achieved primarily through collecting contractual cash flows, amongst other considerations, management monitors the frequency and significance of sales of financial assets out of these portfolios for purposes other than managing credit risk. For the purposes of performing the business model assessment, the Group only considers a transaction a sale if the asset is derecognised for accounting purposes. For example, a repurchase transaction where a financial asset is sold with the commitment to buy back the asset at a fixed price at a future date is not considered a sale transaction as substantially all the risks and rewards relating to the ownership of the asset have not been transferred and the asset is not derecognised from an accounting perspective.

If sales of financial assets are infrequent, the significance of these sales is determined by comparing the carrying amounts of assets sold during the period and cumulatively to the total carrying amount of assets held in the business model. If sales are either infrequent or insignificant, these will not impact the conclusion that the business model is to collect contractual cash flows. In addition, where the issuer initiates a repurchase of the financial assets which was not anticipated in the terms of the financial asset, the repurchase is not seen as a sale for the purposes of assessing the business model of that group of financial assets.

Determining whether sales are to be considered as not significant or frequent requires management to use their judgement. The significance and frequency of sales is assessed on a case-by-case basis at the business model level. The frequency is assessed on an annual basis and sales of assets that take place once or less per annum is considered to be infrequent. If sales take place more than once per annum it does not mean that the business models are not to collect contractual cash flows but rather the reasons for the sales need to be more carefully considered. Management will consider both the volume and value of sales relative to the total assets in the business model to determine whether it is significant.

A change in business model only occurs on the rare occasion when the Group genuinely changes the way in which it manages financial assets. Any changes in business model would result in a reclassification of the relevant financial assets from the beginning of the next reporting period.



Material accounting policies (continued)

1.4 Financial instruments (continued)

1.4.1 Classification and measurement (continued)

Classification and subsequent measurement of financial assets (continued)

Cash flow characteristics

In order for a debt instrument to be measured at amortised cost or fair value through other comprehensive income (FVOCI), the cash flows on the asset have to be SPPI (solely payments of principal and interest), consistent with those of a basic lending agreement.

The SPPI test is applied on a portfolio basis for Retail advances, as the cash flow characteristics of these assets are standardised.

For Corporate and Commercial advances, the SPPI test is applied to individual advances at initial recognition, based on the cash flow characteristics of the asset.

Amortised cost

Financial assets are measured at amortised cost using the effective interest rate method, when they are held to collect contractual cash flows which are solely payments of principal and interest, and sales of such assets are not significant or frequent. These include the majority of the Retail, Corporate and Commercial advances of the Group as well as certain investment securities utilised for liquidity risk management of the Group. For purchased or originated credit-impaired financial assets, the Group applies the credit-adjusted effective interest rate. This interest rate is determined based on the amortised cost and not the gross carrying amount of the financial asset and incorporates the impact of expected credit losses in the estimated future cash flows of the financial asset.

Cash and cash equivalents is comprised of coins and bank notes, money at call and short notice and balances with central banks. All balances included in cash and cash equivalents have a maturity date of less than three months from the date of placement. Money at call and short notice constitutes amounts withdrawable in 30 days or less. Cash and cash equivalents are measured at amortised cost.

The FNB Retail business holds retail advances to collect contractual cash flows. The business model focuses on growing advances within acceptable credit appetite limits and maintaining robust collection practices. The products included under this business model include:

- residential mortgages;
- vehicle and asset finance; and
- personal loans, credit cards and other retail products such as overdrafts.

The business models of Commercial and Corporate Segments are also focused on collecting contractual cash flows on advances and growing these advances within acceptable credit appetite limits. The products included under these business models include:

- trade and working capital finance;
- specialised finance;
- commercial property finance; and
- vehicle and asset-backed finance.

These advances are held primarily to realise the related contractual cash flows over the life of the instruments and earn a lending margin in return.

The cashflows on these Retail, Commercial and Corporate advances are solely payments of principal and interest. Interest charged to customers compensates the Group for the time value of money, credit risk and administrative costs (including a profit margin). Penalties on the prepayment of advances are limited to reasonable compensation for early termination of the contract and therefore would not cause these assets to fail the SPPI test.

Advances also include marketable advances representing corporate bonds and certain debt investment securities qualifying as high-quality liquid assets.

The Group holds investment securities with lower credit risk (typically government bonds and treasury bills). These investment securities are held in a business model with the objective of collecting contractual cash flows.

The cash flows on these investment securities are solely payments of principal and interest.

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. These assets are held to collect contractual cash flows. The cash flows on these assets are solely payments of principal and interest.

Other financial assets are short-term financial assets that are held to collect contractual cash flows. The cash flows on these assets are solely payments of principal and interest.



Material accounting policies (continued)

1.4 Financial instruments (continued)

1.4.1 Classification and measurement (continued)

Classification and subsequent measurement of financial assets (continued)

Mandatory at fair value through profit or loss

Financial assets of the Group are mandatorily measured at fair value through profit or loss when they are held for trading, managed on a fair value basis, held to sell/distribute, or are held to collect contractual cash flows which are not solely payments of principal and interest.

The Group holds portfolios of investment securities (including corporate and government bonds) to hedge risks or for short-term profit realisation. These securities are managed on a fair value basis.

Derivatives are either held for trading or to hedge risk. These instruments are measured at FVTPL.

Classification and subsequent measurement of financial liabilities and compound instruments

The Group classifies a financial instrument that it issues as a financial liability or an equity instrument in accordance with the substance of the contractual agreement.

Financial liabilities measured at amortised cost

The following liabilities are measured at amortised cost using the effective interest rate method, unless they have been designated as measured at fair value through profit or loss:

- deposits;
- payables;
- other funding liabilities.

Other funding liabilities refer to a category of bank's obligations that are used to fund its operations but do not fall under the primary categories of deposits (e.g. savings, or time deposits) of core borrowings (e.g. interbank loans or bonds). These liabilities represent alternative sources of funding that a bank relies on to meet its liquidity needs, financial lending activities or support other operations.

Financial liabilities measured mandatory at fair value through profit or loss

The following held for trading liabilities are measured at fair value through profit or loss:

- derivative liabilities; and
- short trading positions

A short trading position refers to a trading strategy where a bank or financial institution sells a security, asset, or derivatives it does not own with the expectation that its price will decline allowing the bank to buy back at a lower price to realise profit.

These liabilities are measured at fair value at reporting date as determined under IFRS 13: Fair Value Measurement, with fair value gains or losses recognised in profit or loss.

Financial liabilities designated at fair value through profit or loss

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL.



Material accounting policies (continued)

1.4 Financial instruments (continued)

1.4.1 Classification and measurement (continued)

Classification and subsequent measurement of financial liabilities and compound instruments (continued)

Financial liabilities designated at fair value through profit or loss (continued)

The liabilities that Group is designating at fair value through profit or loss are the following:

- other funding liabilities

These financial liabilities are measured at fair value at reporting date as determined under IFRS 13, with any gains/losses arising on re-measurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'net income from other financial instruments at FVTPL' line item in profit or loss.

1.4.2 Impairment of financial assets and off-balance sheet exposures subject to impairment

This policy applies to:

- financial assets, measured at amortised cost including other financial assets and cash;
- loan commitments;
- financial guarantees; and
- finance lease debtors where the Group is the lessor.

IFRS 9 establishes a three-stage approach for the impairment of financial assets:

Expected credit losses			
Loss Allowance on financial assets			
Credit risk has not increased significantly since initial recognition (Stage 1)	Credit risk has increased significantly since initial recognition, but asset is not credit-impaired (Stage 2)	Asset has become credit-impaired since initial recognition (Stage 3)	Purchased or originated credit impaired
12-month expected credit losses	Lifetime expected credit losses (LECL).	Lifetime expected credit losses (LECL).	Movement in LECL since initial recognition.

Advances

Significant increase in credit risk since initial recognition (SICR)

To determine whether an advance has experienced a significant increase in credit risk (SICR), the probability of default (PD) of the asset calculated at the origination date is compared to that calculated at the reporting date. The origination date is defined to be the most recent date at which the Group re-prices an advance/facility. Where a change in terms is significant and is deemed to be a substantial modification, it results in derecognition of the original advance/facility and recognition of a new advance/facility. SICR test thresholds are reassessed and, if necessary, updated, on at least an annual basis.

Any facility that is more than 30 days past due, or in the case of instalment-based products one instalment past due, is automatically considered to have experienced a significant increase in credit risk.

In addition to the quantitative assessment based on PDs, qualitative considerations are applied when determining whether individual exposures have experienced a SICR. One such qualitative consideration is the appearance of Corporate and Commercial facilities on a credit watchlist.

Any up-to-date facility that has undergone a distressed restructure (i.e. modification of contractual cash flows to prevent a client from going into arrears) will be considered to have experienced a significant increase in credit risk and will be disclosed within stage 2 at a minimum.



Material accounting policies (continued)

1.4 Financial instruments (continued)

1.4.2 Impairment of financial assets and off-balance sheet exposures subject to impairment (continued)

Advances (continued)

The credit risk on an exposure is no longer considered to be significantly higher than at origination if no qualitative indicators of a significant increase in credit risk are triggered, and if comparison of the reporting date PD to the origination date PD no longer indicates that a significant increase in credit risk has occurred. No minimum period for transition from stage 2 back to stage 1 is applied, with the exception of distressed restructured exposures that are required to remain in stage 2 for a minimum period of 6 months before re-entering stage 1.

Low credit risk

The Group does not use the low credit risk assumption.

Credit-impaired financial assets

Advances are considered credit impaired if they meet the definition of default.

The Group's definition of default applied for calculating provisions under IFRS 9 is aligned to the definition applied for regulatory capital calculations across all portfolios, as well as those applied in operational management of credit and for internal risk management purposes.

Exposures are considered to be in default when they are more than 90 days past due or, in the case of amortising products, have three or more unpaid instalments.

In addition, an exposure is considered to have defaulted when there are qualitative indicators that the borrower is unlikely to pay their credit obligations in full without any recourse by the Group to actions such as the realisation of security. Indicators of the unlikelihood to pay include examples such as the application for bankruptcy or obligor insolvency.

Any distressed restructures of accounts that have experienced a SICR since initial recognition are defined as default events.

Retail accounts are considered to no longer be in default if they meet the stringent cure definition which has been determined at a portfolio level based on an analysis of pre-defined rates. The curing period from stage 3 to 1 for retail is 12 months. Curing from default within Corporate and Commercial for stage 3 to 2 is 6 months and from stage 2 to 1 is 6 months.

Write-offs

Write-off must occur when it is not economical to pursue further recoveries i.e. there is no reasonable expectation of recovering the carrying amount of the asset (gross amount less specific impairments raised):

- By implication for secured as well as unsecured exposures, write-offs cannot occur if there is evidence of recent payment behaviour. Each credit portfolio has an articulated write-off policy that aligns with the principles of IFRS 9 while taking the business context of that portfolio into account.
- Within the Retail portfolios, write-off definitions have been determined with reference to analysis of the materiality of post write-off recoveries. The result of this is that retail secured loans are written off on either the sale or the material impairment of collateral and retail unsecured loans are written off when observation of post-default payment behaviour indicates that further material recoveries are unlikely. Write-off points within retail unsecured portfolios are defined on a per-portfolio basis with reference to cumulative delinquency and/or payment recency, with write-offs typically occurring when the equivalent of 9 cumulative payments have been missed.
- Within Commercial and Corporate exposures, a judgemental approach to write off is followed based on a case-by-case assessment by a credit committee.

Partial write-offs are not performed within credit portfolios.

Collection and enforcement activities post write-off

The Group continues to enforce its legal right to collect on outstanding debt following the write off process. Post write off collection strategies include outsourcing of the account to external debt collectors and in-house collection agents.

Other financial assets

Cash and cash equivalents

Cash and cash equivalents other than physical cash is classified as stage 1 unless specific evidence of impairment exists, in which case, due to the nature of these assets, are classified immediately as stage 3. ECL for physical cash is zero. ECL for cash equivalents is calculated using the loss rate approach.



Material accounting policies (continued)

1.4 Financial instruments (continued)

1.4.2 Impairment of financial assets and off-balance sheet exposures subject to impairment (continued)

Other financial assets (continued)

Other assets

ECL for other assets and where applicable, contract assets, are calculated using the simplified approach. This results in a lifetime ECL being recognised.

Investment securities

Impairment parameters for investment securities (PDs, LGDs and EADs) are determined using appropriate models, with the models to be applied determined with reference to the issuer of the security and the nature of the debt instrument.

The tests for a significant increase in credit risk and default definitions are then applied and the ECL calculated in the same method as for advances. The SICR thresholds applied for investment securities are the same as those applied within the Corporate and Commercial credit portfolio to ensure consistency in the way that a SICR is identified for a particular counterparty and for similar exposures.

The Group does not use the low credit risk assumption for investment securities, including government bonds.

1.4.3 Transfers, modifications and derecognition

Financial instruments are derecognised when:

- the contractual rights and obligations expire or are extinguished, discharged or cancelled, for example an outright sale or settlement;
- they are transferred and the derecognition criteria of IFRS 9 are met; or
- the contractual terms of the instrument are substantially modified and the derecognition criteria of IFRS 9 are met.

Financial assets are derecognised when the Group has either transferred the contractual right to receive cash flows from the asset or it has assumed an obligation to pay over all the cash flows from the asset to another entity (i.e. a pass-through arrangement under IFRS 9).

If the contractual cash flows of a financial asset measured at amortised cost are modified (changed or restructured, including distressed restructures), the Group determines whether this is a substantial modification, following which, results in the derecognition of the existing asset, and the recognition of a new asset, or whether the change is simply a non-substantial modification of the existing terms which does not result in derecognition.

A modification of a financial asset is substantial, and will thus result in derecognition of the original financial asset, where the modified contractual terms are priced to reflect current conditions on the date of modification. Where the modification does not result in an accounting derecognition the original asset continues to be recognised.

Derecognition of financial liabilities includes when there is a substantial modification to the terms and conditions of an existing financial liability. A substantial modification to the terms occurs where the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability.

The following transactions are entered into by the Group in the normal course of business in terms of which it transfers financial assets directly to third parties or structured entities, or modifies the contractual terms of the asset and either achieves derecognition or continues to recognise the asset:

Repurchase agreements

Investment securities and advances are sold to an external counterparty in exchange for cash and the Group agrees to repurchase the assets at a specified price at a specified future date.

The counterparty's only recourse is to the transferred investment securities and advances that are subject to the repurchase agreement. The Group remains exposed to all the underlying risks on the assets including counterparty, interest rate, currency, prepayment and other price risks. The transferred assets continue to be recognised by the Group in full. Such advances and investment securities are disclosed separately in the relevant notes. The Group recognises an associated liability for the obligation for the cash received as a separate category of deposits.



Material accounting policies (continued)

1.4 Financial instruments (continued)

1.4.3 Transfers, modifications and derecognition (continued)

Modification without derecognition

The existing asset is not derecognised. The gross carrying amount of the financial asset is recalculated as the present value of the estimated future cash receipts through the expected life of the renegotiated or modified financial asset, discounted at the financial asset's original effective interest rate.

1.4.4 Offsetting of financial instruments and collateral

Where the requirements of IFRS are met, the Group offsets financial assets and financial liabilities and presents the net amount. Financial assets and financial liabilities subject to master netting arrangements (MNA) or similar agreements are not offset, if the right of set-off under these agreements is only enforceable in the event of default, insolvency and bankruptcy.

Details of the offsetting and collateral arrangements of the Group are set out below:

Derivative financial instruments

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) MNA. Generally, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount payable by one party to the other. In certain circumstances, e.g. when a credit event such as default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions (close-out netting).

Financial collateral (mostly cash) is also obtained, often daily, for the net exposure between counterparties to mitigate credit risk.

Repurchase and reverse repurchase agreements, and securities lending and borrowing transactions

These transactions by the Group are covered by master agreements with netting terms similar to those of the ISDA MNA. Where the Group has entered into a repurchase and reverse repurchase or securities borrowing and lending transaction, with the same counterparty, the advance and liability balances are set-off in the statement of financial position only if they are due on a single day, denominated in the same currency and the Group has the intention to settle these amounts on a net basis. The Group receives and accepts collateral for these transaction in the form of cash and other investments and securities.

Other advances and deposits

The advances and deposits that are offset relate to transactions where the Group has a legally enforceable right to offset the amounts and the Group has the intention to settle the net amount.

It is the Group's policy that all items of collateral are valued at the inception of a transaction and at various points throughout the life of a transaction, through physical inspection. For Corporate and Commercial portfolios, the value of collateral is reviewed as part of the annual facility review. However, in the event of default, more detailed reviews and valuations of collateral are performed, which yields a more accurate financial effect. For vehicle asset finance, the total security reflected represents only the realisation value estimates of the vehicles repossessed. Where the repossession has not yet occurred, the realisation value of the vehicle is estimated using internal models and is included as part of total recoveries.



Material accounting policies (continued)

1.5 Other assets and liabilities

Classification and measurement

1.5.1 Intangible assets

Goodwill arising from business combinations is recognised as an intangible asset. For measurement of goodwill refer to policy 1.2. All other costs related to intangible assets are expensed in the financial period incurred.

1.5.2 Other non-financial assets

Other non-financial assets and intangible assets other than goodwill acquired as part of a business combination (refer to accounting policy 1.2) are reviewed for impairment whenever objective evidence of impairment exists. Impairment losses are recognised in profit or loss as part of operating expenses. The assets are impaired if the carrying amount is more than the recoverable amount, which is the higher of the assets' value in use and its fair value less cost to sell. The impairment loss is calculated as the difference between the assets' carrying amount and its recoverable amount.

Other non-financial assets including property & equipment are derecognised when they are disposed of or, in the case of intangible assets, when no future economic benefits are expected from its use. Gains or losses arising on derecognition are determined as the difference between the carrying amount of the asset and the net proceeds received, and are recorded in profit or loss as part of non-interest revenue.

1.5.3 Leases

The Group leases a variety of properties and equipment. Rental agreements typically include fixed periods over which the items are leased, which are individually negotiated and contain a wide range of different terms and conditions. The Group assesses whether a contract contains a lease at inception of the contract.

Qualifying leases are recognised as right of use assets (ROUA) and a corresponding liability is recognised at the date at which the leased asset is made available for use by the Group.

Group as the lessee

At inception the Group recognises a ROUA and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as lease assets with a value of P100 000 or less at the inception of the lease).

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group's own internal borrowing rate is applied.

The ROUAs are initially recognised at the cost comprising of the amount of the initial measurement of the lease liability plus any initial direct costs and restoration costs. Where applicable, any lease payments made at or before the commencement date less any lease incentives received is deducted from the cost. Post initial recognition, ROUAs are measured in line with the policy for other property and equipment.

Variable payments that do not depend on an index or rate are not included in the measurement of the lease liability and the ROUA.

The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line operating expenses in the consolidated income statement.

Over the life of the lease, each lease payment is allocated between the lease liability and interest expense. The interest expense is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The ROUA is subsequently measured at cost less accumulated depreciation and impairment losses.

The asset is depreciated over the lease term on a straight-line basis, where ownership is not transferred at the end of the lease term. If ownership is transferred at the end of the lease term, the asset is depreciated over the shorter of the lease term or useful life.

The Group applies IAS 36 to determine whether a ROUA is impaired and accounts for any identified impairment loss.

Presentation

The lease liability is presented in other liabilities in the consolidated statement of financial position.

The ROUAs are not presented as a separate line in the consolidated statement of financial position, but rather disclosed as ROUA under property and equipment note.



Material accounting policies (continued)

1.5 Other assets and liabilities (continued)

Classification and measurement (continued)

1.5.3 Leases (continued)

Group or company as the lessor

Assets held under operating leases are included in property and equipment and depreciated. Rental income is recognised as other non-interest revenue on an accrual basis over the lease term.

The Group regards finance leases (including hire purchase agreements) as financial transactions and includes the total rentals and instalments receivable, less unearned finance charges, in advances. The Group calculates finance charges using the effective interest rates as detailed in the contracts and credits finance charges to interest revenue in proportion to capital balances outstanding.

1.5.4 Property and equipment (owned and Right of Use)

Property and equipment of the Group includes:

- assets utilised by the Group in the normal course of operations to provide services including freehold property and leasehold premises and leasehold improvements (owner occupied properties);
- assets which are owned by the Group and leased to third parties under operating leases as part of the Group's revenue generating operations;
- capitalised leased assets (Right of use assets); and
- other assets utilised in the normal course of operations including computer and office equipment, motor vehicles and furniture and fittings.

Property and equipment is measured at historical cost less accumulated depreciation and impairment losses, except for land which is not depreciated.

Depreciation is recognised on a straight-line basis over the useful life of the assets, except for rights of use of assets, in which case depreciation is calculated as set out in the accounting policy for leases. The useful lives of the Group and Company's assets are disclosed below.

Leasehold land and buildings are recognised in the statements of financial position at cost less any subsequent accumulated depreciation.

The useful lives of items of property and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Freehold buildings and leasehold property	Straight line	Shorter of 50 years or the leasehold period
Furniture and equipment	Straight line	Varies between 3 to 10 years
Motor vehicles	Straight line	5 years
Leasehold improvements	Straight line	Shorter of estimated life or lease period
Capitalised leased assets (ROU)	Straight line	Period of the lease

The Directors have assumed that all assets have nil residual value. It is the Group's policy to fully depreciate assets under P2,000 within the first month of use.



Material accounting policies (continued)

1.6 Stated capital and equity

1.6.1 Shares issued and issue costs

Ordinary shares are recognised as equity. Any incremental costs directly related to the issue of new shares or options, net of any related tax benefit, are deducted from the issue price.

1.6.2 Dividends paid/declared

Dividends on ordinary shares are recognised against equity.

A corresponding liability is recognised when the dividends have been approved by the Company's shareholders and distribution is no longer at the discretion of the entity. A dividend reserve is maintained as at the reporting date for dividends that will be paid out of retained earnings pending approval by the Board of Directors.

1.7 Transactions with employees

1.7.1 Employee benefits

The Group operates a defined contribution scheme, the assets of which are held in separate trustee administered funds. These funds are registered in terms of the Retirement Funds Act, and membership of the pension fund is compulsory for all Group employees except for employees on fixed term contracts.

Defined contribution plans

Contributions are recognised as an expense to the Group, included in employee benefit expenses, as membership to the pension fund is a condition of employment.

Termination benefits

The Group recognises termination benefits in profit or loss when it has a present obligation relating to termination. The Group has a present obligation at the earlier of when the Group can no longer withdraw the offer of the termination benefit or when the Group recognises any related restructuring costs.

Liability for short term employee benefits

Leave pay

The Group recognises a liability for the employees' rights to annual leave in respect of past service. The amount recognised by the Group is based on the current salary of employees and the contractual terms between the employee and the Group. The expense is included in employee benefit expenses.

Bonuses

The Group recognises an accrual when it has a present legal or constructive obligation to pay bonuses due to past service provided by employees and the obligation can be estimated reliably. The expense is included in employee benefit expenses.



Material accounting policies (continued)

1.8 Significant judgements and sources of estimation uncertainty

1.8.1 Introduction

In preparing the financial statements, the Directors make estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Unless stated otherwise the judgements applied by management in applying the accounting policies are consistent with the prior year. Included below are all the critical accounting estimates, assumptions and judgements made by the Group, except those related to fair value measurement which are disclosed in note 40.

1.8.2 Impairment of financial assets

In determining whether an impairment loss should be recognised, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a portfolio of advances. The objective of the measurement of an impairment loss is to produce an approximate quantitative measure of the Group's credit risk exposure.

Staging of Financial Assets and Significant Increase in Credit Risk (SICR)

In accordance with IFRS 9, all exposures are assessed to determine whether there has been a significant increase in credit risk (SICR) at each reporting date. The assessment is performed monthly.

SICR assessments are client behavioural based determined by applying client behavioural risk scores as well as judgmental factors. Factors may include behaviour on other products, industry specific stresses and anticipated changes in legislation and other relevant factors. Judgmental factors may result in the client being added to the watch list through the Group's ongoing risk management process.

SICR triggers are portfolio specific and are calibrated over time to determine what level of deterioration is reflective of a significant increase in credit risk with reference to historic default rates within that portfolio. The Group uses a relative movement in probability of default between reporting date and origination date to determine if there was a significant increase in credit risk. Corporate and Commercial assessments include deal and client specific factors and are calibrated over time to determine what level of deterioration is reflective of a significant increase in credit risk.

1.8.3 Computation of Expected Credit Loss (ECL)

Computation of the Expected Credit Loss (ECL): the PD, LGD and EAD approach

The Group has adopted the Probability of Default (PD) and Loss Given Default (LGD) approach, applied to the Exposure at Default (EAD), for the calculation of Expected Credit Loss (ECL) for advances. The ECL also takes into account forward looking information (FLI). ECLs are computed at a portfolio level (where accounts with similar characteristics are clustered together) except for high value Corporate exposures that are assessed at a counterparty level.

Retail parameters are determined on a pooled basis, with exposures pooled on a portfolio level at a minimum. Where appropriate, more granular pooling is applied. The inputs used to determine parameter values include historically observed behaviour as well as behavioural and demographic information related to individual exposures currently on book. The statistical models applied implicitly assume that risk drivers that influence default risk, payment behaviour and recovery expectations within the historical data will continue to be relevant in the future.

Commercial parameters are determined based on the application of statistical models that produce estimates based on counterparty-specific financial information and transaction characteristics including the nature of available collateral. Due to the specialised nature of these exposures, parameters produced by models are subject to a robust review process before being applied to calculate expected credit losses. This is overseen by a committee of Corporate and Commercial credit experts and motivations for any proposed adjustments to modelled parameters are carefully reviewed by this committee.

Regression modelling techniques are used to determine which borrower and transaction characteristics are predictive of certain behaviours, based on relationships observed in historical data related to the group of accounts to which the model will be applied. This results in the production of models that are used to predict impairment parameters based on the predictive characteristics identified through the regression process.

PDs are measurements of the estimated likelihood that a borrowing client will default within a specified period. In line with IFRS 9, a 12-month PD is applied to the stage 1 advances portfolio and a lifetime PD applied to the stage 2 advances portfolio. PDs are calibrated on a periodic basis using regression modelling applying historic default data. Forward-Looking Indicators (FLIs) are applied to the PD computation through a credit index model using an average of three macroeconomic scenarios incorporating a base scenario, upside scenario and downside scenario, weighted by the probability of occurrence.



Material accounting policies (continued)

1.8 Significant judgements and sources of estimation uncertainty (continued)

1.8.3 Computation of Expected Credit Loss (ECL) (continued)

Parameters are calibrated for the calculation of 12-month and life-time expected credit loss (LECL) using term structures that consider account age, historical behaviour, transaction characteristics and correlations between parameters. Term structures have been developed over the entire remaining contractual lifetime of an instrument. The remaining lifetime is limited to the contractual term of instruments in the portfolio, except for instruments with an undrawn commitment such as credit cards, where there is not a contractual expiry date. In such instances the remaining term is determined with reference to the change in client requirements that would trigger a review of the contractual terms, for example a change in limit.

LGDs are present value measurements of the expected loss that the Group will incur if a borrowing client were to default (i.e. a PD of 100%). LGDs are determined through regression modelling by estimating expected future cash flows, including costs and proceeds from sale of collateral, based on historically observed outcomes. Data points include; the expected net recovered value of collateral, the probability of recovery of that collateral, the period taken to recover that collateral, the amortisation of the outstanding advance balance while in default and an estimation of the likelihood that a stage 3 account will migrate to stage 2. Present value discount rates applied are the asset's original effective interest rate or a reasonable approximation thereof.

EAD is the estimated exposure of a borrowing client at the point of default. EAD parameters are estimated based on product characteristics and historical draw-down and payment behaviour.

Approach to Incorporate Forward-Looking Indicators (FLI)

Forward-looking macro-economic indicators (FLI) has been incorporated into expected loss estimates through the application of quantitative modelling and expert judgement-based adjustments applied to PDs. The techniques applied estimate the impact of forecasted FLIs on ECL using regression techniques.

The macroeconomic scenarios are defined by taking global and domestic macroeconomic considerations into account, and forecasts are developed for various scenarios. These scenarios are overseen by a governance forum, which is responsible for oversight and is independent from credit and modelling functions.

To arrive at the macroeconomic forecasts, a bottom-up and top-down process is followed. The process is conducted by a team of professional economists. These economists assess micro and macroeconomic developments to formulate (bottom-up) and adjust (top-down) the macroeconomic forecasts. Probabilities are assigned to each scenario with supporting rationale. The creation of macroeconomic scenarios and the determination of associated probabilities are subjective, with final ECL results dependent on the assumptions applied during the process.

The impact of FLI on ECL is ordinarily determined based on historical relationships between macro-economic movements and default rates. Where it is not expected for these relationships to continue with historical correlations under current macro-economic conditions, judgmental adjustments have been made through post-model adjustments.

The baseline, downside and upside scenarios are used in the ECL calculations.

Economic Scenarios Applied in June 2025 ECL computation

The FLI component of ECL is a dual factor including GDP and monetary policy rate. The economic scenarios applied are described as follows:

Upside: Global growth shifts to a higher gear following aggressive fiscal stimulus measures in China, substantial monetary policy easing in the US and Europe, and a significant easing in global trade tensions; and/or recovering global consumption fuels diamond demand, reversing the slump in rough diamond prices so prompting a significant upswing in export proceeds. Copper prices and export volumes rise notably too amid improved global growth; and/or De Beers' marketing strategy is successful to rekindle the attraction of mined diamonds as opposed to synthetic diamonds which gen-Z buyers find more appealing. As such further expansion of the synthetic diamond market is stunted and/or moderating global geopolitical tensions and rising oil production result in a marked decline in global oil prices. Risk-on sentiment boosts the rand, while a rebound in the euro, yuan, yen and pound sterling leads to stronger special drawing rights relative to the US dollar, resulting in a significant appreciation of the pula; and/or inflation expectations subside, buoyed by a stronger currency and lower global oil prices.

CPI inflation remains close to current lows, while interest rates are lowered close to Covid-19 lows. Business and consumer sentiment soars due to contained price pressures, low interest rates, and a stronger pula and/or tax revenue rebounds on the back of accelerating GDP growth, increased mining profits, and improved SACU receipts. Much improved public finances eases the need for the government to aggressively issue local debt. While remaining prudent, the government expands spending and most outstanding projects of the transitional NDP are completed and/or Botswana's fiscal and current account positions strengthen, leading to lower debt metrics and improved credit ratings.



Material accounting policies (continued)

1.8 Significant judgements and sources of estimation uncertainty (continued)

1.8.3 Computation of Expected Credit Loss (ECL) (continued)

Approach to Incorporate Forward-Looking Indicators (FLI) (continued)

Investment rises due to positive sentiment and strong terms of trade and/or as direct beneficiaries of the NDP, sectors like agriculture, manufacturing, construction, tourism and transport grow in stature. The economy becomes more diversified and resilient to exogenous shocks and/or Botswana's annual growth rate rises to 6.2% in 2026, in line with vision 2036 ambitions, which puts the country on a sound footing to meet its high-income status goal and/or Several state-owned enterprises finally get restructured, unleashing significant cost savings and productivity gains and/or the business environment experiences a further improvement on the back of sustainable electricity and water supply, as well as the successful roll-out of the government's digitisation drive.

Baseline: US trade protection measures weaken global growth, but not significantly, as full-blown trade wars are avoided. Stimulatory monetary as well as fiscal policies in major advanced and developing economies continue to support real economic activity and/or rough diamond prices remain at depressed levels for the next 12–18 months as global demand remains weak and excess inventory levels only slowly unwind. Prices recover somewhat in the outer years of the forecast horizon; and/or after sharply underperforming in 2024, mining production, cutting/polishing activity and ultimately diamond sales all continuously tread water, and the economy experiences a short-lived recession. The fiscus takes a hit; and/or bond yields rise to help attract capital to meet increased funding requirements.

Government auctions however continue to be met with low allotment, with the primary driver behind poor auction performance being low liquidity. This limits participation by commercial banks and asset managers and/or to avoid the budget deficit from worsening even further, the government is forced to restrict spending mainly to critical infrastructure projects (electricity generation, water reticulation, and road/transport projects), which nonetheless helps crowding in some private sector fixed investment and/or as a critical mineral used globally in renewable energy projects and electrical vehicles, copper production continues to benefit from increased demand and comparatively high prices and/or Debswana continues with the Jwaneng Cut 9 project that was approved in January 2024.

The commencement of the Orapa Cut 3 project is postponed to 2026 and/or low interest rates and inflation-beating civil servant salary increases provide some support for consumer spending and/or El Nino-induced drought conditions make way for La Nina, which gives agriculture a much-needed boost and/or S&P affirms Botswana's sovereign rating at BBB+. The ratings outlook, however, changes from stable to negative to reflect subdued diamond demand and prices keeping export earnings and fiscal revenues depressed. As a result, Botswana's external and public balance sheets could be eroded further, if current pressures persist.

Downside: Global growth slows markedly as tensions in the Middle East/Ukraine escalate and US-induced trade protectionist measures intensify. Global supply chains get disrupted, and inputs used in global manufacturing become more costly. Weak global activity negatively affects exports; and/or Diamond prices remain depressed, and copper prices fall given worsening demand. Diamond and copper production slumps, while the implementation of Debswana's Cut 3 and Cut 9 projects are delayed. At the same time, synthetic diamonds see a sizeable further uptick in market share and/or weak global sentiment and a sharp deterioration in Botswana's terms of trade adversely impact foreign investment flows. The pula weakens notably which, coupled with supply chain disruptions and rising input costs, fuel inflationary pressures and/or rising inflation sees monetary authorities lifting interest rates notably. Even so, real interest rates turn negative as the central bank tries to stimulate growth. As a result, inflation is slow to come down and/or the recession deepens with a diversion of government revenue delaying economic diversification efforts. Botswana's fiscal problems escalate as falling tax revenue is compounded by declines in SACU revenue.

Government expenditure is redirected due to social security measures and to combat rising unemployment. Loss-making state-owned entities are allowed to continue operating, further draining government coffers; and/or increased political noise around a more interventionist government further weakens investor sentiment. A prolonged drought causes food and/or water insecurity to rise. Social and political tensions escalate; and/or mounting pressure on Botswana's sovereign credit rating leads to a two-notch downgrade by S&P.

FLIs: Applied in ECL models

Gross domestic product	Upside	Baseline	Downside
Scenario – 2025			
2026	5.10	1.85	(1.70)
2027	5.75	2.70	(0.50)
2028	5.30	2.90	0.40
Weighting	15%	66%	19%



Material accounting policies (continued)

1.8 Significant judgements and sources of estimation uncertainty (continued)

1.8.3 Computation of Expected Credit Loss (ECL) (continued)

Approach to Incorporate Forward-Looking Indicators (FLI) (continued)

FLIs: Applied in ECL models

Gross domestic product	Upside	Baseline	Downside
Scenario – 2024			
2025	8.25	4.20	0.25
2026	8.50	4.00	1.00
2027	8.00	3.80	1.50
Weighting	15%	66%	19%

FLIs: Applied in ECL models

Monetary policy	Upside	Baseline	Downside
Scenario – 2025			
2026	1.20	1.90	3.75
2027	1.20	1.90	4.00
2028	1.20	1.90	4.00
Weighting	15%	66%	19%

FLIs: Applied in ECL models

Monetary policy	Upside	Baseline	Downside
Scenario – 2024			
2025	2.10	2.40	3.70
2026	2.10	2.40	3.70
2027	2.10	2.40	3.70
Weighting	15%	66%	19%



Material accounting policies (continued)

1.8 Significant judgements and sources of estimation uncertainty (continued)

1.8.3 Computation of Expected Credit Loss (ECL) (continued)

Considerations for the Computation of ECL

Limitations in the ECL models were addressed via a post-model adjustment (PMA) process. The Group undertook a thorough review of the appropriateness of two key ECL parameters (PD and LGD).

PDs are calibrated on a periodic basis using regression modelling applying historic default data. To incorporate the increase in PDs that the historic default data does not include, the Group computed an appropriate scalar to apply to the PDs. The application to the portfolio was performed via an industry risk assessment.

The industry risk assessment process involved the classifying of loans into low, medium and high risk categories. Each category weighted average PD was then computed and the PD was stressed using a Vasicek portfolio loss model, where the stress assumption is based on economic downturn frequencies (1-in-x years). The PMA was then computed as the differential between the ECL based on the stressed PD and the ECL based on the through-the-cycle PD.

LGDs are determined through regression modelling by estimating expected future cash flows, including costs and proceeds from sale of collateral, based on historically observed outcomes.

1.8.4 Impairment of Financial Assets Sensitivity Analysis

Due to the uncertainties existing in the economic environment, the extensive post-model adjustment process (described above) and the level of judgement applied; assumptions underpinning key estimates have been tested for sensitivities. As IFRS 9 is embedded in the Group's reporting process, additional disclosure is included.

Sensitivity staging: Application of SICR

When there is a SICR subsequent to the initial recognition of an exposure, the exposure is migrated from stage 1 to stage 2 and the ECL is calculated based on lifetime expected credit losses.

The table below sets out the impact of a 5% increase in the total gross exposure classified as stage 2 due to SICR and the subsequent increase in the ECL based on the difference between the Stage 2 and Stage 1 coverage ratios.

	Exposure P'000	ECL Impact P'000
30 June 2025		
Total	763,508	63,265
30 June 2024		
Total	793,379	57,213



Material accounting policies (continued)

1.8 Significant judgements and sources of estimation uncertainty (continued)

1.8.4 Impairment of Financial Assets Sensitivity Analysis (continued)

FLI and PD Industry Scalar Sensitivity Analysis

Forward-looking macro-economic indicators (FLI) has been incorporated into expected loss estimates through the application of quantitative modelling and expert judgement-based adjustments applied to PDs.

To incorporate the increase in PDs that the historic default data does not include, the Group computed an appropriate scalar to apply to the PDs.

The sensitivity shown indicates the ECL impact of an upward shift in the 1-in-x year Vasicek PD stress in June 2025:

Industry Overlay Sensitivity Analysis

Scenarios	Current factor	Sensitivity factor	ECL Impact P'000
Low	3	5	31,578
Medium	8	10	61
High	15	17	749
Total			32,388

The sensitivity shown indicates the ECL impact of an upward shift in the industry risks resulting in an increase in the scalars applied in June 2024.

Increased Probability of Default

	Current factor	Sensitivity factor	ECL Impact P'000
Low	3	5	878
Medium	6	8	3,918
High	10	12	1,096
Total			5,892



Material accounting policies (continued)

1.8 Significant judgements and sources of estimation uncertainty (continued)

1.8.4 Impairment of Financial Assets Sensitivity Analysis (continued)

Retrenchment Risk: Sensitivity Analysis

The Bank notes an extensive number of companies currently undergoing restructures. A Post Model Adjustment was raised against the risk of retrenchment on identified counters.

The June 2025 sensitivity shown indicates the ECL impact of a further 5% increase on the Gross Carrying Amount (GCA) for the affected Schemes

P'000	Exposure	ECL Impact
Exposure at risk	968,289	36,045
Exposure at risk after 5% increase	1,016,794	37,847
Impact	48,505	1,802

The June 2024 sensitivity shown indicates the ECL impact of a further 5% increase on the Gross Carrying Amount (GCA) for the affected Schemes

P'000	Exposure	ECL Impact
Exposure at risk	267,874	18,634
Exposure at risk after 5% increase	281,268	19,566
Impact	13,394	932

1.8.5 Taxation

The group recognises liabilities for uncertain tax positions in accordance with the criteria defined within IAS 12 and IFRIC 23, based on objective estimates of the amount of tax that may be due, which is calculated, where relevant, with reference to expert advice received. Where payment is determined to be possible but not probable, the tax exposure is disclosed as a contingent liability. When there is uncertainty over income-tax treatments and, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty in accordance with IFRIC 23 principles.

The group recognises probable liabilities based on objective estimates of the amount of tax that may be due. Where the final tax determination is different from the amounts that were initially recorded, the difference will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Furthermore, deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most significant management assumption is the forecasts that are used to support the probability assessment that sufficient taxable profits will be generated by the entities in the group in order to utilise the deferred tax assets.



Income statements

as at 30 June 2025

	Note(s)	Group		Company	
		2025 P'000	2024 P'000	2025 P'000	2024 P'000
Interest income calculated using effective interest rate and similar income	2	2,484,466	2,394,530	2,484,466	2,394,530
Interest expenses and similar charges	3	(533,299)	(554,645)	(533,426)	(557,576)
Net interest income before impairment of advances		1,951,167	1,839,885	1,951,040	1,836,954
Net impairment (loss)/reversal of advances	15	(73,647)	48,032	(73,647)	48,032
Net interest income after impairment of advances		1,877,520	1,887,917	1,877,393	1,884,986
Non-interest income and expense					
Fee and commission income	4	1,662,303	1,538,907	1,662,352	1,538,907
Fee and commission expense	4	(361,852)	(312,369)	(361,852)	(312,369)
Other income	4	480,002	357,407	480,009	357,257
		1,780,453	1,583,945	1,780,509	1,583,795
Income from operations before operating expenditure		3,657,973	3,471,862	3,657,902	3,468,781
Operating expenses	5	(813,776)	(838,397)	(812,879)	(839,675)
Employee benefits expenses	6	(934,262)	(824,025)	(934,262)	(824,025)
Income before taxation		1,909,935	1,809,440	1,910,761	1,805,081
Indirect taxation	7	(25,864)	(28,756)	(25,864)	(28,749)
Profit before direct taxation		1,884,071	1,780,684	1,884,897	1,776,332
Direct taxation	7	(440,673)	(394,153)	(440,787)	(393,508)
Profit for the year attributable to owners of the company		1,443,398	1,386,531	1,444,110	1,382,824
Earnings per share					
Basic earnings per share (thebe)	8	56.74	54.51		
Diluted earnings per share (thebe)	8	56.74	54.51		



Statements of comprehensive income

for the year ended 30 June 2025

	Note(s)	Group		Company	
		2025 P'000	2024 P'000	2025 P'000	2024 P'000
Profit for the year		1,443,398	1,386,531	1,444,110	1,382,824
Other comprehensive income		–	–	–	–
Total comprehensive income for the year attributable to owners of the Company		1,443,398	1,386,531	1,444,110	1,382,824



Statements of financial position

as at 30 June 2025

		Group		Company	
	Note(s)	2025 P'000	2024 P'000	2025 P'000	2024 P'000
Assets					
Cash and short-term funds	10	2,095,051	5,391,077	2,095,051	5,391,077
Derivative financial instruments	11	19,000	17,368	19,000	17,368
Investment securities	12	10,876,931	11,603,074	10,876,931	11,603,074
Advances to customers	13	20,618,041	18,494,002	20,618,041	18,494,002
Current taxation	14	392	4,999	-	2,199
Due from related parties	16	19,288	9,938	24,391	18,352
Other assets	17	521,393	447,825	513,155	447,879
Investments in subsidiaries	18	-	-	13,530	13,540
Property and equipment	19	600,236	616,301	586,471	602,027
Goodwill	20	26,963	26,963	26,589	26,589
Deferred taxation	21	28,211	8,252	28,076	8,252
Total assets		34,805,506	36,619,799	34,801,235	36,624,359
Equity and Liabilities					
Liabilities					
Deposits – other	25	1,738,081	-	1,738,081	-
Derivative financial instruments	11	10,578	10,623	10,578	10,623
Accrued interest payable		31,898	20,729	31,898	20,729
Due to related parties	16	35,067	38,887	48,379	62,601
Other liabilities	22	806,767	668,295	805,934	667,380
Deposits from banks	23	352,411	501,449	352,411	501,449
Deposits from customers	24	26,492,471	30,021,044	26,492,471	30,021,044
Employee benefits liabilities	26	139,258	131,205	139,258	131,205
Borrowings	27	695,971	1,029,156	695,971	1,029,156
Current taxation	14	6,637	-	6,637	-
Deferred taxation	21	-	777	-	-
Total liabilities		30,309,139	32,422,165	30,321,618	32,444,187
Capital and reserves attributable to ordinary equity holders					
Share capital	30	51,088	51,088	51,088	51,088
Reserves	31	4,063,724	3,459,747	4,046,974	3,442,285
Dividend reserve	31	381,555	686,799	381,555	686,799
Total equity		4,496,367	4,197,634	4,479,617	4,180,172
Total Equity and Liabilities		34,805,506	36,619,799	34,801,235	36,624,359



Statements of changes in equity

for the year ended 30 June 2025

	Stated capital P'000	Dividend reserve P'000	Retained earnings P'000	Total equity P'000
Group				
Balance at 30 June 2023	51,088	508,740	3,167,007	3,726,835
Profit for the year	-	-	1,386,531	1,386,531
2023 Final Dividends paid	-	(508,740)	-	(508,740)
2024 Interim Dividends paid	-	-	(406,992)	(406,992)
2024 Final Dividends proposed	-	686,799	(686,799)	-
Total contributions by and distributions to owners of Company recognised directly in equity	-	178,059	(1,093,791)	(915,732)
Balance at 30 June 2024	51,088	686,799	3,459,747	4,197,634
Profit for the year	-	-	1,443,398	1,443,398
2024 Final Dividends paid	-	(686,799)	-	(686,799)
2025 Interim Dividends paid	-	-	(457,866)	(457,866)
2025 Final Dividends proposed	-	381,555	(381,555)	-
Total contributions by and distributions to owners of Company recognised directly in equity	-	(305,244)	(839,421)	(1,144,665)
Balance at 30 June 2025	51,088	381,555	4,063,724	4,496,367
Note	30	31	31	



Statements of changes in equity (continued)

for the year ended 30 June 2025

	Stated capital P'000	Dividend reserve P'000	Retained earnings P'000	Total equity P'000
Company				
Balance at 30 June 2023	51,088	508,740	3,153,252	3,713,080
Profit for the year	-	-	1,382,824	1,382,824
2023 Final Dividends paid	-	(508,740)	-	(508,740)
2024 Interim Dividends paid	-	-	(406,992)	(406,992)
2024 Final Dividends proposed	-	686,799	(686,799)	-
Total contributions by and distributions to owners of company recognised directly in equity	-	178,059	(1,093,791)	(915,732)
Balance at 30 June 2024	51,088	686,799	3,442,285	4,180,172
Profit for the year	-	-	1,444,110	1,444,110
2024 Final Dividends paid	-	(686,799)	-	(686,799)
2025 Interim Dividends paid	-	-	(457,866)	(457,866)
2025 Final Dividends proposed	-	381,555	(381,555)	-
Total contributions by and distributions to owners of company recognised directly in equity	-	(305,244)	(839,421)	(1,144,665)
Balance at 30 June 2025	51,088	381,555	4,046,974	4,479,617
Note	30	31	31	



Statements of cash flows

for the year ended 30 June 2025

	Note(s)	Group		Company	
		2025 P'000	2024 P'000	2025 P'000	2024 P'000
Cash flows from operating activities					
Cash from/(used in) operations before taxation and working capital changes	32	102,269	(15,486)	102,711	(18,287)
Interest and similar income received		2,461,119	2,364,657	2,461,119	2,364,657
Interest and similar expense paid		(454,372)	(481,287)	(454,499)	(484,218)
Taxation paid	33	(450,165)	(328,093)	(451,775)	(334,595)
		1,658,851	1,539,791	1,657,556	1,527,557
Movement in operating assets and liabilities					
Movement in deposits due to other banks		(149,038)	(348,005)	(149,038)	(348,005)
Movement in deposits from customers	34	(3,528,573)	6,621,447	(3,528,573)	6,621,447
Movement in deposits – other	34	1,738,081	-	1,738,081	-
Movement in amounts due to related parties		(3,820)	(33,573)	(14,222)	(22,227)
Movement in accrued interest payable		451	(1,139)	451	(1,139)
Movement in other liabilities		142,251	(157,881)	142,343	(158,795)
Movement in employee benefits liabilities		8,053	14,290	8,053	14,290
Movement in investments – fair value through profit or loss		59,835	(54,288)	59,835	(54,288)
Movement in investments – amortised cost		(3,232,538)	(2,775,726)	(3,232,538)	(2,775,726)
Movement in advances to customers	35	(2,174,339)	(2,141,421)	(2,174,339)	(2,141,421)
Movement in other assets		(73,568)	(77,943)	(65,276)	(77,997)
Movement in amounts due from related companies		(9,350)	(3,453)	(6,039)	(1,724)
Cash flows (used in)/generated from operating activities		(5,563,704)	2,582,099	(5,563,706)	2,581,972
Cash flows used in investing activities					
Acquisition of property and equipment	19	(60,107)	(85,379)	(60,105)	(85,252)
Proceeds on disposal of property and equipment		2,446	-	2,446	-
Cash utilised in investing activities		(57,661)	(85,379)	(57,659)	(85,252)
Cash flows used in financing activities					
Repayment of borrowings	27	(373,152)	(50,000)	(373,152)	(50,000)
Interest paid on borrowings	27	(25,979)	(34,571)	(25,979)	(34,571)
Lease liability interest	3	(4,059)	(8,679)	(4,059)	(8,679)
Lease liability payments	22	(33,390)	(28,510)	(33,390)	(28,510)
Dividends paid	36	(1,144,665)	(915,732)	(1,144,665)	(915,732)
Net cash used in financing activities		(1,581,245)	(1,037,492)	(1,581,245)	(1,037,492)
Cash movement for the year		(7,202,610)	1,459,228	(7,202,610)	1,459,228
Cash and cash equivalents at the beginning of the year		9,689,902	8,213,753	9,689,902	8,213,753
Effect of exchange rate movement on cash balances		7,738	16,921	7,738	16,921
Total cash and cash equivalents at end of the year	37	2,495,030	9,689,902	2,495,030	9,689,902



Notes to the consolidated and separate financial statements

for the year ended 30 June 2025

		Group		Company	
	Note(s)	2025 P'000	2024 P'000	2025 P'000	2024 P'000
2. Interest and similar income					
Instruments at amortised cost					
Advances		1,787,150	1,707,838	1,787,150	1,707,838
Cash and short-term funds		37,925	59,671	37,925	59,671
Related parties	16	153,583	221,104	153,583	221,104
Investment securities		478,542	381,648	478,542	381,648
Unwinding of discounted present value of off-market staff loans		27,266	24,269	27,266	24,269
		2,484,466	2,394,530	2,484,466	2,394,530
3. Interest and similar expense charges					
Financial Liabilities at amortised cost					
Term deposits		305,555	265,096	305,682	268,027
Current and call accounts		95,502	145,439	95,502	145,439
Savings deposits		16,875	13,715	16,875	13,715
Deposits from banks and other financial institutions		30,904	2,668	30,904	2,668
Related parties	16	15,148	35,315	15,148	35,315
Borrowings		64,150	66,645	64,150	66,645
Lease liabilities		4,059	8,679	4,059	8,679
Depositor insurance scheme premiums		1,106	17,088	1,106	17,088
		533,299	554,645	533,426	557,576



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

		Group		Company	
		2025 P'000	2024 P'000	2025 P'000	2024 P'000
4.	Non-interest income and expense				
	Fee and commission income				
	Fee and commission income				
	Card commissions	666,147	610,190	666,147	610,190
	Facility fees	37,962	45,052	37,962	45,052
	Commissions – guarantees and letters of credit	11,409	8,574	11,409	8,574
	Cash deposit fees	58,392	53,828	58,392	53,828
	Commissions – bills, drafts and cheques	122,256	113,767	122,256	113,767
	Service fees	629,033	566,141	629,033	566,141
	Commissions – customer service	137,104	141,355	137,153	141,355
	Total fee and commission income	1,662,303	1,538,907	1,662,352	1,538,907
	Fee and commission expense				
	Card commissions	267,820	230,789	267,820	230,789
	Cash deposit fees	14,128	10,039	14,128	10,039
	Service fees	29,418	23,329	29,418	23,329
	Commissions – customer service	50,486	48,212	50,486	48,212
	Total fee and commission expense	361,852	312,369	361,852	312,369



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

		Group		Company	
		2025 P'000	2024 P'000	2025 P'000	2024 P'000
4. Non-interest income and expense (continued)					
Other income					
Fair value gains or losses and foreign exchange trading income:					
Net loss on bond trading		(900)	(7,179)	(900)	(7,179)
Net loss on financial instruments at fair value		(1,729)	(9,255)	(1,729)	(9,255)
Foreign exchange trading income		456,062	359,857	456,062	359,857
Total fair value gains or losses and foreign exchange trading income		453,433	343,423	453,433	343,423
Non-financial assets and liabilities					
Loss on sale of property and equipment		(43)	(1,102)	(43)	(979)
Other*		26,612	15,086	26,619	14,813
Total non-financial assets and liabilities		26,569	13,984	26,576	13,834
Total other income		480,002	357,407	480,009	357,257
Total non-interest revenue		1,780,453	1,583,945	1,780,509	1,583,795

* Other includes commission from non-banking product sales via various platforms including online banking. The increase was primarily driven by an incentive of P8 000 000 from the Visa Incentive Program. This incentive was awarded for achieving targeted transaction volumes, reflecting the company's strong performance in driving card usage.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
5. Operating expenses				
Audit fees				
Current year	8,237	7,500	8,237	7,500
Prior year under-provision	–	1,120	–	1,120
	8,237	8,620	8,237	8,620
Depreciation				
Freehold and leasehold land and buildings	14,257	7,712	14,121	6,989
Leasehold improvements	7,316	8,303	7,314	8,301
Motor vehicles	2,172	2,271	2,172	2,271
Furniture and equipment	48,077	42,269	47,704	41,737
Capitalised leased assets (ROUA)	25,345	25,565	25,345	25,565
	97,167	86,120	96,656	84,863
Directors' remuneration				
For service as Executive Directors	15,083	14,657	15,083	14,657
For services as Non-Executive Directors	6,139	5,344	6,139	5,344
	21,222	20,001	21,222	20,001
Operating lease charges				
Non-capitalised lease charges				
Short-term lease charge	12,409	8,547	12,409	11,947
Service fee paid to related company				
Systems	203,037	204,488	203,037	204,488
Services	145,615	153,986	145,615	153,986
Products	26,571	37,702	26,571	37,702
	375,223	396,176	375,223	396,176
Professional fees	12,590	17,409	12,590	17,409



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
5. Operating expenses (continued)				
Other operating expenses				
Advertising and marketing	43,351	34,717	43,351	34,717
Communication	55,953	51,484	55,953	51,476
Repairs and maintenance of computers	13,237	26,142	13,230	26,126
Property maintenance	69,675	65,767	73,164	65,656
Stationery, storage and postage	20,308	16,873	20,308	16,871
Service fees	15,907	16,049	15,907	16,049
Other*	68,497	90,492	64,629	89,764
Other operating costs	286,928	301,524	286,542	300,659
Total operating expenses	813,776	838,397	812,879	839,675

* Other is inclusive of various expenses comprising mainly of travel, staff functions and entertainment, membership fees, motor vehicle cost, insurance, donations and credit checks.

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
Service fee paid to related parties – Group cost classification				
Specialised ICT services	175,953	169,724	175,953	169,724
Credit risk management	33,308	80,776	33,308	80,776
Management support	165,962	145,675	165,962	145,675
	375,223	396,175	375,223	396,175



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
6. Employee benefits expenses				
Direct employee costs				
Salaries, wages and allowances	793,809	678,651	793,809	678,651
Defined pension contributions	66,065	59,935	66,065	59,935
Leave pay	12,921	14,840	12,921	14,840
Other*	61,467	70,599	61,467	70,599
	934,262	824,025	934,262	824,025

* Other is inclusive of various staff related costs including training, subsistence & meal allowances, recruitment costs and off-market staff loan subsidy adjustment. Also included is the assumption of liability share scheme which is prepaid, and the expense recognised over 3 years P5,884,160 (2024: P8,477,000). Employee expenses increased by 13% as the Bank continues to invest in developing and retaining talent to ensure that it is well equipped and positioned to deliver world class customer experience and grow the business. Furthermore, the Bank undertook a voluntary separation exercise during the year amounting to P42,000,000.

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
7. Taxation				
Indirect taxation				
Value added tax	25,864	28,756	25,864	28,749
Direct taxation				
Current taxation				
Local income tax – current period	436,140	411,141	435,577	410,774
Local income tax – prior year under provision	25,269	321	25,034	-
	461,409	411,462	460,611	410,774
Deferred taxation				
Originating and reversing temporary differences	(20,150)	(17,354)	(19,824)	(17,266)
Deferred tax – prior year (over)/under provision	(586)	45	-	-
	(20,736)	(17,309)	(19,824)	(17,266)
Total direct taxation expense per income statements	440,673	394,153	440,787	393,508



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
7. Taxation (continued)				
Reconciliation of the taxation charge				
Reconciliation between accounting profit and tax expense:				
Profit before direct taxation	1,884,071	1,780,684	1,884,897	1,776,332
Tax at the applicable tax rate of 22% (2024: 22%)	414,496	391,750	414,677	390,793
Tax effect of adjustments on taxable income				
Under provision of current tax in prior years	25,268	321	25,034	-
(Over)/under provision of deferred tax in prior years	(586)	45	-	-
Donations	708	2,795	708	2,794
Other	787	(758)	367	(79)
Total tax expense per income statements	440,673	394,153	440,786	393,508
Effective tax rate	23.39%	22.13%	23.39%	22.15%



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

8. Earnings per share

Basic earnings per share

Earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

	Group	
	2025 P'000	2024 P'000
Earnings attributable to ordinary equity holders	1,443,398	1,386,531
Weighted average number of ordinary shares in issue (thousands)	2,543,700	2,543,700
Basic earnings per share (thebe)	56.74	54.51

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue by the share options in force assuming conversion of all dilutable potential ordinary shares. There are no dilutive instruments in the financial statements.

	Group	
	2025 P'000	2024 P'000
Earnings attributable to ordinary equity holders – P'000	1,443,398	1,386,531
Weighted average number of ordinary shares in issue (thousands)	2,543,700	2,543,700
Diluted earnings per share (thebe)	56.74	54.51



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

9. Analysis of assets and liabilities by category

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. Refer to policy section 1.4 for the principal accounting policies describing how the classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position per category of financial instrument to which they are assigned and therefore by measurement basis:

At fair value through profit or loss							
Group – 2025 P'000	Amortised cost	Mandatory	Designated	Non– financial instruments	Total carrying value	Current	Non–current
ASSETS							
Cash and short-term funds	2,095,051	–	–	–	2,095,051	2,095,051	–
Advances to customers	20,618,041	–	–	–	20,618,041	5,530,651	15,087,390
Due from related parties	19,288	–	–	–	19,288	19,288	–
Other assets	232,679	–	–	288,714	521,393	255,179	266,214
Investment securities	10,854,432	22,499	–	–	10,876,931	5,288,219	5,588,712
Derivative financial instruments	–	19,000	–	–	19,000	19,000	–
Current taxation	–	–	–	392	392	392	–
Deferred tax asset	–	–	–	28,211	28,211	–	28,211
Property and equipment	–	–	–	600,236	600,236	–	600,236
Goodwill	–	–	–	26,963	26,963	–	26,963
Total assets	33,819,491	41,499	–	944,516	34,805,506	13,207,780	21,597,726
LIABILITIES							
Deposits from banks	352,411	–	–	–	352,411	352,411	–
Deposits from customers	26,492,471	–	–	–	26,492,471	26,394,000	98,471
Deposits – other	1,738,081	–	–	–	1,738,081	1,738,081	–
Borrowings	648,787	–	47,184	–	695,971	512,781	183,190
Accrued interest payable	31,898	–	–	–	31,898	31,898	–
Due to related parties	35,067	–	–	–	35,067	35,067	–
Employee benefits liabilities	–	–	–	139,258	139,258	139,258	–
Other liabilities	772,906	–	–	33,861	806,767	677,966	128,801
Derivative financial instruments	–	10,578	–	–	10,578	10,578	–
Current tax payable	–	–	–	6,637	6,637	6,637	–
Total liabilities	30,071,621	10,578	47,184	179,756	30,309,139	29,898,677	410,462



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

9. Analysis of assets and liabilities by category (continued)

At fair value through profit or loss

Group – 2024 P'000	Amortised cost	Mandatory	Designated	Non– financial instruments	Total carrying value	Current	Non–current
ASSETS							
Cash and short–term funds	5,391,077	–	–	–	5,391,077	5,391,077	–
Advances to customers	18,494,002	–	–	–	18,494,002	4,668,589	13,825,413
Due from related parties	9,938	–	–	–	9,938	9,938	–
Other assets	185,897	–	–	261,928	447,825	198,669	249,156
Investment securities	11,520,740	82,334	–	–	11,603,074	6,761,791	4,841,283
Derivative financial instruments	–	17,368	–	–	17,368	17,368	–
Current taxation	–	–	–	4,999	4,999	4,999	–
Deferred tax asset	–	–	–	8,252	8,252	–	8,252
Property and equipment	–	–	–	616,301	616,301	–	616,301
Goodwill	–	–	–	26,963	26,963	–	26,963
Total assets	35,601,654	99,702	–	918,443	36,619,799	17,052,431	19,567,368
LIABILITIES							
Deposit from banks	501,449	–	–	–	501,449	501,449	–
Deposits from customers	30,021,044	–	–	–	30,021,044	29,933,251	87,793
Borrowings	933,769	–	95,387	–	1,029,156	175,061	854,095
Accrued interest payable	20,729	–	–	–	20,729	20,729	–
Due to related parties	38,887	–	–	–	38,887	38,887	–
Employee benefits liabilities	–	–	–	131,205	131,205	131,205	–
Other liabilities	411,825	–	–	256,470	668,295	668,295	–
Derivative financial instruments	–	10,623	–	–	10,623	10,623	–
Deferred tax liability	–	–	–	777	777	–	777
Total liabilities	31,927,703	10,623	95,387	388,452	32,422,165	31,479,500	942,665



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

9. Analysis of assets and liabilities by category (continued)

At fair value through profit or loss

Company – 2025 P'000	Amortised cost	Mandatory	Designated	Non– financial instruments	Total carrying value	Current	Non–current
ASSETS							
Cash and short-term funds	2,095,051	–	–	–	2,095,051	2,095,051	–
Advances to customers	20,618,041	–	–	–	20,618,041	5,530,651	15,087,390
Due from related parties	24,391	–	–	–	24,391	24,391	–
Other assets	224,441	–	–	288,714	513,155	246,941	266,214
Investment securities	10,854,432	22,499	–	–	10,876,931	5,288,219	5,588,712
Derivative financial instruments	–	19,000	–	–	19,000	19,000	–
Investments in subsidiaries	–	–	–	13,530	13,530	–	13,530
Deferred tax asset	–	–	–	28,076	28,076	–	28,076
Property and equipment	–	–	–	586,471	586,471	–	586,471
Goodwill	–	–	–	26,589	26,589	–	26,589
Total assets	33,816,356	41,499	–	943,380	34,801,235	13,204,253	21,596,982
LIABILITIES							
Deposits from banks	352,411	–	–	–	352,411	352,411	–
Deposits from customers	26,492,471	–	–	–	26,492,471	26,394,000	98,471
Deposits – other	1,738,081	–	–	–	1,738,081	–	1,738,081
Borrowings	648,787	–	47,184	–	695,971	512,781	183,190
Accrued interest payable	31,898	–	–	–	31,898	31,898	–
Due to related parties	48,379	–	–	–	48,379	48,379	–
Employee benefits liabilities	–	–	–	139,258	139,258	139,258	–
Other liabilities	772,073	–	–	33,861	805,934	677,133	128,801
Derivative financial instruments	–	10,578	–	–	10,578	10,578	–
Current tax payable	–	–	–	6,637	6,637	6,637	–
Total liabilities	30,084,100	10,578	47,184	179,756	30,321,618	28,173,075	2,148,543



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

9. Analysis of assets and liabilities by category (continued)

At fair value through profit or loss

Company – 2024 P'000	Amortised cost	Mandatory	Designated	Non– financial instruments	Total carrying value	Current	Non–current
ASSETS							
Cash and short–term funds	5,391,077	–	–	–	5,391,077	5,391,077	–
Advances to customers	18,494,002	–	–	–	18,494,002	4,668,589	13,825,413
Due from related parties	18,352	–	–	–	18,352	18,352	–
Other assets	185,951	–	–	261,928	447,879	198,723	249,156
Investment securities	11,520,740	82,334	–	–	11,603,074	6,761,791	4,841,283
Derivative financial instruments	–	17,368	–	–	17,368	17,368	–
Current taxation	–	–	–	2,199	2,199	2,199	–
Investments in subsidiaries	–	–	–	13,540	13,540	–	13,540
Deferred tax asset	–	–	–	8,252	8,252	–	8,252
Property and equipment	–	–	–	602,027	602,027	–	602,027
Goodwill	–	–	–	26,589	26,589	–	26,589
Total assets	35,610,122	99,702	–	914,535	36,624,359	17,058,099	19,566,260
LIABILITIES							
Deposit from banks	501,449	–	–	–	501,449	501,449	–
Deposits from customers	30,021,044	–	–	–	30,021,044	29,933,251	87,793
Borrowings	933,769	–	95,387	–	1,029,156	175,061	854,095
Accrued interest payable	20,729	–	–	–	20,729	20,729	–
Due to related parties	62,601	–	–	–	62,601	62,601	–
Employee benefits liabilities	–	–	–	131,205	131,205	131,205	–
Other liabilities	411,825	–	–	255,555	667,380	667,380	–
Derivative financial instruments	–	10,623	–	–	10,623	10,623	–
Total liabilities	31,951,417	10,623	95,387	386,760	32,444,187	31,502,299	941,888



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

	Note(s)	Group		Company	
		2025 P'000	2024 P'000	2025 P'000	2024 P'000
10. Cash and short-term funds					
Coins and cash notes		385,733	370,870	385,733	370,870
Money at call and short notice – related parties	16	67,349	200,371	67,349	200,371
Money at call and short notice – other banks		626,554	529,024	626,554	529,024
Balances with Bank of Botswana – Primary reserve requirement*		–	616,822	–	616,822
Balances with Bank of Botswana – Statutory account balance		37,744	20,357	37,744	20,357
Standing deposit facility (SDF)		80,002	130,004	80,002	130,004
Balances with other banks – related parties	16	764,424	3,132,164	764,424	3,132,164
Balances with other financial institutions – related party	16	–	391,465	–	391,465
Balances with other banks – other banks		133,245	–	133,245	–
		2,095,051	5,391,077	2,095,051	5,391,077
* In prior period banks were required to deposit a minimum average balance, calculated monthly, with Bank of Botswana as the Primary Reserve which did not bear interest. This is no longer required effective 11 December 2024.					
Amounts denominated in foreign currencies included in above balances		1,643,417	4,278,037	1,643,417	4,278,037

Money at short notice constitutes amounts withdrawable in 30 days or less.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

11. Derivative financial instruments

Strategy in using derivatives

The Group transacts in derivatives for two purposes: to create risk management solutions for clients and to manage and hedge the Group's own risk. The Group's derivative activities give rise to open positions in portfolios of derivatives. These positions are managed to ensure that they remain within acceptable risk levels, with offsetting deals being utilised to achieve this where necessary.

Interest rate derivatives comprising mainly of interest rate swaps and forward rate agreements are utilised for economic hedging purposes to eliminate uncertainty and reduce the risk that the Group faces due to volatile interest rates.

Interest rate swaps

The Group accepts deposits at variable rates and uses fixed interest rate derivatives as economic hedges of future interest payments, effectively converting borrowings from floating to fixed rates. The Group also has assets at fixed rates and uses variable interest rate derivatives as economic hedges of future interest receipts.

The notional amounts of the derivative instruments do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments, and therefore, do not present the Group's exposure to credit or pricing risk. Derivative instruments become favourable (assets) or unfavourable (liabilities) based on changes in market interest rates. The aggregate notional amount of derivative financial instruments, which is the extent to which the instruments are favourable or unfavourable, and thus the aggregate fair value can fluctuate significantly, over time.

Trading derivatives

The Group's derivative transactions relate to all spot, forward exchange contracts and swaps (both currency and interest rates). Sales activities include the structuring and marketing of derivative products to customers to enable them to take, transfer, modify or reduce current or expected risks. Trading activities in derivatives are entered into principally for the purpose of generating profits from short term fluctuations in price or margin. Positions may be traded actively or be held over a period of time to benefit from expected changes in currency rates, interest rates or other market parameters. Trading includes market making and positioning activities. Market making entails quoting bid and offer prices to other market participants for the purpose of generating revenues based on spread and volume; positioning entails managing market risk positions in the expectation of benefiting from favourable movements in prices, rates or indices. The trading derivatives relate to all spot and forward foreign exchange contracts which were unsettled as at year end. Further information pertaining to the risk management strategy of the Group is set out in note 40.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

11. Derivative financial instruments (continued)

Strategy in using derivatives (continued)

Trading derivatives (continued)

Group and Company

	Assets		Liabilities	
	Notional P'000	Fair value P'000	Notional P'000	Fair value P'000
2025				
Currency derivatives				
Trading derivatives	691,876	6,605	573,891	3,788
Currency swaps	472,901	7,819	233,531	3,470
Interest rate derivatives				
Interest rate swaps	359,168	4,576	251,294	3,320
	1,523,945	19,000	1,058,716	10,578
Related party (FirstRand Bank Limited) derivatives included in above balances				
Trading derivatives	311,119	1,441	181,835	876
Interest rate swaps	107,874	1,256	251,294	3,320
Currency swaps	172,901	3,253	233,531	3,470
	591,894	5,950	666,660	7,666



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

11. Derivative financial instruments (continued)

Strategy in using derivatives (continued)

Trading derivatives (continued)

Group and Company (continued)

	Assets		Liabilities	
	Notional P'000	Fair value P'000	Notional P'000	Fair value P'000
2024				
Currency derivatives				
Trading derivatives	535,213	2,339	678,818	5,293
Currency swaps	161,178	6,042	402,790	1,784
Interest rate derivatives				
Interest rate swaps	359,168	8,987	251,294	3,546
	1,055,559	17,368	1,332,902	10,623
Related party (FirstRand Bank Limited) above balances included in above balances				
Trading derivatives	380,288	1,595	203,677	294
Interest rate swaps	324,748	6,898	34,420	2,089
Currency swaps	134,005	5,841	382,262	1,639
	839,041	14,334	620,359	4,022



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

12. Investment securities

Group and Company

	Fair value through profit or loss P'000	Amortised cost P'000	Total P'000
2025			
Bank of Botswana Certificates	-	399,979	399,979
Government Bonds	-	5,566,213	5,566,213
Government and Parastatal Bonds	22,499	-	22,499
Placements	-	1,431,740	1,431,740
Treasury Bills	-	3,456,500	3,456,500
	22,499	10,854,432	10,876,931
2024			
Bank of Botswana Certificates	-	4,298,825	4,298,825
Government Bonds	-	4,856,729	4,856,729
Government and Parastatal Bonds	82,334	-	82,334
Treasury Bills	-	2,365,186	2,365,186
	82,334	11,520,740	11,603,074

P399,979,000 (2024: P4,298,825,000) of the Bank of Botswana Certificates form part of the Group's liquid assets portfolio in terms of section 16 (5) of the Banking Act (Cap 46:04).

The Bank of Botswana Certificates have a seven day and twenty-eight days maturity period (2024: seven day and twenty-eight days maturity period).

Bank of Botswana securities amounting to P1,450,000,000 (2024: P1,300,000,000) have been pledged as collateral of the secured intra-day trading facilities with Bank of Botswana. An additional pledge of P1,789,000,000 (2024: Nil) has been placed as collateral on the repurchase agreement and standing credit facility with Bank of Botswana.

There is a reduction in investment securities primarily BOBC's as the bank's excess liquidity has reduced owing to the current liquidity constraints in the market.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

12. Investment securities (continued)

	2025 P'000	2024 P'000
Loss allowance on investment securities		
Stage 1	1,262	943
	1,262	943
Total Investment securities		
Analysis of Investment securities		
Amortised cost	1,262	943
Total Investment securities	1,262	943



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

	Note(s)	Group		Company	
		2025 P'000	2024 P'000	2025 P'000	2024 P'000
13. Advances to customers					
Sector analysis					
Agriculture		388,410	374,313	388,410	374,313
Building and property development		371,203	314,295	371,203	314,295
Individuals		12,395,048	11,815,749	12,395,048	11,815,749
Manufacturing and commerce		537,988	622,834	537,988	622,834
Transport and communication		413,870	337,195	413,870	337,195
Other advances*		7,350,185	5,941,703	7,350,185	5,941,703
Gross advances		21,456,704	19,406,089	21,456,704	19,406,089
Less: impairment of advances	15	(838,663)	(912,087)	(838,663)	(912,087)
Net advances		20,618,041	18,494,002	20,618,041	18,494,002
Category analysis					
Term loans		10,408,076	9,622,590	10,408,076	9,622,590
Instalment sales		2,343,749	2,064,940	2,343,749	2,064,940
Property loans		6,612,731	6,104,932	6,612,731	6,104,932
Overdraft and managed accounts		1,786,139	1,294,163	1,786,139	1,294,163
Other		306,009	319,464	306,009	319,464
Total customer advances		21,456,704	19,406,089	21,456,704	19,406,089
Gross value of advances		21,456,704	19,406,089	21,456,704	19,406,089
Less: impairment of advances	15	(838,663)	(912,087)	(838,663)	(912,087)
Net advances		20,618,041	18,494,002	20,618,041	18,494,002
Maturity analysis					
Maturity within one year		5,530,651	5,377,283	5,530,651	5,377,283
Maturity between one and five years		10,332,301	9,011,762	10,332,301	9,011,762
Maturity more than five years		5,593,752	5,017,044	5,593,752	5,017,044
		21,456,704	19,406,089	21,456,704	19,406,089

* Other advances include commercial real estate, business services, electricity, tourism, trade, restaurant and hotels.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

13. Advances to customers (continued)

Analysis of advances per category – 2025 P'000

Group and Company

	Gross carrying amount	Loss allowance	Total
Term loans	10,408,076	(341,090)	10,066,986
Instalment sales	2,343,749	(152,607)	2,191,142
Property loans	6,612,731	(139,444)	6,473,287
Overdraft and managed account	1,786,139	(177,091)	1,609,048
Other	306,009	(28,431)	277,578
Total	21,456,704	(838,663)	20,618,041

Segmental analysis P'000

Retail	12,353,510	(481,181)	11,872,329
Commercial	4,114,615	(282,897)	3,831,718
Corporate	4,988,579	(74,585)	4,913,994
Total	21,456,704	(838,663)	20,618,041

Analysis of advances per category – 2024 P'000

Group and Company

Term loans	9,622,590	(308,798)	9,313,792
Instalment sales	2,064,940	(114,600)	1,950,340
Property loans	6,104,932	(241,614)	5,863,318
Overdraft and managed account	1,294,163	(206,616)	1,087,547
Other	319,464	(40,459)	279,005
Total	19,406,089	(912,087)	18,494,002

Segmental analysis P'000

Retail	11,779,996	(486,558)	11,293,438
Commercial	3,564,041	(348,105)	3,215,936
Corporate	4,062,052	(77,424)	3,984,628
Total	19,406,089	(912,087)	18,494,002



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
14. Current income taxation asset				
Balance at the beginning of the year	4,999	88,368	2,199	78,378
Charged to the income statement	(461,409)	(411,462)	(460,611)	(410,774)
Cash amounts paid net of refunds received	450,165	328,093	451,775	334,595
Balance at the end of the year	(6,245)	4,999	(6,637)	2,199
Closing asset	392	4,999	-	2,199
Closing liability	(6,637)	-	(6,637)	-
	(6,245)	4,999	(6,637)	2,199



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

15. Impairment of advances

Advances are monitored by the Credit Division and impaired according to the Group's impairment policy when an indication of impairment is observed.

Analysis of the gross advances and loss allowance on total advances as at 30 June 2025 – P'000

Group and Company	Gross advances				Loss allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Amortised cost	16,449,539	2,179,677	776,873	19,406,089	147,295	228,280	536,512	912,087
Amount as at 01 July 2024	16,449,539	2,179,677	776,873	19,406,089	147,295	228,280	536,512	912,087
Transfers								
Stage 2 to stage 1	1,026,232	(1,026,232)	-	-	34,553	(34,553)	-	-
Stage 3 to stage 1	27,283	-	(27,283)	-	11,757	-	(11,757)	-
Stage 3 to stage 2	-	39,569	(39,569)	-	-	12,739	(12,739)	-
Stage 1 to stage 2	(1,299,989)	1,299,989	-	-	(43,912)	43,912	-	-
Stage 1 to stage 3	(119,535)	-	119,535	-	(4,012)	-	4,012	-
Stage 2 to stage 3	-	(80,940)	80,940	-	-	(10,350)	10,350	-
Opening balance after transfers	16,083,530	2,412,063	910,496	19,406,089	145,681	240,028	526,378	912,087
Net movement current year	1,966,371	377,088	(58,102)	2,285,357	(34,695)	55,145	120,005	140,455
Attributable to change in measurement period	-	(71,965)	-	(71,965)	-	20,532	-	20,532
Attributable to change in risk parameters	-	-	-	-	(76,060)	(7,987)	91,475	7,428
Change due to new business net of attrition	1,966,371	449,053	(58,102)	2,357,322	41,365	42,600	28,530	112,495
Bad debts written off	-	-	(234,742)	(234,742)	-	-	(234,742)	(234,742)
Net interest released	-	-	-	-	-	-	20,863	20,863
Amount as at 30 June 2025	18,049,901	2,789,151	617,652	21,456,704	110,986	295,173	432,504	838,663



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

15. Impairment of advances (continued)

Analysis of the gross advances and loss allowance on total advances as at 30 June 2024 – P'000

Group and Company	Gross advances				Loss allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Amortised cost	14,146,741	2,295,739	863,052	17,305,532	255,112	223,716	552,028	1,030,856
Amount as at 01 July 2023	14,146,741	2,295,739	863,052	17,305,532	255,112	223,716	552,028	1,030,856
Transfer								
Stage 2 to stage 1	1,466,916	(1,466,916)	-	-	90,820	(90,820)	-	-
Stage 3 to stage 1	48,725	-	(48,725)	-	9,268	-	(9,268)	-
Stage 3 to stage 2	-	20,130	(20,130)	-	-	8,476	(8,476)	-
Stage 1 to stage 2	(1,709,504)	1,709,504	-	-	(14,327)	14,327	-	-
Stage 1 to stage 3	(131,212)	-	131,212	-	(1,700)	-	1,700	-
Stage 2 to stage 3	-	(115,681)	115,681	-	-	(20,286)	20,286	-
Opening balance after transfers	13,821,666	2,442,776	1,041,090	17,305,532	339,173	135,413	556,270	1,030,856
Net movement current year	2,627,873	(263,099)	(101,859)	2,262,915	(191,878)	92,867	116,333	17,322
Attributable to change in measurement period	-	(53,230)	-	(53,230)	-	10,695	-	10,695
Attributable to change in risk parameters	-	-	-	-	(241,331)	53,639	92,213	(95,479)
Change due to new business net of attrition	2,627,873	(209,869)	(101,859)	2,316,145	49,453	28,533	24,120	102,106
Bad debts written off	-	-	(162,358)	(162,358)	-	-	(162,358)	(162,358)
Net interest released	-	-	-	-	-	-	26,267	26,267
Amount as at 30 June 2024	16,449,539	2,179,677	776,873	19,406,089	147,295	228,280	536,512	912,087



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

15. Impairment of advances (continued)

- The reconciliation of the gross advances (gross carrying amount) and loss allowance (ECL) has been prepared using a year-to-date view. This means that the Group reports exposures based on the impairment stage at the end of the reporting period. The reconciliation distinguishes between the back book and new business as this provides meaningful information to the user in gaining an understanding of the performance of advances overall. The current year movement in ECL is split between new business and back book and the temporary stress scenario.
- The Group transfers opening balances (back book) at the value as at 1 July, based on the impairment stage at the end of the reporting period. Any change in exposure and additional ECL raised or released is included in the impairment stage as at the end of the reporting period. Exposures that are in the back book can move directly from stage 3 to stage 1 if the curing requirements have been met in a reporting period. The opening balances as at 1 July are transferred to the impairment stage at 30 June in the transfers section. The current year movements of the back book is included in changes in exposure and net movement on gross carrying amount (GCA) and ECL provided/(released) are reflected separately in the reconciliation. The current year movement in the ECL for stage 2 advances is split between exposure where there has been a change in the measurement basis from 12 months to lifetime ECL and other changes.
 - The movement on GCA is the net amount of additional amounts advanced on the back book and any settlements. Transfers on the back book are reflected separately and new business originated during the financial year, the transfers between stages of the new origination and any settlements.
- Current year ECL provided/(released) relates to:
 - an increase/(decrease) in the carrying amount of the back book during the current financial year, as well as the increase/(decrease) in the risk associated with the opening balance of the back book; and
 - includes interest on stage 3 advances for stage 3 exposures in the back book and new business.
- New business is broadly defined as any new product issued to a new or existing customer during the current financial year, including any increase or decrease during the current financial year. All new business is included in the change in exposure due to new business in the current year based on the exposures' impairment stage at the end of the reporting period. Therefore, exposures in the new business lines can be reported in stage 3 at the end of the reporting date.
- The decrease in the advance as a result of a write-off is equal to the decrease in the ECL (bad debts written off), as exposures are 100% provided for before being written off. There is however an exception in the Corporate and investment banking portfolio, where partial write-offs are permitted on a case-by-case basis.
- The total contractual amount outstanding on financial assets that were written off during the period and are still subject to enforcement activity is P223,721,000 (2024: P146,141,000)
- The ECL allowance at the reporting date included P1,944,645 (2024: P2,618,000) relating to off balance sheet exposures which comprise undrawn commitments of P2,254,552,000 (2024: P2,611,048,000) and LCs and guarantees (please refer to note 38 where LCs and guarantees have been disclosed separately).

For more information on the computation of ECL, refer to accounting policy 1.4, 1.8 and note 39.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

15. Impairment of advances (continued)

Analysis of the gross advances and loss allowance on total advances per class as at 30 June 2025 – P'000

Group and Company	Gross advances				Loss allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Residential mortgages	3,301,199	91,146	200,064	3,592,409	18,606	26,479	97,177	142,262
Instalment sales	1,061,759	284,743	70,511	1,417,013	18,437	31,717	59,001	109,155
Overdrafts	9,065	4,576	11,527	25,168	150	6,897	11,946	18,993
Term loans	5,948,151	1,106,888	89,245	7,144,284	38,726	76,672	76,868	192,266
Other	165,881	5,983	2,773	174,637	3,037	7,313	8,156	18,506
Total Retail	10,486,055	1,493,336	374,120	12,353,511	78,956	149,078	253,148	481,182
Property mortgages	1,031,024	186,168	90,067	1,307,259	1,394	2,167	45,692	49,253
Instalment sales	757,116	142,644	26,975	926,735	10,212	10,512	22,727	43,451
Overdrafts	583,790	232,284	61,225	877,299	7,926	46,619	53,835	108,380
Term loans	502,555	316,923	56,973	876,451	3,152	21,049	47,956	72,157
Other	114,669	4,179	8,023	126,871	94	684	8,877	9,655
Total Commercial	2,989,154	882,198	243,263	4,114,615	22,778	81,031	179,087	282,896
Corporate business banking	734,586	388,698	269	1,123,553	3,248	59,251	269	62,768
Investment banking	3,840,106	24,919	–	3,865,025	6,004	5,813	–	11,817
Total Corporate	4,574,692	413,617	269	4,988,578	9,252	65,064	269	74,585
Total advances	18,049,901	2,789,151	617,652	21,456,704	110,986	295,173	432,504	838,663



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

15. Impairment of advances (continued)

Analysis of the gross advances and loss allowance on total advances per class as at 30 June 2024 – P'000

Group and Company	Gross advances				Loss allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Residential mortgages	3,133,628	161,659	264,642	3,559,929	17,027	31,283	131,417	179,727
Instalment sales	828,990	409,164	57,144	1,295,298	14,882	19,917	52,981	87,780
Overdrafts	7,415	6,857	20,921	35,193	1,025	5,485	19,168	25,678
Term loans	6,023,937	602,615	86,732	6,713,284	58,205	33,002	75,922	167,129
Other	132,338	24,654	19,300	176,292	1,545	5,411	19,287	26,243
Total Retail	10,126,308	1,204,949	448,739	11,779,996	92,684	95,098	298,775	486,557
Property mortgages	900,235	135,102	117,124	1,152,461	3,008	1,984	56,887	61,879
Instalment sales	729,377	15,568	24,695	769,640	7,375	5,425	14,020	26,820
Overdraft	443,476	121,591	76,721	641,788	8,715	42,033	77,608	128,356
Term loans	487,022	274,550	100,980	862,552	21,559	15,011	80,612	117,182
Other	126,978	2,358	8,265	137,601	1,688	3,917	8,261	13,866
Total Commercial	2,687,088	549,169	327,785	3,564,042	42,345	68,370	237,388	348,103
Corporate business banking	552,051	425,559	349	977,959	8,211	64,812	349	73,372
Investment banking	3,084,092	-	-	3,084,092	4,055	-	-	4,055
Total Corporate	3,636,143	425,559	349	4,062,051	12,266	64,812	349	77,427
Total advances	16,449,539	2,179,677	776,873	19,406,089	147,295	228,280	536,512	912,087

For more information on the computation of ECL refer to accounting policies 1.4, 1.8 and note 40.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

15. Impairment of advances (continued)

Group and Company	Loss allowance P'000			
	Stage 1	Stage 2	Stage 3	Total
Amount as at 30 June 2025	110,986	295,173	432,504	838,663
Significant components of total loss allowance				
– Forward looking information	9,259	29,677	291	39,227
– Model driven including watchlist	101,727	265,496	432,213	799,436
Amount as at 30 June 2024	147,294	228,281	536,512	912,087
Significant components of total loss allowance				
– Forward looking information	33,732	17,848	–	51,580
– Model driven including watchlist	113,562	210,434	–	323,996
– Specific provisions	–	–	536,512	536,512

A credit watchlist is used to monitor counterparties with early indicators of credit risk. The inclusion of a counterparty on the watchlist is considered a SICR event and such, a combination of a model driven and specific provision is applied.

Breakdown of impairment charge recognised in the income statement

Group and Company	2025		2024	
	Amortised cost	Total	Amortised cost	Total
Increase in loss allowance	140,455	140,455	17,322	17,322
Recoveries of bad debts	(66,808)	(66,808)	(65,354)	(65,354)
Impairment of advances recognised during the period	73,647	73,647	(48,032)	(48,032)



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

15. Impairment of advances (continued)

Breakdown of impairment charge recognised in the income statement (continued)

	Security held P'000	Specific impairment P'000	Total P'000
Group and Company			
Non-performing advances – amortised cost:			
Sector analysis – 2025			
Agriculture	5,175	5,265	10,440
Building and property development	3,563	15,222	18,785
Individuals	111,326	239,414	350,740
Manufacturing and commerce	4,027	11,502	15,529
Transport and communication	5,246	16,573	21,819
Other advances	55,811	144,528	200,339
Total non-performing advances – 30 June 2025	185,148	432,504	617,652
Sector analysis – 2024			
Agriculture	2,570	6,893	9,463
Building and property development	2,997	10,990	13,987
Individuals	117,580	368,978	486,558
Manufacturing and commerce	4,553	8,249	12,802
Transport and communication	10,930	19,368	30,298
Other advances	101,731	122,034	223,765
Total non-performing advances – 30 June 2024	240,361	536,512	776,873



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

15. Impairment of advances (continued)

Breakdown of impairment charge recognised in the income statement (continued)

	Security held P'000	Specific impairment P'000	Total P'000
Group and Company			
Category analysis – 2025			
Overdrafts and managed accounts	7,522	65,686	73,208
Term loans	12,135	124,824	136,959
Instalment sales	16,548	81,531	98,079
Property loans	147,946	142,869	290,815
Other advances	997	17,594	18,591
Total non-performing advances – 30 June 2025	185,148	432,504	617,652
Retail	125,437	254,703	380,140
Commercial	59,711	177,532	237,243
Corporate	–	269	269
Credit-impaired advances	185,148	432,504	617,652
Category analysis – 2024			
Overdrafts and managed accounts	866	96,776	97,642
Term loans	31,178	156,534	187,712
Instalment sales	14,837	67,001	81,838
Property loans	193,462	188,304	381,766
Other advances	18	27,897	27,915
Total non-performing advances – 30 June 2024	240,361	536,512	776,873
Retail	160,639	312,794	473,433
Commercial	79,722	223,369	303,091
Corporate	–	349	349
Credit-impaired advances	240,361	536,512	776,873

Advances expose the group to concentration risk in various industry sectors. The table above sets out the group's exposure to the various industry sectors for total advance and credit-impaired advances.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

16. Related parties

Relationships

Ultimate holding company	FirstRand Limited – South Africa
Holding company	First National Bank Holdings (Botswana) Limited
Subsidiaries	Refer to note 18
Common management/Common control	FNB Insurance Brokers (Proprietary) Limited, FirstRand Bank Limited

Key management personnel comprise Non-Executive Directors, the Chief Executive Officer, the Chief Risk Officer, the Chief Operating Officer, the Chief Financial Officer, the Director of Human Resources, the Treasurer and the Director of Credit.

		Group		Company	
	Note(s)	2025 P'000	2024 P'000	2025 P'000	2024 P'000
Related party balances					
Due from related parties					
FirstRand Bank Limited*		2,084,798	3,332,535	2,084,798	3,332,535
FirstRand Limited – South Africa*		12,925	3,570	12,925	3,570
RMB International Mauritius Ltd	12	178,715	391,465	178,715	391,465
First National Bank Holdings (Botswana) Limited		6,363	6,368	6,363	6,368
Financial Services Company of Botswana Proprietary Limited		–	–	5,103	8,414
		2,282,801	3,733,938	2,287,904	3,742,352
Less investment securities and money at call and short notice					
FirstRand Bank Limited – nostro balances*	10	(67,349)	(200,371)	(67,349)	(200,371)
FirstRand Bank Limited – placements*	10	(764,424)	(3,132,164)	(764,424)	(3,132,164)
FirstRand Bank Limited – placements*	12	(1,253,025)	–	(1,253,025)	–
RMB International Mauritius Ltd – placements	12	(178,715)	(391,465)	(178,715)	(391,465)
		19,288	9,938	24,391	18,352

* In the prior year, amounts due from FirstRand Bank Limited of P3,332,535 (of which P200,317 and P3,132,164 were nostros and placements respectively) were erroneously disclosed as due from FirstRand Limited – South Africa.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

16. Related parties (continued)

Relationships (continued)

	Note(s)	Group		Company	
		2025 P'000	2024 P'000	2025 P'000	2024 P'000
Due to related companies – current liabilities					
Financial National Insurance Agency Proprietary Limited		–	–	8,919	19,210
First Funding Proprietary Limited		–	–	4,393	4,393
Plot Four Nine Seven Two Proprietary Limited		–	–	–	111
FirstRand Limited – South Africa		35,067	38,887	35,067	38,887
Due to related companies – other liabilities		35,067	38,887	48,379	62,601

Refer to Note 24 for amounts included in deposits from customers, refer to Note 23 for amounts included in deposits from banks and refer to Note 11 for amounts included in derivatives.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

16. Related parties (continued)

Related party transactions

Transactions were carried out in the ordinary course of business, were not secured, and are detailed as below:

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
Interest income				
FirstRand Bank Limited*	153,583	221,104	153,583	221,104
Interest expenditure				
FirstRand Bank Limited*	15,148	35,315	15,148	35,315
First National Bank Insurance Brokers (Proprietary) Limited	462	443	462	443
First National Bank Holdings (Proprietary) Limited	279	60	279	60
	15,889	35,818	15,889	35,818
Operating expenses				
Service fees – FirstRand Limited (Note 5)	375,223	396,176	375,223	396,176
Rent expense – Financial Services Company of Botswana Proprietary Limited	–	–	3,604	3,400
Management fees – FNB Insurance Brokers (Botswana) Proprietary Limited	(5,274)	(3,665)	(5,609)	(3,665)
Management fees – Financial Services Company of Botswana Proprietary Limited	–	–	(169)	(33)
	369,949	392,511	373,049	395,878
Contingencies and commitments				
Undrawn commitment – FirstRand Limited	–	400,000	–	400,000
Guarantee – FNB Insurance Brokers (Botswana) Proprietary Limited	42,534	42,534	42,534	42,534
Guarantees – FirstRand Limited	295,512	–	295,512	–
	338,046	442,534	338,046	442,534

* In the prior year interest income was erroneously disclosed as relating to FirstRand Limited – South Africa Proprietary Limited instead of FirstRand Bank Limited and Interest expense was erroneously disclosed as relating to FirstRand Limited – South Africa instead of FirstRand Bank Limited.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

16. Related parties (continued)

Transaction with key management personnel:

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
Compensation paid to key management personnel				
Share-based payments	6,799	7,201	6,799	7,201
Short-term employee benefits	29,519	22,836	29,519	22,836
	36,318	30,037	36,318	30,037
Post employment benefits				
Pension	1,152	771	1,152	771
Advances				
Personal loans	1,585	1,292	1,585	1,292
Credit card	455	396	455	396
Instalment finance	3,400	788	3,400	788
Property loans	12,000	12,550	12,000	12,550
Total advances	17,440	15,026	17,440	15,026

For all the above facilities, standard credit checks are performed.

Personal loans and instalment finance loans are repayable up to 7 years and 8 years respectively. Property loans are repayable monthly over periods up to 20 years.

Property loans are collateralised by properties with a total fair value of P30,321,000 (2024: P21,520,000). Personal loans, overdrafts and credit card balances are unsecured.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

17. Other assets

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
Financial instruments:				
Other sundry debtors	95,998	177,683	95,563	177,683
Items in transit*	136,681	8,214	128,878	8,268
Total financial instruments	232,679	185,897	224,441	185,951
Non-financial instruments:				
Prepayments	22,500	11,060	22,500	11,060
Prepayment for staff share scheme**	20,082	19,066	20,082	19,066
Deferred staff costs – off market loans	246,132	231,802	246,132	231,802
Total non-financial instruments	288,714	261,928	288,714	261,928
Total carrying amount of other assets	521,393	447,825	513,155	447,879

* Items in transit primarily consist of VISA settlement transactions. The year-on-year increase reflects higher customer transaction volumes towards the reporting date.

** The prepaid fund is managed by RMB Morgan Stanley. Share based payments allocated to employees are accumulated in advance through the fund. No liability is recognised for the conditional share plan scheme, as the liability is prepaid.

18. Investments in subsidiary companies

The following table lists the entities which are controlled by the Group, either directly through subsidiaries. All of these subsidiaries are domiciled in Botswana.

Company

Name of company	Nature of business	% holding	Carrying amount 2025 P'000	Carrying amount 2024 P'000
Financial Services Company of Botswana Limited	Property owning company	100.00%	12,500	12,500
First Funding Proprietary Limited	Dormant	100.00%	1,000	1,000
Premium Credit Botswana Proprietary Limited*	Dormant	100.00%	–	10
First National Insurance Agency Proprietary Limited	Dormant	100.00%	30	30
			13,530	13,540

* The entity was deregistered in prior years and the nil balance in the current year is due to derecognition of the residual investment balances which were not derecognised in prior years.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

19. Property and equipment

Group	2025			2024		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Freehold and leasehold land and buildings	390,854	(119,526)	271,328	386,755	(105,172)	281,583
Furniture and equipment	267,075	(136,678)	130,397	210,875	(88,716)	122,159
Motor vehicles	21,338	(14,964)	6,374	24,334	(16,778)	7,556
Leasehold improvements	93,490	(57,659)	35,831	91,371	(50,325)	41,046
Right of use asset – property	220,874	(66,726)	154,148	216,027	(60,018)	156,009
Capital work in progress	2,158	-	2,158	7,948	-	7,948
Total	995,789	(395,553)	600,236	937,310	(321,009)	616,301

Company	2025			2024		
	Cost	Accumulated depreciation	Carrying value	Cost	Accumulated depreciation	Carrying value
Freehold and leasehold land and buildings	354,705	(96,157)	258,548	350,723	(82,057)	268,666
Furniture and equipment	263,495	(134,083)	129,412	207,180	(86,378)	120,802
Motor vehicles	21,338	(14,964)	6,374	24,334	(16,778)	7,556
Leasehold improvements	93,490	(57,659)	35,831	91,371	(50,325)	41,046
Right of use asset – property	220,874	(66,726)	154,148	216,027	(60,018)	156,009
Capital work in progress	2,158	-	2,158	7,948	-	7,948
Total	956,060	(369,589)	586,471	897,583	(295,556)	602,027



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

19. Property and equipment (continued)

Reconciliation of property and equipment – Group – 2025

	Opening balance	Additions	Disposals	Transfers	IFRS 16 lease adjustment	Depreciation	Total
Freehold and leasehold land and buildings	281,583	2,812	(2,450)	3,622	–	(14,239)	271,328
Furniture and equipment	122,159	54,148	–	2,168	–	(48,078)	130,397
Motor vehicles	7,556	1,029	(39)	–	–	(2,172)	6,374
Leasehold improvements	41,046	2,118	–	–	–	(7,333)	35,831
Right of use asset – property	156,009	38,305	–	–	(14,821)	(25,345)	154,148
Capital work in progress	7,948	–	–	(5,790)	–	–	2,158
	616,301	98,412	(2,489)	–	(14,821)	(97,167)	600,236

Reconciliation of property and equipment – Group – 2024

	Opening balance	Additions	Disposals	IFRS 16 lease adjustment	Depreciation	Total
Freehold and leasehold land and buildings	282,873	6,519	(97)	–	(7,712)	281,583
Furniture and equipment	96,362	68,769	(703)	–	(42,269)	122,159
Motor vehicles	4,460	5,372	(5)	–	(2,271)	7,556
Leasehold improvements	47,737	1,909	(297)	–	(8,303)	41,046
Right of use asset – property	129,578	27,286	–	24,710	(25,565)	156,009
Capital work in progress	5,138	2,810	–	–	–	7,948
	566,148	112,665	(1,102)	24,710	(86,120)	616,301



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

19. Property and equipment (continued)

Reconciliation of property and equipment – Company – 2025

	Opening balance	Additions	Disposals	Transfers	IFRS 16 lease adjustment	Depreciation	Total
Freehold and leasehold land and buildings	268,666	2,810	(2,450)	3,622	–	(14,100)	258,548
Furniture and equipment	120,802	54,148	–	2,168	–	(47,706)	129,412
Motor vehicles	7,556	1,029	(39)	–	–	(2,172)	6,374
Leasehold improvements	41,046	2,118	–	–	–	(7,333)	35,831
Right of use asset – property	156,009	38,305	–	–	(14,821)	(25,345)	154,148
Capital – Work in progress	7,948	–	–	(5,790)	–	–	2,158
	602,027	98,410	(2,489)	–	(14,821)	(96,656)	586,471

Reconciliation of property and equipment – Company – 2024

	Opening balance	Additions	Disposals	IFRS 16 lease adjustment	Depreciation	Total
Freehold and leasehold land and buildings	269,230	6,520	(95)	–	(6,989)	268,666
Furniture and equipment	94,478	68,642	(581)	–	(41,737)	120,802
Motor vehicles	4,460	5,372	(5)	–	(2,271)	7,556
Leasehold improvements	47,737	1,908	(298)	–	(8,301)	41,046
Right of use asset – property	129,578	27,286	–	24,710	(25,565)	156,009
Capital – Work in progress	5,138	2,810	–	–	–	7,948
	550,621	112,538	(979)	24,710	(84,863)	602,027

Property and equipment encumbered as security

No assets have been encumbered as security for any liabilities.

There were no contractual commitments made for the acquisition of property and equipment.

No borrowings were capitalised during the year.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

20. Goodwill

2025				2024		
Group P'000	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	26,963	–	26,963	26,963	–	26,963

2025				2024		
Company P'000	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	26,589	–	26,589	26,589	–	26,589

The goodwill arose from the Bank's acquisition of net assets relating to unsecured lending activities which generate income from ordinary activities and thus met the definition of a business at the time of acquisition.

Impairment of goodwill

The carrying amount of goodwill is tested annually for impairment in accordance with the stated accounting policy. Goodwill is considered to be impaired when its carrying amount is less than its recoverable amount. Goodwill is allocated to cash generating units (CGUs). For impairment testing purposes, goodwill is allocated to CGUs at the lowest level of operating activity to which it relates, and is therefore not combined at Group level.

The significant CGUs to which the goodwill balance relates are reflected below

	2025 P'000	2024 P'000
First Funding	26,589	26,589
Premium Credit	374	374
	26,963	26,963

The recoverable amount of the CGU is determined as the higher of the value in use or fair value less costs to sell. The Group's goodwill impairment test is performed on the balances as at 31st March annually.

Fair value less costs to sell

The fair value less costs to sell is determined as the current market value of the CGU less any costs related to the realisation of the CGU.

Value in use

The value in use is calculated as the net present value of the discounted cash flows of the CGU. This is determined by discounting the estimated future pre-tax cash flows to its present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the CGU. The future cash flows are based on financial budgets approved by management covering a four-year period. Cash flows beyond one year are extrapolated using the estimated growth rate for the CGU.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

20. Goodwill (continued)

Management's judgement in estimating the cash flows of a CGU

The cash flow projections for each CGU are based on budgets and forecasts approved by the Board as part of the annual budget and forecast process. The budgets and forecasts are based on historical data adjusted for management's expectation of future performance. Expected future performance is determined using both internal and external sources of information. The Board challenges and endorses planning assumptions in light of internal capital allocation decisions necessary to support the strategy, current market conditions and macro-economic outlook.

The terminal cash flows are calculated from the final cash flow period which is extrapolated into perpetuity, using the estimated growth rates stated below. These growth rates are consistent with economic reports specific to the country in which each CGU operates.

The key assumptions in determining the value in use of the CGU are therefore the discount rate and the real growth rate. The table below shows the discount rate and the real growth rate used in calculating the value in use for the CGU for First Funding.

	2025	2024
Pre-tax discount rates (%)	16.79	15.45
Growth rates (%)	2.50	5.00

The discount rate used is the weighted average cost of capital for the specific segment or entity, adjusted for specific risks relating to the segment or entity. Some of the other assumptions include investment returns, expense inflation rates, tax rates and new business growth.

The period over which management has projected cash flows is 4 years (2024: 4 years). The cash flows from the final cash flow period are extrapolated into perpetuity to reflect the long-term plans of the Group. The growth rate does not exceed the long-term average past growth rate for the business in which the CGU operates.

A reasonably possible change in the discount rate or growth rate of the above mentioned CGUs would not result in their recoverable amounts exceeding the carrying values. A change in the discount rates or growth rate applied and other reasonably possible change in the key assumptions would not result in additional impairment losses being recognised for goodwill in any of the CGU's. The recoverable amount is sufficiently in excess of the carrying amount that changes to the assumptions would not change the final outcome of the test.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

21. Deferred taxation

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
Balance at beginning of year	(7,475)	10,151	(8,252)	9,014
Temporary differences for the year	(20,150)	(17,354)	(19,824)	(17,266)
Prior year over provision	(586)	45	-	-
Other	-	(317)	-	-
Balance at the end of the year	(28,211)	(7,475)	(28,076)	(8,252)
The balance comprises of the following:				
Accelerated capital allowances	26,776	24,542	26,910	23,765
Prepayments	4,949	11,233	4,949	11,233
Share based payments	2,414	3,628	2,414	3,628
Employee benefits	(17,588)	(8,087)	(17,588)	(8,087)
Management fees	(8,444)	(9,710)	(8,444)	(9,710)
Fair value loss on financial instruments	(20,796)	(19,278)	(20,796)	(19,278)
Other	(15,522)	(9,803)	(15,521)	(9,803)
	(28,211)	(7,475)	(28,076)	(8,252)
Deferred tax asset	28,211	8,252	28,076	8,252
Deferred tax liability	-	(777)	-	-
	28,211	7,475	28,076	8,252



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

22. Other liabilities

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
Other creditors*	157,489	116,739	156,695	116,778
Other payables and accruals	239,189	151,948	239,189	151,083
Items in transit	218,616	197,368	218,616	197,368
Lease liabilities	163,060	166,840	163,060	166,840
Depositor insurance scheme premiums	–	17,088	–	17,088
Audit fees	6,664	3,660	6,664	3,610
Indirect taxes	21,749	14,652	21,710	14,613
Total other liabilities	806,767	668,295	805,934	667,380

* Other creditors mainly comprise of unclaimed balances P123,345,000 (2024: P83,773,000), PAYE of P14,064,000 (2024: P14,003,000).

The presentation of line items in this note was amended from prior year to improve the description of the nature of balances within other liabilities and align the balances to the relevant descriptions.

The fair values of other liabilities approximate their carrying amounts due to their short term nature.

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
Lease liabilities				
Opening balance	166,840	139,180	166,840	139,180
New leases recognised during the year	38,305	27,286	38,305	27,286
Modification of leases	(8,695)	21,854	(8,695)	21,854
Prior year adjustments	–	7,030	–	7,030
Interest accrued – prior year adjustment	–	4,027	–	4,027
Interest accrued	4,059	4,652	4,059	4,652
Non-cashflow movements	33,669	64,849	33,669	64,849
Principal payments towards lease liabilities	(33,390)	(28,510)	(33,390)	(28,510)
Interest paid	(4,059)	(8,679)	(4,059)	(8,679)
Cash flow movements	(37,449)	(37,189)	(37,449)	(37,189)
	163,060	166,840	163,060	166,840



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

22. Other liabilities (continued)

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
Maturity analysis of future lease payments outstanding at the reporting date.				
1 – 3 months	7,780	4,299	7,780	4,299
4 – 12 months	23,329	19,678	23,329	19,678
1 – 5 years	129,554	96,612	129,554	96,612
Over 5 years	25,815	118,515	25,815	118,515
	186,478	239,104	186,478	239,104

The Banks significant leases relate to the property rentals of office premises and the various branch network channels represented by full service and mini branches, agencies and ATM lobbies. The rentals have fixed monthly payments escalation clauses are based on market-related rates and vary between 5% and 12%.

The leases are usually for original periods of one to five years. The leases are non-cancellable and some of the leases have an option to renew for a further leasing period at the end of the original lease term.

23. Deposit from banks

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
Unsecured and payable on demand	352,411	501,449	352,411	501,449
	352,411	501,449	352,411	501,449

Included in this amount is a balance due to FirstRand Group Limited of P179,997,362 (2024: P477,772,000), First National Bank Zambia P1,283 (2024: P1,405,000), and First National Bank Eswatini P210,981 (2024: P240,000), FNB Lesotho P35,098 (2024: P43,000), FirstRand London of P45,000 (2024: P46,000) and First National Bank Namibia P439,954 (2024: P225,000).



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

24. Deposits from customers

Group and Company	2025 P'000	2024 P'000
Current and managed accounts	13,499,138	16,505,179
Savings accounts	1,947,998	1,729,176
Call and term deposits	11,045,335	11,786,689
	26,492,471	30,021,044

Included in the call and term deposits is a balance of P82,503,000 (2024: P7,251,000) relating to First National Bank Holdings (Botswana) Limited and P23,650,000 (2024: P8,791,000) relating to FNB Insurance Brokers (Botswana) Proprietary Limited. Included in the current and managed accounts is a balance of P37,819,000 (2024: P17,670,000) relating to FNB Insurance Brokers (Botswana) Proprietary Limited.

Discounted maturity analysis	2025 P'000	2024 P'000
Withdrawal on demand	23,030,088	26,554,620
Maturing within one year	3,363,912	3,378,631
Maturing one to five years	96,465	87,793
Maturing over 5 years	2,006	–
	26,492,471	30,021,044

The maturity analysis is based on the remaining months to maturity from the reporting date.

25. Deposits – other

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
Repurchase agreements	1,738,081	–	1,738,081	–

The Bank had repurchase agreements with Bank of Botswana of P1,738,000,000 at the reporting date (2024: PNil). The repurchase agreements were extended at the interest rate of the Monetary Policy Rate (MoPR) which was 1.90% at the reporting date. Of this balance, P300,119,000 had a one month duration and P776,885,000 had a 7 day duration.

In addition, the Bank utilised its Standing Credit Facility (SCF) with Bank of Botswana, at a rate of MoPR + 100bps, and at the reporting date had an overnight drawdown of P661,077,000.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

26. Employee benefits liabilities

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
Leave pay				
At the beginning of the year	35,858	37,882	35,858	37,882
Additional accrual recognised	16,235	14,831	16,235	14,831
Utilised	(16,496)	(16,855)	(16,496)	(16,855)
At the end of the year	35,597	35,858	35,597	35,858
Bonus				
At the beginning of the year	95,347	79,033	95,347	79,033
Additional accrual recognised	127,424	117,083	127,424	117,083
Utilised	(119,110)	(100,769)	(119,110)	(100,769)
At the end of the year	103,661	95,347	103,661	95,347
At the end of the year	139,258	131,205	139,258	131,205

The bonus accruals are expected to be settled within the next twelve months.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

27. Borrowings

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
Subordinated Unsecured Bonds (Qualifying as Tier 2 capital)				
Floating rate	–	196,802	–	196,802
-Nil Medium Term Notes of P1,000 each (2024: 196,802,00 at P1,000 each)				
Floating rate	117,750	117,750	117,750	117,750
117 750,00 Medium Term Notes of P1,000 each (2024: 117,750,00 at P1,000 each)				
Fixed rate	65,440	65,440	65,440	65,440
6 544,00 Medium Term Notes of P10,000 each (2024: 6,544,00 at P10,000 each)				
	183,190	379,992	183,190	379,992
Unsubordinated Unsecured Bonds				
Floating rate	–	126,350	–	126,350
-Nil Medium Term Notes of P10,000 each (2024: 12,635,00 at P10,000 each)				
	183,190	506,342	183,190	506,342
Other borrowings				
Zero coupon deposit				
Botswana Life Insurance Limited (BLIL) Proprietary Limited – 15 year zero coupon deposit	47,184	95,387	47,184	95,387
Other zero coupon deposits	465,597	427,427	465,597	427,427
	512,781	522,814	512,781	522,814
Total borrowings	695,971	1,029,156	695,971	1,029,156

A Subordinated Unsecured Registered Bonds of P196,802,000 bear interest at fixed and floating rates of 7.20% and MoPR plus 461 basis point per annum respectively with a maturity date of December 2029, was redeemed before the maturity period in March 2025.

The Subordinated Unsecured Registered Bonds bear interest at a fixed rate of 7.20% and a floating rate of MoPR plus 511 basis points per annum with maturity date of December 2031. Interest is paid semi-annually on the fixed rate note and quarterly on the floating rate note.

The Unsubordinated Unsecured Bond Note is ranked lower to claims of senior creditors and claims of depositors and matured in November 2024. This note bears interest at a floating rate of MoPR plus 356 basis points.

The 15-year zero coupon deposit from BLIL bears interest at a fixed rate of 9.29% and matures fully by 2026. Repayments of P50 million will be made in 2026. The deposit is carried at fair value.

The zero-coupon deposits are with Botswana Insurance Fund Management Limited at fixed rates of interest ranging between 7.60% and 9.40% per annum, with maturities ranging from July 2025 to January 2026.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

27. Borrowings (continued)

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
Funding liabilities				
Opening balance	1,029,156	1,100,887	1,029,156	1,100,887
Redemption of other liabilities	(373,152)	(50,000)	(373,152)	(50,000)
Interest paid	(25,979)	(34,571)	(25,979)	(34,571)
Cash flow movements	(399,131)	(84,571)	(399,131)	(84,571)
Fair value movement	1,796	12,741	1,796	12,741
Transfer to deposits	-	(66,546)	-	(66,546)
Interest accrued	64,150	66,645	64,150	66,645
Non-cash flow movements	65,946	12,840	65,946	12,840
	695,971	1,029,156	695,971	1,029,156

Financial liabilities

Determined with reference to changes in the mark-to-market yields of own issued bonds. The change in fair value of financial liabilities due to changes in credit risk is immaterial.

Financial liabilities designated as at fair value through profit or loss

	2025		2024	
	Fair value	Contractually payable at maturity	Fair value	Contractually payable at maturity
Zero coupon deposits	47,184	50,000	95,387	100,000

Total fair value income included in profit or loss for the year

	2025	2024
Total fair value income for the year has been disclosed as:		
Fair value gains and losses included in non-interest revenue	(1,796)	(12,741)



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

28. Capital adequacy

		Group	
	Note(s)	30 June 2025 P'000	30 June 2024 P'000
Tier 1 – Core capital			
Stated capital		51,088	51,088
Retained income – adjusted to revised operating capital by Bank of Botswana		4,063,724	3,459,746
		4,114,812	3,510,834
Goodwill		(26,963)	(26,963)
		4,087,849	3,483,871
Tier 2 – Supplementary capital			
Stage 1 and 2 provisioning		249,646	234,694
Subordinated Unsecured Bonds	27	183,190	379,992
Total qualifying capital		432,836	614,686
Risk adjusted assets		4,520,685	4,098,557
– Credit risk weighted assets (Simple Approach)		19,971,646	18,775,481
– Market risk weighted assets		169,930	65,529
– Operational risk weighted assets		3,407,715	2,999,701
		23,549,291	21,840,711
Capital adequacy ratios (%)		19.20	18.77
Core capital (%) (Basel Committee guide: minimum 4.5%)		17.36	15.95
Supplementary capital (%)		1.84	2.81
Total (%)		19.20	18.76
Bank of Botswana required minimum risk asset ratio (%)		12.50	12.50

The information above is unaudited.

The overall capital management objective is to maintain sound capital ratios and a strong credit rating to ensure confidence in the Group's solvency and quality of capital during calm and turbulent periods in the economy and financial markets. The Group, therefore, maintains capitalisation ratios aligned with its risk appetite and appropriate for safeguarding operations and stakeholder interests. The key focus areas and considerations of capital management is to ensure an optimal level and composition of capital, effective allocation of resources including capital and risk capacity, and a sustainable dividend policy.

The capital base of the Group provides the foundation for lending, off-balance sheet transactions and other activities. The capital adequacy of the Group is measured in accordance with the requirements of the Banking Act (Cap 46:04) in terms of which the Group must maintain a minimum level of capital based on its risk weighted assets and exposures. The Group undertakes an annual Internal Capital Adequacy Assessment Process (ICAAP) wherein required buffers on regulatory capital adequacy levels are set to ensure that the Group is sufficiently capitalised through the cycle.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

29. Post-retirement fund liabilities

The Group operates a defined contribution scheme, the assets of which are held in a separate trustee-administered fund. The pension plan is funded by payments from employees and the Group, and the Retirement Funds Act governs its administration. The fund currently has a total contribution rate of 20.5% (2024: 20.5%) of pensionable salary towards retirement funding). This is made up of an employee contribution rate of 7.0% (2024: 7.0%) and an employer contribution rate of 13.5% (2024: 13.5%). The liability of the Group is limited to the contributions made during the employment period of the employee. Amounts paid to the defined contribution schemes P66,064,550 (2024: P59,935,000).

The Group does not provide post-retirement health care benefits to its employees.

		Group		Company	
		2025 P'000	2024 P'000	2025 P'000	2024 P'000
30.	Stated capital				
	Ordinary shares of no-par value 2,543,700,000 (2024: 2,543,700,000)	51,088	51,088	51,088	51,088
31.	Reserves				
	Retained earnings				
	Balance at 01 July	3,459,747	3,167,007	3,442,285	3,153,252
	Profit for the year	1,443,398	1,386,531	1,444,110	1,382,824
	Interim dividends paid	(457,866)	(406,992)	(457,866)	(406,992)
	Retained earnings	4,445,279	4,146,546	4,428,529	4,129,084
	Proposed dividend				
	Final dividends proposed	(381,555)	(686,799)	(381,555)	(686,799)
		(381,555)	(686,799)	(381,555)	(686,799)
	Total reserves	4,063,724	3,459,747	4,046,974	3,442,285



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
32. Cash used in operations before taxation and working capital changes				
Profit before direct taxation	1,884,071	1,780,684	1,884,897	1,776,332
Adjustments for:				
Depreciation of property and equipment	97,167	86,120	96,656	84,863
Loss on sale of property and equipment	43	1,102	43	979
Foreign exchange movements on cash balances	(7,738)	(16,921)	(7,738)	(16,921)
Impairment loss/(reversal) on loans and advances	73,647	(48,032)	73,647	(48,032)
Unrealised profit on derivative financial instruments	(1,677)	4,530	(1,677)	4,530
Net loss on financial instruments held at fair value through profit and loss	1,797	12,742	1,797	12,742
Lease adjustments	6,126	4,174	6,126	4,174
Interest and similar income	(2,484,466)	(2,394,530)	(2,484,466)	(2,394,530)
Interest expense and similar expenses	533,299	554,645	533,426	557,576
	102,269	(15,486)	102,711	(18,287)
33. Current income tax paid				
Taxation refundable at the beginning of the year	(4,999)	(88,368)	(2,199)	(78,378)
Charged to the income statement	461,409	411,462	460,611	410,774
Taxation refundable at the end of the year	392	4,999	-	2,199
Amounts overpaid at the end of the year	(6,637)	-	(6,637)	-
Cash amounts paid	450,165	328,093	451,775	334,595
34. Movement in deposits from customers				
Movement in current and managed account deposits	(3,006,041)	5,334,746	(3,006,041)	5,334,746
Movement in savings deposits	218,822	176,204	218,822	176,204
Movement in call and term deposits	(741,354)	1,177,043	(741,354)	1,177,043
Transfer from borrowings	-	(66,546)	-	(66,546)
	(3,528,573)	6,621,447	(3,528,573)	6,621,447



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

		Group		Company	
		2025 P'000	2024 P'000	2025 P'000	2024 P'000
35.	Movement in advances to customers				
	Net amount outstanding at the beginning of the year	18,494,002	16,274,676	18,494,002	16,274,676
	Impairment of advances	(73,647)	48,032	(73,647)	48,032
	Net amount outstanding at the end of the year	(20,618,041)	(18,494,002)	(20,618,041)	(18,494,002)
	Movement in accrued interest	2,484	3,606	2,484	3,606
	Movement in interest suspended	20,863	26,267	20,863	26,267
		(2,174,339)	(2,141,421)	(2,174,339)	(2,141,421)
36.	Dividends paid				
	Previous year's final dividends paid during the year	686,799	508,740	686,799	508,740
	Interim dividends	457,866	406,992	457,866	406,992
	Total dividends paid to shareholders	1,144,665	915,732	1,144,665	915,732

The Directors propose a final dividend of 15.00 thebe per share (2024: 27.00 thebe per share). An interim dividend of 18.00 thebe per share (2024: 16.00 thebe per share) for the year ended 30 June 2025 has been paid to holders of ordinary shares.

		Group		Company	
		2025 P'000	2024 P'000	2025 P'000	2024 P'000
37.	Cash and cash equivalents				
	Cash and short-term funds	2,095,051	5,391,077	2,095,051	5,391,077
	Bank of Botswana (BoB) Certificates	399,979	4,298,825	399,979	4,298,825
		2,495,030	9,689,902	2,495,030	9,689,902

The BoB certificates are held for purposes of meeting short-term commitments and is included in cash and cash equivalents.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

	Group		Company	
	2025 P'000	2024 P'000	2025 P'000	2024 P'000
38. Off balance sheet exposures				
Letters of credit	19,644	22,130	19,644	22,130
Guarantees – performance	1,157,595	792,570	1,157,595	792,570
Guarantees – other	51,865	31,848	51,865	31,848
	1,229,104	846,548	1,229,104	846,548
The above contingencies represent guarantees and letters of credit.				
Commitments				
Revocable	1,369,830	1,882,577	1,369,830	1,882,577
Irrevocable	884,722	728,471	884,722	728,471
Undrawn commitments to customers	2,254,552	2,611,048	2,254,552	2,611,048
Expected credit loss on contingencies and commitments	1,945	2,618	1,945	2,618
Capital commitments				
Capital expenditure approved by the Directors				
– not yet contracted for	109,247	150,308	109,247	150,308

The capital commitments are wholly in respect of property and equipment and will be funded from internal resources.

Contingent liabilities

The Group by its very nature has a large number of stakeholders and frequently engages in both large and numerous transactions with various stakeholders, as such is inherently subject to greater legal exposure. Numerous legal proceedings have been undertaken by various stakeholders seeking damages from the Group. The Group approximates the possible exposure of P1,300,000 (2024: P2,000,000) arising in the normal course of business.

39. Trust activities

The Group acts as a trustee and in other fiduciary capacities that result in holding or placing of assets on behalf of customers.

At 30 June 2025 the Group acted as a custodian in respect of Botswana Government bonds amounting to P4,215,945,000 (2024: P3,214,219,000), money markets P2,456,012,000 (2024: P2,214,849,000), equities amounting to P12 956,736,000 (2024: P11,169,477,000) and trustees amounting to P924,646,000 (2024: P865,059,000). These assets are held in a trust or in a fiduciary capacity and are not treated as assets of the Group. Accordingly, they have not been included in the statements of financial position.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management

Only consolidated amounts have been disclosed, as there is no material difference between the consolidated and separate financial risk management disclosures. The related disclosures include:

- credit risk management;
- liquidity risk management; and
- fair value of financial instruments.

The consolidated disclosures are reflective of the Group in all material respects.

Risk governance in the Group

The Group believes that effective risk, performance and financial resource management is key to its success and underpins the delivery of sustainable returns to shareholders. These disciplines are, therefore, deeply embedded in the Group's tactical and strategic decision-making.

Effective risk management is supported by effective governance structures, robust policy frameworks and a risk-focused culture. Strong governance structures and policy frameworks foster the embedding of risk considerations in business processes and ensure that consistent standards exist across the Group. In line with the Group's Corporate Governance Framework, the Board retains ultimate responsibility for providing strategic direction, approving risk appetite and ensuring that risks are adequately identified, measured, monitored, managed and reported on.

Effective risk management requires multiple points of control or safeguards that should consistently be applied at various levels throughout the organisation.

The primary Board committee overseeing risk matters across the Group is the Board Risk, Capital management and Compliance Committee (RCCC).



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Overview of financial risk

The financial instruments recognised on the Group's statement of financial position expose the Group to various financial risks.

The information presented in this note represents the information required by IFRS 7 and sets out the Group's exposure to these financial risks. This section also contains details on the Group's capital management process.

Overview of financial risk		
Credit Risk	The risk of loss due to the non-performance of a counterparty in respect of any financial or other obligation. For fair value portfolios, the definition of credit risk is expanded to include the risk of losses through fair value changes arising from changes in credit spreads. Credit risk also includes credit default, pre-settlement, and concentration risk.	
	Credit risk arises primarily from the following instruments: • advances; • certain investment securities; and • off-balance sheet exposures. Other sources of credit risk are: • cash and cash equivalents; • accounts receivable included in other assets; and • derivative balances.	The following information is presented for these assets; • credit assets and concentration risk; • information about the quality of credit assets'; and • credit risk mitigation techniques and collateral held.
Liquidity Risk	The risk that the Group may not be able to effectively meet current and future cash flow and collateral requirements without negatively affecting the normal course of business, financial position or reputation.	
	All assets and liabilities with differing maturity profiles expose the Group to liquidity risk.	The following information is presented for these assets and liabilities: • undiscounted cash flow analysis of financial liabilities; • discounted cash flow analysis of total assets, and liabilities; • collateral pledged.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Overview of financial risk (continued)

Overview of financial risk		
Market Risk	Traded market risk is the risk of adverse revaluation of any financial instrument as a consequence of changes in the market prices or rates.	
	Interest rate risk in the banking book is the sensitivity of a bank's financial position and earnings to unexpected, adverse movements in interest rates. It originates from the differing repricing characteristics of balance sheet positions/instruments, yield curve risk, basis risk and client optionality embedded in banking book products. Structural foreign exchange risk is the risk of an adverse impact on the Group's financial position and earnings or other key ratios as a result of movements in foreign exchange rates impacting balance sheet exposures. It arises from balances denominated in foreign currencies and Group entities with functional currencies other than the Pula.	The following information is presented for interest rate risk in the banking book: projected NII sensitivity to interest rate movements. Information on the Group's net structural foreign exposures and sensitivity of these exposures are presented.
Capital Management	The overall capital management objective is to maintain sound capital ratios and a strong credit rating to ensure confidence in the Group's solvency and quality of capital during calm and turbulent periods in the economy and financial markets. The Group, therefore, maintains capitalisation ratios aligned with its risk appetite and appropriate for safeguarding operations and stakeholder interests. The key focus areas and considerations of capital management are to ensure an optimal level and composition of capital, effective allocation of resources including capital and risk capacity, and a sustainable dividend policy.	

Credit risk

Objective

Credit risk management objectives are twofold:

- Risk control: Appropriate limits are placed on the assumption of credit risk and steps are taken to ensure the accuracy of credit risk assessments and reports. Deployed and central credit risk management teams fulfil this task.
- Management: Credit risk is taken within the constraints of the Group's Risk/Return and Credit Risk Appetite Framework. The credit portfolio is managed at an aggregate level to optimise the exposure to this risk. The Group credit risk management function and relevant Board committees, fulfil this role.

Based on the Group's credit risk appetite, as measured on an ROE, NIACC and volatility-of-earnings basis, credit risk management principles include holding the appropriate level of capital and pricing for risk on an individual and portfolio basis. The scope of credit risk identification and management practices across the Group, therefore, spans the credit value chain, including risk appetite, credit origination strategy, risk quantification and measurement, as well as collection and recovery of delinquent accounts.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Credit risk (continued)

Assessment and management

Credit risk is managed through the implementation of comprehensive policies, processes and controls to ensure a sound credit risk management environment with appropriate credit granting, administration, measurement, monitoring and reporting of credit risk exposure. Credit risk management across the Group is split into three distinct portfolios: Retail, Commercial and Corporate, and are aligned to customer profiles.

The assessment of credit risk across the Group relies on internally developed quantitative models for addressing financial reporting and business needs. The models are used for the internal assessment of the three primary credit risk components:

- probability of default (PD);
- exposure at default (EAD); and
- loss given default (LGD).

Management of the credit portfolio is reliant on these three credit risk measures. PD, EAD and LGD are inputs into the credit risk assessment where the measures are combined with estimates of correlations between individual counterparties, industries and portfolios to reflect diversification benefits across the portfolio.

The Group employs a granular, 100-point master rating scale, which has been mapped to the continuum of default probabilities, as illustrated in the Financial Risk (FR) tables. FR1 is the lowest PD and FR100 the highest. External ratings have also been mapped to the master rating scale for reporting purposes. These mappings are reviewed and updated on a regular basis.

Mapping of FR grades to rating agency scales

FR rating	Midpoint PD	FNBB rating (based on S & P)
FR 1 – 14	0.06%	AAA, AA+, AA, AA-, A+, A, A-
FR 15 – 25	0.29%	BBB+, BBB(upper), BBB, BBB-(upper), BBB-, BB+(upper)
FR 26 – 32	0.77%	BB+, BB(upper), BB, BB-(upper)
FR 33 – 39	1.44%	BB-, B+(upper)
FR 40 – 53	2.52%	B+
FR 54 – 83	6.18%	B(upper), B, B-(upper)
FR 84 – 90	13.68%	B-
FR 91 – 99	59.11%	CCC
FR 100	100%	D(Defaulted)

* Indicative mapping to the international rating scales of S&P Global ratings. The Group currently only uses mapping to S&P rating scales.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Credit risk (continued)

Credit assets and concentration risk

The assets and off-balance sheet amounts included in the table below expose the Group to credit risk. For all on-balance sheet exposures, the gross amount disclosed represents the maximum exposure to credit risk, before taking collateral and other credit enhancements into account.

Credit concentration risk is the risk of loss to the Group arising from an excessive concentration of exposure to a single counterparty, industry, market, product, financial instrument or type of security, or maturity. This concentration typically exists when a number of counterparties are engaged in similar activities and have similar characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Concentration risk is managed based on the nature of the credit concentration in each portfolio.

Geographic concentration of significant credit asset exposure

Group – 2025	Botswana P'000	Southern Africa P'000	Europe P'000	North America P'000	Rest of the world P'000	Total P'000
On-balance sheet exposures						
Cash and short-term funds	636,721	939,018	42,798	467,516	8,998	2,095,051
Derivative financial instruments	13,049	5,951	–	–	–	19,000
Advances to customers	20,618,041	–	–	–	–	20,618,041
Investment securities	9,445,191	340,105	1,091,635	–	–	10,876,931
Due from related parties	7,304	11,984	–	–	–	19,288
Other assets	232,679	–	–	–	–	232,679
	30,952,985	1,297,058	1,134,433	467,516	8,998	33,860,990
Off-balance sheet exposures						
Guarantees, acceptances and letters of credit	933,592	295,512	–	–	–	1,229,104
Commitments	2,254,552	–	–	–	–	2,254,552
	34,141,129	1,592,570	1,134,433	467,516	8,998	37,344,646



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Credit risk (continued)

Credit assets and concentration risk (continued)

Geographic concentration of significant credit asset exposure (continued)

	Botswana P'000	Southern Africa P'000	Europe P'000	North America P'000	Rest of the world P'000	Total P'000
Group – 2024						
On-balance sheet exposures						
Cash and short-term funds	1,138,052	2,096,467	2,038,042	94,164	24,352	5,391,077
Derivative financial instruments	3,034	14,334	–	–	–	17,368
Advances to customers	18,494,002	–	–	–	–	18,494,002
Investment securities	11,603,074	–	–	–	–	11,603,074
Due from related parties	9,938	–	–	–	–	9,938
Other assets*	185,897	–	–	–	–	185,897
	31,433,997	2,110,801	2,038,042	94,164	24,352	35,701,356
Off-balance sheet exposures						
Guarantees, acceptances and letters of credit	846,549	–	–	–	–	846,549
Commitments	2,611,048	–	–	–	–	2,611,048
	34,891,594	2,110,801	2,038,042	94,164	24,352	39,158,953

Sector analysis concentration of advances

Advances expose the Group to concentration risk in various industry sectors. The tables in Note 13 and 15 set out the Group's exposure to various industry sectors for total advances and credit-impaired advances.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets

The following table shows the gross carrying amount of advances carried at amortised cost, as well as the exposure to credit risk of loan commitments and financial guarantees per class of advance and per internal credit rating.

The amounts in stage 3 that do not have a rating of FR91-100 relate to technical cures (performing accounts that have previously defaulted but do not meet the 12-month curing definition and therefore remain in stage 3).

2025	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Term loans	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
Stage 1	2,404,584	23,271	6,293,218	538,252	–	–	8,697,802	561,523
Stage 2	188,607	–	699,542	–	675,907	–	1,564,056	–
Stage 3	–	–	–	–	146,218	–	146,218	–
	2,593,191	23,271	6,992,760	538,252	822,125	–	10,408,076	561,523

2024	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Term loans	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
Stage 1	420,470	23,271	8,137,243	538,252	–	–	8,557,713	561,523
Stage 2	–	–	510,899	–	366,266	–	877,165	–
Stage 3	–	–	–	–	187,711	–	187,712	–
	420,470	23,271	8,648,142	538,252	553,977	–	9,622,590	561,523

2025	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Instalment sales	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
Stage 1	–	–	1,818,875	49,108	–	–	1,818,875	49,108
Stage 2	–	–	237,996	–	189,391	–	427,387	–
Stage 3	–	–	–	–	97,487	–	97,487	–
	–	–	2,056,871	49,108	286,878	–	2,343,749	49,108



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets (continued)

2024	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Instalment sales	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
Stage 1	2,236	12,930	1,556,132	250,192	–	95	1,558,368	263,217
Stage 2	–	–	353,512	–	71,220	4,791	424,732	4,791
Stage 3	–	–	–	–	81,840	768	81,840	768
	2,236	12,930	1,909,644	250,192	153,060	5,654	2,064,940	268,776

2025	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Property loans	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
Stage 1	326,651	14,000	5,647,866	198,309	–	1,990	5,974,517	214,299
Stage 2	–	–	199,741	–	148,342	–	348,083	–
Stage 3	–	–	–	–	290,131	–	290,131	–
	326,651	14,000	5,847,607	198,309	438,473	1,990	6,612,731	214,299

2024	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Property loans	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
Stage 1	160,879	15,070	5,265,526	163,858	–	–	5,426,405	178,928
Stage 2	–	–	187,099	–	109,660	–	296,759	–
Stage 3	–	–	–	–	381,768	–	381,768	–
	160,879	15,070	5,452,625	163,858	491,428	–	6,104,932	178,928



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets (continued)

2025	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Overdraft and managed accounts	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
Stage 1	409,209	21,786	886,469	373,506	–	601	1,295,678	395,893
Stage 2	42,534	–	238,019	–	137,156	–	417,709	–
Stage 3	–	–	–	–	72,752	–	72,752	–
	451,743	21,786	1,124,488	373,506	209,908	601	1,786,139	395,893

2024	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Overdraft and managed accounts	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
Stage 1	279	31,194	647,070	1,570,179	–	–	647,349	1,601,373
Stage 2	–	–	341,219	3,835	207,951	14,301	549,171	18,136
Stage 3	–	–	–	–	97,643	350	97,643	350
	279	31,194	988,289	1,574,014	305,594	14,651	1,294,163	1,619,859

2025	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Other	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
Stage 1	10,530	108,900	252,489	–	–	–	262,989	108,900
Stage 2	111	–	3,493	–	28,351	–	31,955	–
Stage 3	–	–	–	–	11,065	–	11,065	–
	10,641	108,900	255,982	–	39,416	–	306,009	108,900



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets (continued)

2024	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Other	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
Stage 1	117,818	22,821	141,885	50,588	–	–	259,703	73,409
Stage 2	–	–	10,512	–	21,336	–	31,849	–
Stage 3	–	–	–	–	27,912	–	27,912	–
	117,818	22,821	152,397	50,588	49,248	–	319,464	73,409

2025	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Financial guarantees	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
Stage 1	–	332,533	–	233,862	–	796	–	567,191
Stage 2	–	–	–	216,912	–	–	–	216,912
	–	332,533	–	450,774	–	796	–	784,103

2024	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Financial guarantees	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet	On balance sheet	Off balance sheet
Stage 1	–	129,799	–	659,577	–	–	–	789,376
Stage 2	–	–	–	40,878	–	–	–	40,878
Stage 3	–	–	–	–	–	16,296	–	16,296
	–	129,799	–	700,455	–	16,296	–	846,550

In addition to the above, off balance sheet exposures include letters of credit, guarantees and other undrawn commitments of P1,369,830,000 which have FR ratings ranging between 1 and 90.

Analysis of impaired advances

See Note 15 for analysis of impaired advances (stage 3) for financial assets measured at amortised cost in line with the way the Group manages credit risk.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets (continued)

Quality of credit assets – non-advances

The following table shows the gross carrying amount of non-advances carried at amortised cost and the fair value of non-advances measured at fair value through profit or loss per external credit ratings.

Group – 2025	AAA to BB	BB+ to B-	CCC
Investment securities at amortised cost			
Stage 1	10,854,432	-	-
Investment securities at fair value through profit or loss			
Stage 1	22,499	-	-
Total investment securities	10,876,931	-	-
Other assets			
Stage 1	521,393	-	-
Cash and short term funds			
Stage 1	1,602,076	107,242	-
Group – 2024	AAA to BB	BB+ to B-	CCC
Investment securities at amortised cost			
Stage 1	11,520,740	-	-
Investment securities at fair value through profit or loss			
Stage 1	82,334	-	-
Total investment securities	11,603,074	-	-
Other assets			
Stage 1	520,759	-	-
Cash and short term funds			
Stage 1	4,808,086	212,121	-



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets (continued)

Credit risk mitigation and collateral held

Since taking and managing credit risk is core to its business, the Group aims to optimise the amount of credit risk it takes to achieve its return objectives. Mitigation of credit risk is an important component of this, beginning with the structuring and approval of facilities only for those clients and within those parameters that fall within risk appetite.

Although, in principle, credit assessment focuses on the counterparty's ability to repay the debt, credit mitigation instruments are used where appropriate to reduce the Group's lending risk, which result in security against the majority of exposures. These include financial or other collateral, netting agreements or guarantees. The collateral types are driven by portfolio, product or counterparty type.

Credit risk mitigation instruments:

- Property and instalment sale finance portfolios are secured by the underlying assets financed.
- Commercial credit exposures are secured by the assets of the counterparties and commercial property finance deals are secured by the underlying property and associated cash flows.
- Personal loans, overdrafts and credit card exposures are generally unsecured or secured by guarantees and sureties.
- For Retail customers, insurance against disability, life and retrenchment cover is prescribed, where applicable.
- Structured facilities in Corporate are secured as part of the structure through financial or other collateral, including guarantees and assets.
- Counterparty credit risk is mitigated through the use of netting agreements and financial collateral.
- Working capital facilities in Corporate are secured and unsecured.

Collateral held

The Group employs strict policies governing the valuation and management of collateral across all business areas. Collateral is managed internally to ensure that title is retained over collateral taken over the life of the transaction. Collateral is valued at inception of the credit agreement and subsequently where necessary through physical inspection or index valuation methods. For corporate and commercial counterparties, collateral is reassessed during the annual review of the counterparty's creditworthiness to ensure that proper title is retained. For mortgage portfolios, collateral is revalued on a regular basis via physical inspection which is performed at the beginning of the recovery process. For asset finance, the total security reflected represents only the realisation value estimates of the vehicles repossessed at the date of repossession. Where the repossession has not yet occurred, the realisation value of the vehicle is estimated using internal models and is included as part of total recoveries.

Concentrations in credit risk mitigation types, such as property, are monitored and managed at a product and segment level, in line with the requirements of the Group Credit Risk/Return Framework.

Collateral is taken into account for capital calculation purposes through the determination of LGD. Collateral reduces LGD, and LGD levels are determined through statistical modelling techniques based on historical experience of the recovery processes.

The amount and type of collateral required depends on the assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

- For corporate and commercial advances, collateral held is real estate properties, trade receivables, inventory and guarantees.
- For retail advances, mortgages over residential properties.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

In its normal course of business, the Bank engages external agents to recover funds from repossessed properties or other assets in its retail portfolio, generally at auctions, to settle outstanding debt. Any surplus funds are returned to the customer/obligors.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets (continued)

Collateral held (continued)

The table below represents an analysis of the maximum exposure to credit risk for financial assets at amortised cost and debt instruments at fair value through profit or loss, as well as a breakdown of collateral, both financial and non-financial held against the exposure, along with any other credit enhancements and netting arrangement.

	Gross carrying amount P'000	Off balance sheet exposure P'000	Loss allowance P'000	Maximum exposure to credit risk P'000	Netting and financial collateral P'000	Unsecured P'000	Secured P'000
Group – 2025							
Term loans	10,408,076	892,638	(341,090)	10,959,624	–	7,143,612	2,923,374
Instalment sales	2,343,749	218,793	(152,607)	2,409,935	–	–	2,191,142
Property loans	6,612,731	340,665	(139,444)	6,813,952	–	–	6,473,287
Overdraft and managed accounts	1,786,139	629,340	(177,091)	2,238,388	–	154,807	1,454,241
Other	306,009	173,116	(28,431)	450,694	–	277,578	–
Letters of credit and guarantees	–	1,229,104	–	–	–	–	–
Total advances	21,456,704	3,483,656	(838,663)	22,872,593	–	7,575,997	13,042,044
Investment securities	10,878,193	–	(1,262)	10,876,931	–	10,878,193	–
Cash and short term funds	2,095,051	–	–	2,095,051	–	2,095,051	–
Other assets	521,393	–	–	521,393	–	521,393	–
Derivatives	19,000	–	–	19,000	–	19,000	–



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets (continued)

Collateral held (continued)

Group – 2024	Gross carrying amount P'000	Off balance sheet exposure P'000	Loss allowance P'000	Maximum exposure to credit risk P'000	Netting and financial collateral P'000	Unsecured P'000	Secured P'000
Term loans	9,622,590	520,391	(308,798)	9,834,183	591	6,546,156	2,767,636
Instalment sales	2,064,940	136,061	(114,600)	2,086,401	–	–	1,950,340
Property loans	6,104,932	40,921	(241,614)	5,904,239	336	–	5,863,318
Overdraft and managed accounts	1,294,163	1,619,859	(206,616)	2,707,406	1,987	9,515	1,078,032
Other	319,464	293,816	(40,459)	572,821	500	150,049	128,956
Letters of credit and guarantees*	–	846,548	–	–	–	–	–
Total advances	19,406,089	3,457,596	(912,087)	21,105,050	3,414	6,705,720	11,788,282
Investment securities	11,603,074	–	–	11,603,074	–	11,603,074	–
Cash and short term funds	5,391,077	–	–	5,391,077	–	5,391,077	–
Other assets	447,825	–	–	447,825	–	447,825	–
Derivatives	17,368	–	–	17,368	–	17,368	–

* In the prior year, off balance sheet exposures excluded letters of credit and guarantees of P846,548,000. This was resolved in the current year with comparatives updated accordingly.

The table below reflects the collateral that the Group holds where it has the ability to sell or pledge in the absence of default by the owner of the collateral.

	2025		2024	
Group and Company Collateral held in structured transactions	Fair value P'000	Fair value of collateral sold or pledged in the absence of default P'000	Fair value P'000	Fair value of collateral sold or pledged in the absence of default P'000
Advances to customers	8,391	–	10,061	–

Investment securities exclude securities lending transactions where securities are obtained as collateral for securities lent. This is in line with industry practice.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets (continued)

Offsetting of financial assets and financial liabilities

The financial collateral included in the table above is limited to the net statement of financial position exposure in line with the requirements of IFRS 7 and excludes the effect of any over-collateralisation. The collateral amount included in the table for IFRS 7 disclosure purposes has been determined at a business unit level. If these limits were determined on a Group-wide level, the collateral amount included in this table could increase. The total amount reported on the statement of financial position is the sum of the net amount reported in the statement of financial position and the financial instruments amount not subject to offset or MNA. No offsetting was applied.

Liquidity risk

Objective

Liquidity risk arises from all assets and liabilities with differing maturity profiles, currencies and behaviour. The Group's objective is to maintain and enhance its deposit market share by appropriately pricing and rewarding depositors from diverse and sustainable funding pools, thus creating a natural liquidity buffer. The Group seeks to optimise its funding profile within structural and regulatory constraints to enable the business to operate in an efficient and sustainable manner.

Compliance with the Basel III liquidity ratios influences the Group's funding strategy, particularly as it seeks to price appropriately for liquidity on a risk-adjusted basis. The Group continues to offer innovative and competitive products to further grow its deposit franchise whilst also optimising its institutional funding profile. These initiatives continue to improve the funding and liquidity profile of the Group.

Assessment and management

The Group focuses on continually monitoring and analysing the potential impact of other risks and events on its funding and liquidity position to ensure business activities are preserved and funding stability is improved. This ensures the Group can operate through periods of stress when access to funding is constrained.

The Group's approach to liquidity risk management distinguishes between structural, daily and contingency liquidity risk management across all currencies, and various approaches are employed in the assessment and management of these on a daily, weekly and monthly basis as illustrated in the following table.

Structural liquidity risk	Daily liquidity risk	Contingency liquidity risk
Managing the risk that structural, long-term on- and off-balance sheet exposures cannot be funded timeously or at reasonable cost	Ensuring that intra-day and day-to-day anticipated and unforeseen payment obligations can be met by maintaining a sustainable balance between liquidity inflows and outflows	Maintaining several contingency funding sources to draw upon in times of economic stress

Regular and rigorous stress tests are conducted on the funding profile and liquidity position as part of the overall Stress Testing Framework with a focus on:

- quantifying the potential exposure to future liquidity stresses;
- analysing the possible impact of economic and event risks on cash flows, liquidity, profitability and solvency position; and
- proactively evaluating the potential secondary and tertiary effects of other risks on the Group.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Liquidity risk (continued)

Undiscounted cash flows

The following table presents the Group's undiscounted cash flows of financial liabilities and off-balance sheet amounts, and includes all cash outflows related to principal amounts, as well as future payments.

	Call P'000	1 – 3 months P'000	4 – 12 months P'000	1 – 5 years P'000	Over 5 years P'000	Total financial assets and liabilities P'000
2025						
On-balance sheet exposures						
Amounts due to other banks	189,586	162,825	–	–	–	352,411
Deposits – other	–	1,738,081	–	–	–	1,738,081
Deposit and current accounts	23,030,088	2,507,316	3,023,964	126,588	–	28,687,956
Derivative financial instruments	–	807,122	300,000	20,996	–	1,128,118
Borrowings	–	236,600	303,735	66,302	189,820	796,457
Due to related companies	35,067	–	–	–	–	35,067
Other liabilities	609,846	–	–	–	–	609,846
Lease liabilities	–	7,780	23,329	129,554	25,815	186,478
Off-balance sheet exposures						
Financial and other guarantees	1,209,460	–	–	–	–	1,209,460
Other contingencies and commitments	19,644	–	–	–	–	19,644
Facilities not drawn	2,254,552	–	–	–	–	2,254,552



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Liquidity risk (continued)

Undiscounted cash flows (continued)

	Call P'000	1 – 3 months P'000	4 – 12 months P'000	1 – 5 years P'000	Over 5 years P'000	Total financial assets and liabilities P'000
2024						
On-balance sheet exposures						
Amounts due to other banks	59,342	442,107	–	–	–	501,449
Deposit and current accounts	26,554,620	2,154,178	2,068,624	144,371	–	30,921,793
Derivative financial instruments	–	1,079,660	1,948	20,996	–	1,102,604
Borrowings	–	7,390	199,624	634,974	420,041	1,262,029
Due to related companies	38,887	–	–	–	–	38,887
Other liabilities	244,985	–	–	–	–	244,985
Lease liabilities	–	4,299	19,678	96,612	118,515	239,104
Off-balance sheet exposures						
Financial and other guarantees	824,419	–	–	–	–	824,419
Other contingencies and commitments	22,130	–	–	–	–	22,130
Facilities not drawn	2,661,048	–	–	–	–	2,661,048



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Liquidity risk (continued)

Discounted cash flows

The following table represents the Group's contractual discounted cash flows of total assets and liabilities. Relying solely on the contractual liquidity mismatch when assessing a bank's maturity analysis would overstate risk, since this represents a worst-case assessment of cash flows at maturity.

Discounted cash flow analysis – maturity analysis of total assets and liabilities based on the present value of the expected payment.

Group – Term to maturity

2025	Carrying amount P'000	Demand 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-financial instruments P'000
Total financial assets	34,805,506	5,834,300	1,856,824	5,516,656	14,680,855	5,972,355	944,516
Total financial liabilities	(30,309,139)	(24,872,116)	(1,252,547)	(3,594,258)	(407,772)	(2,690)	(179,756)
Net liquidity gap	4,496,367	(19,037,816)	604,277	1,922,398	14,273,083	5,969,665	764,760

Group – Term to maturity

2024	Carrying amount* P'000	Demand 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-financial instruments P'000
Total financial assets	36,619,799	9,699,377	1,727,510	6,482,118	11,228,443	6,563,908	918,443
Total financial liabilities	(32,422,165)	(27,050,877)	(580,890)	(2,990,181)	(593,681)	(818,084)	(388,452)
Net liquidity gap	4,197,634	(17,351,500)	1,146,620	3,491,937	10,634,762	5,745,824	529,991

Collateral pledged

The Group pledges assets under the following terms and conditions:

- assets are pledged as collateral under repurchase agreements with other banks and for security deposits relating to local forwards and options;
- Government bonds are pledged as collateral for any repurchase agreements with Bank of Botswana; and
- All other pledges are conducted under terms which are usual and customary to lending arrangements.

The assets have been pledged to secure the liabilities. These assets are not available in the normal course of business. Refer to note 12 investment securities for disclosures on reverse repurchase agreements.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Market risk

The Group's activities expose it to market risk. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements. The primary risk control mechanism used for risk control purposes are stress loss tests and limits.

Foreign exchange risk management

The Group, through Treasury, manages foreign currency risk in accordance with broad market risk guidelines set by the Board. Foreign currency risk arises as a result of fluctuations in exchange rates and the resultant impact on the Group's position, which is established during normal day-to-day trading. Even though Treasury may take positions on any major currency, these are consolidated and reported in BWP. During the financial year under review, the Group's authorised market risk limit was USD46 million (2024: USD42 million) for all asset classes (foreign currency and interest rate risk). The Group takes positions to mitigate the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Consequently the Group strives to match its foreign currency assets and liabilities. The Group manages foreign currency exposures in terms of approved limits. The table below sets out the currency position as at the year-end.

Group and Company Distribution by currency	Assets		Liabilities	
	30 June 2025 P'000	30 June 2024 P'000	30 June 2025 P'000	30 June 2024 P'000
South African Rand	323,624	440,206	510,438	708,119
United States Dollar	3,050,308	2,915,058	2,533,221	2,824,490
British Pound	119,867	132,429	112,522	127,501
Euro	152,930	182,994	133,868	181,570
Others	19,703	35,663	2,432	17,642
	3,666,432	3,706,350	3,292,481	3,859,322

The Group is mainly exposed to foreign currency risk on its USD and ZAR denominated assets and liabilities. The following table details the gains or losses in response to a 10% increase and decrease in the Pula (BWP) against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Market risk (continued)

Foreign exchange risk management (continued)

	30 June 2025 P'000	30 June 2024 P'000
Loss arising from a 10% decrease		
South African Rand	18,681	26,791
United States Dollar	(51,709)	(9,057)
	(33,028)	17,734
Gain arising from a 10% increase		
South African Rand	(18 681)	(26,791)
United States Dollar	51,709	9,057
	33,028	(17,734)

The above gain/(loss) would affect the profit before tax in the income statements.

Interest rate risk management

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effect of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Market risk (continued)

Interest rate risk management (continued)

The table below summarises the Group's exposure to interest rate risk. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of repricing or maturity dates.

Group – Term to repricing

	Carrying amount P'000	Demand 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	Equity and non-rate sensitive assets/liabilities P'000
2025							
Total assets	34,805,506	22,298,600	1,391,889	3,059,976	5,358,692	1,266,640	1,429,709
Total liabilities and equity	(34,805,506)	(24,606,962)	(1,254,590)	(3,229,928)	(30,237)	(67,461)	(5,616,328)
Net interest sensitivity gap	-	(2,308,362)	137,299	(169,952)	5,328,455	1,199,179	(4,186,619)

Group – Term to repricing

	Carrying amount P'000	Demand 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	Equity and non-rate sensitive assets/liabilities P'000
2024							
Total assets	36,619,799	24,412,274	1,035,778	3,341,166	2,545,243	3,036,774	2,248,564
Total liabilities and equity	(36,619,799)	(26,836,893)	(417,745)	(2,805,971)	(1,249,686)	(183,190)	(5,126,314)
Net interest sensitivity gap	-	(2,424,619)	618,033	535,195	1,295,557	2,853,584	(2,877,750)

The table below presents the potential gains or losses that could arise if net interest income rises or falls by 200 basis points:

Group and Company	30 June 2025 P'000	30 June 2024 P'000
200 basis points increase – gains	238,700	211,221
200 basis points decrease – losses	(299,044)	(303,033)

In the prior year, the impact on profit or loss was disclosed as P24 350. In the current year, the Bank enhanced the methodology and assumptions applied in relation to non-maturing deposits, which reprice at the bank's discretion. This assumption is based on historical product behaviour. Underlying transactions are modelled on a contractual basis and behavioural adjustments are applied where relevant. The calculation assumes a constant balance sheet size and product mix over the forecast horizon.



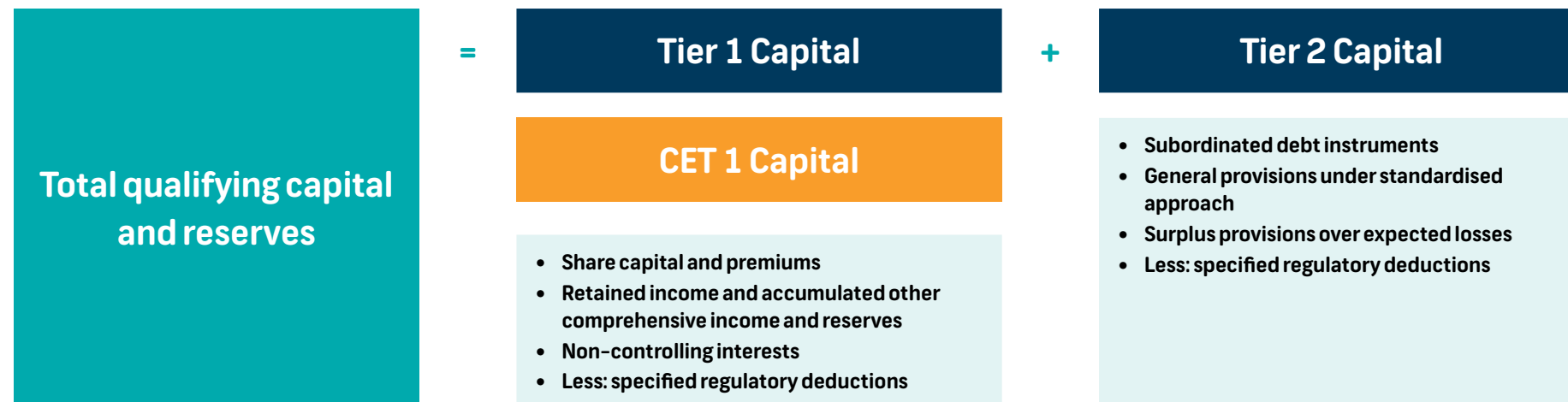
Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Capital management

The following diagram defines the main components of qualifying capital and reserves.



The capital planning process ensures that the CET1, Tier 1 and total capital adequacy ratios remain within or above target ranges and regulatory minimums across economic and business cycles. Capital is managed on a forward-looking basis and the Group remains appropriately capitalised under a range of normal and severe stress scenarios. The Group aims to back all economic risks with loss-absorbing capital and remains well capitalised in the current environment. The Group continues to focus on maintaining strong capital and leverage ratios, with particular focus on the quality and mix of capital, as well as optimisation of the Group's risk weighted assets (RWA). The Group's aim is for capital ratios to remain strong and above the regulatory minimums and internal targets.

Refer to note 28 for capital adequacy computations.

Fair value financial instruments

Valuation methodology

The Group has established control frameworks and processes at an operating business level to independently validate its valuation techniques and inputs used to determine its fair value measurements. At an operating business level, valuation specialists are responsible for the selection, implementation as well as any changes to the valuation techniques used to determine fair value measurements. Valuation committees comprising representatives from key management have been established within each operating business and at an overall Group level. They are responsible for overseeing the valuation control process and considering the appropriateness of the valuation techniques applied in fair value measurement. The valuation models and methodologies are subject to independent review and approval at an operating business level by the required valuation specialists, valuation committees and relevant risk committees annually, or more frequently if considered appropriate.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Fair value financial instruments (continued)

Measurement of assets and liabilities at level 2 and level 3

The table below sets out the valuation techniques applied by the Group for recurring fair value measurements of assets and liabilities categorised as level 2 and level 3.

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs
Derivative financial instruments					
– Option contracts	Level 2	Option pricing model and industry standard	The Black Scholes model is used. The models calculate fair value based on input parameters such as share prices, dividends, volatilities, interest rates, equity repo curves, and for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and by applying extrapolation techniques to match the appropriate risk profile.	Strike price of the option; market related discount rate; spot or forward rate, the volatility of the underlying dividends and share prices.	Not applicable
– Swaps	Level 2	Discounted cash flows and industry standard models	The future cash flows are projected using a forward curve and then discounted using a market related discount curve over the contractual period. There set date of each swaplet is determined in terms of legal documents pertaining to the swap. The industry standard models calculate fair value based on input parameters such as share price, dividends, volatilities, interest rates, equity repo curves and for multi asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and by applying extrapolation techniques to match the appropriate risk profile.	Market interest rates and curves, volatilities, dividends, and share prices.	Not applicable
– Forward contracts	Level 2	Discounted cash flows	The future cash flows are projected using a related forecasting curve and then discounted using a market related discounting curve over the contractual period. Projected cash flows are obtained by subtracting the strike price of the forward contract from the market projected forward value.	Spot prices of underlying instruments, market interest rate curves, and dividend yield	Not applicable



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Fair value financial instruments (continued)

Measurement of assets and liabilities at level 2 and level 3 (continued)

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs
Loans and advances to customers					
– Corporate investment banking book held at fair value	Level 3	Discounted cash flows	The future cash flows are discounted using a market related interest rate. To calculate the fair value of loan book the Group uses a valuation methodology based on the credit spread matrix, which considers loss given default and the internal credit committee rating criteria. The fair value measurement includes the original credit spread and is repriced when there is a change in rating of the counterparty. A decline in credit rating would result in an increase in the spread above the base rate for discounting purposes and consequently a reduction of the fair value of the advance.	Market interest rates and curves	Credit inputs – market related interest rates
– Other loans and advances	Level 2 and 3	Discounted cash flows	The future cash flows are discounted using a market related interest rate adjusted for credit inputs, over the contractual period.	Market interest rates and curves	Credit inputs
Investment securities and other investments					
– Equities/bonds listed in an inactive market	Level 2	Discounted cash flows	For listed equities and bonds, the listed price is used where the market is active (i.e. Level 1). However if the market is not active and the listed price is not representative of fair value these are classified as Level 2 and a valuation technique is used, for example the discounted cash flows is used for listed bonds. This will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. The future cash flows are discounted using a market related interest rate adjusted for credit inputs over the contractual period.	Market interest rates and credit spreads	Not applicable
– Unlisted bonds	Level 2	Discounted cash flows	Unlisted bonds are valued similarly to advances measured at fair value. The future cash flows are discounted using a market related interest rate adjusted for credit in puts, over the contractual period.	Market interest rates and credit spreads	Not applicable



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Fair value financial instruments (continued)

Measurement of assets and liabilities at level 2 and level 3 (continued)

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs
Investment securities and other investments (continued)					
– Negotiable certificates of deposit (NCD)	Level 2	Discounted cash flows	The future cash flows are discounted using a market related interest rate. Inputs to these models include information that is consistent with similar market quoted instruments, where available.	Market interest rates and market quotes for NCD instruments	Not applicable
– Treasury Bills	Level 2	Bank of Botswana quoted prices	Bank of Botswana quoted prices.	Market interest rates and curves	Not applicable
Deposits					
– Other deposits	Level 2	Discounted cash flows	The related forecasting curve is adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates	Not applicable
Other liabilities and Tier 2 liabilities	Level 2	Discounted cash flows	The future cash flows are discounted using a market related interest rate.	Market interest rates	Not applicable
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Level 2	Discounted cash flows	The future cash flows are discounted using a market related interest rate and curves adjusted for credit inputs. Where the value of the liability is linked to the performance of an underlying and the underlying is observable, these liabilities are classified as level 2.	Market interest rate curves or performance of underlying	Not applicable



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Fair value financial instruments (continued)

Financial instruments not measured at fair value

The following represents the fair values of financial instruments carried at amortised cost on the statement of financial position.

Group – 2025	Level 1 P'000	Level 2 P'000	Level 3 P'000	Fair value P'000	Amortised P'000
Assets					
Advances					
Home loans	–	–	6,434,485	6,434,485	6,473,287
Other advances	–	–	174,258	174,258	277,578
Term loans	–	–	10,379,928	10,379,928	10,066,986
Overdraft	–	–	1,609,048	1,609,048	1,609,048
Instalment sales	–	–	2,327,085	2,327,085	2,191,142
Total advances at amortised cost	–	–	20,924,804	20,924,804	20,618,041
Investment securities	9,213,092	1,431,740	–	10,644,832	10,854,432
Other assets	–	–	232,679	232,679	232,679
Due from related parties	–	–	19,288	19,288	19,288
Total financial assets at amortised cost	9,213,092	1,431,740	21,176,771	31,821,603	31,724,440
Liabilities					
Deposits and current accounts					
Current and managed accounts	–	13,484,249	–	13,484,249	13,484,249
Balances from customers (term)	–	11,060,224	–	11,060,224	11,060,224
Other deposits (call and savings)	–	1,947,998	–	1,947,998	1,947,998
Total deposits and current accounts	–	26,492,471	–	26,492,471	26,492,471
Long-term borrowings	–	648,787	–	648,787	648,787
Accrued interest payable	–	31,898	–	31,898	31,898
Other liabilities	–	772,906	–	772,906	772,906
Due to related parties	–	–	35,067	35,067	35,067
Total financial liabilities at amortised cost	–	27,946,062	35,067	27,981,129	27,981,129



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Fair value financial instruments (continued)

Financial instruments not measured at fair value (continued)

	Level 1 P'000	Level 2 P'000	Level 3 P'000	Fairvalue P'000	Amortised cost P'000
Group – 2024					
Assets					
Advances					
Home loans	-	-	5,809,230	5,809,230	5,863,318
Other advances	-	-	279,005	279,005	279,005
Term loans	-	-	9,349,756	9,349,756	9,313,792
Overdraft	-	-	1,087,547	1,087,547	1,087,547
Instalment sales	-	-	1,937,256	1,937,256	1,950,340
Total advances at amortised cost	-	-	18,462,794	18,462,794	18,494,002
Investment securities	11,488,193	-	-	11,488,193	11,520,740
Other assets	-	-	185,897	185,897	185,897
Due from related parties	-	-	9,938	9,938	9,938
Total financial assets at amortised cost	11,488,193	-	18,658,629	30,146,822	30,210,577
Liabilities					
Deposits and current accounts					
Current and managed accounts	-	16,505,179	-	16,505,179	16,505,179
Balances from customers (term)	-	6,183,421	-	6,183,421	6,097,354
Other deposits (call and savings)	-	7,418,511	-	7,418,511	7,418,511
Total deposits and current accounts	-	30,107,111	-	30,107,111	30,021,044
Long-term borrowings	-	1,014,486	-	1,014,486	1,000,365
Accrued interest payable	-	20,729	-	20,729	20,729
Other liabilities	-	411,825	-	411,825	411,825
Due to related parties	-	-	38,887	38,887	38,887
Total financial liabilities at amortised cost	-	31,554,151	38,887	31,593,038	31,492,850



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

40. Financial risk management (continued)

Fair value financial instruments (continued)

Assets and liabilities measured at fair value

Group – 2025	Level 1 P'000	Level 2 P'000	Level 3 P'000	Total P'000
Mandatory fair value through profit and loss				
– Investment securities	–	22,499	–	22,499
– Derivative financial instruments	–	19,000	–	19,000
Total assets	–	41,499	–	41,499
Financial liabilities held for trading				
– Derivative financial instruments	–	10,578	–	10,578
Designated at fair value through profit or loss				
– Zero coupon deposit	–	47,184	–	47,184
Total liabilities	–	57,762	–	57,762

Group – 2024	Level 1 P'000	Level 2 P'000	Level 3 P'000	Total P'000
Mandatory fair value through profit and loss				
– Investment securities	–	82,334	–	82,334
– Derivative financial instruments	–	17,368	–	17,368
Total assets	–	99,702	–	99,702
Financial liabilities held for trading				
– Derivative financial instruments	–	10,623	–	10,623
Designated at fair value through profit or loss				
– Zero coupon deposit	–	95,387	–	95,387
Total liabilities	–	106,010	–	106,010



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

41. Segmental reporting

The Group has four main business segments:

- Retail segment – comprising advances and deposits and the revenue flowing from individual customers;
- Commercial segment – comprising advances and deposits and the revenue flowing from business customers;
- Corporate Segment – comprising advances and deposits and the revenue flowing from Corporate customers;
- Treasury – manages the Group's liquidity and funding.

The Group presents interest income after the cost of funding and interest expenditure after the benefit of funding for each reportable segment. These are the amounts that are presented to the Chief Operating Decision Maker for management reporting purposes when assessing performance and allocating resources. This presentation is in line with the management approach of presenting segment information.

Group – 2025	Retail P'000	Commercial P'000	Corporate P'000	Treasury P'000	Total P'000
Income statement					
Interest and similar income	604,754	155,620	121,229	1,602,863	2,484,466
Non-interest income	753,178	630,309	411,279	(14,313)	1,780,453
Total segment revenue	1,357,932	785,929	532,508	1,588,550	4,264,919
Interest and similar expenses	253,802	286,250	176,739	(1,250,090)	(533,299)
Segment operating income before impairments	1,611,734	1,072,179	709,247	338,460	3,731,620
Impairment of advances	(83,988)	9,857	484	-	(73,647)
Net interest income after impairment of advances	1,527,746	1,082,036	709,731	338,460	3,657,973
Depreciation	(96,527)	(532)	(55)	(53)	(97,167)
Operating expenses	(257,678)	(276,600)	(190,459)	8,128	(716,609)
Staff expenditure	(474,790)	(365,137)	(83,562)	(10,773)	(934,262)
Profit before indirect taxation	698,751	439,767	435,655	335,762	1,909,935
Indirect taxation	(20,945)	(2,179)	(1,914)	(826)	(25,864)
Profit before direct taxation	677,806	437,588	433,741	334,936	1,884,071
Direct taxation					(440,673)
Profit for the year					1,443,398
Statement of financial position:					
Gross advances to customers	12,353,510	4,114,615	4,988,579	-	21,456,704
Loss allowance	(481,181)	(282,897)	(74,585)	-	(838,663)
Net advances	11,872,329	3,831,718	4,913,994	-	20,618,041
Deposits from customers	7,209,323	10,233,020	5,996,744	3,053,384	26,492,471

Major customers – In terms of IFRS 8, a customer is regarded as a major customer if the revenue from transactions with this customer exceeds 10% or more of the entity's revenue. The Group has no major customers as defined and is, therefore, not reliant on the revenue from one or more major customers.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

41. Segmental reporting (continued)

Group – 2024	Retail P'000	Commercial P'000	Corporate P'000	Treasury P'000	Total P'000
Income statement					
Interest and similar income	601,437	134,608	105,144	1,553,341	2,394,530
Non-interest income	689,365	582,674	332,556	(20,650)	1,583,945
Total segment revenue	1,290,802	717,282	437,700	1,532,691	3,978,475
Interest and similar expenses	194,996	285,173	176,861	(1,211,675)	(554,645)
Segment operating income before impairments	1,485,798	1,002,455	614,561	321,016	3,423,830
Impairment of advances	10,360	33,487	4,185	-	48,032
Net interest income after impairment of advances	1,496,158	1,035,942	618,746	321,016	3,471,862
Depreciation	(84,774)	(614)	(555)	(177)	(86,120)
Operating expenses	(263,084)	(313,480)	(187,997)	12,284	(752,277)
Staff expenditure*	(418,263)	(310,017)	(83,562)	(12,183)	(824,025)
Profit before indirect taxation	730,037	411,831	346,632	320,940	1,809,440
Indirect taxation	(25,127)	(1,312)	(1,247)	(1,070)	(28,756)
Profit before direct taxation	704,910	410,519	345,385	319,870	1,780,684
Direct taxation					(394,153)
Profit for the year					1,386,531
Statement of financial position:					
Gross advances to customers	11,779,996	3,564,041	4,062,052	-	19,406,089
Loss allowance	(486,558)	(348,105)	(77,424)	-	(912,087)
Net advances	11,293,438	3,215,936	3,984,628	-	18,494,002
Deposits from customers	6,692,671	10,379,557	7,411,677	5,537,139	30,021,044

* Staff expenditure has been disclosed separately to allow the chief operating decision maker to have more transparency on the income statement comparatives.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

42. New Standards and Interpretations

42.1 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:

Supplier finance arrangements – amendments to IAS 7 and IFRS 7

The amendment applies to circumstances where supplier finance arrangements exist. These are arrangements whereby finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions. The amendment requires the disclosure of information about supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows as well as on the entity's exposure to liquidity risk.

The effective date of the amendment is for years beginning on or after 01 January 2024.

The Group has adopted the amendment for the first time in the 2025 consolidated and separate financial statements. The impact of the amendment is not material.

Classifications of liabilities current and non-current liabilities with covenants – amendments to IAS 1

The amendment applies to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non-current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period.

The effective date of the amendment is for years beginning on or after 01 January 2024.

The Group has adopted the amendment for the first time in the 2025 consolidated and separate financial statements.

The impact of the amendment is not material.

Lease liability in a sale and leaseback–amendments to IFRS 16

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The effective date of the amendment is for years beginning on or after 01 January 2024.

The Group has adopted the amendment for the first time in the 2025 consolidated and separate financial statements.

The impact of the amendment is not material.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

42. New Standards and Interpretations (continued)

42.2 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 July 2025 or later periods:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

IFRS 19 – Subsidiaries without Public Accountability: Disclosures

This is a new standard which may be applied by subsidiaries which do not have public accountability. It is a disclosure only standard and provides for reduced disclosures for qualifying subsidiaries to apply, while still remaining compliant with the recognition, measurement and presentation requirements of IFRS accounting standards. The reduced disclosures provided in IFRS 19 may be applied by the subsidiary in their consolidated, separate or individual financial statements, provided that the ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS accounting standards. A subsidiary has public accountability, and may not apply IFRS 19, if its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market, or if it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.

The effective date of the amendment is for years beginning on or after 01 January 2027.

The Group expects to adopt the amendment for the first time in the 2028 consolidated and separate financial statements.

The amendment is not expected to have any impact on the group's consolidated and separate financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

This is a new standard which replaces IAS 1 Presentation of Financial Statements and introduces several new presentation requirements. The first relates to categories and subtotals in the statement of financial performance. Income and expenses will be categorised into operating, investing, financing, income taxes and discontinued operations categories, with two new subtotals, namely "operating profit" and "profit before financing and income taxes" also being required. These categories and sub totals are defined in IFRS 18 for comparability and consistency across entities. The next set of changes requires disclosures about management-defined performance measures in a single note to the financial statements. These include reconciliations of the performance measures to the IFRS defined subtotals, as well as a description of how they are calculated, their purpose and any changes. The third set of requirements enhance the guidance on grouping of information (aggregation and disaggregation) to prevent the obscuring of information.

The effective date of the amendment is for years beginning on or after 01 January 2027.

The Group expects to adopt the amendment for the first time in the 2028 consolidated and separate financial statements.

The impact of this amendment is currently being assessed.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

42. New Standards and Interpretations (continued)

42.2 Standards and interpretations not yet effective (continued)

Annual Improvements to IFRS Accounting Standards

Annual Improvements to IFRS Accounting Standards – Volume 11

Annual Improvements to IFRS Accounting Standards – Volume 11 – Hedge Accounting by a First-time Adopter – Amendment to reduce inconsistency in wording of the requirements in IFRS 9 Financial Instruments in relation to hedge accounting requirements for a first-time adopter.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendments to IFRS 7 Financial Instruments: Disclosures

Annual Improvements to IFRS Accounting Standards – Volume 11 – Gain or loss on derecognition – Amendment to delete an obsolete reference that remained in IFRS 7 after the publication of IFRS 13 Fair Value Measurement, as well as to improve consistency of wording of the requirements of IFRS 7 with IFRS 13 concepts regarding disclosure of a gain or loss on derecognition.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendments to IFRS 9 Financial Instruments

Annual Improvements to IFRS Accounting Standards – Volume 11 – Derecognition of lease liabilities. The amendment clarifies that if a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss in profit or loss.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

42. New Standards and Interpretations (continued)

42.2 Standards and interpretations not yet effective (continued)

Annual Improvements to IFRS Accounting Standards (continued)

Amendments to IFRS 9 Financial Instruments (continued)

Annual Improvements to IFRS Accounting Standards – Volume 11 – Transaction price. The amendment clarifies that trade receivables must be measured initially, in accordance with IFRS 9, at the amount determined by applying IFRS 15 Revenue from Contracts with Customers.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the group's consolidated and separate financial statements.

Amendments to IFRS 10 Consolidated Financial Statements

Annual Improvements to IFRS Accounting Standards – Volume 11 – Determination of a 'de facto agent'. The amendment is to clarify whether a party acts as a de facto agent in assessing control of an investee.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendments to IAS 10 Statement of Cash flows

Annual Improvements to IFRS Accounting Standards – Volume 11 – Cost method – Amendment to replace the term 'cost method' with 'at cost' following the earlier removal of the definition of cost method from IFRS Accounting Standards.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments

The amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features, as such features could affect whether the assets are measured at amortised cost or fair value. The amendment also clarifies the date on which a financial asset or financial liability is derecognised in cases where liabilities are settled through electronic payment systems.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

The impact of this amendment is currently being assessed.



Notes to the consolidated and separate financial statements (continued)

for the year ended 30 June 2025

42. New Standards and Interpretations (continued)

42.2 Standards and interpretations not yet effective (continued)

Annual Improvements to IFRS Accounting Standards (continued)

Lack of exchangeability – amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of financial statements to understand the impact of the non-exchangeability on financial performance, financial position and cash flow.

The effective date of the amendment is for years beginning on or after 01 January 2025.

The Group expects to adopt the amendment for the first time in the 2026 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Nature-dependent electricity – IFRS 9 and IFRS 7 amendments

The amendments are to the own-use requirements, and hedge accounting requirements, together with related disclosures. The scope of the amendments is narrow, and only if contracts meet the specified scoping characteristics will they be in the scope of the amendments. This publication outlines the amendments, together with a summary of the rationale behind the proposals, and considerations for entities when implementing the amendments.

The effective date of the amendments is for annual reporting periods beginning on or after 1 January 2026, with early application permitted.

The Group expects to adopt the amendment for the first time in the 2026 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

43. Events after the reporting period

In the current dynamic economic context; the Directors have considered various aspects of the business when assessing events after the reporting date as per the requirements of IAS 10 – Events after the reporting date: Key estimates and judgements used in the preparation of the financial statements have been assessed and are still considered appropriate.

The Directors proposed a final dividend of 15 thebe (2024: 27 thebe) per share.

The Directors are not aware of any matter or circumstances arising since the end of the reporting date that requires disclosure or adjustment to the financial statements.



Other information

Value Added Statement

as at 30 June 2025

	Group		Company	
	30-Jun-25	30-Jun-24	30-Jun-25	30-Jun-24
Income earned by providing banking services	4,264,919.00	3,978,475.00	4,264,975.00	3,978,325.00
Cost of services	(2,307,201.00)	(2,245,823.00)	(2,306,431.00)	(2,250,025.00)
Value added banking services	1,957,718.00	1,732,652.00	1,958,544.00	1,728,300.00
Non-operating and other income and expenditure	973,384.00	976,025.00	972,873.00	974,761.00
Value added	2,931,102.00	2,708,677.00	2,931,417.00	2,703,061.00
Value allocated				
To employees and Executive directors				
Salaries, wages and other benefits	949,345.00	838,682.00	949,345.00	838,682.00
To providers of capital				
Dividends to shareholders	834,421.00	1,093,791.00	834,421.00	1,093,791.00
To Government				
Direct and Indirect Tax	466,537.00	422,909.00	466,651.00	422,257.00
To expansion and growth				
Retained earnings	608,977.00	292,740.00	609,689.00	289,033.00
Depreciation – Owned	71,822.00	60,555.00	71,311.00	59,298.00
	2,931,102.00	2,708,677.00	2,931,417.00	2,703,061.00
Employers	32%	31%	32%	31%
Providers of capital	28%	40%	28%	41%
Government	16%	16%	16%	16%
Expansion growth	23%	13%	23%	13%
	100%	100%	100%	100%



Other information (continued)

Ten-year Consolidated Income Statements

as at 30 June 2025

	30 June 2025 P'000	30 June 2024 P'000	30 June 2023 P'000	30 June 2022 P'000	30 June 2021 P'000	30 June 2020 P'000	30 June 2019 P'000	30 June 2018 P'000	30 June 2017 P'000	30 June 2016 P'000	30 June 2015 P'000
Interest and similar income	2,484,466	2,394,530	1,950,758	1,432,283	1,408,692	1,649,128	1,617,445	1,507,520	1,429,248	1,308,394	1,288,434
Interest expense and similar charges	(533,299)	(554,645)	(469,175)	(268,455)	(241,506)	(310,893)	(359,916)	(335,721)	(265,128)	(363,565)	(415,321)
Net interest income before impairment of advances	1,951,167	1,839,885	1,481,583	1,163,828	1,167,186	1,338,235	1,257,529	1,171,799	1,164,120	944,829	873,113
Impairments losses on loans and advances	(73,647)	48,032	(93,557)	(50,297)	(241,251)	(421,442)	(264,912)	(274,168)	(361,219)	(228,570)	(201,068)
Net interest income after impairment of advances	1,877,520	1,887,917	1,388,026	1,113,531	925,935	916,793	992,617	897,631	802,901	716,259	672,045
Non interest income	1,780,453	1,583,945	1,486,904	1,390,655	1,205,745	1,199,354	1,142,315	1,069,648	978,155	926,949	862,386
Income from operations	3,657,973	3,471,862	2,874,930	2,504,186	2,131,680	2,116,147	2,134,932	1,967,279	1,781,056	1,643,208	1,534,431
Operating expenses	(1,773,902)	(1,691,178)	(1,455,054)	(1,305,275)	(1,213,972)	(1,188,902)	(1,172,601)	(1,129,070)	(1,100,733)	(984,196)	(777,928)
Income before taxation	1,884,071	1,780,684	1,419,876	1,198,911	917,708	927,245	962,331	838,209	680,323	659,012	756,503
Taxation	(440,673)	(394,153)	(304,104)	(272,168)	(232,533)	(231,439)	(229,795)	(190,154)	(179,804)	(155,121)	(165,020)
Income after taxation	1,443,398	1,386,531	1,115,772	926,743	685,175	695,806	732,536	648,055	500,519	503,891	591,483
Dividends paid and proposed	(381,555)	(686,799)	(508,740)	(406,992)	(1,246,413)	(203,496)	(406,992)	(357,118)	(282,007)	(282,007)	(410,192)
Retained income for the year	1,061,843	699,732	607,032	519,751	(561,238)	492,310	325,544	290,937	218,512	221,884	181,291



Other information (continued)

Ten-year Consolidated Statements of Financial Position as at 30 June 2025

	30 June 2025 P'000	30 June 2024 P'000	30 June 2023 P'000	30 June 2022 P'000	30 June 2021 P'000	30 June 2020 P'000	30 June 2019 P'000	30 June 2018 P'000	30 June 2017 P'000	30 June 2016 P'000	30 June 2016 P'000
Assets											
Cash and short term funds	2,095,051	5,391,077	6,715,040	6,198,095	5,470,758	4,697,599	4,411,739	4,356,895	4,396,885	3,651,793	4,371,324
Derivative financial instruments	19,000	17,368	36,897	41,114	35,307	76,872	49,606	55,181	64,028	76,646	26,716
Investment securities*	10,876,931	11,603,074	5,972,948	5,354,595	7,889,039	9,509,211	4,135,220	3,360,091	3,313,694	2,447,230	2,256,337
Advances to banks	-	-	-	-	217,957	-	789,903	650,912	-	324,960	640,000
Advances to customers*	20,618,041	18,494,002	16,274,676	15,081,463	13,642,027	14,686,767	15,939,047	15,478,937	14,997,373	14,386,819	12,846,481
Current taxation	392	4,999	88,368	82,299	85,239	86,324	106,768	65,267	8,641	99,966	46,832
Due from related companies	19,288	9,938	6,804	6,563	7,552	11,684	6,388	9,465	9,448	6,324	6,319
Other assets	521,393	447,825	369,882	328,706	406,658	479,314	317,627	357,133	288,831	376,245	211,080
Property and equipment	600,236	616,301	566,148	533,669	530,646	560,785	481,307	507,584	505,496	495,692	540,393
Goodwill	26,963	26,963	26,963	26,963	26,963	26,963	26,963	26,963	26,963	26,963	26,963
Deferred taxation	28,211	8,252	-	-	-	3,706	7,054	-	-	-	-
Total assets	34,805,506	36,619,799	30,057,726	27,653,467	28,312,146	30,135,519	26,264,568	24,868,428	23,611,359	21,892,638	20,972,445



Other information (continued)

Ten-year Consolidated Statements of Financial Position (continued)

as at 30 June 2025

	30 June 2025 P'000	30 June 2024 P'000	30 June 2023 P'000	30 June 2022 P'000	30 June 2021 P'000	30 June 2020 P'000	30 June 2019 P'000	30 June 2018 P'000	30 June 2017 P'000	30 June 2016 P'000	30 June 2016 P'000
Liabilities											
Deposit – Other	1,738,081	–	–	–	–	–	–	–	–	–	–
Derivative financial instruments	10,578	10,623	25,623	28,632	21,507	36,708	14,844	20,315	28,065	42,631	13,796
Accrued interest payable	31,898	20,729	40,922	21,739	21,360	28,079	63,566	51,893	46,061	30,553	88,895
Due to related parties	35,067	38,887	72,460	24,775	25,093	21,322	32,898	73,861	36,175	124,726	11,673
Other Liabilities	806,767	668,295	781,428	584,531	680,558	723,587	863,734	459,949	443,530	429,680	360,109
Deposits from banks	352,411	501,449	849,454	888,862	490,153	545,002	581,243	730,109	1,397,685	300,166	199,334
Deposits from customers	26,492,471	30,021,044	23,333,051	21,347,612	21,396,057	23,171,897	19,591,409	18,834,336	17,567,471	17,063,756	17,233,721
Employee liabilities	139,258	131,205	116,915	98,227	93,887	81,504	85,894	82,800	71,606	68,127	61,949
Borrowings	695,971	1,029,156	1,100,887	1,329,454	1,527,200	1,765,858	1,502,642	1,288,927	1,059,127	1,094,239	395,376
Current taxation	6,637	–	–	–	–	–	–	7,699	1,208	898	650
Deferred taxation	–	777	10,151	6,336	158,992	196,988	200,623	200,779	207,566	203,509	160,956
Total liabilities	30,309,139	32,422,165	26,330,891	24,330,168	24,414,807	26,570,945	22,936,853	21,750,668	20,858,494	19,358,285	18,526,459
Equity											
Stated capital	51,088	51,088	51,088	51,088	51,088	51,088	51,088	51,088	51,088	51,088	51,088
Reserves	4,063,724	3,459,747	3,167,007	2,865,219	2,599,838	3,313,696	3,029,311	2,837,739	2,547,955	2,329,443	2,112,891
Dividend reserve	381,555	686,799	508,740	406,992	1,246,413	203,496	254,370	228,933	153,822	153,822	282,007
Total ordinary equity holder's funds	4,496,367	4,197,634	3,726,835	3,323,299	3,897,339	3,568,280	3,334,769	3,117,760	2,752,865	2,534,353	2,445,986
Total equity and liabilities	34,805,506	36,619,799	30,057,726	27,653,467	28,312,146	30,139,225	26,271,622	24,868,428	23,611,359	21,892,638	20,972,445



Shareholder information

Shareholder diary

Dividend and results announcement	10 September 2025
Publication of abridged annual financial statements	10 September 2025
Payment of final dividend	22 October 2025
Annual General Meeting	6 November 2025
Next financial year-end	30 June 2026

Shareholder analysis

FNB Botswana is a public company listed on the Botswana Stock Exchange with a total of 4,039 shareholders and 2,543,700,000 issued ordinary shares. Of the Bank's issued shares, 70% (1,780,590,000) shares are held by First National Bank Holdings (Botswana) (Proprietary) Limited, which is a non-public shareholder. The balance of 30% (763,110,000) shares is held by public shareholders and currently floats on the Botswana Stock Exchange. Of the public shareholders, no individuals are holding 10% or more of the stated capital. First National Holdings (Botswana) (Proprietary) Limited is wholly owned by FirstRand EMA Holdings Limited, duly incorporated in South Africa.

Shareholder spread

Share range	Number of holders	% of holders	Shares held	% of issued shares
1 – 5,000	3,242	80.27	3,015,610	0.12
5,001 – 10,000	263	6.51	2,036,635	0.08
10,001 – 50,000	306	7.58	7,138,058	0.28
50,001 – 100,000	70	1.73	5,429,743	0.21
100,001 – 500,000	83	2.05	17,422,560	0.68
500,001 – 1,000,000	17	0.42	12,039,981	0.47
Above 1,000,000	58	1.44	2,496,617,413	98.15
Total	4,039	100.00	2,543,700,000	100.00

Top 10 shareholders

Shareholder	Number of shares	% of issued shares
FNB Holdings Botswana Limited	1,780,590,000	70.00%
BPOPF Morula ACT MEM DEP EQ	181,995,499	7.15%
FNB Botswana Nominees re BIFM – ACT MEM & DP EQ	135,340,095	5.32%
Botswana Public Officers Pension Fund	43,264,732	1.70%
Motor Vehicle Fund	41,053,910	1.61%
STNB RE Botswana Public Officers Pension Fund	37,509,348	1.47%
Ninety-One Debswana Pension Fund	27,149,773	1.07%
Stanbic Nominees Botswana re BIFM PLEF	27,057,215	1.06%
Bank Of Botswana Deferred Contribution Staff Pension	14,521,354	0.57%
SCBN (PTY) LTD RE: Ninety-One 030/30	14,375,809	0.57%
Total	2,302,857,735	90.53%
Others	240,842,265	9.47%
Total issued	2,543,700,000	100.00%

Director interests

Shareholder	Shares held
Doreen Ncube*	7,930
Bonyongo Family Trust	6,389
Total	14,319

* Doreen Ncube retired from the Board effective 1 September 2025 (post reporting period).



Glossary

Financial ratios and other measures

CAR	Capital adequacy ratio
GDP	Gross domestic product
LAR	Liquid asset ratio
LCR	Liquidity coverage ratio
LTI	Long-term incentive
MoPR	Monetary Policy Rate
NIACC	Net income after cost of capital
NPL	Non-performing loan
NPS	Net promoter score
P	Pula
STI	Short-term incentive
USD	United States Dollar

FNB Botswana, and its Committees and positions

BCCC	Board Compliance and Conduct Committee
BCRC	Board Credit Risk Committee
Board	Board of Directors
CARE	Complaints and Resolution Enablement
CEO	Chief Executive Officer
CFO	Chief Financial Officer
DAGC	Directors' Affairs and Governance Committee
ExCo	Executive Committee
FNB App	FNB Banking App
FNB Botswana or the Bank	First National Bank of Botswana Limited
RCC	Risk and Capital Management Committee
RMB	Rand Merchant Bank (Corporate Investment Banking)

Industry regulators, regulations and other organisations

CEEP	Citizen Economic Empowerment Programme
FirstRand or the Group	FirstRand Limited
IFRS	International Financial Reporting Standards
<IR>	Integrated Reporting
King IV	King Report on Corporate Governance™ for South Africa, 2016*
KYC	Know Your Customer
POPIA	Protection of Personal Information Act (of South Africa)

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Other

ADT	Automated deposit teller machine
AGM	Annual General Meeting
AI	Artificial intelligence
AML	Anti-money laundering
ATM	Automated teller machine
CSI	Corporate social investment
ESG	Environmental, social and governance
GHG	Greenhouse gas
ICT	Information and Communication Technology
ITIL	Information Technology Infrastructure Library
KPI	Key performance indicator
kWh	Kilowatt-hour
MNOs	Mobile network operators
MW	Megawatt
OTP	One-time pin
POS	Point-of-sale
SDG	United Nations Sustainable Development Goal
SME	Small and medium enterprise
SMS	Short message service
tCO ₂ e	tonnes of carbon dioxide equivalent



Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM) of shareholders of the Company will be held at Hotel 430 at 11h00 on Thursday 6 November 2025. The purpose of meeting is to transact and consider the following business and if deemed fit, pass, with or without modification, the following resolutions:

Agenda

Ordinary business

1. To read the notice of AGM (notice) and ascertain the presence of a quorum required in terms of the Constitution.
2. **Ordinary resolution 1:**
RESOLVED THAT, the Audited Annual Financial Statements for the year ended 30 June 2025 together with directors' and auditor's reports thereon be adopted.
3. **Ordinary resolution 2:**
RESOLVED THAT dividends of 18 Thebe per ordinary share declared for the interim period, and 15 Thebe per ordinary share for the year ended 30 June 2025 be approved as recommended by the directors and the distribution be ratified thereof.
4. **Ordinary resolution 3 – 5:**
RESOLVED THAT the following directors retire by rotation in terms of the Company's Constitution and are eligible to offer themselves for re-election:
 - Mr Balisi Bonyongo (Resolution 3)
 - Ms Naseem Lahri (Resolution 4)
 - Mr Louis Jordaan Resolution 5)
 Mr Bonyongo, Ms Lahri and Mr Jordaan, being eligible and available, offer themselves for re-election and shall be re-elected by way of separate resolutions (Resolution 3 – 5). Biographical information of the directors to be re-elected is set on pages 77 to 79 of the Integrated Report.
5. **Ordinary resolution 6:**
To ratify the appointment of the following Director of the Company by separate resolution:
 - a. Mr Moses Dinekere Pelaelo (Independent Non-Executive Director)

6. Ordinary resolution 7:

	Retainer BWP	Meeting Fee (Quarterly) BWP	Number of Meetings	Total Annual sitting fee BWP	Total Rem per Member
Board					
Board Chairperson	452,000	65,420	4	261,680	713,680
Board Member	163,800	32,550	4	130,200	294,000
Board Audit Committee					
Chairperson	163,800	44,772	4	179,088	342,888
Member	109,620	22,932	4	91,728	201,348
Risk and Capital Management Committee					
Chairperson	81,900	37,128	4	148,512	230,412
Member	–	18,564	4	74,256	74,256
Board Credit Risk Committee					
Chairperson	81,900	21,840	12	262,080	343,980
Member	–	16,380	12	196,560	196,560
Board Compliance and Conduct Committee					
Chairperson	81,900	21,840	4	87,360	169,260
Member	–	16,380	4	65,520	65,520
Board Human Capital and Remuneration Committee					
Chairperson	81,900	21,840	4	87,360	169,260
Member	–	16,380	4	65,520	65,520
Director Affairs and Governance Committee					
Chairperson	81,900	21,840	4	87,360	169,260
Member	–	16,380	4	65,520	65,520
Annual Strategy Session					
Members	–	32,760	1	32,760	32,760



Additional information in respect of Ordinary Resolution 7

- i. Sitting Fees and retainer fees have been increased by 5% from prior year. The Chairperson's retainer has been increased by 27% to align with responsibilities of the Chairperson.
- ii. Executive Directors and Non-Executive Directors employed by the FirstRand Group do not receive fees as members of the Board.
- iii. Fees are reviewed annually in line with industry benchmarks and are approved at the AGM for the year ahead.
- iv. Sitting fees cover preparation and sitting for meetings.
- v. All members of the Board (at a Main Board Level) are paid a retainer, with the Chairperson of the Board earning a premium retainer.
- vi. All Committee Chairpersons are paid a retainer relative to the complexity of each Committee.
- vii. Only members of the Audit Committee are paid a retainer.
- viii. The retainer covers retention for skill and expertise, round robin applications, ad hoc and special meetings, training, attendance of bank events, and engagement with Bank stakeholders.
- ix. The retainer will be paid on a quarterly basis, at the beginning of each quarter.
- x. All Committees meet four times per annum except for the Board Credit Risk Committee which meets 12 times per annum.

7. Ordinary resolution 8:

RESOLVED THAT, as recommended by the Audit Committee of the Company, Ernst & Young be appointed as auditors of the Company for the period ending 30 June 2026 and that Directors be authorised to determine the remuneration of the auditors accordingly.

Additional information in respect of Ordinary Resolution 8

The remuneration of the Company's auditors is determined by the Audit Committee as per the Audit Committee Charter.

8. Ordinary Resolution 9:

RESOLVED THAT, the auditor's remuneration of P8,237,000 paid for the prior year's audit be and is hereby ratified.

9. To transact any other business which may be transacted at an AGM.

Voting and proxies

All holders of ordinary shares entitled to vote will be entitled to attend and vote at the AGM.

A holder of shares who is present in person, or by authorised representative or by proxy shall have one vote on a show of hands and have one vote for every ordinary share held on a poll.

Each shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies (none of whom need be a shareholder of the Company) to attend, speak and subject to the Constitution of the Company vote in his/her/its stead.

The Integrated Report and form of proxy which sets out the relevant instructions for its completion can be found on the FNB Botswana website www.fnbbotswana.co.bw.

To be effective, a duly completed form of proxy must be received at the Transfer Secretaries, Central Securities Depository Company of Botswana, Plot 70667, 4th Floor, Fairscape Precinct, Fairgrounds Private Bag 00417, Gaborone by no later than 12h00 on 3 November 2025.

By order of the Board

Gaone Setlhake

Company Secretary



Form of proxy

For completion by holders of ordinary shares

(Registration number BW00000790476)
(Incorporated in the Republic of Botswana)
(FNBB or “the Company”)

PLEASE READ THE NOTES OVERLEAF BEFORE COMPLETING THIS FORM.

EXPRESSIONS USED IN THIS FORM SHALL, UNLESS THE CONTEXT REQUIRES OTHERWISE, BEAR THE SAME MEANINGS AS IN THE NOTICE TO SHAREHOLDERS OF FNBB ISSUED ON THURSDAY, 16 OCTOBER 2025.

For use at the Annual General Meeting (AGM) of shareholders of the Company to be held on Thursday, 6 November 2025.

I/We _____
(name/s in block letters)

of _____
(Address) appoint (see note 2):

1. _____ or failing him/her,

2. _____ or failing him/her,

3. the Chairperson of the AGM, as my/our proxy to act for me/us at the AGM which will be held, in addition to considering the ordinary business, for the purpose of considering and if deemed fit, passing with or without modification, the resolutions to be proposed under the special business vote thereat and at each adjournment thereof, and to vote for or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name in accordance with the following instructions (see note 2):

	Number of ordinary shares		
	For	Against	Abstain
1. Ordinary Resolution 1			
2. Ordinary Resolution 2			
3. Ordinary Resolution 3			
4. Ordinary Resolution 4			
5. Ordinary Resolution 5			
6. Ordinary Resolution 6			
7. Ordinary Resolution 7			
8. Ordinary Resolution 8			
9. Ordinary Resolution 9			

Signed at _____ on _____ 2025

Signature _____

Assisted by (where applicable)

Each shareholder is entitled to appoint one or more proxies (who need not be member/s of the Company) to attend, speak and vote in place of that shareholder at the AGM.

Please read the notes on the reverse side hereof.



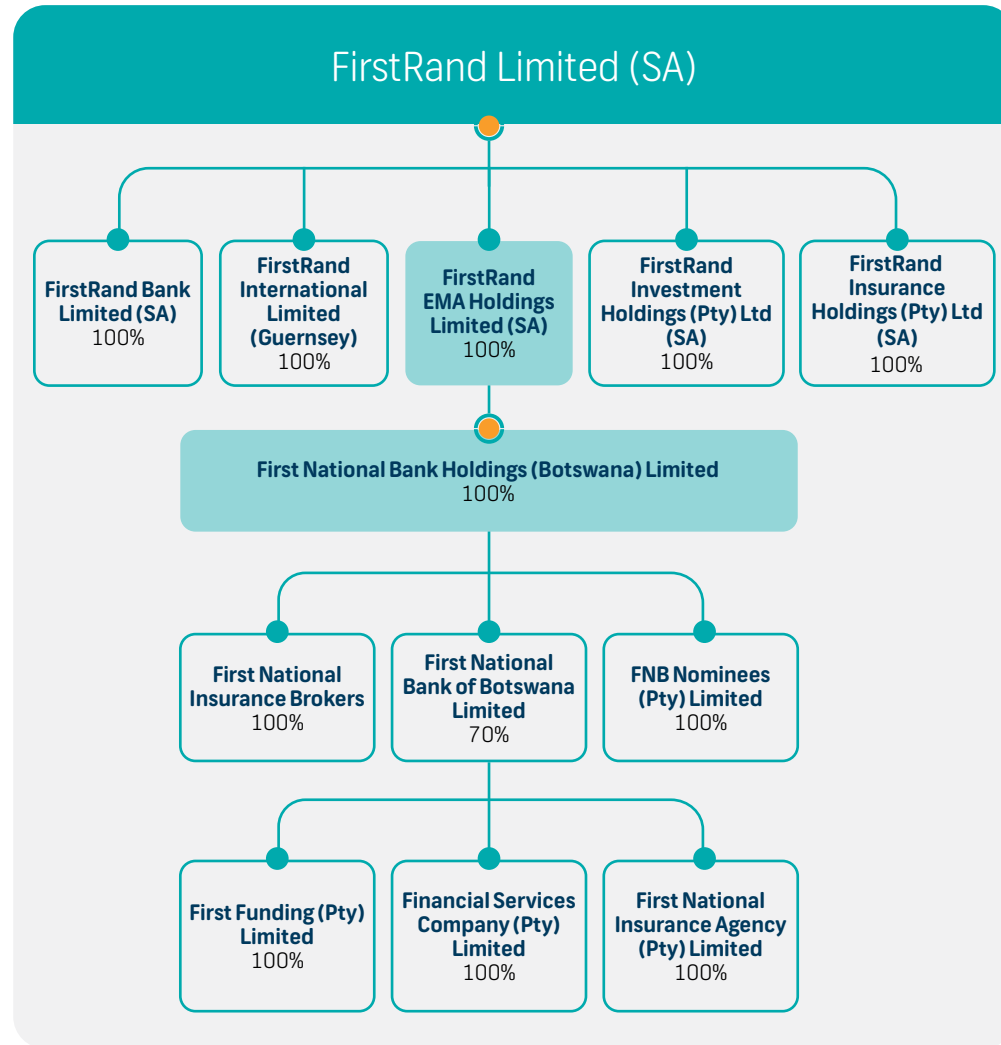
Notes

For completion by holders of ordinary shares

1. A shareholder must insert the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "Chairperson of the AGM". The person whose name appears first on the form of proxy, and whose name has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate space provided. Failure to comply herewith will be deemed to authorise the proxy to vote at the AGM as he/she deems fit in respect of the shareholder's votes exercisable thereat, but where the proxy is the Chairperson, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution. A shareholder or his/her proxy is obliged to use all the votes exercisable by the shareholder or by his/her proxy.
3. Forms of proxy must be lodged at or posted to the Transfer Secretaries of the Company, Central Securities Depository Company of Botswana, Plot 70667, 4th Floor, Fairscape Precinct, Fairgrounds Private Bag 00417 Gaborone to be received before 12h00 on 3 November 2025.
4. The completion and lodging of this form will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such shareholder wish to do so.
5. The Chairperson of the AGM may reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he is satisfied as to the manner in which the shareholder concerned wishes to vote.
6. An instrument of proxy shall be valid for the AGM as well as for any adjournment thereof unless the contrary is stated thereon.
7. A vote given in accordance with the terms of a proxy shall be valid, notwithstanding the previous death or insanity of the shareholder, or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the ordinary shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company not less than one hour before the commencement of the AGM or adjourned AGM at which the proxy is to be used.
8. The authority of a person signing the form of proxy under a power of attorney or on behalf of a company must be attached to the form of proxy unless the authority or full power of attorney has already been registered by the Company or the Transfer Secretaries.
9. Where ordinary shares are held jointly, all joint shareholders must sign.
10. A minor must be assisted by his/her guardian, unless relevant documents establishing his/her legal capacity are produced or have been registered by the Company.



Operating corporate structure



Corporate information

First National Bank of Botswana Limited

Physical address: Plot 54362, First Place, Central Business District, Gaborone, Botswana

Postal address: PO Box 1552, Gaborone, Botswana

Telephone: +267 370 6000 | +267 395 9881 | 0800 302 302

Email: info@fnbbotswana.co.bw | investor@fnbbotswana.co.bw

Registration number: BW00000790476

SWIFT code: FIRNBWGX

Digital presence

Website: <https://www.fnbbotswana.co.bw>

LinkedIn: FNB Botswana (<https://www.linkedin.com/company/fnb-botswana>)

X: @FNB_Botswana (https://x.com/FNB_Botswana)

Facebook: FNB Botswana (<https://www.facebook.com/FNBBotswana>)



First National Bank of Botswana Limited

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Website: <https://www.fnbbotswana.co.bw>

LinkedIn: FNB Botswana (<https://www.linkedin.com/company/fnb-botswana>)

X: @FNB_Botswana (https://x.com/FNB_Botswana)

Facebook: FNB Botswana (<https://www.facebook.com/FNBBotswana>)