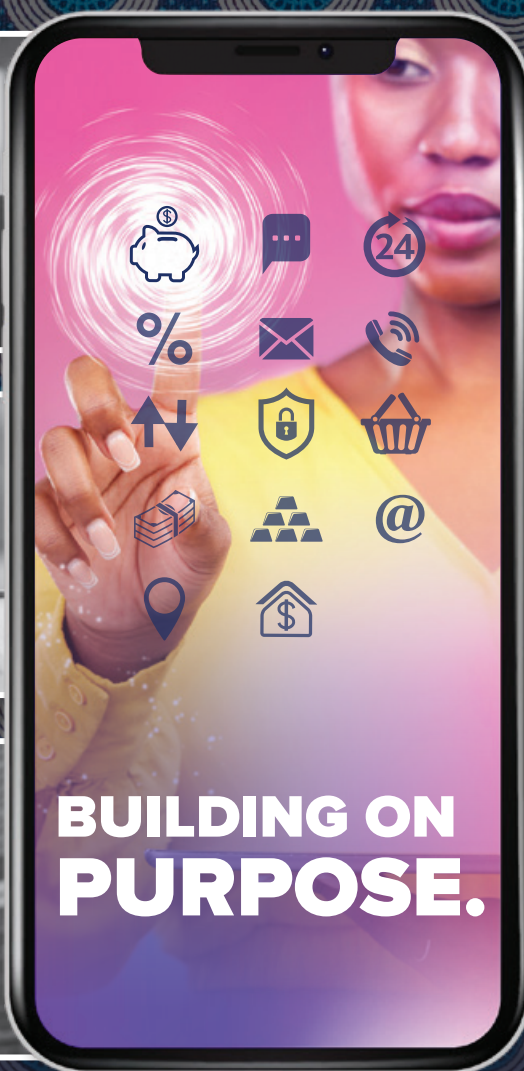


REFLECTING ON PROGRESS...



2025/2026 Annual Report



**BOTSWANA
SAVINGS
BANK**

Simple. **Secure.** Everyday

WELCOME

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COME

..TO
THE 2025/2026
EDITION OF OUR
ANNUAL REPORT
THEMED: REFLECTING
ON PROGRESS
BUILDING ON
PURPOSE.

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ABOUT US

CORPORATE INFO

REGISTERED OFFICE

Botswana Savings Bank
Tshomarelo House
Cnr Letswai/Lekgarapa Rd
Broadhurst Mall
P.O. Box 1150 Gaborone

BANKERS

Bank of Botswana
Stanbic Bank Botswana Limited
ABSA Bank Botswana Limited
First Capital Bank Limited
Access Bank Botswana
Bank Gaborone Limited
First National Bank of Botswana Limited

AUDITOR

Grant Thornton Botswana
Registered Auditor
Gaborone, Botswana
Acumen Park
Plot 50370 Fairgrounds
Gaborone
P.O. Box 1157
Gaborone

HOW WE OPERATE

BUSINESS

Botswana Savings Bank was established by an Act of Parliament, the Botswana Savings Bank Act of 1992, as a wholly owned financial institution of the Government of Botswana for the purpose of providing banking and financial services for all people in Botswana.

WHAT WE ARE ABOUT

SIX SUCCESS CAPITALS

1. Financial Capital

Pool of funds available to us that enables us to carry out our banking activities.



2. Intellectual Capital

Intangible resources that allow us to create value, by combining material financial and human resources. These may include intellectual property, patents, rights, organisational capital like tacit knowledge, systems and protocols.



3. Human Capital

The talent, competencies and capabilities of our people. The manner in which they transform the various capitals and create value for our customers, in alignment with our strategic objective.



4. Social and Relationship Capital

The value we bring and build with our stakeholders and within communities in which we operate. Our ability to share information and enhance our people's well-being.



5. Manufactured Capital

Manufactured physical objects including buildings and infrastructure, which may be purchased from other entities or internally generated.



6. Natural Capital

Refers to renewable and non-renewable environmental resources and processes that enable our business activities.



WHAT WE VALUE

VISION

To be the leading Botswana-owned integrated financial services provider

MISSION

We create value through providing inclusive financial services across Botswana

VALUES



Integrity



Customer Focus



Responsiveness



Teamwork

BSB BRANCH AND ATM FOOTPRINT/ NETWORK



FOR MORE INFO

CONTACT: +267 367 0100
OR VISIT YOUR NEAREST BSB BRANCH



OUR IMPACT IN NUMBERS

Balance Sheet Dashboard

8%

Net advances to customers 
BWP4.0b (2025: BWP4.4b)

3%

Customer deposits 
BWP3.96b (2025: BWP4.1b)

4%

Loan Deposit Ratio 
102% (2025: 106%)

0%

"Regulatory Capital" - CAR 
15.9% (2025: 16.6%)

9%

Liquidity - LAR 
20% (2025: 11.4%)

22%

Return on equity 
0.1% (2025: 22%)

14%

Equity 
BWP395m (2025: BWP347m)

Income Statement Dashboard

18%

Interest income 
BWP701.1m (2025: BWP596.0m)

79%

Non funded income 
BWP12.7m (2025: BWP60.3m)

25%

Net interest income 
BWP233.8m (2025: BWP312.3m)

99%

Profit after tax 
BWP0.4m (2025: BWP76.8m)

33%

(Expected credit losses) 
BWP14.4m (2025: BWP21.6m)

2%

Net interest margin 
4% (2025: 6%)

26%

Cost to income ratio 
86% (2025: 60%)



BOTSWANA
SAVINGS
BANK

Simple. Secure. Everyday

Introducing secure online payments

A simple and convenient
way to pay online,
wherever you are.



Shop
Online



Enter Card
Details



Receive
OTP



Complete
Payment



**BOTSWANA
SAVINGS
BANK**

Simple. **Secure.** Everyday

2025/2026
ANNUAL REPORT

LEADERSHIP REFLECTIONS





DEPUTY BOARD CHAIRPERSON'S STATEMENT

WELCOME STATEMENT

It is my pleasure, on behalf of the Board of Directors, to welcome you to the Botswana Savings Bank Annual Report for the financial year ended 31 March 2026.

This Annual Report comes at a significant point in the evolution of Botswana Savings Bank. The year under review marked the conclusion of the bank's Lesedi Strategy and the beginning of a new chapter in our institutional journey. It provides an opportunity to reflect on the transformation achieved over the strategy period, acknowledge the challenges experienced during the year and look ahead with confidence to the opportunities that lie before us.

Lesedi 2025+1

The Lesedi 2025+1 Strategy represented a defining transformation agenda for Botswana Savings Bank, with the objective of modernising the institution from a traditional savings bank into a commercially ready, digitally enabled and customer-centric banking institution.

At the beginning of Lesedi, the bank operated within a predominantly manual environment, with passbook-based savings operations, limited physical infrastructure, no digital banking platform and limited transactional capabilities. Today, the bank stands in a fundamentally different position.

Over the strategy period, we expanded our branch network to 11 branches nationwide and grew our ATM footprint to 18 ATMs. We introduced Agency Banking, which has grown to 64 active agents, significantly extending our reach and contribution to financial inclusion.

We also successfully introduced Online Banking, the Mobile Banking App and USSD Banking, alongside innovative solutions such as the S'kgwama Digital Wallet, Merchant App and POS acquiring capabilities. The transition from

passbooks to modern bank accounts and cards represents another important milestone in our modernisation journey.

The implementation of the Finacle Core Banking Platform fundamentally transformed our technology and operational environment, while significant progress was made in digitising finance, human capital, procurement and other business processes. At the same time, the bank strengthened its governance, risk management, internal audit, cybersecurity and operational resilience capabilities.

These achievements were supported by investment in our people through learning and development, leadership capability, performance management and initiatives aimed at strengthening our employee value proposition. The growth achieved during Lesedi is also reflected in our balance sheet, with both the asset and deposit books increasing from approximately P2.3 billion to approximately P4 billion over the strategy period. The bank also recorded strong profitability during the earlier years of the strategy, with Profit After Tax peaking at approximately P76 million.

Taken together, these achievements demonstrate that Lesedi was more than a strategy; it was a fundamental institutional transformation that has established a stronger platform for the bank's future.

The final year of Lesedi, however, was conducted against an exceptionally challenging operating environment. Severe liquidity tightening, heightened competition for deposits, elevated funding costs, constrained lending activity and broader macroeconomic pressures placed significant strain on the banking sector.

The bank's financial performance consequently moderated during the year. Profit After Tax declined to P0.4 million from P76.8 million in the prior year, while net interest income declined from P312.3 million to P233.8 million.

While these results are below the levels we aspire to achieve, the Board remains satisfied that the bank maintained a disciplined approach to protecting its financial resilience. The Group's liquidity ratio improved from approximately 11% to 20%, significantly above the regulatory minimum of 10%, while the Capital Adequacy Ratio remained strong at 15.9%, above the regulatory minimum of 12.5%.

“These outcomes demonstrate the importance of prudent financial stewardship, particularly during periods of heightened uncertainty.”

Board Chairperson's Statement

These outcomes demonstrate the importance of prudent financial stewardship, particularly during periods of heightened uncertainty. Our focus remains on ensuring that the bank is positioned to pursue sustainable growth without compromising its financial stability.

Sustainability and ESG Reporting

As a Board, we recognise that the long-term success of Botswana Savings Bank must extend beyond financial performance. A sustainable financial institution must create lasting value for its customers, employees, shareholder, communities and the broader economy. Sustainability and Environmental, Social and Governance (ESG) considerations are therefore becoming increasingly integral to our strategy, governance and decision-making.

Our sustainability agenda includes strengthening financial inclusion, supporting individuals and businesses, investing in our people, maintaining high standards of governance and ethical conduct, strengthening operational resilience and being mindful of the environmental and social impact of our activities.

This Annual Report also reflects our continued journey towards more integrated and transparent reporting. We recognise that ESG reporting is not simply a disclosure exercise; it provides an important framework for understanding our impact, managing emerging risks and opportunities, strengthening accountability and demonstrating how we create value over the long-term.

The completion of Lesedi gives Botswana Savings Bank a significantly stronger foundation from which to pursue its next phase of growth.

Looking Ahead

We look ahead with renewed purpose and confidence as we continue building a stronger, more sustainable, digitally enabled and customer-led Botswana Savings Bank - an institution positioned to create lasting value for generations to come.





Board of Directors



GOITSE MANG MOREKISI
Chairperson



CORNELIUS RAMATLHAKWANE
Board Member



SARAH M. MOLALE
Board Member



EMMANUEL KGANTUMO
Deputy Chairperson



KHUMISO TSHEPHE
Board Member



ESTHER TUELO LEMO
Board Member



EMELDA PHOKOLETSO
Board Member



NEO MARUAPULA
Board Member



**LAONE GOSEGO NTHAGA-
KEBATSHABETSWE**
Board Member



NEO K. SHARP
Board Member



THATO KONTLE
Board Member

Board Profiles

GOITSEMANG MOREKISI

Non-Executive Director

Joined: July 2022

Ms. Morekisi is the Permanent Secretary in the Ministry for State President. She provides leadership and strategic direction under the guidance of the Honourable Minister. Additionally, her mandate entails the development of strategic and corporate planning and delivery regarding Presidential Affairs, Governance, Governmental Budget, Performance Management, Botswana Honours, Public Administration, Appeals Management, Resource Management and other assignments.

She holds over 34 years of experience in service to the Government of Botswana. Her career covers a wide spectrum of expertise including policy analysis, economics, diplomatic relations and development planning. Among her previous capacities of leadership, Ms. Morekisi has served as Permanent Secretary in other government ministries including that of the Ministry of Presidential Affairs, Governance and Public Administration, as Permanent Secretary of the Ministry of Transport and Communications, and Deputy Permanent Secretary – Corporate Services at the Ministry of Finance.

Ms. Morekisi holds a Master of Arts in Development Economics from the University of Sussex, United Kingdom, a Post Graduate Diploma in Economics from the University of Sussex, United Kingdom, and a Bachelor of Arts in Economics from the University of Botswana. Ms. Morekisi's membership on the Board of Botswana Savings Bank with her strategic oversight and guidance, has been a great fortune for the Bank and its stakeholders.

EMMANUEL KGANTUMO

Non-Executive Director

Joined: October 2025

Member:

• Risk and Compliance Committee

Mr Emmanuel Kgantumo is a seasoned Projects and Controls Management Professional with strong business acumen leveraging over two decades of experience in creating business value through technology.

He holds a Bachelor's Degree in Business Information Systems from the University of Botswana and an MSc in Project Management from the University of Sunderland. He is also an Accredited Tier Designer and a Certified Data Centre Expert. Kgantumo is currently working for Debswana Mining Company as Project Control Manager.

Kgantumo has a keen interest and understanding of Big Data analytics, Business Intelligence, Reporting, and Data Warehousing. He is proficient in ensuring optimum allocation and utilisation of technological resources. He brings to Botswana Savings Bank his expertise in implementing business and organisational transformation activities, processes, competencies and models to fully leverage the changes and opportunities of a mix of digital technologies and their accelerating impact.

KHUMISO TSHEPHE

Non-Executive Director

Joined: September 2021

Member

• Risk and Audit Committee

Ms. Tshephe holds over 15 years' experience in the legal industry. She is a Founding and Managing Partner of Tshephe Legal Firm. In her dexterous legal career Ms. Tshephe has acquired particular expertise in Corporate and Commercial, Property, Debt Collection, Foreclosure, Civil and Criminal Litigation, Labour and Family law.

Ms. Tshephe attained her Bachelor of Law from the University of Botswana and is duly admitted as an Attorney, and a Notary Public and Conveyancer. She is a member of the Law Society of Botswana.

SARAH M. MOLALE

Non-Executive Director

Joined: July 2018

Chairperson

• Risk and Compliance Committee

Member

• Human Capital Committee

Ms. Sarah Molale is a Board Member of the BSB Board of Directors and was appointed in July 2018. She sits as Chairperson of the Risk Compliance Committee, and she is a member of the Staff, Rewards and Remuneration Committee.

Ms. Molale is a Deputy Secretary of Finance Administration (LA) at the Ministry of Finance. She holds a Master's Degree in Finance, Post Graduate Diploma in Financial Management and Bachelor's Degree in Commerce.

EMELDA PHOKOLETSO

Board Member

Joined: October 2025

Chairperson

• Finance and Audit Committee

Phokoletso is an experienced executive with a record of establishing cross-functional partnerships to deliver exceptional results. She is an innovative and creative professional who is a Fellow Chartered Accountant (FCA), Associate Chartered Management Accountant (ACMA) and a Global Chartered Management Accountant (CGMA) with 31 years' experience of which 12 years have been at Executive Management Level.

Phokoletso holds qualifications that include a Master of Business Administration, Diploma in Accounting and Business studies as well as Certificate in Accounting and Business Studies. She is well versed in corporate governance having done various Corporate Governance Courses including King IV and also successfully completed the Oxford Senior Leadership Programme.

Phokoletso is a member of the Chartered Institute of Management Accountants (CIMA) and is also a member of CIMA Botswana Branch Committee. She is currently the Head of the Botswana Investment and Trade Centre (BITC) Shared Services, responsible for Finance Department, Human Resources Department, Procurement and Logistics, ICT Department and Records Management and Retention Department.

She brings in her agility and global business strategic leadership to drive the performance of the organisation through innovation, and employee creativity driven by equitable reward systems.

CORNELIUS RAMATLHAKWANE

Non-Executive Director

Joined: July 2018

Ex-officio member

• Finance & Audit Committee

Mr. Ramatlhakwane holds over 20 years experience in the local finance and postal services sectors. His areas of expertise from a luminous career path include business strategy and development, credit risk management, customer service, as well as sales and marketing. In previous capacities he has served at major entities including Standard Chartered Bank, Deloitte and Touche, and is currently Chief Executive Officer at Botswana's largest courier, BotswanaPost, where he was appointed in 2015. It has been during his leadership that the giant corporate returned to profitability in 2018-2019 - a first for the company in the past decade. Mr. Ramatlhakwane has a heart for people and thus mentorship and coaching.

He is passionate about creating exciting workplaces for employees to thrive in and to build quality team relationships. His professional qualifications include a Master of Science in Strategic Management and a Post- Graduate Certificate in Management Studies.

Board Profiles

NEO K. SHARP

Board Member

Joined: October 2025

Chairperson

• Human Capital Committee

Ms Sharp has over a decade of experience focused on high-level advocacy at government level, litigation, and the formulation of policy and strategy. She has provided strategic legal advisory services through her service on various committees and boards, including as a former board member of the Law Society of Botswana and the Botswana Nursing and Midwifery Council, where she offered sound legal guidance to support the effective discharge of fiduciary responsibilities in line with good governance principles.

She holds an LLB from the University of the Witwatersrand (Johannesburg) and an LLM in Rule of Law for Development from Loyola University (Chicago), academic foundations that underpin her strong grasp of governance, institutional reform, and regulatory frameworks.

Ms Sharp is currently the Managing Director of Sharp Law Group, based in Gaborone, where she leads complex legal, policy, and strategic advisory work across both public and private sector clients. As a policy and strategy professional, she excels in the implementation and compliance monitoring of policies and directives, while driving strategic initiatives and development plans aligned with organisational objectives. In addition, as a trained anti-money laundering professional, she brings to the bank extensive experience in litigation, policy formulation, strategy development, legal research, contract drafting and management, regulatory compliance, and high-level legal advisory services.

LAONE GOSEGO NTHAGA - KETSHABETSWE

Board Member

Joined: January 2026

Member

• Finance and Audit Committee

Laone Nthaga is a Chartered Development Finance Analyst and accomplished investment professional with over a decade of experience spanning trade finance, project finance and investment strategy.

She currently serves as an Investment Officer at the Trade and Development Bank, where she leads and supports complex, cross-border transactions and resource mobilisation initiatives. Her work is both technical and deeply impactful, having successfully structured and closed multi-million-dollar deals across Southern and East Africa.

Nthaga brings a rare combination of financial precision and strategic foresight. Her expertise spans project finance, credit risk, ESG assessment, and blended finance structuring, allowing her to design bankable solutions in environments often defined by complexity and constraint.

She has worked closely with international financial institutions, export credit agencies and development partners, mobilising capital and aligning diverse stakeholders behind shared development goals.

Prior to joining the Trade and Development Bank, Nthaga held a pivotal leadership role at First National Bank Botswana, where she established and led the Portfolio Management and Analytics function.

Nthaga holds a Master of Commerce in Development Finance from the University of Cape Town, where she graduated with distinction as well as a Bachelor of Arts in Finance from the University of Botswana.

THATO KONTLE

Board Member

Joined: March 2026

Member

• Risk and Compliance Committee

Thato Kontle is an accomplished investment and risk professional with over a decade of experience that spans in banking, corporate finance, enterprise risk management, and investment advisory.

Her career is a reflection of consistent focus that lies in strengthening financial systems, supporting capital mobilisation, as well as advancing sustainable investment across both the public and private sector.

Thato currently serves as an Investment Officer at the Botswana Development Corporation (BDC), where she plays a very key role in evaluating and structuring investments across priority sectors, that include infrastructure, energy, real estate. She has also contributed to academic research on financial inclusion, co-authoring work that not only examines barriers to access to finance but is positioned to inform and advocate for meaningful policy reform in emerging markets. Her expertise is built in accurate financial analysis and modelling, with a strong emphasis on due diligence, valuation, and portfolio performance oversight.

Her experience is distinguished by her ability to tie in technical financial expertise with strategic insight. She has led and supported complex deal structuring processes, developed investor-ready materials, and engaged a wide range of stakeholders, that include institutional investors, development finance institutions, not excluding legal and transaction advisors.

Her exposure to capital markets has been further strengthened through her work with The Investor Interchange Hub, where she contributed to aligning international capital with bankable opportunities all across Africa.

ESTHER TUELO LEMO

Non-Executive Director

Joined: July 2018

Member

• *Risk and Compliance Committee*

Ms. Lemo holds over 30 years in the Botswana Banking and Finance sector. Over her career she has been at the helm of the corporate Banking space with particular expertise in large- scale corporate, Local and Central Government, and Parastatal portfolio management.

Ms. Lemo holds an Associate Diploma from the Institute of Bankers South Africa, a Licentiate Diploma in Commercial Banking, Certificate in Banking from the Institute of Bankers South Africa and a Certificate in Communication Skills from the Institute of Development Management Botswana.

NEO MARUAPULA

Non-Executive Director

Joined: November 2021

Member

• *Finance and Audit Committee*

Ms. Maruapula is a Finance and Operations Consultant at EBAT Consultants Limited. She holds over a decade in business management especially in the arenas of Operational Strategy, Business Policy, Accounting & Finance Management, Auditing, Information Technology, and Corporate Training. Ms. Maruapula holds additional experience in the Education and Human Capital sectors with an evident passion for skills development.

Ms. Maruapula holds a Master of Business Administration in Finance from the University of North West, South Africa; Bachelor of Science in Computer Information Systems from Saginaw State University, USA; and an Associate Degree in Accounting and Management from Tucson College of Business, USA.

Our Leadership

Lesedi Advocates for Leadership Diversity

One of the key successes of Botswana Savings Bank's (BSB) transformation under the Lesedi 2025+1 strategy has been the significant strides made in promoting gender diversity within its leadership. As of 2025/26, BSB has achieved notable gender balance across both its Board and management teams.

BOARD COMPOSITION

75%

Female

Board Gender
Composition

Board Representation: 75% of leadership positions at the Board level are now held by women. This achievement reflects BSB's commitment to gender equity and aligns with the goals set forth in Lesedi 2025+1 to enhance diversity and inclusion within the institution.

By ensuring that women are well-represented in decision-making roles, BSB has created a more balanced and inclusive governance structure that reflects the diverse communities it serves.

4.1

Years

Tenure of Directors

MANAGEMENT COMPOSITION

35.7%

female
representation

Management Gender
Composition

Management Team: The representation of women in senior management positions has also seen significant improvement. Women now hold 35.7% of senior leadership roles, from previous year, positioning BSB as a leader in gender diversity within Botswana's financial sector.

This increased representation of women in leadership aligns with Lesedi 2025+1's objective to cultivate a diverse workforce that fosters innovation, inclusivity, and operational excellence.

Board of Directors

Board of Directors	Date of First Appointment	Expiry Date of Appointment	Professional/Academic Qualifications	Workplace and Position Held	Board Committees Membership	Percentage Shareholding of Directors in the Bank
Ms. Goitsewang Morekisi (R) <i>Non-Executive Director and Board Chairman</i> Age: 62	July 1, 2022	March 31, 2026	- Master of Arts (Economics) - Bachelor of Arts – Social Sciences (Economics)	Ministry for State President <i>Project Coordinator (ESP) and Permanent Secretary</i>	None	Nil
Ms. Sarah Moatle Molale (R) <i>Non-Executive Director</i> Age: 58	July 1, 2018	June 30, 2026	- Masters of Commerce (Finance) - Bachelors of Commerce (Accounting) - Post Graduate Diploma in Financial Management	Ministry of Finance <i>Deputy Secretary, Finance Administration</i>	- Human Capital Committee - Risk and Compliance Committee	Nil
Ms. Khumiso Tshephe (NR) <i>Non-Executive Director</i> Age: 42	September 1, 2021	January 14, 2026	Bachelor of Laws	Tshephe Legal Firm <i>Managing Partner</i>	- Risk and Compliance Committee - Human Capital Committee	Nil
Mr. Cornelius Ramatlhakwane (R) <i>Non-Executive Director</i> Age: 59	July 1, 2018	March 31, 2026	- MSc Strategic Management - Certificate – Management Studies - AAT Membership	Botswana Postal Services <i>Chief Executive Officer</i>	Ex-officio member of Finance & Audit Committee	Nil
Mr. Emmanuel Kgantumo (R) <i>Non-Executive Director and Deputy Chairperson</i> Age: 42	October 15, 2025	October 14, 2029	- Certified Data Centre Expert - Accredited Tier Designer - MSc Project Management - APM Group Prince2 Registered Practitioner - Bachelor of Information Systems	Debswana Diamond Company <i>Projects Controls Manager</i>	- Deputy Board Chairperson - Risk and Compliance Committee	Nil
Ms. Neo Kitso Sharp (NR) <i>Non-Executive Director</i> Age: 41	October 15, 2025	October 14, 2029	- LLM (Rule of Law for Development) - LLB - FIDIC International Contract Users' Conference	Sharp Law Group <i>Managing Partner</i>	Human Capital Committee	Nil
Ms. Emelda Phokoletso (R) <i>Non-Executive Director</i> Age: 56	October 15, 2025	October 14, 2028	- Master of Business Administration - CIMA - Diploma in Accounting and Business Studies - Certificate in Accounting and Business Studies	Botswana Investment and Trade Centre <i>Executive Director, Shared Services</i>	- Chairperson - Finance and Audit Committee	Nil
Ms. Laone G. Nthaga (NR) <i>Non-Executive Director</i> Age: 36	January 15, 2026	January 14, 2030	- Master of Commers in Development Finance - Bachelor of Arts in Finance - CFA level 1 - Certificate in Enterprise Risk Management - Management Development Program	Trade and Development Bank <i>Investment Officer</i>	Finance and Audit Committee	Nil
Ms. Thato Kontle (R) <i>Non-Executive Director</i> Age: 36	March 1, 2026	February 28, 2029	- Mcom – Development Finance - Msc – Risk Management and Insurance - Bachelor of business - Financial Risk Management / Banking and Finance	Botswana Development Corporation (BDC) <i>Investment Officer</i>	Risk and Compliance Committee	Nil
Ms. Neo Maruapula (NR) <i>Non-Executive Director</i> Age: 58	December 14, 2021	October 31, 2025	- MBA (Finance) - BSc (Computer Information Systems) - Associate Degree in Accounting & Management	EBAT Consultants (Pty) Ltd <i>Finance & Operations Director</i>	Finance and Audit Committee	Nil
Ms. Esther Tuelo Lemo (NR) <i>Non-Executive Director and Deputy Chairperson</i> Age: 73	July 1, 2018	June 30, 2025	- Associate Diploma in Banking - Licentiate Diploma in Banking - The Certificate in Banking - Certificate in Communication - Senior Certificate in Preaching (Methodist Church of Southern Africa)	Retired	Risk and Compliance Committee	Nil



CHIEF EXECUTIVE OFFICER'S STATEMENT

WELCOME STATEMENT

It is my privilege to present Botswana Savings Bank's Annual Report for the 2025/2026 financial year, a year that tested our resilience, strengthened our institution and marked an important transition in the bank's transformation journey.

The year under review unfolded against a challenging economic and banking environment characterised by constrained market liquidity, increased competition for deposits, elevated funding costs and subdued economic activity. These conditions placed pressure on financial performance and required disciplined management of our balance sheet, liquidity and resources.

Despite these headwinds, Botswana Savings Bank remained resilient. We preserved a strong capital position, strengthened liquidity, maintained

operational stability and continued to advance the capabilities required to support the bank's long-term sustainability.

Importantly, our progress during the year cannot be measured by financial performance alone. The 2025/2026 financial year represented a deliberate period of consolidation following the conclusion of the Lesedi Strategy. Through Lesedi 2025+1, we focused on embedding the transformation achieved over the preceding years, strengthening our operating model and preparing the

institution for its next phase of growth. Today, Botswana Savings Bank is a fundamentally stronger and more capable institution. We have evolved beyond our traditional savings heritage and continue to build a modern banking institution with capabilities across lending, digital financial services, agency banking, business banking, payments and insurance. This evolution has strengthened our ability to serve customers, broaden financial access and contribute meaningfully to Botswana's economic development.

The conclusion of Lesedi 2025+1 brings us to another defining point in our journey. During the year, we developed our next strategic roadmap, **Pinagare 2029**, which will guide the next phase of the bank's evolution.

Pinagare builds on the foundations established under Lesedi 2025+1 and sharpens our focus on what matters most: our customers.

Our ambition is clear: **to become the bank customers rely on most by delivering simple, accessible and dependable financial solutions.**

Achieving this ambition will require us to deepen customer relationships, strengthen our transactional banking capabilities, accelerate digital adoption, grow our Business Banking franchise, expand our payments and distribution capabilities and continuously improve the way we serve our customers.

It will also require greater commercial discipline, operational excellence and execution. As a citizen-owned financial institution, our ambition extends beyond building a successful bank. We recognise the important role BSB must continue to play in advancing financial inclusion, supporting businesses and

entrepreneurs, enabling greater economic participation and contributing to Botswana's development.

We therefore enter Pinagare with both commercial ambition and national purpose. Transformation is ultimately about building an institution capable of succeeding not only today, but well into the future.

The progress made over recent years has given Botswana Savings Bank stronger capabilities, broader customer access and a clearer strategic direction. The task before us is now to translate those foundations into deeper customer relationships, stronger financial performance and sustainable long-term value.

We recognise that the next chapter will require disciplined execution. We must become faster, simpler and increasingly customer-led. We must continue strengthening our technology, data, people, governance and risk capabilities while ensuring that every investment ultimately translates into better outcomes for our customers and stakeholders.

I am confident in our ability to deliver. That confidence comes from the resilience demonstrated by this institution, the capabilities we have built, the commitment of our people and, above all, the trust placed in Botswana Savings Bank by our customers and stakeholders.

I extend my sincere appreciation to the Board of Directors for its stewardship, guidance and continued support, and to our Shareholder, the Government of Botswana, for the confidence placed in Botswana Savings Bank.

I also thank our regulators, business partners and other stakeholders whose engagement and support remain important to the continued development of the institution. To every member of the BSB team, thank you for your resilience, dedication and commitment. Navigating a demanding year while continuing to transform an institution requires extraordinary effort, and the progress reflected in this Annual Report is a testament to your collective contribution.

Most importantly, to our customers: thank you for your trust. Your needs, ambitions and expectations remain at the centre of our purpose and will continue to shape the Bank we are building. As we look ahead, our direction is clear. We are building on the transformation achieved under Lesedi, the institutional strengthening undertaken through Lesedi 2025+1 and the ambition embodied in Pinagare.

Our objective is not simply to become a bigger bank. It is to become a more relevant, more accessible, more dependable and more impactful bank one that customers choose to build their lives and businesses around, and one that contributes meaningfully to Botswana's future.

We enter this next chapter with confidence, purpose and a determination to deliver.

Thank you for your continued trust and support.

Our Management



DR WABO MOSWATE
Chief Operations Officer
Acting Chief Executive Officer

Joined: December 2023

Dr Wabo Kagiso Moswate is a seasoned banking executive with over 16 years of experience spanning enterprise leadership, strategy, business transformation, retail and business banking, lending, operations, digital banking, product innovation and data analytics. He currently serves as Acting Chief Executive Officer of Botswana Savings Bank (BSB), providing strategic leadership and driving the Bank's transformation into a customer-centric, digitally enabled and commercially sustainable financial institution. Prior to his appointment as Acting Chief Executive Officer, Dr Moswate served as Chief Operations Officer and Deputy Chief Executive Officer of BSB, with executive accountability across Retail Banking, Business Banking, Banking Operations, Product Development and Digital, Insurance Brokerage, and Data and Analytics.

His banking career includes several senior leadership roles at Stanbic Bank Botswana, including Head of Everyday Banking, Lending and Cash, Head of Secured Lending, and Head of Personal and Business Banking Products. His career also includes Head of Management information and analytics at Barclays/Absa Bank Botswana. Dr Moswate holds a Doctor of Business Administration (DBA) from the Swiss International Management Academy, an Executive Master of Business Administration (EMBA) from Quantic School of Business and Technology, and a Bachelor of Business Information Systems from the University of Botswana. His executive education includes programmes at the University of Oxford, University of Cambridge, Wharton School, University of Maryland, and Henley Business School.



MIKE DUBE
Chief Finance Officer

Joined: November 2020

Mike is an experienced accounting and finance professional with a proven track record in leadership and transformation. He has overall responsibility for a full financial function of the bank and leadership of the Finance team. He oversees the Management Accounting function, Financial Accounting, Treasury Management and Reconciliations of the whole bank.

He holds a Bachelor of Commerce (Accounting and Management) from the University of Botswana and is also a fellow member of the Association of Chartered Certified Accountants (ACCA). Mike joined the BSB team having worked as a Chief Executive Officer, Chief Financial Officer, Finance Manager, General Manager in various organisations such as Bayport Financial Services and BIHL.



LORATO MADIMABE
Head of Procurement Oversight

Joined: January 2024

Lorato is a Procurement Specialist par excellence with over a decade of experience in procurement and supply chain management across various sectors, including education, telecommunications, healthcare and mining. She holds a Master of Science in Supply Chain Management and is a member of the Chartered Institute of Purchasing & Supply (CIPS). Her expertise spans tender administration, contract management, inventory management and optimising procurement processes to achieve cost savings and operational efficiency.

Lorato has successfully implemented procurement policies, streamlined processes and delivered strategic initiatives, such as COVID-19 procurement response strategies and citizen empowerment programmes. Her leadership has consistently driven compliance, cost avoidance and clean audits.



SENATLA REETSANG
Financial Controller

Joined: December 2024

Senatla is an accomplished finance professional with over 10 years of experience across audit, operations, manufacturing and banking. He began his career at PwC, where he spent a decade building expertise in audit, financial management, and governance. He subsequently joined Kgalagadi Breweries Limited as Country Logistics Control Manager before transitioning into the role of Financial Controller within the same organisation.

In December 2024, he joined the bank as Reconciliations Accountant. Senatla holds a Bachelor of Arts Degree in Economics and Accounting and is ACCA qualified, with a strong reputation for analytical leadership and operational excellence. Senatla's position reflects strong performance, professionalism and consistent contribution to the Bank's finance function.



NALEDI PULE
Head, Marketing & Public
Relations (Ag)

Joined: July 2025

Naledi is a seasoned marketing and communications specialist with over 14 years of experience leading high-impact marketing, communications and brand initiatives across local, regional and international markets. She has extensive expertise in strategic marketing and public relations, brand management, digital marketing, advertising and integrated campaign execution, with a strong focus on translating marketing strategies into measurable business outcomes.

Naledi holds an Executive Master of Business Administration (EMBA), a Bachelor of Commerce in Marketing and Management, a postgraduate qualification in Enterprise Risk Management (ERM), and a Management Development Programme (MDP). Her multidisciplinary academic background complements her strategic approach to marketing, communications, stakeholder engagement and organisational reputation. Prior to her current role, Naledi held leadership positions at Botswana Tourism Organisation (BTO) and Botswana Qualifications Authority (BQA).



NGONI CHIKORE
Director, ICT & MIS

Joined: October 2024

Ngoni is a seasoned Information and Communication Technology (ICT) professional with over 20 years of experience enabling and supporting business value chains in both the public and private sector, with most time spent in the banking and diamond mining sectors. Ngoni's passion in the field of technology lies in enabling and transforming businesses, empowering and developing teams and individuals while delivering impactful business solutions and innovations.

Ngoni started his career in 2003 at Debswana where he worked for 13 years, rising through the ranks from being an IT Software Developer to Group IT Infrastructure Manager at the time of his departure. Before joining BSB, he worked at Access Bank for three years as Chief Information Officer (a role similar to IT Director). Before Access Bank he worked at FNB as Chief Information Officer for five years. Ngoni holds a BSc Degree in Computer Engineering and is also certified in various IT related areas over the years.

Our Management



THUSO JEREMIAH
Director Risk (Ag)

Joined: April 2017

Thuso is a seasoned risk management professional with over 14 years of experience across risk management, internal audit, compliance, governance and financial controls, including nearly a decade at Botswana Savings Bank. He currently serves as Acting Director of Risk, providing strategic leadership in enterprise-wide risk management, risk governance and Business Continuity Management. He has played a pivotal role in strengthening the bank's Enterprise Risk Management frameworks, governance structures, internal control environment and operational risk practices. Over the years, he has developed extensive expertise in formulating risk management frameworks and policies, providing independent assurance and delivering strategic risk insights to Executive Management and Board Committees.

Thuso holds a Bachelor of Accountancy, a Master of Science in Risk and Insurance and a Postgraduate Certificate in Enterprise Risk Management. His professional credentials include an Operational Risk Certification from the Professional Risk Managers' International Association (PRMIA), the Certified Basel III Professional qualification (BiiCPA) and the Africa Management Development Programme from Stellenbosch Business School. He also holds Certificates of Proficiency in Short-Term and Long-Term Insurance from the Insurance Training Institute.



MOOKETSI NKAU
Head, Internal Audit

Joined: December 2018

Mooketsi is an ACCA (Association of Chartered Certified Accountants) and Certified Internal Auditor (CIA.) qualified Internal Auditor proficient at providing assurance on organisational risk management, governance and internal controls. He is knowledgeable in risk-based auditing and oversight of the internal audit Quality Assurance and Improvement Programme (QAIP). Mooketsi is responsible for developing, implementing and monitoring of the internal annual plan and also reporting audit findings and recommendations directly to the bank's Audit Committee. Mooketsi has an audit background as he worked for PricewaterhouseCoopers Botswana as an Audit Associate.



TSHEPANG MOKHURUTSHE
Head, Legal and Board Secretary

Joined: October 2019

Tshepang earned her LLB (postgraduate) from Witwatersrand University. She also has a Bachelor of Arts in Political Science (with a concentration in International Relations) and a Bachelor of Arts in Human Rights, acquired from Trinity College, Hartford, CT (USA). She has also completed a Financial Services Certificate with the Chartered Institute for Securities and Investment. Tshepang started her legal career in 2017 at Armstrongs Attorneys where she worked exclusively with both banks and non-banking financial institutions, including insurance companies and pension funds. She is proficient in company law and has acted on behalf of Armstrongs, as company secretary to various local and international companies. Tshepang joined BSB in 2019 as Board Secretary.



JAMES KOOBAKE
Head, Bancassurance

Joined: March 2022

James is a highly experienced insurance professional with extensive expertise in bancassurance, underwriting and insurance broking. Currently serving as the Principal Officer for BSB Insurance Services, he has successfully transitioned the agency into a brokerage and developed key partnerships with insurers. His career highlights include establishing and operationalising BSB Insurance Agency, managing insurance portfolios at Bank Gaborone and overseeing claims management at Sunshine Insurance. A Fellow of the Insurance Institute of South Africa (FIISA), James combines strong technical skills in insurance operations with strategic leadership, stakeholder management and product development to drive growth and compliance in the insurance sector.



KEODIRETSE BATSHEDI
Head, Banking Operations (Ag)

Joined: December 2002

Keodiretse is an accomplished banking professional with over 24 years of progressive experience at Botswana Savings Bank, having joined the institution in 2002. Throughout his career, he has held a range of strategic and operational leadership roles across Information Technology and Banking Operations, developing extensive expertise across the banking value chain and a proven track record of delivering operational excellence.

He began his career as a Systems Analyst in the Information Technology Department, where he established a strong foundation in banking application systems, systems analysis, process automation and technology-driven service delivery. Over the years, he progressed into key management positions, including Manager Wealth Creation, Manager Reconciliation and Manager Credit Accounts. In these roles, he successfully strengthened internal controls, enhanced financial and operational processes, improved credit administration and implemented initiatives that supported business growth, operational efficiency and customer satisfaction.



GABAITSE PHETLHU
Head, Strategy & Customer
Excellence (Ag)

Joined: July 2018

Gabaitse is a seasoned strategy, transformation and project management professional with over 14 years of experience spanning the banking, financial services, telecommunications and public sectors. He currently serves as Manager, Projects (PMO) at Botswana Savings Bank (BSB) and has also held the position of Acting Head, Strategy & Customer Excellence, where he was responsible for driving corporate strategy execution, organisational transformation, project portfolio management, customer experience enhancement and enterprise performance monitoring. Gabaitse has played a pivotal role in delivering some of BSB's most significant strategic initiatives, including branch and ATM expansion programmes, core banking transformation, cybersecurity enhancements, digital banking solutions, agency banking programmes and infrastructure modernisation projects.

Prior to joining BSB, Gabaitse held strategy and performance management roles at Orange Botswana and Botswana Post, where he was responsible for strategy implementation, business performance management, portfolio reporting, and organisational change initiatives. Gabaitse holds a Bachelor of Business Science (Economics and Management) from Monash University (Australia) and is currently pursuing a Master of Business Administration (MBA) in Artificial Intelligence with a Specialisation in Executive Leadership.

Our Management



PHENYIO TSHIAMISO
Director Human Capital (Ag)

Joined: 2017

Phenyio is an accomplished human capital and organisational effectiveness professional and a Chartered Organisational Development Practitioner, Change Management Specialist and Talent Specialist. He holds a Degree in Industrial Psychology and has extensive experience in people development, organisational design, change management, talent management, labour relations and culture transformation. As Acting Director Human Capital, he provides strategic leadership in aligning the bank's people agenda with its business priorities and ensuring that talent, capability and organisational culture remain central to sustainable performance.

Phenyio has built a career across human resources, organisational development, talent management, labour relations, training, quality assurance and governance. His professional background spans banking, hospitality, mining, education and broader corporate environments, giving him a practical and cross-sector understanding of how people strategies, governance practices and organisational systems support operational excellence, institutional resilience and customer-focused growth. In his leadership role, he champions initiatives that enhance organisational agility, strengthen employee capability and foster a high-performance culture.



MAUNGO SEBONEGO
Head, Treasury

Joined: 1st April 2025

Maungo is a seasoned treasury, investment and financial markets professional with over 18 years of experience in treasury management, liquidity optimisation, balance sheet management, funding, financial markets and investment portfolio oversight within the financial services sector. She has held senior treasury and financial markets positions at several leading financial institutions, including Standard Chartered Bank Botswana, BancABC Botswana (now Access Bank Botswana), and NDB Botswana. In these roles, she gained extensive experience in liquidity risk management, asset and liability management, funding strategy, financial markets and investment portfolio management.

Earlier in her career, Maungo worked in New York, USA, as a Portfolio Administrator at HSBC and later as an Investment Accountant at PFPC. She subsequently joined Investec Asset Management (now Ninety One) as a Fixed Income Analyst. She holds an MBA in Finance and a Bachelor of Science in Business Administration (BSBA) in Actuarial Science and Finance from Rider University, USA. She is also a holder of the ACI Dealing Certificate and is a Certified Director, accredited by the Institute of Directors South Africa (IoDSA).



OBUSITSWE KEABAITSE
Head, Retail Banking and Sales

Joined: March 2022

Obusitswe is a strong and passionate customer services practitioner whose professional acumen centres around providing innovative customer solutions, service delivery, client relationship management, Cash Management and client satisfaction index. Obusitswe holds a Senior Management Development Programme from University of Stellenbosch, RSA, an MBA in International Business from Amity University in India and a Bachelor of Commerce Degree from Wits University, RSA. Obusitswe has worked as a Branch Manager and Customer Service Consultant supervising Tellers and Vault management at Botswana Building Society and then worked at Botswana Savings Bank as a Branch Manager before becoming the Head of Client Services.



KUTLO OMONDI
Head, Product Development and Digital Channels

Joined: May 2024

Kutlo is a banking and product management professional with over 12 years of experience across banking, telecommunications, technology and strategy consulting. She began her career at Stanbic Bank Botswana, where she gained experience in management information systems, pricing analysis, and private banking. She subsequently joined Orange Botswana, where she developed expertise in pricing, product management, customer value management and commercial strategy. She later joined Spectrum Analytics as Product Strategy & Operations Lead before moving to Portee Consulting as Associate Partner - Products & Strategy.

In May 2024, she joined Botswana Savings Bank as Manager - Product Development and has served as Acting Head of Product Development and Digital Channels for the past six months. Kutlo is responsible for leading the bank's product innovation agenda, digital banking strategy, payments ecosystem, customer value propositions and channel development. Kutlo holds a Bachelor of Business Science degree in Economics and Business Management and has further strengthened her expertise through certifications in Pricing and Analytics, Customer Base Management, Fintech Product Management, and Product Analytics.



CHIEF FINANCIAL OFFICER'S STATEMENT

Financial Stewardship in a Challenging Environment

The 2025/2026 financial year was a year that tested the resilience of Botswana Savings Bank and required a careful balance between protecting the institution's financial strength and continuing to invest in its long-term future.

The year was marked by acute liquidity pressures across the financial sector, intensifying competition for deposits, higher funding costs and subdued economic activity. These conditions placed direct pressure on banking sector margins and profitability, and Botswana Savings Bank was not spared from their impact.

Against this backdrop, the bank delivered a financial outcome that was below the level achieved in the prior year. Profit after tax declined to P0.4 million, compared with P76.8 million in 2025, while net interest income declined from P312.3 million to P233.8 million. The principal pressure came from the substantial increase in the cost of funding, particularly the cost of attracting and retaining deposits in an intensely competitive liquidity environment.

While the financial performance reflected a significant moderation from the previous year, it is important that this is considered alongside the deliberate financial choices made during the year. Management's priority was not growth at any cost, but the preservation of liquidity, capital strength and balance-sheet resilience.

This approach is reflected in the improvement in the bank's liquidity position. The Group's liquidity ratio increased from approximately 11% to 20%, significantly above the Bank of Botswana's minimum requirement of 10%.

Similarly, the bank maintained a Capital Adequacy Ratio of 15.9%, comfortably above the regulatory minimum of 12.5%. This provides an important buffer from which the bank can continue to execute its strategy while managing the risks associated with an evolving operating environment.

The balance sheet also remained resilient, with customer deposits of approximately P4.0 billion and net advances of approximately P4.0 billion at year-end. Cash and cash equivalents increased to approximately P285.6 million, compared with P183.8 million in the prior year.

From a cost-management perspective, the bank also demonstrated discipline. Administrative and general expenses declined from approximately P95.2 million to P92.4 million, despite continued investment in technology, operational capabilities and the broader transformation agenda.

However, the financial results also provide important lessons for the next phase of the bank's journey. The decline in net interest income and the significant reduction in fee and commission income demonstrate the need for greater earnings diversification, stronger funding stability and improved efficiency in the deployment of the bank's balance sheet. In particular, the next phase must translate the capabilities established through Lesedi 2025+1 and Lesedi 2025+1 strategies into sustainable revenue growth and improved returns.

This is closely aligned with the direction set out in the new Pinagare 2029 strategy, which seeks to deepen primary customer relationships, accelerate SME banking, strengthen transactional banking, expand digital and agency channels, build the payments ecosystem, diversify earnings and improve operational efficiency.

Looking ahead, our financial agenda will focus on restoring sustainable profitability while preserving financial resilience. We will improve net interest margins, diversify non-funded income, grow quality assets, maintain disciplined cost management, enhance productivity and ensure sufficient capital and liquidity to support future growth.

The financial year ahead will consequently be about moving from resilience to performance — leveraging the stronger institutional foundations created through the just-ended strategy and converting them into measurable financial value for our customers, our shareholder and the broader economy.

I would like to thank the Board, management and all employees of Botswana Savings Bank for their discipline and commitment during a particularly demanding year. The financial results tell only part of the story. Behind them is an institution that has strengthened its capabilities, protected its balance sheet and created a stronger platform from which to pursue its next chapter.

Our task now is clear: to convert that resilience into sustainable growth, stronger earnings and lasting financial value.

“ *The balance sheet also remained resilient, with customer deposits of approximately P4.0 billion and net advances of approximately P4.0 billion at year-end.* ”

BUILDING BOTSWANA

Fulfilling dreams

The **Lecha Loan** is designed to help you move forward with confidence. You can focus on what truly matters — the moments that shape and define your life.



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120 Months
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Low Interest
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24 Hours
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2025/2026
ANNUAL REPORT

PERFORMANCE REVIEW



Risk Management Report



As Botswana Savings Bank concludes the successful implementation of the Lesedi 2025+1 Strategy, the 2025/2026 financial year provides an opportunity to reflect on a remarkable transformation journey that has fundamentally reshaped the bank. From a traditional savings institution to a commercially ready, digitally enabled and operationally resilient financial services provider, the bank has continued to strengthen its foundations while positioning itself for sustainable future growth.

Throughout this journey, the Risk Division played a critical role in enabling strategic transformation by ensuring that growth was achieved responsibly, risks were proactively managed and governance remained at the centre of decision-making. The Division continued to support the bank's commercialisation agenda through strengthened enterprise-wide risk management, enhanced compliance oversight, improved operational resilience, robust credit risk management and the establishment of key governance frameworks required for a modern financial institution.

The year under review was characterised by significant progress in strengthening risk governance, improving portfolio quality, enhancing regulatory compliance, advancing cybersecurity and business continuity capabilities and embedding a stronger risk culture across the organisation. These achievements demonstrate the bank's commitment to balancing growth with prudence while safeguarding the interests of customers, shareholders, regulators and other stakeholders.

Enterprise Risk Management

The Enterprise Risk Management Function continued to strengthen the bank's risk management maturity by enhancing risk identification, assessment, monitoring, reporting and escalation processes across the organisation.

A key milestone achieved during the year was the improvement of the bank's overall Corporate Risk Profile from Critical Risk in Q3 to Substantial Risk by year-end, reflecting the positive impact of management interventions, improved governance practices and enhanced operational stability. Risk appetite monitoring was further strengthened,

resulting in a reduction in risk appetite breaches, demonstrating gradual progress toward approved tolerance levels.

The Function continued to provide independent oversight over principal risks across Credit Risk, Market Risk, Capital and Liquidity Risk, Operational Risk, Compliance Risk, Strategic Risk, Cybersecurity Risk and Reputational Risk. Regular risk assessments, scenario analysis, stress testing, risk reporting and policy reviews ensured that emerging risks were identified and addressed proactively.

The year also saw continued enhancement of the Enterprise Risk Management Framework, Risk Appetite Framework, Operational Risk Management Framework, Compliance Framework, Business Continuity Framework and supporting governance structures, positioning the bank for future regulatory and strategic requirements.

Credit Risk Management

Credit Risk remained one of the bank's most significant risk exposures due to the size and composition of the lending portfolio. During the year, the Credit Risk Function continued to strengthen portfolio monitoring, credit analytics, concentration risk management, early warning indicators and expected credit loss governance.

The bank's loan portfolio closed the financial year at approximately P4.154 billion while maintaining a Non-Performing Loan (NPL) ratio of 4.44%, remaining within the approved risk appetite threshold of 5%. This achievement reflects the effectiveness of enhanced portfolio monitoring, strengthened collections efforts, improved arrears management and loan restructuring initiatives.

Loan disbursements increased significantly during the year following the resumption of lending activities, supporting business growth while maintaining prudent underwriting standards. The Credit Risk Function continued to monitor portfolio concentration risks, particularly within unsecured lending and employer scheme exposures, while supporting management initiatives aimed at increasing secured lending and improving portfolio diversification.

Expected Credit Loss (ECL) governance was further strengthened through enhanced data quality management, portfolio reviews and impairment monitoring. Total ECL closed the year at P132.473 million, remaining below budgeted impairment levels and reflecting improved portfolio performance and recovery initiatives.

Debt Collections and Recoveries

The Debt Collections Unit delivered a strong performance during the year and continued to play a critical role in preserving asset quality, minimising credit losses and improving recovery outcomes. The Unit successfully recovered P10.4 million from delinquent and non-performing loan accounts through a combination of in-house collections, negotiated settlements, restructuring arrangements, legal recovery processes and targeted rehabilitation initiatives. These efforts contributed directly to maintaining the NPL ratio within approved appetite levels while supporting improved portfolio performance.

A significant milestone achieved during the year was the strengthening of collections governance, reporting and recovery strategies through enhanced portfolio segmentation, improved customer engagement and increased operational

oversight. The Unit also advanced the bank's digital transformation agenda through the procurement of a Debt Collections Management System aimed at improving customer contact rates, workflow automation, monitoring capabilities and recovery effectiveness.

The adoption of customer-focused debt resolution strategies enabled the bank to support financially distressed customers while preserving valuable customer relationships and enhancing recovery outcomes.

Compliance and Financial Crime Management

The Compliance and Financial Crime Functions continued to strengthen the bank's regulatory compliance and financial crime prevention capabilities during the year.

Key achievements included the successful review and enhancement of the Compliance Policy, ongoing compliance monitoring activities, timely fulfilment of regulatory reporting obligations and the delivery of continuous compliance awareness programmes across the bank.

The Functions maintained oversight of Anti-Money Laundering (AML), Countering Financing of Terrorism (CFT), sanctions compliance, customer due diligence and regulatory reporting requirements. Significant progress was also achieved towards the procurement and implementation of the GoAML and Automated Transaction Monitoring systems, which are expected to significantly enhance the bank's transaction monitoring, financial crime detection, investigation and reporting capabilities.

Through proactive advisory support, compliance reviews and close collaboration with business units, Internal Audit and Risk Management, the Functions contributed to strengthening the bank's control environment and regulatory compliance culture.

Data Protection and Privacy Governance

The 2025/2026 financial year marked a significant milestone in the bank's data protection journey following the enactment of the Botswana Data Protection Act, 2024.

The Data Protection Function successfully established and implemented a comprehensive Data Protection Governance Framework comprising policies, procedures, standards, agreements, registers, forms, templates and compliance tools designed to support the bank's compliance obligations and accountability requirements.

A dedicated Data Protection Repository was established to centralise compliance resources and improve accessibility across the organisation. The Function also developed and launched the BSB Data Protection Training Manual, conducted awareness sessions across branches and departments and provided advisory support on privacy risk management, Data Protection Impact Assessments (DPIAs), data breach management, records of processing activities and data subject rights management.

These initiatives significantly enhanced the bank's privacy governance maturity, strengthened regulatory readiness and promoted a culture of responsible personal data handling throughout the organisation.

Risk Management Report [CONTINUED]

Operational Resilience, Business Continuity and Cybersecurity

Operational resilience remained a strategic priority during the year as the bank continued to strengthen its ability to respond to operational disruptions, technology failures, cyber threats as well as emerging risks.

A major milestone achieved was the establishment and operationalisation of the bank's dedicated Business Continuity Site, significantly enhancing preparedness for disruptive events and ensuring continuity of critical business operations. The bank also made substantial progress in strengthening Disaster Recovery capabilities and readiness for recovery testing.

Cybersecurity governance continued to mature through enhanced monitoring, staff awareness programmes, vulnerability assessments, penetration testing and implementation of advanced security solutions. Continuous monitoring of cyber threats and public-facing systems resulted in no major cybersecurity incidents during the reporting period.

The bank also continued remediation of cybersecurity findings raised by regulators, demonstrating its commitment to maintaining a strong security posture and protecting customer information.

People, Culture and Governance

The Risk Division continued investing in people development, professional capability enhancement, succession planning and knowledge transfer initiatives to support the bank's evolving risk management requirements.

Staff participated in specialised training programmes covering Enterprise Risk Management, Debt Collections, Financial Crime, Data Protection, Regulatory Compliance, Business Continuity Management, and Cybersecurity. These initiatives strengthened technical competencies, improved risk awareness, and enhanced the Division's ability to support the bank's strategic objectives.

The Division also continued to promote a strong risk culture through awareness campaigns, compliance engagements, management reporting, policy reviews and stakeholder collaboration, reinforcing accountability and ownership of risk across the organisation.

Looking Ahead

As Botswana Savings Bank enters its next strategic chapter, the Risk Division remains committed to supporting sustainable growth, regulatory excellence and operational resilience.

Key priorities for 2026-2027 will include strengthening liquidity and funding resilience, reducing portfolio concentration risk, increasing secured lending diversification, completing Disaster Recovery testing, implementing advanced financial crime monitoring solutions, enhancing cybersecurity capabilities, embedding Environmental, Social and Governance (ESG) considerations into risk management processes, and reviewing the Risk Appetite Framework to align it with evolving regulatory and strategic requirements.

The achievements of 2025/2026 reflect the significant progress made under the Lesedi 2025+1 Strategy and demonstrate the growing maturity of Botswana Savings Bank's risk management capabilities. Through disciplined governance, proactive oversight and a commitment to continuous improvement, the bank remains well-positioned to navigate future challenges, support inclusive economic growth and deliver sustainable value to its customers, shareholder, regulators and stakeholders.

Marketing and Public Relations Report



The Marketing and Public Relations Department is mandated to develop and implement strategies that promote the bank's brand, products and services, with the aim of growing market share and enhancing profitability. During the 2025/2026 financial year, the Department supported the bank through targeted marketing and public relations campaigns that reached key audience segments. These campaigns were delivered through Marketing, Public Relations and Social Media functions.

The launch of the bank's new value-proposition current accounts, including the Youth Account, Kamogelo Account and Private Banking Account, was supported by deliberate and targeted marketing and publicity strategies tailored to each market segment. These first-of-their-kind current accounts for Botswana Savings Bank were introduced with a clear focus on customer benefits, creating meaningful differentiation in the market.

The Department continued to leverage radio, exhibitions, print media and social media channels as strategic platforms for product awareness and customer engagement. Through partnerships with two national radio stations, BSB maintained weekly prime-time programmes featuring product discussion segments. This platform provided sustained publicity for BSB products, including account opening, loans and digital channels, while also generating customer leads.

The 2025/2026 reporting period also saw increased market visibility for the BSB Auto Loan, particularly the Ezzi Auto Loan, which gained traction among both government employees and private-sector customers. The BSB sales and marketing teams participated in car shows hosted by the bank and its partners, creating opportunities to engage potential customers and share practical car ownership experiences.

The uptake of BSB's digital channels was also marketed and communicated extensively to customers. The suite of digital channels is designed to offer faster, more secure and more flexible ways to manage banking needs. The platform includes the mobile banking application, Internet banking and an expanded Cellphone Banking (USSD) service, *232#, with bill payment functionality to support everyday transactions with ease. These channels were promoted through the "Ke Thaa Thaa Hela" campaign, which positioned registration for the BSB mobile app and online banking as simple, convenient and accessible.

The reporting year was also marked by a challenging economic environment, including slower economic activity and increased prime rates. In response, the overall marketing and public relations focus shifted towards growing and attracting savings accounts. The "Itirele Bontle" Deposit Campaign was

launched during the year to encourage Batswana to embrace saving as a positive lifestyle decision that promotes financial freedom and long-term security. "Itirele Bontle," a Setswana expression meaning "do something beautiful for yourself," served as a powerful reminder that saving is not only about preparing for emergencies, but also about rewarding one's future self through financial discipline and empowerment. The campaign was well received, with satisfactory uptake among customers.

In response to the slowdown in personal loan activity caused by broader economic pressures, the bank launched the "Lecha Le Buletswe" campaign. The campaign communicated that borrowing opportunities remained available and encouraged new customers to apply for Lecha loans. It also invited existing customers to consider suitable top-up options aligned with their financial needs.

International Event Hosted by Botswana Savings Bank

Botswana Savings Bank (BSB), in partnership with the World Savings and Retail Banking Institute (WSBI), hosted the WSBI 2025 Regional Meeting for Africa from 2 to 3 September 2025 at Mowana Safari Resort & Spa in Kasane, Botswana.

The meeting brought together local and international senior leaders and decision-makers from across the WSBI regional membership to reflect on shared challenges, identify emerging opportunities and shape a forward-looking agenda for the region's financial ecosystem.

IT - Strategic Transition: From Lesedi 2025+1 to Pinagare 2029



1. Executive Summary

The 2025/2026 financial year represents a pivotal transition period for the IT function and the bank as a whole. For most of the year, IT operations and delivery were aligned to the Lesedi 2025+1 Strategy, focusing on stabilisation, foundational capability building and incremental digital improvements.

In April 2026, the bank formally transitioned to the Pinagare 2029 Strategy, signalling a shift toward accelerated innovation, primary customer growth, digital-first service delivery and enhanced customer-centricity.

Accordingly, this report reflects:

- Performance and achievements under Lesedi 2025+1 and
- Positioning and readiness for Pinagare 2029, which will shape IT priorities going forward

During the year, IT strengthened operational resilience, improved service delivery and laid out the groundwork necessary to support the ambitions of the Pinagare 2029 strategy.

2. Strategic Context

2.1 Lesedi 2025+1 (April 2023 – March 2026)

Under Lesedi 2025+1, IT focused on:

- Stabilising core systems and infrastructure
- Improving service reliability and availability
- Supporting business continuity and operational efficiency
- Delivering incremental digital enhancements especially in the digital banking services

This phase established a solid operational and technological foundation.

2.2 Transition to Pinagare 2029 (Effective April 2026)

The transition to the Pinagare 2029 Strategy marks a shift toward:

- Innovation-led primary customer and transactions growth
- Digital-first customer engagement
- Agile and scalable technology platforms
- Data-driven decision-making

IT is repositioned as a strategic enabler and accelerator of transformation, rather than primarily a support function.

3. 2025/2026 Performance Overview (Lesedi 2025+1 Delivery)

3.1 Infrastructure & Operations

- Maintained high levels of system stability and uptime (>99% for critical systems and networks)
- Strengthened network reliability and system performance
- Improved disaster recovery preparedness

3.2 Cybersecurity & Risk Management

- Enhanced security monitoring and threat response
- Conducted regular vulnerability assessments and compliance checks
- Strengthened access control and identity management

3.3 Applications & Systems

- Delivered enhancements to core banking and enterprise systems
- Addressed critical legacy system constraints
- Supported business growth through system integrations

3.4 Service Delivery

- Improved incident response times and SLA performance
- Enhanced user support and service desk effectiveness
- Strengthened vendor management practices

3.5 Data & Reporting

- Improved operational reporting capabilities
- Began laying groundwork for structured data governance

4. Key Achievements

The IT function successfully delivered on core Lesedi 2025+1 objectives:

- Operational stability achieved, enabling consistent business operations
- Improved system availability and resilience
- Strengthened cybersecurity posture in a high-risk environment
- Enhanced service delivery and user experience
- Established foundational capabilities required for future transformation.

These achievements provide a launch platform for Pinagare 2029 execution.

5. Transition Readiness for Pinagare

During the latter part of the Lesedi 2025+1 strategy period, IT initiated preparatory work to align with the Pinagare 2029 Strategy:

5.1 Technology Foundations

- Assessment of existing architecture to support scalability
- Identification of modernisation and cloud opportunities

5.2 Capability Gaps Identified

- Digital platform scalability
- Advanced analytics and data capabilities
- Automation and integration maturity
- Skills in emerging technologies

5.3 Operating Model Evolution

- Shift toward more agile and responsive delivery models
- Increased business-IT alignment
- Strengthening of innovation and project execution capabilities

6. Alignment to Pinagare 2029 Strategy (Forward-Looking)

While Pinagare 2029 implementation commenced in April 2026, IT has defined its alignment across key strategic pillars:

6.1 Digital Transformation & Innovation

Future Focus:

- Expansion of digital banking platforms
- Adoption of automation, AI and intelligent workflows
- Accelerated delivery of new digital products and services

6.2 Customer-Centric Technology

Future Focus:

- Seamless, omnichannel customer experience
- Improved system responsiveness and availability
- Personalisation driven by data insights

6.3 Operational Excellence

Future Focus:

- Further automation of IT and business processes
- Optimisation of service delivery models
- Continuous improvement through performance metrics

6.4 Risk, Security & Compliance

Future Focus:

- Adoption of zero-trust security principles
- Advanced threat detection and cyber resilience
- Strengthened regulatory compliance frameworks

6.5 Data & Analytics

Future Focus:

- Development of a data-driven organisation
- Implementation of business intelligence and analytics platforms
- Enhanced data governance and quality management

7. Challenges and Lessons Learned

Key challenges experienced during the year include:

- Legacy systems limiting agility and scalability
- Increasing cybersecurity threats
- Resource and skills constraints in advanced technologies
- Rising demand for rapid digital innovation

Key Lesson:

The transition to Pinagare 2029 requires a deliberate acceleration to simplicity, reliability, skills development and delivery models to meet accelerated primary banked customer growth.

8. Financial Overview

IT investments during 2025/2026 were primarily directed toward:

- Maintaining and stabilising infrastructure
- Enhancing cybersecurity capabilities
- Supporting core system operations
- Delivering incremental business improvements

Future investments will increasingly shift toward innovation and transformation initiatives under Pinagare.

IT - Strategic Transition: From Lesedi to Pinagare [CONTINUED]

9. Priorities for 2026/27 (Pinagare Execution Phase)

IT will focus on enabling the first full year of Pinagare delivery through:

9.1 Digital Platform Expansion

- Enhanced mobile and online banking capabilities
- Integration of customer-facing digital services

9.2 Modern Architecture

- Introduction of cloud and hybrid infrastructure
- API-driven integration and microservices architecture

9.3 Cybersecurity Advancement

- Implementation of zero-trust frameworks
- Continuous monitoring and proactive threat management

9.4 Data Transformation

- Deployment of enterprise analytics platforms
- Strengthening data governance frameworks

9.5 Talent & Operating Model

- Upskilling IT workforce
- Embedding agile delivery practices
- Strengthening strategic partnerships

10. Conclusion

The 2025/2026 financial year represents a bridge between stability and transformation.

Under Lesedi 2025+1, IT successfully delivered a stable and reliable technology environment. With the transition to the Pinagare Strategy in April 2026, IT is now positioned to play a central role in driving innovation, growth, and digital transformation.

The coming year will focus on translating strategy into execution, ensuring that technology becomes a key competitive differentiator for the bank.

Internal Audit



The Internal Audit Function of Botswana Savings Bank (BSB) provides independent, objective and risk-based assurance and advisory services designed to add value and enhance the bank's operations. Consistent with the Global Internal Audit Standards issued by the Institute of Internal Auditors (IIA), Internal Audit supports the achievement of the bank's strategic objectives through a systematic and disciplined approach to evaluating and improving the effectiveness of governance, risk management and internal control processes.

The mission of Internal Audit is to enhance and protect organisational value by providing risk-based and objective assurance, insight, advice and foresight. The function plays a critical role in strengthening accountability, promoting sound governance practices and supporting sustainable organisational performance.

During the 2025/2026 financial year, the Internal Audit Function provided independent assurance on the adequacy and effectiveness of the bank's governance, risk management and control frameworks. The function operated under the leadership of a professionally qualified Chief Internal Auditor holding Certified Internal Auditor (CIA) and Association of Chartered Certified Accountants (ACCA) qualifications and reported functionally to the Finance and Audit Committee of the Board, thereby maintaining its organisational independence.

Key Audit Focus Areas

In line with the approved risk-based internal audit plan, assurance engagements were conducted across, but not limited to the following key areas:

- Financial Controls and Reporting
- Information Technology (IT) Change Management
- Information Technology General Controls (ITGCs)
- Banking Operations
- Revenue Assurance
- Corporate Governance
- Branch Operations

Audit Outcomes

Internal Controls

Overall, the audits concluded that management had established controls that were generally adequate and operating effectively across the areas reviewed. However, audit engagements identified opportunities to strengthen controls further in order to enhance operational efficiency, improve compliance and support the achievement of strategic and operational objectives.

Management demonstrated a commitment to addressing identified control gaps through the implementation of corrective action plans and continuous improvement initiatives.

Governance

During the year, the bank underwent an assessment on governance. While the assessment acknowledged the existence of governance and risk management structures, it highlighted several areas requiring further enhancement.

Risk Management

The bank has established Board-approved risk management structures, policies and frameworks that provide a foundation for effective risk oversight. However, opportunities exist to strengthen the consistent execution and monitoring of control activities underpinning these frameworks.

Conclusion

The Internal Audit Function remains committed to providing independent assurance and strategic insight to the Board and Management. The function will continue to focus on key risk areas and emerging risks to support sound governance, effective risk management and a robust control environment. Ongoing implementation of management plans will further strengthen organisational resilience and support the achievement of the bank's strategic objectives.

Strategy & Customer Excellence Report



1. Executive Summary

1.1. The Lesedi +1 Strategy represented a defining transformation agenda in the evolution of Botswana Savings Bank, with a clear mandate to modernise the institution from a traditional savings bank into a commercially ready, digitally enabled, customer-centric banking institution capable of competing effectively within Botswana's modern banking sector.

1.2. At the inception of the strategy, the bank operated within a highly constrained and predominantly manual operating environment characterised by passbook-based savings operations, limited branches and ATMs nationwide, limited transactional banking capability, no digital banking infrastructure, no agency banking ecosystem and minimal automation across the value chain. The strategy was therefore designed to fundamentally transform the Bank's operating model, strengthen institutional capability, improve customer accessibility, modernise technology infrastructure, and reposition the institution for long-term commercial sustainability and competitiveness.

1.3. Over the Lesedi +1 Strategy cycle, the bank underwent substantial institutional transformation across all major strategic pillars. Customer accessibility and financial inclusion improved significantly through expansion of the branch network to 11 branches nationwide, growth of ATM infrastructure to 18 ATMs, and successful introduction of Agency Banking which expanded from zero to 64 active agents across Botswana. The bank also successfully launched modern digital banking capabilities including Online Banking, Mobile Banking App, and USSD Banking, alongside innovative ecosystem and financial inclusion solutions such as the S'kgwama Digital Wallet, Merchant App, and POS acquiring solutions. Customer value propositions were significantly strengthened through the introduction of Private Banking, Mass Banking and Business Banking offerings supported by enhanced savings and lending products.

1.4. From an operational excellence perspective, the strategy delivered foundational modernisation of the bank's operational and technology environment through successful implementation of the Finacle Core Banking Platform, a globally recognised banking system utilised by leading financial institutions worldwide. This materially transformed and digitised core banking processes including customer onboarding, account opening, transaction processing, loan management, customer servicing, reporting and workflow management. Significant progress was also achieved in digitising finance, procurement, human capital management and operational support processes, while cybersecurity capability and operational resilience were substantially strengthened.

1.5. The strategy further delivered meaningful improvements in governance, risk management and institutional control maturity. The bank strengthened its Internal Audit and assurance capability, enhanced policy governance frameworks, invested in Expected Credit Loss modelling capability, strengthened non-performing loan management practices and established a Treasury function to enhance management of liquidity, capital and interest rate risks. Throughout the strategy period, the bank consistently maintained prudential ratios above regulatory minimum requirements, demonstrating strong financial discipline and institutional resilience despite increasingly challenging market conditions.

1.6. From a people and organisational capability perspective, the strategy prioritised employee engagement, staff development, performance management, leadership capability and strengthening of the employee value proposition through investment in training, online learning platforms, wellness initiatives and organisational capability development.

1.7. From a shareholder value perspective, the strategy delivered significant institutional growth and scale expansion, with both the asset and deposit books growing from approximately P2.3 billion at the start of the strategy period to approximately P4 billion by the final year of execution. The bank also delivered strong profitability performance during the earlier years of the strategy cycle, with Profit After Tax (PAT) peaking at approximately P76 million.

1.8. However, the final year of the strategy coincided with one of the most constrained operating environments experienced within Botswana's banking sector in recent years, characterised

by severe liquidity tightening, elevated funding costs, aggressive competition for deposits, constrained lending activity and broader macroeconomic pressure. These conditions, together with structural constraints including capital adequacy limitations and restricted access to the bank's approved bond programme, negatively impacted profitability, Return on Equity, and the bank's ability to fully achieve its targeted balance sheet aspirations during the final phase of execution.

1.9. Notwithstanding these challenges, the Lesedi +1 Strategy must ultimately be regarded as a transformational success from an institutional modernisation perspective. The strategy fundamentally transformed Botswana Savings Bank from a largely manual, infrastructure-constrained savings institution into a commercially ready, digitally enabled, operationally mature, prudentially resilient and strategically repositioned banking institution capable of competing meaningfully within Botswana's commercial banking sector.

1.10. Most importantly, the strategy successfully established the foundational capabilities, infrastructure, governance maturity, digital ecosystem, operational resilience and institutional capacity required to support the bank's next phase of commercial growth, customer primacy and long-term sustainability.

2. Strategy Performance Highlights

2.1. The Lesedi +1 Strategy delivered substantial institutional transformation and modernisation across the bank's strategic pillars, fundamentally repositioning Botswana Savings Bank into a commercially ready, digitally enabled, operationally mature, and prudentially resilient banking institution.

2.2. The strategy delivered exceptionally strong outcomes in Operational Excellence, Risk & Conduct as well as Learning & Growth, reflecting successful modernisation of the bank's operating model, governance maturity, systems capability, people capability, and institutional resilience. However, performance under the Shareholder Value pillar was materially impacted by severe liquidity tightening across the market, elevated funding costs, constrained lending activity, capital adequacy limitations and broader macroeconomic pressures that negatively affected profitability and Return on Equity (ROE) during the final phase of the strategy.

3. Key Strategic Achievements

3.1.1. Notwithstanding the challenges experienced during the final year of execution, the Lesedi +1 Strategy delivered several transformational outcomes, including:

- Expansion of the branch network to 11 branches nationwide
- Growth of ATM infrastructure to 18 ATMs
- Introduction and scaling of Agency Banking from zero to 64 active agents
- Successful rollout of Online Banking, Mobile Banking App and USSD Banking platforms
- Introduction of innovative financial inclusion solutions including the S'kgwama Digital Wallet, Merchant App and POS acquiring solutions
- Rollout of efficient customer value propositions
- Transitioning from passbooks to bank accounts and cards
- Successful implementation of the Finacle Core Banking Platform
- Digitisation of key banking, finance, HR, procurement, reporting and workflow management processes

- Modernisation of cybersecurity infrastructure and operational controls. Strengthening of Internal Audit, governance and risk management capability. Establishment of a Treasury function to enhance management of liquidity, capital and interest rate risks
- Significant balance sheet growth, with both asset and deposit books growing from approximately P2.3 billion to approximately P4 billion during the strategy period
- Achievement of strong profitability performance during the earlier years of execution, with Profit After Tax peaking at approximately P76 million.

4. Key Strategic Challenges

4.1. The final phase of the strategy was materially impacted by several external and structural factors, including:

- Severe liquidity tightening across the banking sector
- Elevated funding costs driven by aggressive competition for deposits
- Constrained lending activity across the market
- Capital adequacy limitations impacting balance sheet expansion
- Regulatory restrictions affecting access to the Bank's approved bond programme
- Broader macroeconomic slowdown impacting banking sector profitability and growth
- Lack of access to clearing house limiting interoperability with other banks' ability to become a primary bank for our customers and reduced digital uptake
- Despite these pressures, the bank maintained strong prudential discipline, operational resilience and compliance with key regulatory ratios throughout the strategy cycle.

Procurement Oversight Unit



Departmental Overview

The Procurement Oversight Unit provides independent assurance and governance over procurement activities at Botswana Savings Bank (BSB), ensuring compliance with the Public Procurement Act (2021) and Public Procurement Regulations (2023). As a second line of defence, the Unit strengthens transparency, accountability and value-for-money outcomes across the bank.

Strategic Alignment (Lesedi 2025+1)

In line with the Lesedi 2025+1 Strategy theme - "Reflecting on Progress and Building on Purpose: From Vision to Impact" - the Unit focused on:

- Enhancing procurement governance and oversight
- Strengthening compliance and audit readiness
- Supporting efficient and accountable service delivery

Performance Highlights and Key Achievements

• Governance and Compliance Strengthening

Supported fair procurement processes, strengthened process integrity, and ensured adherence.

• Transparency and Process Integrity

Strengthened evaluation governance through standardised frameworks, supported fair procurement processes, strengthened process integrity, and ensured adherence to regulatory requirements.

• Stakeholder Collaboration and Advisory Support

Provided ongoing advisory support across business units, improving procurement planning, scope validation and regulatory compliance through strengthened cross-functional engagement.

• Operational Efficiency Improvements

Standardised templates, workflows and documentation practices improved audit readiness, traceability and overall procurement process efficiency.

Key Challenges

- Slow implementation of approved procurement plans and under-execution of CAPEX budgets impacting on strategic projects
- Balancing operational demands with stringent regulatory requirements

Outlook for 2026-2027

The Unit will focus on:

- Operationalising the Procurement Oversight Committee to strengthen governance frameworks and compliance monitoring
- Introducing and operationalising vendor risk management frameworks, including supplier segmentation and structured risk assessment tools, improving proactive risk identification and mitigation
- Strengthening cross-functional engagement in adherence to regulatory requirements and compliance.

Board Secretary and Legal Report



ROLE OF THE BOARD SECRETARY AND LEGAL DEPARTMENT

The Board Secretary and Legal Department (BSLD) serves as the custodian of governance integrity at Botswana Savings Bank (BSB), playing a pivotal role in anchoring the Board's oversight responsibilities within a sound legal and regulatory framework. As BSB reflects on the journey and milestones achieved under the Lesedi 2025+1 Strategy, the BSLD has been instrumental in ensuring that every step of that journey was underpinned by the principles of good governance, ethical conduct, transparency and accountability. The Department provides essential board secretarial and legal advisory services that enable the Board to discharge its fiduciary duties with confidence and authority.

The BSLD is divided into two main functions:

- Board Secretarial Function: This function ensures efficient administration of the Board of Directors and its Committees, facilitating seamless governance processes and providing governance advice.
- Legal and Governance Function: This function oversees the bank's legal

compliance and provides guidance on legal matters related to the bank's operations, ensuring adherence to both national and international laws.

The BSLD ensures that the bank's activities are conducted in strict accordance with its constitutive documents, Board-approved policies and applicable legal frameworks. By providing proactive legal counsel and robust governance support, the BSLD empowers the Board to direct its full attention to strategic oversight and the achievement of BSB's objectives under Lesedi 2025+1 - including digital transformation, financial inclusion, and long-term operational sustainability. The Department also plays a critical role in preserving institutional memory, promoting role clarity and ensuring that the Board's decisions are well-documented, legally sound and effectively implemented.

KEY RESPONSIBILITIES OF THE BSLD

- Board Secretarial Services: The BSLD organises and manages Board and Committee meetings, ensuring that minutes are accurately recorded, decisions are documented and governance processes are followed in accordance with the bank's policies and statutory requirements. The Department also provides advice on governance issues and supports the implementation of the Board's strategic objectives.
- Legal Advisory Services: The BSLD provides legal guidance on the bank's operational, financial and strategic matters. This includes ensuring that all operations comply with national laws, international banking norms and best practices. It also plays a key role in risk

management by identifying legal risks and offering mitigation strategies.

- Governance and Compliance: The BSLD ensures that BSB complies with all relevant laws, including the Banking Act, Financial Intelligence Act and the Data Protection Act. The Department monitors regulatory changes and ensures that the bank's internal policies and procedures are updated to reflect new requirements. The Department also supports the bank's alignment with international standards, such as those set by the King IV Corporate Governance Code.

Through these responsibilities, the BSLD ensures that BSB maintains the highest standards of governance and legal compliance - standards that have been foundational to the milestones achieved under the Lesedi 2025+1 Strategy and that will continue to guide the bank as it charts its next strategic chapter.

BOARD COMMITTEES – OVERSIGHT AND GOVERNANCE

The governance framework at BSB is anchored by key Board Committees, each exercising specific and clearly defined oversight functions that collectively ensure the bank operates with integrity, manages its risks prudently and remains steadfast in the pursuit of its strategic objectives. Each Committee operates under formal Terms of Reference set out in Board-approved Committee Charters, which define their mandate, composition, delegated authority and accountability to the full Board.

Board Secretary and Legal Department [CONTINUED]

The Board retains ultimate accountability for all matters delegated to its Committees. During the 2025/2026 financial year, all Committees met their required quorum, fulfilled their respective responsibilities and reported their deliberations and recommendations to the Board in accordance with established governance protocols.

Finance and Audit Committee (FAC)

The FAC provides independent oversight of the bank's financial controls, performance, and risk management processes. It ensures that BSB's financial operations are transparent, compliant and aligned with the bank's long-term strategy. The Committee also oversees the integrity of the bank's financial reporting and the independence of both internal and external audit functions.

Key Responsibilities of the FAC:

- Endorsement of annual financial statements and internal audit plans
- Approval of external audit plans and related fees
- Monitoring of financial performance against approved budgets
- Oversight of corporate performance and risk mitigation efforts
- Review and confirmation of the independence and impartiality of the Bank's external auditors
- Oversight of the effectiveness of internal financial controls and the combined assurance model.

During the 2025/2026 financial year, the FAC fulfilled all its responsibilities as set out in its Charter. The Committee met the minimum required number of meetings, reviewed and endorsed the annual financial statements, oversaw the external audit process and ensured that financial risks were identified and appropriately managed.

Human Capital Committee (HCC)

The HCC is responsible for overseeing the bank's human resources strategy, ensuring that BSB's talent management aligns with its strategic objectives under Lesedi 2025+1. The Committee provides oversight of recruitment, talent development, employee engagement, remuneration and succession planning.

Key Responsibilities of the HCC:

- Oversight of the bank's human capital strategy, including talent acquisition and retention
- Review and recommendation of remuneration policies and executive compensation in line with Government of Botswana guidelines
- Oversight of succession planning for executive and senior management positions
- Monitoring of employee engagement, wellness and organisational culture initiatives
- Oversight of transformation and diversity targets within the bank's workforce
- Exercise of oversight over disciplinary matters involving members of the Executive function, ensuring that such processes are conducted fairly, consistently and in accordance with the bank's applicable policies, procedures

and principles of natural justice. The HCC satisfies itself that appropriate accountability is upheld at the Executive level without compromising operational continuity.

During the 2025/2026 financial year, the HCC fulfilled all its responsibilities as set out in its Charter. The Committee provided sound governance guidance on key executive appointments and disciplinary matters within the Executive function, reviewed and recommended the remuneration framework and maintained rigorous oversight of succession and talent development initiatives aligned with the Lesedi 2025+1 Strategy. The HCC is satisfied that it has discharged its mandate with diligence and in the best interests of the bank.

Risk and Compliance Committee (RCC)

The RCC oversees the bank's risk management framework, ensuring effective control of operational, legal and regulatory risks. The RCC ensures that risk management practices are aligned with the bank's strategic goals, particularly in areas such as digital transformation, cybersecurity and regulatory compliance. The Committee also assumes oversight of the bank's social and ethics responsibilities.

Key Responsibilities of the RCC:

- Review and oversight of the bank's risk appetite, risk tolerance levels and risk management framework
- Monitoring of operational, legal, regulatory and reputational risks
- Oversight of compliance with applicable laws, regulations, codes and standards including the Banking Act, Financial Intelligence Act, and Data Protection Act

- Review of the bank's cybersecurity and technology risk posture in line with digital transformation objectives
- Oversight of organisational ethics, corporate citizenship, and stakeholder engagement responsibilities (Social and Ethics function)
- Review of business continuity plans and crisis management frameworks.

During the 2025/2026 financial year, the RCC fulfilled all its responsibilities as set out in its Charter. The Committee met the requisite number of times, reviewed the risk register, monitored compliance with regulatory requirements and provided guidance on the bank's evolving risk environment as BSB continued to execute the Lesedi 2025+1 Strategy.

BOARD MEETINGS AND ATTENDANCE – 2025/2026

As mandated by the Board Charter, the BSB Board and its Committees are required to meet a minimum of four times per year. In the 2025/2026 financial year, all Committees fulfilled this requirement, ensuring continuous oversight and governance. These meetings were critical in reviewing progress towards the Lesedi 2025+1 objectives, addressing governance and risk issues and ensuring that the bank remained on track in achieving its strategic goals.

The Board attendance register for the 2025/2026 financial year is reflected on page 51.

CORPORATE GOVERNANCE REVIEW – KING IV IMPLEMENTATION

BSB adopted the King IV Corporate Governance Code in 2023, marking a defining milestone in the bank's governance journey under the Lesedi 2025+1 Strategy. This adoption is a demonstration of the Board's unwavering commitment to international best practices in corporate governance and reflects BSB's alignment with the principles of ethical leadership, stakeholder inclusivity, integrated thinking and good governance. Over the Lesedi 2025+1 period, BSB has made significant and measurable progress in fulfilling the King IV requirements, with the governance framework having been progressively strengthened across multiple dimensions - from committee structures and delegation frameworks to director development and ethical compliance. Further targeted interventions remain planned to achieve full compliance as BSB transitions into its next strategic cycle.

The Board Charter defines with clarity the matters reserved for the Board's determination and those delegated to its Committees and to management. The Board is satisfied that the delegation of authority framework, as specified in the Board Charter, provides unambiguous role clarity and enables the effective and accountable exercise of authority at all levels of governance.

BOARD ACCOMPLISHMENTS – 2025/2026

The Board of Directors demonstrated active, principled and strategically-aligned governance leadership throughout the 2025/2026 financial year. As BSB reflects on the milestones achieved under Lesedi 2025+1, the Board's accomplishments during this period stand as a testament to its collective commitment to sound governance, institutional integrity and the long-term sustainability of the bank. Key highlights include:

- Approved the annual budget for the 2025/2026 financial year, providing financial direction and ensuring resource allocation in line with strategic priorities
- Reviewed and approved the Board Work Plan for the financial year, setting clear governance priorities and oversight milestones
- Oversaw the hiring and placement of key executive positions, ensuring continuity of leadership and operational stability
- Reviewed and approved the Board and Committee Charters, ensuring that governance structures remain current, fit for purpose and aligned with best practice
- Approved the Annual Financial Statements for the preceding financial year, confirming the integrity of the bank's financial reporting
- Approved the Pinagare Strategy, committing the bank to a new strategic direction focused on sustainable growth, financial inclusion and long-term value creation for stakeholders

Board Secretary and Legal Department [CONTINUED]

- Signed Ethics Declarations, reaffirming the Board's individual and collective commitment to ethical conduct, transparency and the avoidance of conflicts of interest in discharging their governance responsibilities
- Oversaw the approved 2026-2027 budget planning cycle, ensuring that long-term financial planning remains aligned with strategic objectives
- Conducted induction programmes for new Board Members, which covered general Board governance (including all governing charters and policies), the bank's financial position, the Code of Ethics and related policies and risk management frameworks. This ensured that all Board Members were equipped to discharge their responsibilities effectively from the outset of their appointment
- Facilitated governance training and ESG (Environmental, Social, and Governance) training for Members during the financial year, building capacity and awareness across the Board on evolving governance standards, sustainability reporting obligations and responsible business conduct. These sessions reinforced the Board's collective competence in line with King IV requirements for ongoing professional development.

BOARD SECRETARY ASSESSMENT

In accordance with the Board Charter, the performance of the Board Secretary is assessed biennially, or sooner where circumstances warrant, as an integral component of the broader Board evaluation process. This assessment is designed to ensure that the governance function continues to be led with the requisite competence, independence and professional integrity required to support the Board in discharging its fiduciary duties.

The most recent assessment, conducted in 2024, confirmed that the Board Secretary has fulfilled their responsibilities in a manner consistent with the obligations prescribed in the Board Charter. The assessment further satisfied the Board that the Board Secretary maintains the necessary access to the Chairperson and the Board as a whole and operates with appropriate independence from executive management on governance and statutory matters.

Following the assessment process, the Board reviewed and renewed the contractual agreements of both the Board Secretary and the Head of Internal Audit, affirming its confidence in the continued tenure and effectiveness of these critical governance and assurance functions. This renewal underscores the Board's recognition of the value these roles contribute to the integrity of the bank's governance architecture and its combined assurance model.

Overall, the performance of the Board and its Committees during the 2025/2026 financial year is regarded as satisfactory and the Board is confident that its governance structures continue to support the strategic ambitions of BSB.

BOARD PERFORMANCE EVALUATIONS

Board performance evaluations are a critical governance mechanism for ensuring continuous improvement in the functioning and effectiveness of the Board and its Committees. In line with King IV principles, the Board is committed to regular and structured evaluation of its own performance, that of its Committees, the Chairperson and individual Board Members.

The most recent Board Assessment was conducted in 2024. It is acknowledged that the assessment process was constrained during preceding periods due to a high level of turnover among Board Members, which rendered a comprehensive and meaningful evaluation a largely futile exercise, as assessments of new and recently appointed members would not have yielded reliable or actionable insights into Board effectiveness.

With the Board now substantially settled in its composition and its institutional knowledge well-established, the Board is firmly committed to conducting formal and structured performance evaluations in the upcoming financial year. These evaluations will encompass the Board as a collective, its individual Committees, the Chairperson and individual Board Members. The process will be conducted in full accordance with the Board Charter and the King IV principles governing Board evaluation. The Board will give active consideration to engaging

an external and independent facilitator to ensure the objectivity, credibility and developmental value of the evaluation outcomes.

INDUCTION AND PROFESSIONAL DEVELOPMENT

An induction procedure for new Board Members and executive members is in place, focusing on the bank's current strategy and major functional areas. New directors receive comprehensive documentation and training covering:

- General Board Governance, including all of the bank's governing charters and policies
- Financial information, including the bank's financial performance, budgets and capital position
- The bank's Code of Ethics and related policies
- Risk management, including the Risk Management Framework and regulatory risk landscape.

In addition to induction, governance training and ESG training were conducted during the 2025/2026 financial year, ensuring that Board Members remained current with developments in corporate governance best practice, sustainability frameworks and the Bank's obligations as a responsible corporate citizen. These interventions align with the King IV requirement for ongoing professional development and reinforce the Board's collective capability to provide effective strategic oversight. All Board Members are members of the Institute of Directors South Africa.

DIRECTORS' REMUNERATION

Directors' remuneration follows the guidelines set by the Government of Botswana, ensuring that compensation is transparent and in line with public service standards. This ensures alignment with governance best practices while maintaining the Board's commitment to serving the bank's strategic needs.

BOARD MEETINGS AND ATTENDANCE – 2025/2026

As mandated by the Board Charter, the BSB Board and its Committees are required to meet a minimum of four times per year. The table below reflects attendance by each Board Member at Board and Committee meetings held during the 2025/2026 financial year.

Board Member	Board	FAC	HCC	RCC	Induction (1/1)	Governance Training	Total Remuneration
G. Morekisi	11/11	n/a	n/a	n/a	1/1	1/1	BWP 154,500.00
E. Lemo	4/11	n/a	n/a	1/4	1/1	1/1	BWP 63,400
N. Maruapula	5/11	3/7	n/a	n/a	1/1	1/1	BWP 101,600
S. Molale	2/11	n/a	8/8	4/4	1/1	1/1	BWP 61,000
C. Ramatlhakwane	10/11	6/7	n/a	n/a	1/1	1/1	BWP 180,000
K. Tshephe	7/11	n/a	7/8	3/4	1/1	0/1	BWP 195,500
E. Phokoletso	5/11	3/7	n/a	n/a	1/1	1/1	BWP 93,000
N. Sharp	6/11	n/a	1/8	n/a	1/1	1/1	BWP 87,600
E. Kgantumo	4/11	n/a	n/a	n/a	1/1	1/1	BWP 57,000
L. Ketshabetswe	3/11	3/7	n/a	n/a	1/1	1/1	BWP 62,000
T. Kontle	1/11	n/a	n/a	n/a	1/1	0/1	BWP 8,500
TOTAL							BWP 1,064,100

Notes: "n/a" indicates the Board Member is not a member of that Committee, or the meeting fell outside their tenure. Total Remuneration figures are gross amounts (before withholding tax). Attendance counts reflect meetings for which payment was processed within the 2025/2026 financial year.

State of Compliance with King Code IV on Corporate Governance

Summarized as it applies to Botswana Savings Bank

Why the need for King IV™?

King IV™ builds on King III™. It has been revised to bring it up to date with international governance codes and best practice; to align it to shifts in the approach to capitalism (towards inclusive, integrated thinking across the six capitals) and to take account of specific corporate governance developments in relation to effective governing bodies, increased compliance requirements, new governance structures (e.g. Social and Ethics Committee), emerging risks and opportunities from new technologies and new reporting and disclosure requirements e.g. Integrated Reporting.

What is the applicability of King IV™?

King IV™ is structured as a Report that includes a Code, with additional, separate sector supplements for SME's, NPO's, State-Owned Entities, and Retirement Funds. The King Code™ contains both principles and recommended practices aimed at achieving governance outcomes. Whilst King IV™ is voluntary, it is envisaged that the Pula Code, once it is implemented, will be a part of statute and thus mandatory for all public interest entities. Implementing King IV™ places the Bank at an advantage to prepare it to comply with the Pula Code.

*****Below is a summary of the King IV principles and the role the BSB Board (the governing body) should play in ensuring satisfactory compliance with all principles**

NB:

- 1) Principle 7 may be difficult to implement as Board appointments are done by the Ministry.

- 2) Some of the recommendations herein are not mandatory but for the Board to consider.
- 3) Management is working on including the stipulated disclosures into the Integrated Report.
- 4) Principle 17 has been excluded as it relates to Institutional Investors, which BSB is not.

PRINCIPLE 01

LEADERSHIP

"The governing body should lead ethically and effectively."

The recommended practices that the governing body should perform, are summarized as:

- Cultivate and exhibit collectively and individually, characteristics of integrity, competence, responsibility, accountability, fairness, and transparency.
- Offer leadership that results in the achievement of strategy and outcomes over time.
- Disclose how they are being held to account for their leadership.

PRINCIPLE 02

ORGANISATIONAL ETHICS

"Govern the ethics of the organisation in a way that supports the establishment of an ethical culture."

The recommended practices that the governing body should perform, are summarised as:

- Set the direction for ethics in the organisation.
- Approve codes of conduct and ethics policies as well as ensure that they include all stakeholders and key ethical risks.

- Ensure that there are ways for stakeholders to be made familiar with the codes of conduct and ethics policies.
- Delegate implementation of codes of conduct and ethics policies to management and provide ongoing oversight of this management, including results in such matters as recruitment, employee remuneration, supplier selection, breach management, whistleblowing and independent assessments.
- Disclose how ethics are being managed, focus areas, monitoring measures and how ethical outcomes are addressed.

PRINCIPLE 03

RESPONSIBLE CORPORATE CITIZEN

"Ensure that the organisation is and is seen to be a responsible corporate citizen."

The recommended practices that the governing body should perform are summarised as:

- Set the direction for good corporate citizenship, including compliance with the charters, acts/laws, standards and own policies and procedures, as well as congruence with the organisation's purpose, strategy, and conduct.
- Oversee and monitor (using agreed performance indicators and targets) the organisation's status as a good corporate citizen in such areas as the workplace, economic behaviours and results, societal and environmental impacts.
- Disclose how corporate citizenship is managed, current and future focus areas, monitoring measures and how corporate citizenship outcomes are addressed.

PRINCIPLE 04

STRATEGY AND PERFORMANCE

"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."

The recommended practices that the governing body should perform, are summarised as:

- Steer and set the direction, purpose and strategy of the organisation.
- Delegate to management the formulation and thereafter approval of strategy with due reference to timelines, risks and opportunities, resources and relationships, legitimate expectations of stakeholders, changes in the six capitals and the inter-connectedness and inter-dependencies of all these factors.
- Oversee implementation of the strategy and plans by management against the agreed performance measures and targets.
- Approve management's policies and operational plans, including key performance measures and targets.
- Delegate the implementation of policy and plans to management.
- Oversee that there is ongoing assessment and response to any negative consequences for the economy, society and environment by the company using its 6 capitals.
- Be alert to the organisation's general viability, reliance and effect on its capitals, solvency and liquidity and its going concern status.
- Disclose how the governing body integrates strategy, risks, opportunities and performance to create sustainable value.

PRINCIPLE 05

REPORTING

"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."

The recommended practices that the governing body should perform, are summarised as:

- Set the direction, approach and conduct for the organisation's reporting.
- Approve the reporting frameworks to be used.
- Oversee that the various reports are compliant with legal reporting requirements and meet the reasonable and legitimate needs of material stakeholders.
- Ensure that an annual integrated report is issued (either as a stand-alone report or as part of another report)
- Approve the bases for determining materiality for the purposes of including in reports.
- Ensure the integrity of external reports.
- Oversee publication and access by stakeholders of the King Code™ disclosure requirements, integrated reports, financial statements and other external reports on its website or other appropriate platform/media.

PRINCIPLE 06

GOVERNING STRUCTURES AND DELEGATION

"The governing body should serve as the focal point and custodian of the corporate governance in the organisation."

The recommended practices that the governing body should perform, are summarised as:

- Exercise its leadership role; have a charter; approve a protocol for it, its committees and members to get professional advice; approve a protocol for non-executive members to get documentation and meetings with management.
- Disclose the number of its meetings and attendance thereof, whether it is satisfied that it has discharged its responsibilities in relation to its charter

PRINCIPLE 07

BOARD COMPOSITION

"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."

The recommended practices that the governing body should perform, are summarised as:

Composition of the governing body

- Direct and approve the processes for attaining an appropriate composition.
- Consider an appropriate size for itself, with reference to the optimal mix of knowledge, skills, experience, diversity, independence (i.e. executive, nonexecutive and independent non-executive members), sufficiency in numbers for its committees, quorum requirements, regulatory requirements and diversity targets.

State of Compliance with King Code IV on Corporate Governance

- Comprise a majority of non-executive members, most of whom should be independent.
- Appoint as a minimum the CEO and one other executive to the governing body.
- Promote diversity in its membership (age, culture, race, gender and fields of expertise) and set targets for race and gender representation in its composition.
- Arrange for periodic and staggered rotation of its membership.
- Establish a succession plan for its membership.

Nomination, Election and Appointment of members to the governing body

- Approve nominations as a whole and ensure that the process for nomination, election and appointment is formal and transparent.
- Consider the collective attributes and diversity needed, as well as whether the candidate is 'fit and proper' prior to potential member nomination.
- Consider the past performance of a member prior to nomination for re-election, and request information from potential non-executive directors on other commitments and whether they have sufficient time.
- Investigate and verify potential members' backgrounds and qualifications.
- Disclose potential candidate's profile and commitments, as well as governing body's endorsement.
- After election of an incoming member, issue a letter of appointment, provide induction and for inexperienced members a mentor and training.
- Obtain ongoing professional development.

Independence and conflicts

- Obtain annually (or whenever there is significant change) from each member a declaration of all interests and related parties.
- Obtain declarations from each member prior to any meeting of the governing body or its committees, any conflict of interest and proactively manage them.
- Categorise non-executive members as independent if when judged by a reasonable and informed third-party they would conclude that there are no factors which could cause undue influence or biased decision-making.
- Assess independence of a member with reference to the person being a provider of funding or capital (or an employee, officer or a representative of the same).
- Disclose satisfaction with composition of mix of governing body; gender and race targets and progress made; categorization of each director; member's qualifications, experience, age, period of service, other governing body and positions held and reasons for departing members.

Chair of the governing body

- Elect an independent member as chair and a lead independent non-executive member.
- Document the role, responsibilities and term of the chair and lead independent non-executive member.
- Not allow the CEO to be the chair, nor allow (until after 3 years) a retired CEO to become the chair.
- Determine with the chair the number of other outside professional appointments that he/she can hold.

- Generally not allow the chair to be a member of the audit committee, chair of the remuneration committee or chair of social and ethics committee.
- Ensure succession planning for the chair.
- Disclose whether the chair is considered independent and the appointment of a lead nonexecutive and the respective role and responsibilities of the latter.

PRINCIPLE 08

COMMITTEE COMPOSITION

"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."

The recommended practices that the governing body should perform, are summarised as:

Banka ya Batswana



Human Capital Report



FINANCIAL YEAR 2025/2026

1. Overview

During the financial year ended March 2026, the Human Capital Department played a critical role in supporting the bank's strategic objectives through effective workforce planning, talent management, employee wellbeing and sound people governance. The Department focused on strengthening organisational capability, enhancing employee experience and ensuring compliance with labour and regulatory requirements, while responding to evolving business needs and operational demands.

2. Workforce Profile and Management

The bank maintained a stable workforce throughout the reporting period, supported by targeted recruitment and retention initiatives aimed at addressing critical skills requirements. Emphasis was placed on aligning staffing levels and competencies with business priorities, improving succession planning and strengthening performance management processes to drive accountability and productivity across the organisation.

3. Key Achievements

Key achievements during the year under review included:

- Successful implementation of priority human capital initiatives aligned to the bank's strategic plan
- Strengthening of performance management frameworks to enhance individual and team performance
- Delivery of targeted learning and development programmes to build leadership, technical and behavioural capabilities
- Continued improvement in employee engagement and wellbeing initiatives, contributing to workforce stability and morale
- Enhanced human capital reporting and governance to support informed decision making by management.

4. Priority Interventions

In response to organisational needs and emerging challenges, the Department implemented several priority interventions, including:

- Capacity development programmes aimed at addressing identified skills gaps
- Review and enhancement of human capital policies and procedures to ensure relevance and compliance
- Focused employee wellness initiatives to support physical, mental and psychosocial well-being
- Strengthening talent management and succession planning processes to ensure leadership continuity.

5. Challenges and Mitigation Measures

The Department faced several challenges during the reporting period, including skills scarcity in critical areas, increased workload pressures and the need to balance operational efficiency with employee wellbeing. Mitigation measures included targeted recruitment, internal capability development, prioritisation of critical roles and ongoing engagement with management to address workforce pressures in a sustainable manner.

6. Progress Against Organisational Objectives

The Human Capital Department made steady progress in advancing the bank's organisational objectives by ensuring the availability of a capable, engaged and well-governed workforce. Human capital initiatives supported business performance, strengthened organisational resilience and reinforced a culture of accountability, learning and employee wellbeing.

7. Outlook

Looking ahead, the Department will continue to focus on building a future-ready workforce by strengthening talent pipelines, enhancing leadership capability, leveraging data-driven human capital insights and further embedding a high performance and values-driven culture. These efforts will remain closely aligned with the bank's strategic direction and long-term sustainability goals.

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Our Corporate Social Responsibility

This report presents Botswana Savings Bank's Corporate Social Responsibility (CSR) activities for the 2025/2026 reporting period. It outlines key community investments made across health, education, environmental care, arts and culture, sports and social welfare. Through these initiatives, BSB continued to demonstrate its commitment to improving livelihoods, supporting vulnerable groups and partnering with communities across Botswana in ways that align with the bank's sustainability and stakeholder engagement priorities.

Report Overview

Botswana Savings Bank operates under a robust Corporate Social Responsibility framework that seeks to create meaningful social impact in the communities it serves. As the bank's footprint continues to grow across Botswana, CSR remains a core pillar of its stakeholder relations and sustainability agenda. During the 2025/2026 period, BSB supported a range of initiatives that responded to immediate community needs while also promoting long-term wellbeing, dignity and inclusion.

Key CSR Themes in BSB CSR Policy

- Health and humanitarian support
- Education and youth development
- Environmental responsibility and sanitation
- Arts, culture, and community identity
- Sports development and social upliftment
- Support for vulnerable and disadvantaged groups
- BSB I Care Employee Volunteerism Programme

Initiative	Location	Support Provided	Focus Area
Okavango District Hospital donation	Gumare Village	100 blankets and toiletry hampers	Health and humanitarian support
Foot and Mouth Prevention Programme	Government of Botswana	P300,000 donation	National welfare support
Dustbin donation	Shoshong–Mahalapye District	15 waste bins for village distribution within District	Environmental care
School uniform donation	Mampori Primary School, Marapong	Uniforms for three outstanding students in Std 5, 6 & 7	Education support
Son of the Soil support	Botswana	P50,000 support across 2025 and 2026	Arts and culture
BTC Marathon support	Francistown	P50,000 donation	Sports and community upliftment
Matsha College donation	Kang	Entertainment equipment, toiletries and supplies	Student welfare
Marang JSS water project	Botswana	5,000 litre Jojo tank and water pump	Water access and student wellbeing
Carols by Candlelight	Multiple beneficiary organisations	300 toiletry hampers aimed at children and adults	Community welfare
Monax Elderly Shelter support	Metsimothabe	Refurbishment of buildings, toiletries, detergents and volunteer support	Elderly care
Lerolwane Primary School printer donation	Lerolwane Village	Printer donation	Education support

Our Corporate Social Responsibility [CONTINUED]





Conclusion

The 2025–2026 CSR programme reflects Botswana Savings Bank's continued investment in social impact across diverse communities and stakeholder groups. The initiatives recorded in this report show a balanced approach that addresses urgent social needs while supporting education, health, environmental stewardship, culture and community wellbeing.

Going forward, BSB wishes to build on this foundation by strengthening impact measurement, documenting beneficiary outcomes and expanding strategic partnerships to enhance the reach and sustainability of its CSR interventions.

BSB's 2026 CSR plan is to invest in more sustainable CSR projects that support two or three pillars of the CSR Policy. It should be noted that the BSB CSR Policy is also driven by the employee volunteerism programme dubbed I Care.

Some of the projects listed above were delivered during the WSBI My Social Week CSR initiative in September 2025.



2025/2026 IN PICTURES





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2025/2026
ANNUAL REPORT

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2026

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GENERAL INFORMATION

BUSINESS

Botswana Savings Bank was established by an Act of Parliament, the Botswana Savings Bank Act of 1992, as a wholly owned financial institution of the Government of Botswana for the purpose of providing banking and financial services for all people in Botswana.

A Transition Act (The BSB Transition Act 2012) was passed by Parliament to allow BSB to convert to a commercial bank named the "Botswana Savings Bank Limited". However, the decision to transform the bank from a statutory bank to a commercial bank has been deferred until further notice.

Directors	Name	Position	First Appointment	Terminated
	Ms G Morekisi	Former Chairperson	01/07/2022	31/03/2026
	Ms K Tshephe	Member	14/01/2022	31/01/2026
	Mr C Ramatlhakwane	Member	01/07/2018	31/03/2026
	Ms S M Molale	Member	01/07/2018	30/06/2026
	Ms E T Lemo	Member	01/07 2018	30/06/2025
	Ms N Maruapula	Member	01/11/2021	31/10/2025
	Mr E Kgantumo	Member	15/10/2025	
	Ms N K Sharp	Member	15/10/2025	
	Ms E Phokoletso	Member	15/10/2025	
	Ms L Ketshabetswe	Member	15/01/2026	
	Ms Thato Kontle	Member	01/03/2026	

Registered office
Botswana Savings Bank
Tshomarelo House
Cnr Letswai/Lekgarapa Rd
Broadhurst Mall
Gaborone

Postal address
P.O. Box 1150
Gaborone

Bankers
Bank of Botswana
Bank Gaborone Limited
Stanbic Bank Botswana Limited
ABSA Bank Botswana
First Capital Bank Botswana Limited
Access Bank Botswana
First National Bank of Botswana Limited
BBS Bank Limited

Auditor
Grant Thornton Botswana
Registered Auditor
Gaborone, Botswana
Acumen Park
Plot 50370 Fairgrounds
Gaborone
P.O. Box 1157
Gaborone

DEPUTY CHAIRPERSON'S REPORT

Stewarding Transformation. Building the Future.

The 2025/2026 financial year will be remembered as a pivotal chapter in the evolution of Botswana Savings Bank ("BSB"). It was a year defined not only by a demanding operating environment, but by deliberate choices made to strengthen the institution, consolidate the gains of transformation and prepare the bank for its next phase of growth.

The year unfolded against a backdrop of subdued economic activity, persistent liquidity constraints across the financial sector, heightened competition for deposits and continued uncertainty within key sectors of the Botswana economy. These conditions placed considerable pressure on financial institutions, increasing funding costs, compressing margins and testing the resilience of business models across the industry. Yet it is often during periods of challenge that the strength of an institution is most clearly revealed.

Throughout the year, Botswana Savings Bank remained steadfast in its commitment to prudent financial stewardship, sound governance, customer service excellence and long-term value creation. While external conditions impacted financial performance, the Bank maintained a strong balance sheet, preserved regulatory capital and liquidity buffers, strengthened its operational capabilities and continued to advance strategic initiatives that will underpin future growth. Importantly, the year under review represented the culmination of one strategic journey and the preparation for another.

Over the past several years, BSB has undergone one of the most significant transformations in its history. Through the successful execution of the Lesedi Strategy (2022–2025), the Bank evolved from a traditional savings institution into a diversified financial services provider with expanding capabilities across retail banking, lending, business banking, digital financial services, agency banking, payments and insurance.

This transformation fundamentally repositioned the institution. It expanded our relevance within the financial services sector, strengthened our contribution to national development and laid the foundations for a more sustainable and competitive future.

Recognising the scale of this transformation and the importance of embedding the capabilities that had been built, the Board designated the 2025/2026 financial year as Lesedi 2025+1, a strategic transition year focused on consolidation, optimisation and institutional strengthening.

Rather than pursuing rapid expansion, the Board elected to prioritise organisational maturity, operational excellence, governance enhancement and the completion of critical strategic initiatives. This decision reflected our conviction that sustainable success is not achieved through transformation alone, but through the successful institutionalisation of transformation.

The Board is pleased with the progress achieved during this period and believes the organisation enters its next strategic cycle from a position of greater strength, resilience and readiness than at any point in its history.

Financial Performance

The year under review was characterised by significant liquidity pressures across the financial sector, increased competition for funding and elevated funding costs. These market dynamics materially affected the banking industry and resulted in sustained pressure on net interest margins and profitability.

Against this backdrop, Botswana Savings Bank delivered a resilient financial performance while maintaining strong capital and liquidity positions.

Key financial highlights for the year include:

- Profit after tax of P0.4 million (2025: P76.8 million);
- Net interest income of P233 million (2025: P312 million);
- Customer deposits of P4.0 billion (2025: P4.1 billion);
- Net advances of P4.0 billion (2025: P4.4 billion);
- Return on Equity of 0.1% (2025: 22%);
- Capital Adequacy Ratio of 15.9%, well above the regulatory minimum requirement of 12.5%; and
- Liquidity Asset Ratio of 20%, significantly above the prudential minimum requirement of 10%.

While profitability declined substantially compared to the previous year, the financial outcome must be viewed within the context of an exceptionally challenging liquidity environment that affected the entire sector. The sharp increase in funding costs and the competitive pricing required to attract and retain deposits placed considerable pressure on earnings.

DEPUTY CHAIRPERSON'S REPORT

Despite these challenges, the Bank preserved strong liquidity and capital buffers, maintained asset quality discipline and continued to invest in strategic capabilities that will support future growth and sustainability.

The Board remains encouraged by the underlying strength of the institution. BSB enters the next financial year with a solid balance sheet, a strong capital position and a resilient funding base, providing a stable platform for future growth and value creation.

Economic and Industry Environment

Botswana's economic landscape remained challenging throughout the year. The continued slowdown within the diamond sector, constrained liquidity within the domestic market, elevated cost pressures and subdued business activity created a complex operating environment for both businesses and consumers. Financial institutions were required to balance growth ambitions with prudent risk management while navigating increasingly competitive funding markets.

At the same time, customer expectations continue to evolve rapidly. Customers increasingly demand seamless digital experiences, faster service delivery, greater convenience and more personalised financial solutions. These shifts are reshaping the banking sector and creating both challenges and opportunities for financial institutions.

Against this backdrop, BSB remained focused on strengthening its strategic positioning, enhancing customer experience, improving operational efficiency and building the capabilities required to compete successfully in an increasingly digital and customer-centric banking environment.

The Board remains confident in Botswana's long-term economic prospects and believes the bank is well positioned to support national economic development while capturing emerging opportunities within the financial sector.

Lesedi 2025+1 : Consolidating the Foundations for Sustainable Growth

Following the successful completion of the Lesedi Strategy (2022–2025), the Board approved a strategic transition year to ensure that the significant investments made during the transformation journey translated into sustainable and enduring institutional capability.

Lesedi 2025+1 was therefore designed as a year of consolidation, refinement and strategic preparation.

During the year, Management continued to advance a number of critical strategic priorities, including:

- Strengthening digital banking and customer service capabilities;
- Advancing automation and operational efficiency initiatives;
- Enhancing cybersecurity, data governance and technology resilience;
- Strengthening risk management and compliance frameworks;
- Improving organisational effectiveness and execution discipline; and
- Developing the Bank's next long-term strategic direction.

The Board is satisfied that the objectives of Lesedi 2025+1 were substantially achieved. More importantly, the year enabled the Bank to transition from a period of transformation into a period of strategic acceleration. The institution is now better positioned to leverage the capabilities built over recent years and translate them into stronger customer relationships, sustainable growth and enhanced shareholder value.

Governance, Risk Management and Regulatory Stewardship

Strong governance remains the cornerstone of sustainable institutional success. Throughout the year, the Board maintained robust oversight of strategy execution, financial performance, risk management, regulatory compliance and organisational resilience through its governance structures and Board Committees.

Particular attention was devoted to liquidity management, capital preservation, credit risk, operational resilience, cybersecurity, technology governance and regulatory engagement.

The Board also continued to strengthen governance frameworks and risk management practices to ensure that the institution remains aligned with evolving regulatory expectations and industry best practice.

The Bank continued to enhance its Enterprise Risk Management Framework and internal control environment, ensuring that risks were proactively identified, monitored and managed within approved risk appetite parameters.

The Board is satisfied that the Bank maintained compliance with applicable regulatory and prudential requirements throughout the year and remains committed to continuously strengthening governance standards as the institution grows in scale and complexity.

Creating National Impact

As a citizen-owned financial institution, Botswana Savings Bank occupies a unique position within Botswana's financial ecosystem. While financial performance remains critical, our purpose extends beyond financial returns alone. We have an important role to play in expanding access to financial services, supporting entrepre-

neurship, promoting financial inclusion and contributing to the country's broader economic development objectives.

Throughout the year, the Bank continued to support initiatives focused on education, community development and social upliftment. These investments reflect our belief that sustainable institutions contribute meaningfully to the societies they serve.

The Board also recognises the dedication of employees who continue to support community initiatives and volunteer programmes, demonstrating the values that define the culture of Botswana Savings Bank.

Looking Ahead: The Pinagare Strategy (2026–2029)

The completion of Lesedi 2025+1 marks the beginning of a new and exciting chapter in the Bank's journey. During the year, the Board approved the Bank's new three-year strategy, Pinagare 2029. Pinagare is more than a strategic plan. It is a statement of ambition and a blueprint for the future of Botswana Savings Bank.

The strategy is anchored on a clear aspiration: to build the bank that customers rely on most by delivering the simplest, most accessible and most dependable financial solutions in the market.

Over the next three years, the Bank will focus on deepening primary customer relationships, accelerating SME banking, strengthening transactional banking capabilities, expanding digital and agency banking channels, building a stronger payments ecosystem and enhancing operational efficiency.

The strategy also seeks to diversify earnings, strengthen funding stability, improve customer engagement and reinforce long-term financial sustainability.

Importantly, Pinagare aligns commercial success with national impact. It positions BSB to play an increasingly important role in advancing financial inclusion, supporting small and medium enterprises, enabling economic participation and contributing to Botswana's economic transformation agenda.

The Board is confident that the strategic foundations established under Lesedi 2025+1 and strengthened through Lesedi 2025+1 provide a strong platform for the successful execution of Pinagare.

Appreciation

On behalf of the Board, I wish to express our sincere appreciation to our Shareholder, customers, regulators, business partners and all stakeholders for their continued trust, confidence and support.

I extend my gratitude to my fellow Directors for their commitment, stewardship and guidance throughout the year. Their dedication to sound governance and long-term value creation continues to strengthen the institution.

I also wish to recognise the Chief Executive Officer, Management and every employee of Botswana Savings Bank. Their professionalism, resilience and unwavering commitment enabled the Bank to navigate a challenging environment while continuing to serve customers and execute critical strategic initiatives. Their contribution to the ongoing transformation of the institution is deeply appreciated.

The story of Botswana Savings Bank has always been one of evolution, resilience and purpose. From our origins as a savings institution to our emergence as a modern banking institution, we have continually adapted to meet the changing needs of our customers, our shareholder and our nation. Today, we stand at the threshold of another defining chapter. The foundations have been built. The transformation journey has matured. The strategic direction is clear.

Guided by strong governance, supported by a resilient balance sheet and driven by an unwavering commitment to our customers, we are confident in our ability to create sustainable value for our shareholder, contribute meaningfully to Botswana's economic development and realise our ambition of becoming the bank customers rely on most.

The future of Botswana Savings Bank is one of purposeful growth, innovation, operational excellence and national impact.

The Board looks forward to leading the institution through this exciting next phase of its journey.



Emmanuel Kgantumo
Deputy Chairperson
30 June 2026

CHIEF EXECUTIVE OFFICER'S REPORT

1. A Stronger Institution. A Clearer Future

The 2025/2026 financial year was a defining period in the evolution of Botswana Savings Bank (BSB).

It was a year that demanded resilience, discipline and strategic focus. It was also a year that marked the conclusion of one of the most significant transformation journeys in the bank's history and the beginning of an ambitious new chapter.

Over the past four years, through the successful execution of the Lesedi Strategy, Botswana Savings Bank has undergone a profound transformation. We have evolved from a traditional savings institution into a modern banking institution with expanding capabilities across retail banking, lending, business banking, digital financial services, agency banking, payments and insurance.

This transformation has fundamentally reshaped the institution. It has strengthened our relevance within Botswana's financial sector, expanded access to financial services for our customers and created the foundations required to support sustainable long-term growth.

The year under review was therefore not simply another reporting period. It represented a strategic bridge between transformation and future growth.

Recognising the importance of consolidating the gains achieved under Lesedi, the Bank designated the year as Lesedi +1 — a deliberate period of institutional strengthening, strategic consolidation and organisational preparation. The objective was clear: to ensure that the investments, capabilities and reforms introduced during the transformation journey were fully embedded and capable of supporting the next phase of the Bank's evolution.

This approach proved both prudent and necessary.

The operating environment remained challenging throughout the year. The banking sector faced significant liquidity constraints, intense competition for deposits, elevated funding costs and subdued economic activity. These conditions affected the entire industry and placed considerable pressure on profitability.

Against this backdrop, the bank remained focused on preserving financial strength, maintaining operational resilience, supporting customers and advancing strategic initiatives that will create value over the long-term.

While profitability was significantly impacted by external market conditions, the Bank maintained strong capital and liquidity positions, strengthened its control environment, enhanced its operational capabilities and continued to invest in the strategic priorities that will define its future success.

Most importantly, Botswana Savings Bank enters its next strategic cycle stronger, more capable and more prepared for the future than at any point in its history.

2. Operating Environment

The year unfolded against a complex and challenging economic backdrop. Botswana's economy continued to experience the effects of subdued economic activity, constrained market liquidity and ongoing pressures within the diamond sector. These conditions affected business confidence, consumer spending and the availability of liquidity within the financial system.

For the banking sector, the operating environment was characterised by heightened competition for deposits, increasing funding costs and pressure on net interest margins. Institutions were required to balance growth aspirations with prudent liquidity management, capital preservation and disciplined risk management.

At the same time, customer expectations continued to evolve rapidly. Customers increasingly expect seamless digital experiences, faster service delivery, greater convenience and more personalised financial solutions. These shifts continue to reshape the banking landscape and reinforce the importance of technology, innovation and customer-centricity.

Despite these challenges, the Bank remained focused on executing its strategy, supporting customers and strengthening the capabilities required to remain competitive in an increasingly dynamic environment.

3. Financial Performance

Against a challenging market environment, Botswana Savings Bank delivered a resilient financial performance while maintaining a strong and stable balance sheet.

Key financial highlights for the year include:

- Profit after tax of P0.4 million (2025: P76.8 million);
- Net interest income of P233 million (2025: P312 million);
- Customer deposits of P4.0 billion (2025: P4.1 billion);
- Net advances of P4.0 billion (2025: P4.4 billion);
- Return on Equity of 0.1% (2025: 22.0%);
- Capital Adequacy Ratio of 15.9% (2025: 16.6%); and
- Liquidity Asset Ratio of 20% (2025: 11.4%).

The decline in profitability was primarily driven by significant increases in funding costs resulting from industry-wide liquidity constraints and intensified competition for deposits. These factors compressed margins across the sector and impacted earnings performance.

While the financial outcome was below expectations, it is important to view performance within the broader context of the institution's overall financial health and strategic position.

The bank preserved strong capital levels, significantly improved liquidity, maintained prudent risk management practices and remained fully compliant with all regulatory and prudential requirements.

The improvement in the Liquidity Asset Ratio from 11.4% to 20% and the Capital Adequacy Ratio of 15.9% reflect the strength of the bank's balance sheet and the effectiveness of management's focus on resilience and sustainability during a period of market uncertainty.

These fundamentals provide a strong platform for future growth and position the institution to benefit as market conditions improve.

4 Strategic Execution and Transformation

The year under review was characterised by continued progress in strengthening the strategic capabilities required to support the bank's long-term ambitions.

Management remained focused on enhancing customer accessibility, improving operational efficiency, strengthening governance and expanding the bank's ability to serve individuals, businesses and communities across Botswana. Meaningful progress was achieved in several strategic areas.

The bank continued to strengthen its digital banking capabilities and underlying technology infrastructure, improving customer convenience, accessibility and service delivery.

Agency Banking continued to expand its footprint, bringing banking services closer to customers and reinforcing the Bank's commitment to financial inclusion and nationwide accessibility.

The Business Banking proposition was further strengthened as the Bank continued building capabilities designed to support the growth of entrepreneurs, small businesses and emerging enterprises across Botswana.

Operational efficiency initiatives also remained a key focus area. During the year, Management continued to improve processes, strengthen controls, enhance service delivery and improve organisational effectiveness.

Collectively, these initiatives have strengthened the institution and improved its readiness to execute the next phase of its strategic journey.

5. Governance, Risk Management and Sustainability

Strong governance and prudent risk management remain fundamental to the bank's success.

Throughout the year, Management worked closely with the Board and its Committees to ensure effective oversight of strategic, operational, financial and regulatory risks.

Particular attention was devoted to liquidity management, credit risk, operational resilience, cybersecurity, information security and regulatory compliance.

The bank continued to strengthen its Enterprise Risk Management Framework and control environment, ensuring that risks are proactively identified, assessed and managed in a manner consistent with the Bank's risk appetite and strategic objectives.

Sustainability remains integral to the bank's long-term vision. As a citizen-owned financial institution, Botswana Savings Bank remains committed to balancing commercial performance with social impact, financial inclusion and support for national development priorities.

6. Pinagare 2029: The Next Chapter of Growth

During the year, the Board approved the bank's new three-year strategy, Pinagare 2029.

Pinagare represents the next phase in the evolution of Botswana Savings Bank. While Lesedi focused on transforming the institution, Pinagare is focused on accelerating growth, deepening customer relationships and strengthening the Bank's position as a leading indigenous financial institution.

The strategy is anchored on a clear vision: to become the bank customers rely on most by delivering the simplest, most accessible and most dependable financial solutions in the market.

Over the next three years, the Bank will focus on growing primary banking relationships, accelerating SME banking, expanding transactional banking capabilities, strengthening digital and agency banking channels, enhancing operational efficiency and improving long-term financial sustainability.

The strategy also reinforces the bank's commitment to financial inclusion, economic participation and national development.

Management is confident that the capabilities built under Lesedi, strengthened through Lesedi +1 and now embedded within Pinagare provide a strong foundation for the bank's future success.

CHIEF EXECUTIVE OFFICER'S REPORT

7 Looking Ahead

As we enter a new strategic cycle, we do so with confidence, clarity and purpose.

The challenges experienced during the year have reinforced the importance of resilience, disciplined execution and long-term thinking. They have also demonstrated the strength of the institution, the commitment of our employees and the enduring trust placed in us by our customers and stakeholders.

Botswana Savings Bank has emerged from its transformation journey as a stronger, more capable and more relevant institution.

We have a clear strategy.

We have a resilient balance sheet.

We have strengthened governance and risk management capabilities.

We have invested in the platforms and capabilities required for future growth. Most importantly, we have a clear understanding of the role we must play in supporting our customers, enabling economic participation and contributing to Botswana's development.

The opportunities before us are significant.

Guided by the Pinagare Strategy, we remain committed to building a bank that delivers sustainable value to its shareholder, creates meaningful impact for customers and communities, and earns its place as the bank customers rely on most.

8. Appreciation

I wish to express my sincere appreciation to the Board of Directors for their leadership, guidance and unwavering support throughout the year.

I also extend my gratitude to our Shareholder, regulators, customers, business partners and all stakeholders for their continued trust and confidence in Botswana Savings Bank.

Finally, I would like to recognise the dedication, professionalism and resilience of our employees. Their commitment to serving customers and advancing the Bank's strategic objectives remains the foundation of our success.

Together, we look forward to the next chapter of Botswana Savings Bank's journey with confidence and optimism.



Dr Wabo Moswate
Acting Chief Executive Officer

30 June 2026

DIRECTOR'S RESPONSIBILITY STATEMENT

The Directors are required in terms of the Botswana Savings Bank Act of 1992 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the Group and Bank as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS® Accounting Standards as issued by the International Accounting Standards Board and the IFRIC Interpretations as issued by the IFRIC Interpretations Committee. The external auditor is engaged to express an independent opinion on the consolidated and separate financial statements and their opinion is presented on pages 74–77.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and Bank and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Directors set standards for internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk.

These controls are monitored throughout the Group and Bank and all employees are required to maintain the highest ethical standards in ensuring the Group and Bank's business is conducted in a manner that in all reasonable circumstances is above reproach. The Directors are aware of certain internal control deficiencies but no breakdowns involving material loss have been reported to the Directors. Improvement of the control environment continues to be a priority. The focus of risk management in the Group and Bank is on identifying, assessing, managing and monitoring all known forms of risk across the Group and Bank. While operating risk cannot be fully eliminated, the Group and Bank endeavour to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors have made an assessment of the ability of the Group and Bank to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead. The external auditor is responsible for independently auditing and reporting on whether the Group and Bank's consolidated and separate financial statements give a true and fair view in accordance with the IFRS Accounting Standards.

Approval of the consolidated and separate financial statements

The financial statements of the Group and Bank, as set out on pages 78–149, were approved by the Board of Directors on 30 June 2026 and signed on their behalf by:



Mr E Kgantumo
Deputy Chairperson



Dr Wabo Moswate
Acting Chief Executive Officer

Chartered Accountants

Grant Thornton
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Fairgrounds, Gaborone
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Independent Auditor's Report

To the shareholder of Botswana Savings Bank Group

Opinion

We have audited the consolidated and separate financial statements of Botswana Savings Bank ("the Bank" or ("the Group")) set out on pages 78–149, which comprise the consolidated and separate statements of financial position as at 31 March 2026, statements of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and statement of cash flows for the year then ended, and the notes to the consolidated and separate financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and Company as at 31 March 2026, and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and separate Financial Statements section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of annual financial statements 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 audits 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 annual financial statements of the current period. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Partners

Kalyanaraman Vijay (Managing), Aswin Vaidyanathan*, Madhavan Venkatachary*, Anthony Quashie, Sunny K Mulakulam*,
Aparna Vijay* (*Indian)

Key Audit Matter	How the matter was addressed in the
Expected credit losses («ECL») on loans and advances (Group and Company)	
The Group and Company applies IFRS 9 - Financial Instruments ("IFRS 9"), which requires it to assess allowances for impairment of loans and advances on an expected loss basis. Accordingly, the Bank measures such allowances using its own impairment to the loan and advances impairment process and to calculate ECLs. The impairment of loans and advances was considered to be a matter of significant importance to our current year audit due to the following: - Loans and advances are material to the consolidated and separate financial statements. - The level of subjective judgement applied in determining the ECL on loans and advances; and - Significant assumptions applied in the recognition and measurement of credit risk. Key areas of significant management judgement and estimation applied in the measurement of ECL on loans and advances include: - The assessment of whether there has been a Significant Increase in Credit Risk ("SICR") since origination date of the exposure to the reporting date. - Determination of relevant macroeconomic forecasts and forward-looking information. - The determination of the recoverable collateral values of the credit impaired book. - Input assumptions to estimate the probability of default ("PD"), exposure at default ("EAD") and loss given default ("LGD"). More details of the input assumptions are disclosed in notes to the consolidated and separate financial statements.	We assessed the ECL policies and judgements applied by management against the requirements of IFRS 9. We evaluated the design and implementation, of key controls over the loan and advances impairment process, focusing on the identification of the SICR, the management processes implemented for credit models and inputs into the ECL models and evaluated the design and implementation and tested the operating effectiveness of controls relating to the loan origination as part of our understanding of the Bank's credit risk. Making use of our internal experts we reperformed and assessed the reasonableness of the ECL calculation by performing the following procedures: - Obtained an understanding of the methodologies and assumptions used by management in the various ECL model components (PD, EAD, LGD) and assessed these against the requirements of IFRS 9 and best practice. - Assessed and challenged management on the data inputs and key assumptions into the ECL model, which includes the macroeconomic scenario estimates, stage classification of exposures and the estimated PDs, EADs and LGDs including management overlays - Evaluated the ECL model and key assumptions applied in the calculation of the ECL and accuracy of the calculations in the model. - Evaluated whether the relevant probability weighted forward-looking information has been appropriately incorporated within the impairment model by comparing these to widely available market data. - On a sample basis, tested whether the information with respect to loans and advances utilised in the model to the underlying accounting records and other information such as loan agreements and collateral valuation reports maintained by the Bank. - Evaluated the adequacy of the consolidated and separate financial statement disclosures including key assumptions, judgements, and sensitivities for compliance with IFRS Accounting Standards.

Key Audit Matter	How the matter was addressed in the audit
Expected credit losses ("ECL") on loans and advances (Group and Company) (the G)	
	Out of model adjustments and overlays • We challenged the validity and reasonableness of overlays recorded by management by ensuring each overlay was related to a known model weakness or model limitation; • We challenged the key assumptions and judgements related to each overlay to ensure that these were reasonable and supportable using available Bank information or other widely available market data; and considered the need for any other overlays not considered by management based on our judgement. In conclusion, we determined the impairment of loans and advances to customers is not materially misstated and the related disclosures are appropriate.

Other Information

The Directors are responsible for the other information. The other information comprises the general information, Chairperson's Report, Chief Executive Officer's Report and the Directors' Responsibility Statement. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated and separate financial statements, the Directors are responsible for assessing the 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 or Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Group's and Company's financial reporting process.

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 International Standards on Auditing 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 the consolidated and separate financial statements.

As part of an audit in accordance with International Standards on Auditing, 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 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's 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 or Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group or express an opinion on the consolidated 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 Finance and Audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Finance and Audit Committee 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 Finance and Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year 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.



Grant Thornton Gaborone

Firm of Certified Auditors

Practising member: Madhavan Venkatachary (CAP 0017 2026)

30 JUNE 2026

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Figures in Pula thousand	Notes	Group		Company	
		2026	2025	2026	2025
Interest income		701,096	596,004	701,092	595,993
Interest expense		(467,280)	(283,700)	(468,295)	(284,608)
Net interest income	3	233,816	312,304	232,797	311,385
Fee and commission income		18,768	53,650	15,988	19,089
Fee and commission expense		(18,805)	(17,409)	(18,805)	(17,409)
Net fee and commission income	4	(37)	36,241	(2,817)	1,680
Other income	5	6,011	7,284	5,600	6,920
Amortisation of government grant income	25	6,733	16,748	6,733	16,748
Total income		246,523	372,577	242,313	336,733
Net operating income		233,779	348,545	229,980	313,065
Net impairment (expense)/reversal of financial assets	6	(14,391)	(21,634)	(14,391)	(21,634)
Net income		232,132	350,943	227,922	315,099
Employee benefits	7	(119,636)	(126,573)	(117,441)	(123,660)
Depreciation and amortisation	8	(19,467)	(27,030)	(19,339)	(26,997)
Administrative and general expenses	9	(92,392)	(95,150)	(91,873)	(93,739)
Profit (loss) before taxation		637	102,190	(731)	70,703
Income tax expense	10	(232)	(25,400)	-	(18,333)
Profit for the year		405	76,790	(731)	52,370
Other comprehensive income:					
Gains (losses) on property revaluation		48,197	-	48,197	-
Total comprehensive income for the year		48,602	76,790	47,466	52,370

STATEMENT OF FINANCIAL POSITION as at 31 March 2026

	Group		Company	
Figures in Pula thousand	2026	2025	2026	2025
Assets				
Cash and cash equivalents	285,635	183,843	284,800	182,406
Investment in financial assets	497,891	275,298	497,891	275,298
Other assets	18,243	21,297	18,243	20,948
Loans and advances to customers	4,021,759	4,393,055	4,021,759	4,393,055
Investment in subsidiary	-	-	911	911
Current tax receivable	4,820	849	4,820	849
Deferred tax	-	8,615	-	8,621
Right-of-use assets	33,266	33,824	33,266	33,824
Intangible assets	34,317	37,982	34,317	37,982
Property, plant and equipment	117,362	53,824	116,756	53,091
Total Assets	5,013,293	5,008,587	5,012,763	5,006,985
Equity and Liabilities				
Liabilities				
Deposits due to customers	3,955,489	4,083,995	3,993,153	4,126,164
Current tax payable	235	1,920	-	-
Trade and other payables	26,191	28,050	25,035	21,870
Borrowings	529,591	440,104	529,591	440,104
Deferred tax	4,978	-	4,982	-
Dormancy account liability	28,156	28,304	28,156	28,304
Government grant	30,904	37,637	30,904	37,637
Lease liabilities	42,637	42,067	42,637	42,067
Total Liabilities	4,618,181	4,662,077	4,654,458	4,696,146
Equity				
Unrecallable capital	19,721	19,721	19,721	19,721
Statutory reserves	85,882	85,882	85,882	85,882
Revaluation reserve	48,197	-	48,197	-
Retained earnings	241,312	240,907	204,505	205,236
	395,112	346,510	358,305	310,839
Total Equity and Liabilities	5,013,293	5,008,587	5,012,763	5,006,985

STATEMENT OF CHANGES IN EQUITY

	Unrecallable capital	Revaluation reserve	Statutory reserve	Retained earnings	Total Equity
Group					
Balance at 01 April 2024	19,721	-	72,789	177,210	269,720
Profit for the year	-	-	-	76,790	76,790
Transfer between reserves	-	-	13,093	(13,093)	-
Balance at 01 April 2025	19,721	-	85,882	240,907	346,510
Income for the year	-	-	-	405	405
Other comprehensive income	-	48,197	-	-	48,197
Balance at 31 March 2026	19,721	48,197	85,882	241,312	395,112
Note(s)	26	28	27		
Bank					
Balance at 01 April 2024	19,721	-	72,789	165,959	258,469
Profit for the year	-	-	-	52,370	52,370
Transfer between reserves	-	-	13,093	(13,093)	-
Balance at 01 April 2025	19,721	-	85,882	205,236	310,839
Loss for the year	-	-	-	(731)	(731)
Other comprehensive income for the year	-	48,197	-	-	48,197
Balance at 31 March 2026	19,721	48,197	85,882	204,505	358,305
Note(s)	26	28	27		

STATEMENT OF CASH FLOWS

	Group		Company	
Figures in Pula thousand	2026	2025	2026	2025
Cash flows from operating activities				
Interest receipts	687,400	592,508	687,396	592,497
Interest payments	(350,679)	(169,555)	(351,694)	(170,464)
Fees and commission received	18,768	53,650	15,988	19,089
Fees and commission paid	(18,805)	(17,409)	(18,805)	(17,409)
Rent and other income received	6,011	7,284	5,600	6,920
Cash payments to employees and suppliers	(215,167)	(208,016)	(212,443)	(203,701)
Cash flows from operating activities before changes in operating assets and liabilities	127,528	258,462	126,042	226,932
Changes in operating assets and liabilities				
Movement in loans and advances to customers	373,737	(1,726,357)	373,737	(1,726,357)
Movement in amounts due to customers	(200,346)	1,511,455	(204,851)	1,553,594
Movement in other assets	3,054	(1,077)	2,705	(728)
Movement in trade and other liabilities	(1,856)	(9,630)	3,158	(16,661)
Movement in dormancy account liability	(148)	1,574	(148)	1,574
Tax paid	(5,898)	(13,173)	(3,971)	(4,700)
Net cash (used in)/generated from operating activities	296,071	21,254	296,672	33,654
Cash flows from/(to) investing activities				
Purchase of property, plant and equipment	(11,493)	(2,466)	(11,492)	(2,010)
Purchase of other intangible assets	(1,624)	(6,646)	(1,624)	(6,646)
Withdrawals from investment in financial assets	1,951,337	500,018	1,951,337	500,018
Deposits in financial assets	(2,173,930)	(619,838)	(2,173,930)	(619,838)
Net cash generated from/(used in) investing activities	(235,710)	(128,932)	(235,709)	(128,476)
Cash flows from financing activities				
Repayment of Government Grant	-	1	-	1
Borrowings raised	115,000	50,000	115,000	50,000
Repayment of principal - long-term borrowings	(28,386)	(56,720)	(28,386)	(56,720)
Repayment of interest - long-term borrowings	(38,077)	(37,325)	(38,077)	(37,325)
Lease liability payments - principal	(3,294)	(1,555)	(3,294)	(1,555)
Lease liability payments - interest	(3,812)	(3,116)	(3,812)	(3,116)
Net cash generated from financing activities	41,431	(48,715)	41,431	(48,715)
Net movement in cash and cash equivalents for the year	101,792	(156,393)	102,394	(143,537)
Cash and cash equivalents at the beginning of the year	183,843	340,236	182,406	325,943
Total cash and cash equivalents	285,635	183,843	284,800	182,406

MATERIAL ACCOUNTING POLICIES AND INFORMATION

Corporate information

Botswana Savings Bank ("The Bank"), together with its subsidiary BSB Insurance Services Proprietary Limited (BW00002941075) "hereinafter referred to as BSB Insure", provides retail, corporate banking, and insurance brokerage services throughout the country. Botswana Savings Bank is the ultimate parent of the group.

Botswana Savings Bank was established by an Act of Parliament, the Botswana Savings Bank Act of 1992, as a wholly owned financial institution of the Botswana Government for the purpose of providing Banking and financial services for all people in Botswana.

A Transition Act (The BSB Transition Act 2012) was passed by Parliament to allow BSB to convert to a commercial bank named the "Botswana Savings Bank Limited". However, the decision to transform the Bank from a statutory Bank to a commercial bank has been deferred until further notice.

The bank has issued several bonds listed on the Botswana Stock Exchange.

These consolidated financial statements comprise the statutory financial statements of Botswana Savings Bank and its subsidiary. (collectively referred to as the Group). The separate financial statements for the year ended 31 March 2026 were authorised for issue in accordance with a resolution of the directors on 30 June 2026.

1. Statement of compliance

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 (IASB) and the Botswana Savings Bank Act of 1992.

These consolidated and separate financial statements represent the Bank's statutory consolidated and separate financial statements and were approved for issue by the Board of Directors on 30 June 2026.

1.1 Basis of preparation

The consolidated and separate financial statements are presented in Botswana Pula, which is the Group functional currency and are rounded off to the nearest thousand Pula, unless otherwise stated.

The consolidated and separate financial statements have been prepared on the historic cost basis, except where otherwise stated. The consolidated and separate financial statements incorporate the results of the bank and its subsidiary. A Subsidiary is an entity which is controlled by the Parent. The Parent entity ("The Bank") holds 100% ordinary shares of the subsidiary. The Parent measures investments in a subsidiary in its separate financial statements at cost less impairment.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Group and Company have prepared consolidated financial statements on the basis that they will continue to operate as a going concern and incorporate the following accounting policies which are consistent with those applied in the previous year except where otherwise stated.

1.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at March 2026. The Group consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to

variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When assessing whether it has power over an investee and therefore controls the variability of its returns, the Group considers all relevant facts and circumstances, including:

- The purpose and design of the investee
- The relevant activities and how decisions about those activities are made and whether the Group can direct those activities
- Contractual arrangements such as call rights, put rights and liquidation rights
- Whether the Group is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such returns.

The subsidiary was acquired on the date of incorporation and consequently no goodwill arose on the date of initial recognition.

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between the Subsidiary and the Parent are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, Non-Controlling Interest (NCI) and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value at the date of loss of control. During the year there were no change in ownership of the subsidiary.

1.3 Segmental reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with any of the Group's other components, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the Group's CEO (being the CODM) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Bank's headquarters), head office expenses and tax assets and liabilities.

The Group has reportable segments that comprise the structure used by the CODM to make key operating decisions and assess performance. The group's reportable segments are operating segments that are differentiated by the industry in which they operate.

The Group evaluates the performance of its reportable segments based on earnings before interest and tax ("EBIT") as well as earnings before interest, tax, depreciation, amortisation and impairments ("adjusted EBITDA").

The Group accounts for intersegment sales and transfers as if the revenue and transfers were entered into under the same terms and conditions as would have been entered into in a market-related transaction.

The financial information (including revenue, EBIT, adjusted EBITDA, total assets and total liabilities) of the Group's reportable segments is reported to the CODM for purposes of making decisions about allocating resources to the segment and assessing its performance.

1.4 Interest income and expense

Interest income and expense for all interest-bearing financial instruments is recognised on an accrual basis using the effective interest method on the original settlement amount. Interest income includes the amortisation of any discount or other differences between the initial carrying amount of an interest-bearing instrument and its amount calculated on an effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group and Bank estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

Where the estimates of payments and receipts on financial assets or financial liabilities are subsequently revised, the carrying amount of the financial asset or financial liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is calculated by comparing the present value of the estimated cash flows at the financial asset or financial liability's original effective interest rate. Any adjustment to the carrying value is recognised in the net interest income. When a financial asset of the Group and Bank has been written down as a result of an impairment loss, interest income is recognised using the rate of interest that discounts the future cash flows of the asset for the purpose of measuring the impairment loss.

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 and Bank, are recognised as revenue on a straight-line basis over the period for which the funds are committed.

1.5 Revenue from contracts with customers

The Group and Bank applies IFRS 15 Revenue from Contracts with Customers.

IFRS 15 contains a single model that establishes a five-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise Revenue when (or as) the entity satisfies a performance obligation.

The Group and Bank recognises revenue when (or as) a performance obligation is transferred to the customer.

Fees and commission income Fees and commission income comprise of fees charged on customer's accounts such as insufficient funds fees, overdraft charges, late fees, over-the-limit fees, wire transfer fees and monthly service charges. These fees are recognised over the period over which the underlying service is provided to the customer. Transactional fees such as cash withdrawal fees, deposit fees, etc. are recognised at the point in time of transactions with customers and payment is received monthly.

MATERIAL ACCOUNTING POLICIES AND INFORMATION

1.5 Revenue from contracts with customers [continued]

The Group and Bank apply IFRS 15 Revenue from Contracts with Customers.

IFRS 15 contains a single model that establishes a five-step approach to revenue recognition:

- **Step 1:** Identify the contract(s) with a customer;
- **Step 2:** Identify the performance obligations in the contract;
- **Step 3:** Determine the transaction price;
- **Step 4:** Allocate the transaction price to the performance obligations in the contract; and
- **Step 5:** Recognise Revenue when (or as) the entity satisfies a performance obligation.

The Group and Bank recognise revenue when (or as) a performance obligation is transferred to the customer.

Fees and commission income

Fees and commission income comprise of fees charged on customers accounts such as insufficient funds fees,

overdraft charges, late fees, over-the-limit fees, wire transfer fees and monthly service charges. These fees are recognised over the period over which the underlying service is provided to the customer. Transactional fees such as cash withdrawal fees, deposit fees, etc. are recognised at the point in time of transactions with customers and payment is received monthly.

Fees and commissions that form an integral part of the effective interest rate are excluded from fees and commissions from customers and are recognised in non-interest income.

Fee and commission income is earned by the Group and Bank by providing customers with a range of services and products, consisting 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.

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 and Bank's performance obligation is satisfied, e.g. annual card fees and asset management and related fees; and
- commission income on bills endorsed is credited to profit or loss over the life of the relevant instrument on a time apportionment basis.

Commission revenue from the sale of insurance policies

The subsidiary company generates revenue primarily through commissions promised service is the effective placement of insurance policies relating to life and property and casualty insurance. Commissions vary depending upon several factors, which may include the amount of premium, the type of insurance or coverage provided by the insurer. In addition, the transaction price might include an element of consideration that is variable or contingent on the outcome of future events, such as policy cancellations, lapses or renewals, volume of business, claims experience or performance bonuses.

At the completion of the insurance policy placement process once coverage is effective (i.e, performance obligation), the customer obtains control over the service promised by the Group and Bank. Commissions may be invoiced near the effective date of the underlying policy or over the term of the arrangement in instalments during the policy period. The performance obligation is therefore discharged at a specific point in time.

The Group and Bank allocates variable consideration to a single performance obligation because:

The variable payment relates to a specific performance obligation or outcome from satisfying that performance obligation.

Allocating the variable amount of the consideration entirely to the separate performance obligation is consistent with the amount of consideration to which the entity expects to be entitled for satisfying that performance obligation after considering all other performance obligations and payment terms in the contract.

The Group and Bank have elected to apply the practical expedients to not disclose the revenue related to unsatisfied performance obligations if:

The contract has an original duration of 1 year or less,

The Group and Bank has recognised revenue for the amount which it has the right to bill, and

The variable consideration is allocated entirely to an unsatisfied performance obligation which is recognised as a series of distinct goods or services that form a single performance obligation.

1.6 Other income

Other income comprises income from:

- Rentals*,
- Rooftop satellite hosting fees* and
- Other non-operating revenue streams. These relate to fees earned from selling activities other than those related to banking operations. This includes sales of tender documents and profit from fixed assets sales. Other non-operating revenue streams are recognised at the point in time when the transaction takes place.

** Refer to the Group and Bank as lessor section under accounting policy 1.14 Leases.*

1.7 Government grant income

Grant income is income relating to projects funded by the government grant. Grant income received is initially recognised as a liability. Subsequently, the grant income is released to the statement of profit or loss over the expected life of the asset at the same rate at which the related asset is depreciated.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical aid), is recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Terminal benefits

Certain employees are entitled to terminal gratuities in accordance with their contracts of employment. An accrual is recognised for the estimated liability for such employees up to the reporting date.

This accrual is based on undiscounted current wage and salary rates. All other employees are members of the Bank's pension scheme.

Pension obligations

The Group and Bank operate a defined contribution pension scheme and its assets are managed by an independent fund under supervision of the board of trustees. The Group and Bank pay 15% contributions on behalf of its employees and the employees contribute 5% of basic salary. Once the contributions have been made, the Group and Bank have no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

1.9 Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised in the Group and Bank's statement of financial position when the Group and Bank becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Classification and subsequent measurement of financial assets Management determines the classification of its financial assets at initial recognition, based on:

- the Group business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

Business model

The Group and Bank 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 portfolios of financial assets are managed together to achieve a particular business objective.

In considering whether the business objective of holding a portfolio 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 and Bank only consider a transaction a sale if the asset is derecognised for accounting purposes.

Cashflow characteristics

For a debt instrument to be measured at amortised cost, 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.

MATERIAL ACCOUNTING POLICIES AND INFORMATION

1.9 Financial instruments [continued]

If the contract contains prepayment penalties, the amount of the prepayment penalty is compared to the present value of the margin that would be earned if the loan is not prepaid. If the amount of the prepayment penalty is lower than or equal to the margin lost due to prepayment, this is considered reasonable compensation and the loan passes the SPPI test.

Amortised cost

Financial assets are measured at amortised cost using the effective interest 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 comprise of the retail loans and advances, related party receivables, other assets, balances with other banks, cash and cash equivalents.

For purchased or originated credit-impaired financial assets, the Group and Bank 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 cashflows of the financial asset.

Cash and cash equivalents 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 maturing date of less than three months from the date of acquisition. Money at call and short notice constitutes amounts withdrawable in 90 days or less.

Retail loans and advances are held to collect contractual cash flows. The business model focus on growing advances within acceptable credit appetite limits and maintaining robust collection practices. The products included under this business model include:

- residential mortgages;
- vehicle finance; and
- personal loans.

The cash flows on retail loans and advances are solely payments of principal and interest. Interest charged to customers compensates the Group and Bank 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.

Classification and subsequent measurement of financial liabilities

The Group and Bank classifies a financial instrument that it issues as a financial liability or an equity instrument in accordance with the substance of the contractual agreement.

IFRS 9 establishes a three-stage approach for the impairment of financial assets:

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Financial liabilities measured at amortised cost

The following liabilities are measured at amortised cost using the effective interest rate method: a way of calculating the amortised cost of a financial liability and allocating the interest income or expense over the relevant period.

- deposits;
- lease liabilities; and
- borrowings.

Impairment of financial assets and off-balance sheet exposures subject to impairment.

This policy applies to financial assets, measured at amortised cost which includes:

- Loans and advances;
- Cash equivalents;
- Investment in financial assets;
- Loan commitments;
- Lease receivables; and
- Related parties receivables.

Loans and advances

The 'loans and advances' caption in the statement of financial position includes loans and advances measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost under the effective interest method.

Significant increase in credit risk since initial recognition (SICR)

To determine whether loans and advances have 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 and Bank re-prices loans and advances/facility. A change in terms and conditions results in derecognition of the original loan and advance/facility and recognition of a new loan and advance/facility.

SICR test thresholds are re-assessed 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 retail client's facilities on a credit watch-list. 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.

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 trig-

gered, 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.

Low credit risk

The Group and Bank applies the low credit risk assumption and classifies loans and advances meeting this criteria in stage 1.

Credit-impaired financial assets

Loans and 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 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 and Bank to actions such as the realisation of security. Indicators of the unlikeliness 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. Loans and advances 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 re-defined rates.

Credit risk measurement

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails

further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The Group and Bank has developed statistical models to support the quantification of credit risk. These quantitative models are in use for all key credit portfolios and form the basis for measuring default risks. In measuring the credit risk of loans and advances at a counterparty level, the Group and Bank considers three components, namely: (i) the 'probability of default' (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Group and Bank derives the 'exposure at default' (EAD); and (iii) the expected loss on the defaulted obligations (the 'loss given default') (LGD).

These credit risk measurements, which reflect expected loss (the 'expected loss model'), are required by the Basel Committee on banking regulations and the supervisory practices (the Basel Committee) and are embedded in the Group's daily operational management.

(i) Probability of default (PD)

The probability of default is an indication of the probability that a given loan will default. Under Basel II and IFRS 9 the elements that make up a loss are defined as economic loss and will include direct and indirect costs associated with collecting on the exposure such as allocations of internal overheads and other non-cash costs.

(ii) Exposure at default (EAD)

The exposure at default under Basel II and IFRS 9 will take into account an expectation of future draw-downs until the default event has occurred by utilising loan run down for amortising products and a credit conversion factor for non-amortising products. For example, for a loan this is the face value at the default date. For a commitment, the Bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

MATERIAL ACCOUNTING POLICIES AND INFORMATION

1.9 Financial instruments [continued]

Credit risk measurement [continued]

(iii) Loss given default (LGD)

Loss given default or loss severity represents the Group expectation of the extent of loss on a claim should default occur (1 - recovery rate). It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. The measurement of exposure at default and loss given default is based on the risk parameters standard under Basel II and IFRS 9.

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes in credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group and Bank.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired. A description of how the Group and Bank determine when a significant increase in credit risk has occurred is explained further below.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. A description of how the Group and Bank defines credit-impaired and default is explained further below.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3 have their ECL measured based on expected credit losses on a lifetime basis. A description of inputs, assumptions and estimation techniques used in measuring the ECL is explained further below.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should carry forward-looking information. Note 32 includes an explanation of how the Bank has incorporated this in its ECL models.

Further explanation is also provided on how the Bank determines appropriate groupings when ECL is measured on a collective basis (refer to note 32).

Monitoring and remeasurement of loss allowances

The Bank actively monitors the credit risk of financial assets to assess whether there has been a significant increase in credit risk (SICR) since initial recognition, as required by IFRS 9 – Financial Instruments. A three-stage impairment model, wherein financial assets are classified into Stage 1 (12-month ECL), Stage 2 (lifetime ECL – not credit-impaired), or Stage 3 (lifetime ECL – credit-impaired).

For financial assets originally assessed to have low credit risk and measured with a 12-month expected credit loss allowance (Stage 1), the Bank continuously evaluates changes in credit quality using a combination of quantitative and qualitative indicators, including:

- Deterioration in payment behavior or delinquency status (e.g., days past due),
- Adverse changes in the borrower's financial position or macroeconomic conditions,
- Internal credit risk rating downgrades, and
- Forbearance or restructuring indicators.

Where these indicators reflect that credit risk has increased significantly since initial recognition—i.e., the asset no longer meets the criteria for low credit risk—the Bank reclassifies the asset to Stage 2 and recalculates the loss allowance to reflect lifetime expected credit losses.

This assessment is conducted monthly, through automated and manual credit risk monitoring processes embedded in the Bank's risk management systems. The ECL model is recalibrated at each reporting date using updated inputs such as probability of default (PD), loss given default (LGD), and exposure at default (EAD), incorporating forward-looking macroeconomic information consistent with internal base, upside, and downside scenarios.

In line with IFRS 9.5.5.10, the Bank reassesses financial assets at each reporting date to determine whether conditions have improved sufficiently to warrant a movement from lifetime ECL back to 12-month ECL (Stage 1), provided that SICR indicators are no longer present.

This approach ensures that loss allowances remain responsive to changes in credit risk and are consistent with the underlying risk characteristics of the Bank's financial asset portfolio.

Measuring ECL-Explanation of inputs, assumptions and estimates on techniques

The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit has occurred since initial recognition or whether an asset is considered to be credit-impaired.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival.

This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12 month PD. The maturity profile looks at how defaults develop on a portfolio from the point of observation throughout the remainder of the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio segment. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortisation products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by the borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Bank's recent default data.

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type. This is supported by historical analysis of recoveries per portfolio segment, including the discounting of the recoveries to the default date as well as the recovery costs accounted for.

The assumptions underlying the ECL calculation are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period.

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 loans and advances for secured as well as unsecured exposures, write-offs cannot occur if there is evidence of recent payment behaviour. Each credit portfolio has articulated a write-off policy that aligns with the principles of IFRS 9 while taking the business context of that portfolio into account.

Within the loans and advances 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 sale 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 loans and advances unsecured portfolios are defined on a per-portfolio basis with reference to cumulative delinquency and/or payment recency, with write-offs typically occurring when cumulative payments have been missed.

Other financial assets

Cash equivalents

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

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

Cash equivalents exposures are classified

as stage 1 unless specific evidence of impairment exists. When evidence of specific impairments exists, then these assets will be immediately classified as stage 3 due to their nature.

Other assets

ECL for other assets and where applicable, are calculated using the simplified approach. This results in a lifetime ECL being recognised.

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 and Bank have 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 and Bank determine 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.

MATERIAL ACCOUNTING POLICIES AND INFORMATION

1.9 Financial instruments [continued]

Transfers, modifications and derecognition [continued]

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, and are not merely an attempt to recover outstanding amounts. Where the modification does not result in an accounting derecognition the original asset continues to be recognised.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets. 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 (based on management best estimate) different from the discounted present value of the remaining cash flows of the original financial liability.

A modification of a financial liability is considered substantial and results in derecognition of the original financial liability when the revised contractual terms are significantly different from the original terms. In assessing whether the modification is substantial, the Group and Bank consider both quantitative and qualitative factors, including whether the revised terms reflect prevailing market conditions at the modification date. Where the modification is not substantial, the original financial liability continues to be recognised.

Offsetting of financial instruments and collateral

Where the requirements of IFRS are met, the Group and Bank offset 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.

1.10 Impairment of non-financial assets

The Group and Bank assess at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group and Bank estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined. The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.11 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.12 Property, plant and equipment

Property and equipment are measured either at cost less accumulated depreciation and impairment losses or, in the case of land and buildings, at revalued amounts. During the year, the Group adopted the revaluation model for its buildings. Under this model, buildings are carried at fair value, determined by independent professional valuers, less subsequent depreciation

and impairment losses. Any increase in the carrying amount arising on revaluation is recognised in Other Comprehensive Income and accumulated in equity under the Revaluation Reserve, except to the extent that it reverses a previous revaluation decrease recognised in profit or loss. Revaluation decreases are recognised in profit or loss to the extent that they exceed any existing balance in the Revaluation Reserve relating to the same asset.

Cost includes expenditure that is directly attributable to the acquisition of the assets. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate components of property and equipment. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the asset and are recognised in profit or loss.

Subsequent expenditure is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it

is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. Repairs and maintenance costs are recognised in profit or loss in the period in which they are incurred. Major renovations are capitalised when they enhance the future economic benefits expected from the asset beyond its originally assessed standard of performance. Such costs are depreciated over the remaining useful life of the related asset or until the next planned major renovation, if this period is shorter. The carrying amount of the replaced component is derecognised.

Depreciation on property and equipment is calculated using the straight-line method to allocate the depreciable amount of the assets over their estimated useful lives. Land is not depreciated. Buildings carried under the revaluation model are depreciated based on their revalued amounts over their remaining useful lives. The following estimated useful lives are applied in depreciating the Group's assets

Item	Depreciation	Average useful life method
Buildings & leasehold improvements	Straight line	Shorter of 50 years or estimated life of period of the lease
Furniture and fixtures	Straight line	6 to 10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 to 10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

MATERIAL ACCOUNTING POLICIES AND INFORMATION

1.12 Property, plant and equipment [continued]

Impairment of property and equipment.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to the recoverable amount. The recoverable amount of assets is the greater of net selling price and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset.

For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognised in profit and loss.

Where an impairment loss subsequently reverses, the carrying amount of the assets (cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior periods. A reversal of an impairment loss is recognised in profit or loss as income immediately.

1.13 Capital work-in-progress

Work-in-progress comprises costs of non-current assets acquired but not yet put into their intended use or projects under construction. Once management is satisfied that the asset is ready for its intended use, all costs associated with the asset are then transferred from the work-in-progress account to the respective assets account. No depreciation is charged on any work-in-progress balances.

1.14 Leases

The Group and Bank assess whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determines whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group and Bank have the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group and Bank as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group and Bank is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group and Bank recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate stand-alone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the Group and Bank is a lessee are presented in note 18 Right of use asset and lease liabilities (Group and Bank as lessee).

Leases for which the Bank is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

The Bank acts as a lessor in operating lease arrangements involving both office and roof space. The leasing activities primarily involve the rental of office premises and rooftop infrastructure under non-cancellable lease agreements.

The Bank leases out a portion of its office building to the Ministry of Transport for administrative use. This lease is classified as an operating lease, with lease income recognised on a straight-line basis over the lease term, in accordance with IFRS 16. The lease does not transfer substantially all the risks and rewards incidental to ownership of the asset, and the Bank retains the underlying ownership of the property. The lease agreement includes standard commercial terms, such as renewal options and fixed escalation clauses.

Additionally, the Bank leases rooftop space on selected buildings to telecommunications service providers for the installation of satellite and antenna infrastructure. These arrangements are also classified as

operating leases, typically with fixed lease payments over the contractual term and renewal options subject to mutual agreement.

The Bank is not exposed to significant residual value risk in respect of these rooftop leasing arrangements. All lease contracts as lessor do not include any purchase options, variable lease payments linked to usage or performance, or guarantees of residual value. The Bank's leasing activities as a lessor are not material to the financial performance but do contribute to other income and represent efficient utilisation of owned assets.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are to be made over the lease period. The lease payments include fixed payments (including in substance fixed payments) less any lease payments incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payment, the Bank uses its incremental borrowing rate (IBR) at the lease commencement date. Subsequently, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, change in lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value leases

The Bank applies the short-term lease recognition exemption to its short-term leases of property (that is, those leases that have a lease term of 12 months or less from the commencement date). The Bank also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

Right-of-use assets

The Group and Bank recognise right of use assets at the commencement date of the lease (that is, the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Item	Depreciation method	Average useful life
Leasehold property	Straight line	3 - 10 years

Group and Bank as lessor

Leases for which the Group and Bank are a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

The Group and Bank act as a lessor in operating lease arrangements involving both office and roof space. The leasing activities primarily involve the rental of office premises and rooftop infrastructure under non-cancellable lease agreements.

The Group and Bank lease out a portion of its office building to the Ministry of Transport for administrative use.

This lease is classified as an operating lease, with lease income recognised on a straight-line basis over the lease term, in accordance with IFRS 16. The lease does not transfer substantially all the risks and rewards incidental to ownership of the asset, and the Group and Bank retain the underlying ownership of the property. The lease agreement includes standard commercial terms, such as renewal options and fixed escalation clauses.

Additionally, the Group and Bank lease rooftop space on selected buildings to telecommunications service providers for the installation of satellite and antenna infrastructure. These arrangements are also classified as operating leases, typically with fixed lease payments over the contractual term and renewal options subject to mutual agreement. The Group and Bank are not exposed to significant residual value risk in respect of these rooftop leasing arrangements. All lease contracts as lessor do not include any purchase options, variable lease payments linked to usage or performance, or guarantees of residual value. The Group and Bank's leasing activities as a lessor are not material to the financial performance but do contribute to other income and represent efficient utilisation of owned assets.

Although the risks associated with rights that the Group and Bank retain in underlying assets are not considered to be significant, the Group and Bank employ strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Group and Bank when a property has been subjected to excess wear-and tear during the lease term.

Lease receipts from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits from the use of the underlying asset are diminished. Operating lease income is included in other income (note 5).

MATERIAL ACCOUNTING POLICIES AND INFORMATION

1.14 Leases [continued]

Right-of-use assets [continued]

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any pre-paid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

1.15 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and Bank; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.

- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	5 years

1.16 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Grant income related to income expenditure is initially recognised as deferred income in the statement of financial position and subsequently released to the statement of profit or loss when the intended expenditure is incurred by the Group and Bank.

Grant income related to capital projects or physical assets is initially recognised as deferred income in the statement of financial position with a corresponding asset recognised in property, plant and equipment. Subsequently, the deferred income is released to the statement of profit or loss as grant income over the expected useful life of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

1.17 Unrecallable capital

This represents equity contributed by the Government of Botswana and is recognised at the fair value of the consideration received.

1.18 Statutory reserve

At the end of every financial year, the Group and Bank pay into the statutory reserve fund an amount not less than 25% of its net profits.

1.19 Key sources of estimation uncertainty

(a) Measurement of Expected credit losses (ECL)

Key inputs and assumptions

The Expected Credit Loss of the financial asset is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred and an asset is credit impaired. The total Expected Credit Loss is a discounted product of the Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD).

Impairment of Loans and Advances

Probability of Default (PD)

Retail parameters are determined on a product level basis. Where appropriate an analysis at a sector level within a product is performed. The monthly staging ratings determined under SICR are used to model historic default rates using a credit transition matrix model based on cohorts that the Group and Bank believe reflect conditions that are likely to apply in the future. The statistical models generate periodic probabilities of default, prepayment rates and recovery rates that reflect the average over the period of study, also called Through The Cycle (TTC).

Lifetime default curves are developed from periodic TTC parameters to reflect increasing risk with time.

TTC parameters are converted to Point In Time (PIT) parameters that reflect forward looking information and are indicative of default, prepayment and recovery rates that will apply in the future.

Exposure At Default (EAD)

The loan level exposure at default is estimated at each point in time over the life of the facility taking into consideration loan commitments implicit prepayment rates, the outstanding loan balance, the remaining tenure, the

effective interest, the current staging and implicit prepayment rate.

Loss Given Default (LGD)

Loss given default (LGD) rates are estimated at the product level for products that have uniform guarantee structures. The LGD considers factors such as changes in the credit quality of the collateral, the time to recovery of the collateral, costs of recovery, liquidity haircuts to market value and the appropriate discount rate for the collateral. For products that have heterogeneous collateral arrangements at loan level, LGD is computed at loan level reflecting specific characteristics of the collateral structure.

Key credit risk metrics

	Motor vehicle loans	Residential loans	Personal loans	Weighted average
Coverage Ratios				
31 March 2026	0.74 %	0.58 %	3.62 %	3.20 %
31 March 2025	0.50 %	0.53 %	2.84 %	2.58 %
31 March 2024	0.17 %	0.64 %	4.04 %	3.42 %
Loss Given Default (LGD)				
31 March 2026	16.78 %	18.78 %	89.50 %	81.06 %
31 March 2025	39.28 %	13.65 %	90.58 %	77.45 %
31 March 2024	29.13 %	17.21 %	85.96 %	75.69 %
Probability of Default (PD)				
31 March 2026	4.38 %	3.10 %	4.04 %	3.95 %
31 March 2025	1.28 %	3.87 %	3.14 %	3.34 %
31 March 2024	0.57 %	3.74 %	4.70 %	4.52 %

Forward-looking information

The Group and Bank have considered the different scenarios and related probabilities in determining its forward- looking assumptions for purposes of measuring its Expected Credit Loss (ECL). The Group and Bank consider the scenarios to represent reasonable and supportable forward-looking views as at its reporting date.

MATERIAL ACCOUNTING POLICIES AND INFORMATION

1.19 Key sources of estimation uncertainty [continued]

Approach to Incorporate Forward-Looking Indicators (FLI)

Forward-looking macro-economic indicators (FLI) have been used to modify the TTC PDs to PIT PDs by applying scalars to TTCs lifetime credit curve. These scalars were obtained through a logistic regression of historical PDs to various macroeconomic factors which included GDPs, interest rates, inflation rates, commodity price index, Botswana Stock Exchange equity index, exchange rates and banking sector liquidity. Macroeconomic forecasts were obtained by using historical relations between variables obtained by multi-variable regression analysis. These were checked for economic rationality and judgment was used in their application.

Forward-looking information is used to adjust the parameters that drive the LGD such as time to recovery, liquidity haircuts and expected changes in credit quality.

Forward looking information applied in March 2026 ECL computation

The FLIs applied in the current financial year modelling process are GDP, interest rates and inflation rates.

The Group and Bank project inflation to be under control at between 4-5.5% in spite of anticipated heightened local pressure from election-driven spending in the fourth quarter of 2024 into 2025 and global uncertainties in oil and commodities prices. GDP is forecast to grow by 4.0-5.5% over the forecast period on account of the full implementation of

government infrastructure projects and fiscal-driven policies meant to stimulate the local economy. Interest rates are forecast to marginally reduce as the central bank adopts an accommodative monetary policy that seeks to unwind the triple increase from 2024.

Overall the Group and Bank project that employment levels in the government and related sectors, which comprise over 90% of its exposure, will be maintained and minimal impact is expected of macro-economic variables on the expected credit loss estimate.

The following table shows the main macroeconomic factors used to estimate the allowances for credit losses on loans:

Macroeconomic forecast

Projection period	Real GDP growth		Real interest rate		General inflation rate	
	2026	2025	2026	2025	2026	2025
First year	2.70 %	0.80 %	1.25 %	- %	7.50 %	4.50 %
Second year	3.20 %	1.20 %	(2.50) %	1.00 %	5.75 %	6.00 %
Third year	3.80 %	2.60 %	(4.00) %	1.00 %	4.13 %	5.10 %

Macroeconomic scenarios driving FLI's

Period	Upside		Downside	
	Inflation	Change in RIR	Inflation	Change in RIR
2026	8.90 %	2.00 %	6.60 %	0.75 %
2027	7.00 %	(0.50) %	5.00 %	(1.75) %
2028	4.25 %	(4.50) %	4.00 %	(5.75) %

Impact of forward- looking information (FLI) on ECL - 31 March 2026

	Motor Vehicle P'000	Residential property P'000	Personal loans P'000	Total P'000
Loans and advances				
ECL before FLI adjustments	892	2,205	124,172	127,269
Impact of FLI	15	432	4,757	5,204
ECL after FLI adjustments Residential	907	2,637	128,929	132,473

Impact of forward- looking information (FLI) on ECL - 31 March 2025

	Motor Vehicle P'000	Residential property P'000	Personal loans P'000	Total P'000
Loans and advances				
ECL before FLI adjustments	108	2,513	111,962	114,583
Impact of FLI	-	-	1,433	1,433
ECL after FLI adjustments Residential	108	2,513	113,395	116,016

Sensitivity of ECL for loans and advances - 31 March 2026	Change in variable				
	Base value	Inflation		Shift in real interest rate	
Change in variable	-	1.0% increase	1.0% decrease	1.0% increase	1.0% decrease
ECL (P'000) as at 31 March 2026	132,473	-	-	134,025	130,176
Change in ECL (P'000)	-	-	-	1,552	(2,297)
% change in ECL	-	- %	- %	2.10%	(2.00)%
Change in inflation rate	- %	- %	- %	- %	- %
Change in real interest rate	- %	- %	- %	1.00%	(1.00)%

Sensitivity of ECL for loans and advances - 31 March 2025	Change in variable				
	Base value	Inflation		Shift in real interest rate	
Change in variable	-	1.0% increase	1.0% decrease	1.0% increase	1.0% decrease
ECL (P'000) as at 31 March 2025	116,016	116,759	114,085	118,448	113,753
Change in ECL (P'000)	-	743	(1,931)	2,472	(2,263)
Change in ECL (P'000)	-	0.64%	(1.66)%	2.10%	(2.00)%
Change in inflation rate	2.80%	3.80%	1.80 %	- %	- %
Change in real interest rate	- %	- %	- %	1.00%	100%

MATERIAL ACCOUNTING POLICIES AND INFORMATION

1.19 Key sources of estimation uncertainty [continued]

(i) Probability of default (PD)

The probability of default is an indication of the probability that a given counterparty will not meet its contractual obligation to the Group and Bank. Due to heterogeneity in the data relating to counterparty, the probability of default (PD) is modelled using various structural models of assessing credit risk. The probabilities of default under the structural model take into consideration the volatility of the counterparties assets, liabilities, and volatility of assets. The volatility is adjusted to include forward looking information that will apply during the period that the Group and Bank have exposure to the counterparty.

(ii) Exposure at default (EAD)

The exposure at default considers an expectation of future drawdowns until the default event has occurred by utilizing loan run down for amortising products and a credit conversion factor for non-amortising products. For example, for a loan this is the face value at the default date. For a commitment, the Group and Bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

For receivables that are impaired the exposure at default includes the amount of interest, charges and penalties that will be accrued till the expected time to recovery.

(iii) Loss given default (LGD)

Loss given default or loss severity represents the Group and Bank's expectation of the extent of loss on a claim should default occur (1 - recovery rate). It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. The measurement of exposure at default and loss given default is based on the risk parameters standard under Basel II and IFRS 9.

The recovery rate in liquidation (LRR) is estimated using the discrete asset valuation method (DAV). The DAV method considers the value of assets at the valuation date, the time to recovery of each asset class, the appropriate discount rate for each asset, a liquidity haircut, the costs of insolvency, taxes and the waterfall structure of the recovered amounts to the various creditors.

The probability of liquidation is estimated using structural models. These models estimate the probability of being liquidated as a function of the assets, liabilities, and volatility of assets.

(b) Lessee's incremental borrowing rate

The Group and Bank have adopted the incremental borrowing rate as the discount factor. The discount factor takes into account the interest rates on the existing facilities where applicable and commercial rates the Group and Bank could be offered by their lenders if they were to source for funding. The Group and Bank used incremental borrowing rates ranging from Prime plus 1.5% to prime plus 3.75% in recognizing the lease liabilities at the date of initial application.

(c) Discount factor Under IFRS 16,

Leases, discount rates are used to determine the present value of the lease payments used to measure a lessee's lease liability. Discount rates are also used to determine lease classification for a lessor and to measure a lessor's net investment in a lease. For lessees the lease payments are required to be discounted using either the interest rate implicit in the lease if readily determined or the lessee's incremental borrowing rate.

Leases - Determining the lease term of contracts with renewal and termination options The Group and Bank determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is

reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and Bank have several lease contracts that include extension and termination options. The Group and Bank applies judgment in evaluating if it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

(d) Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

In the preparation of the AFS for this year, management assessed the entity's tax positions in accordance with IFRIC 23. The assessment considered all relevant facts and circumstances, including all correspondence with the Botswana Unified Revenue Service (BURS), historical tax positions, and prevailing legal interpretations.

At the reporting date, there were no material uncertainties regarding tax treatments that would necessitate specific disclosure under IFRIC 23. Consequently:

- Management did not identify any significant judgments made in determining taxable profit, tax bases, unused tax losses or credits, or applicable tax rates that would require disclosure under paragraph 122 of IAS 1.
- Similarly, there were no significant assumptions or estimation uncertainties relating to uncertain tax positions that meet the threshold for disclosure under paragraph 125 of IAS 1.

Should any material uncertainty arise in future periods, management will ensure full compliance with IFRIC 23 by disclosing the nature of the uncertainty under tax treatment, the judgments applied, and the assumptions used in determining the tax treatment.

(e) Residual values and useful lives of intangible assets and property and equipment

The Group and Bank depreciates its property and equipment on a straight-line basis by allocating the depreciable amount (original cost) equally over its estimated useful life. Useful lives are also reviewed annually and are adjusted when it is evident that the economic benefits initially anticipated will not flow from the asset over the same duration or to the same extent.

2. New Standards and Interpretations

2.1 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:

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 has adopted the amendment for the first time in the 2026 consolidated and separate financial statements.

The impact of the amendment is not material.

2.2 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 April 2026 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 parent's 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 parent's 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.

MATERIAL ACCOUNTING POLICIES AND INFORMATION

2.2 Standards and interpretations not yet effective [continued]

IFRS 19 Subsidiaries without Public Accountability: Disclosures [continued]

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. It is unlikely that the amendment will have a material 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 subtotals 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 enhances 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.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards.

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.

Amendments to IFRS 9 Financial Instruments

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 7 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.

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

		Group		Company	
Figures in Pula thousand	Notes	2026	2025	2026	2025
3. Net interest income					
Interest income					
Loans and advances to customers		636,455	563,239	636,455	563,239
Other fixed deposits		25,798	5,593	25,794	5,582
Call accounts with other financial institutions		25,253	16,605	25,253	16,605
Unwinding of discounted staff loans		13,590	10,567	13,590	10,567
		701,096	596,004	701,092	595,993
Interest expense					
Ordinary savings		(7,898)	(7,017)	(7,898)	(7,017)
Sesigo savings		(3,025)	(3,573)	(4,036)	(4,481)
Save-As-You-Earn		(192)	(289)	(192)	(289)
National savings certificates (NSC)		-	(20)	-	(20)
Corporate deposits		(352,881)	(198,304)	(352,885)	(198,304)
Fixed deposits		(52,237)	(30,959)	(52,237)	(30,959)
Borrowings		(41,068)	(38,003)	(41,068)	(38,003)
Transaction account		(72)	(147)	(72)	(147)
Interest business call account		(6,095)	(2,272)	(6,095)	(2,272)
Lease liability interest		(3,812)	(3,116)	(3,812)	(3,116)
		(467,280)	(283,700)	(468,295)	(284,608)
Net interest income		233,816	312,304	232,797	311,385
4. Net fee and commission income					
Fee and commission income					
Account maintenance fees		8,097	11,581	8,097	11,581
Over-the-counter fees		4,075	4,428	4,075	4,428
Commission on loan repayments		3,526	2,788	3,526	2,788
Card transaction fees		290	292	290	292
Revenue - insurance commission		2,780	34,561	-	-
		18,768	53,650	15,988	19,089
Fee and commission expense					
Commissions		(13,317)	(13,225)	(13,317)	(13,225)
VISA expenses		(5,488)	(4,184)	(5,488)	(4,184)
		(18,805)	(17,409)	(18,805)	(17,409)
Net fee and commission income		(37)	36,241	(2,817)	1,680

	Group		Company	
Figures in Pula thousand	2026	2025	2026	2025
5. Other income				
Rental income	4,212	2,999	4,212	3,063
Other income	286	291	286	472
Rooftop hosting fees	1,513	3,994	1,102	3,385
	6,011	7,284	5,600	6,920
Future minimum rental income under non-cancellable leases as at 31 March were, as follows:				
Within 1 year	3,522	3,180	3,522	3,180
After 1 year within 5 years	16,632	8,548	16,632	8,548
	20,154	11,728	20,154	11,728
6. Net impairment expense/(reversal) of financial assets				
Specific impairment - stage	3 33,826	(1,728)	33,826	(1,728)
Related party impairment	-	-	-	-
Portfolio (reversal)/impairment - (stage 1 & 2)	(17,369)	26,176	(17,369)	26,176
Recoveries	(2,066)	(2,814)	(2,066)	(2,814)
Net impairment expense/(reversal) on financial assets	14,391	21,634	14,391	21,634
Movement on specific impairments (Stage 3)				
Balance at the beginning of the year	65,413	67,141	65,413	67,141
Charge for the year	33,826	(1,728)	33,826	(1,728)
Balance at the end of the year	99,239	65,413	99,239	65,413
Movement on portfolio impairments (Stage 1 & 2)				
Balance at the beginning of the year	50,603	24,427	50,603	24,427
Current year (Reversal) / Charge	(17,369)	26,176	(17,369)	26,176
Balance at the end of the year	33,234	50,603	33,234	50,603
Balance specific and portfolio impairments at the end of the year	132,473	116,016	132,473	116,016
7. Employee Benefits				
Salaries, wages and allowances	87,260	82,752	85,383	80,500
Pension and medical aid contributions	15,401	13,337	15,239	13,183
Staff loan benefits	10,453	22,130	10,453	22,130
Training and recruitment costs	2,423	4,070	2,267	3,881
Staff welfare	4,099	4,284	4,099	3,966
	119,636	126,573	117,441	123,660

The average number of persons employed by the Group and Bank during the year was 242 (2025: 232).

Notes to the Consolidated and Separate Financial Statements

Figures in Pula thousand	Notes	Group		Company	
		2026	2025	2026	2025

7. Employee Benefits [continued]

The average number of persons employed by the Group and Bank during the year was 242 (2025: 232).

Pension and medical aid contributions comprise pension contributions for the Group of P8.4 million (2025: P7.3 million) and for the Bank of P8.3 million (2025: P7.2 million) and medical aid contributions for the Group of P 7.0 million (2025: P6.1 million) and for the Bank of P6.9 million (2025: P6.0 million)

8. Depreciation and amortisation

Depreciation of property, plant and equipment	9,756	9,154	9,628	9,121
Amortisation of intangible assets	5,289	14,428	5,289	14,428
Depreciation of right-of-use asset	4,422	3,448	4,422	3,448
	19,467	27,030	19,339	26,997

9. Administrative and general expenses

Audit fees*	2,521	3,396	2,365	3,045
Consulting and professional fees	7,623	7,735	7,622	7,626
Debt recovery	350	864	350	864
Non-executive directors fees	1,064	1,018	1,064	946
Insurance premiums	6,054	4,780	6,054	4,780
Marketing expenses	289	1,526	107	1,548
Setup costs - projects	185	3,893	185	3,893
Other operating expenses	2,437	7,218	2,437	7,218
Cash security expenses	2,602	3,183	2,602	3,183
Subscription fees	1,169	1,186	1,149	1,165
Motor vehicle expenses	624	745	624	738
Exchange losses	(40)	13	(40)	13
Passbook conversion expenses	864	141	864	140
Bank and other charges	1,241	619	1,224	1,214
Tax interest and penalty	-	607	-	-
Office expenses	306	216	271	155
Property management and security fees	7,056	7,672	7,056	7,672
Advertising and publicity	6,230	6,666	6,143	6,115
Repairs and maintenance	3,488	4,897	3,488	4,897
Software licencing and IT costs	41,725	32,485	41,722	32,384
Stationery, utilities and postage	6,586	6,165	6,586	6,143
Telephone and fax	18	4	-	-
Donations	-	121	-	-
	92,392	95,150	91,873	93,739

*The audit fees for the consolidated and separate financial statements comprise of the following:

Audit fees - current year	2,521	2,700	2,365	2,393
Audit fees - prior year under provision	-	696	-	652
	2,521	3,396	2,365	3,045

	Group		Company	
Figures in Pula thousand	2026	2025	2026	2025
10. Income tax expense				
Current				
Local income tax - current year	242	7,058	-	-
Local income tax - prior year (over) under provision	-	9,159	-	9,159
	242	16,217	-	9,159
Deferred				
Originating and reversing temporary differences	(10)	9	-	-
Deferred tax (current year)	-	9,174	-	9,174
	(10)	9,183	-	9,174
Income tax expense	232	25,400	-	18,333
Numerical reconciliation of income tax expense to prima facie tax payable				
Reconciliation between accounting profit and tax expense.				
Profit (loss) before taxation	636	102,190	(732)	70,703
Tax at the applicable tax rate of 22% (2025: 22%)	-	22,482	-	15,555
Tax effect of adjustments on taxable income				
Disallowed expenses	557	2,674	603	2,645
Adjustment in respect to prior years	(325)	244	(603)	133
Income tax expense	232	25,400	-	18,333

Deductible Tax Analysis

Tax year	Tax loss P'000	Loss written off P'000	Loss c/fwd P'000	Tax year loss expires
2023	(9,657)	-	(9,657)	2028
2024	(16,923)	-	(16,923)	2029
2025	-	(26,580)	-	2030

The Botswana Tax Act allows entities to claim tax losses against future profits over the next five years after which the tax loss is no longer recoverable.

Botswana Savings Bank reviewed the future earnings prospects over the next 3 years and concluded that the future taxable profits would increase. The amount of future taxable profits will enable Botswana Savings Bank to utilise the deferred tax asset.

Botswana Savings Bank does not envisage significant capex and profits are expected to increase through a growing loan book and non-funded income by the use of agents and automation.

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula thousand	2026	2025	2026	2025
11. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	28,255	20,380	28,255	20,380
Bank of Botswana	1,066	4,237	1,012	4,062
Aluwani money market fund	13,363	31,818	12,850	31,560
African Alliance	36,906	53,322	36,906	53,322
Stanbic Bank Botswana Limited	90,994	6,594	90,994	6,594
First National Bank of Botswana Limited	33,548	54,393	33,387	53,490
First Capital Bank Botswana Limited	130	128	130	128
ABSA Bank Botswana Limited	69,116	3,580	69,116	3,580
Access Bank Limited	8,184	8,600	8,184	8,600
Bank Gaborone Limited	3,966	690	3,966	690
BSB fixed deposit - Insurance Services*	107	101	-	-
	285,635	183,843	284,800	182,406

*Botswana Savings Bank is the custodian of the fixed deposit accounts, and the balances belong to BSB Insure.

Management has assessed the expected credit loss on cash and cash equivalents and noted no impairment is needed as there is no history of default.

Fair value of cash and cash equivalents approximates carrying amount due to their short term tenure.

12. Investment in financial assets*

Vunani Botswana Money Market Fund	24,871	22,258	24,871	22,258
Bank Gaborone Limited	91,604	-	91,604	-
BBS Bank Limited	204,048	187,780	204,048	187,780
Access Bank Limited	89,507	8,576	89,507	8,576
Morula Capital Partners	37,898	34,434	37,898	34,434
Kgori Capital Unit Trust	15,199	13,673	15,199	13,673
ABSA Bank Limited	25,247	-	25,247	-
IPRO Money Market Fund	487	433	487	433
Botswana Insurance Fund Manager Money Market	9,030	8,144	9,030	8,144
Fund	497,891	275,298	497,891	275,298

The balances held with BBS Bank include amounts relating to dormancy balances of P28.2 million (2025: P 28.3 million)

Movement in investments

Opening balance	275,298	162,526	275,298	162,526
Additions	2,173,930	619,838	2,173,930	619,838
Disposals	(1,951,337)	(500,018)	(1,951,337)	(500,018)
Prior year accrued interest received	-	(7,048)	-	(7,048)
	497,891	275,298	497,891	275,298

	Group		Company	
Figures in Pula thousand	2026	2025	2026	2025

12. Investment in financial assets*

Fixed deposits with banks generally have a term of either 3 months, 6 months, and 12 months, however other maturities are negotiable or can be tailored to customer requirements. At year end the investments maturity periods were all 12 months or less. Interest rates are negotiable on a deal by deal basis. The interest rates ranged between 3.9% and 18.40% (2025 3.9% to 11.0%) during the current year. Fixed deposits at or below 3 months are classified as cash and cash equivalents from the date of acquisition.

The current year balance includes cash collateral for VISA transactions of P9.5 million (2025: P8.6 million) held with Access Bank Limited.

Balances with other banks and funds placed with fund managers are considered to be low credit risk and have not been impaired as these placements are made to banks and fund managers that have high credit standing and no history of default.

Fair value of balances due from other banks and placements with fund managers approximate carrying amount due to their short term tenure.

Analysis by period

Within 1 year

497,891	275,298	497,891	275,298
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13. Other Assets

Other receivables

Prepayments

VAT

Stock of stationery

4,003	6,309	4,003	5,962
11,831	12,536	11,831	12,536
-	2	-	-
2,409	2,450	2,409	2,450
18,243	21,297	18,243	20,948

Analysis of other assets

Financial instruments

Non-financial instruments

4,003	6,309	4,003	5,962
14,240	14,988	14,240	14,986
18,243	21,297	18,243	20,948

Other receivables comprise tenant debtor balances, security deposits, amounts outstanding from VISA and staff advances.

Other assets are considered to be low credit risk and have not been impaired and there is no history of default.

Fair value of other assets approximates carrying amount due to their short term tenure.

Notes to the Consolidated and Separate Financial Statements

Figures in Pula thousand	Notes	Group		Company	
		2026	2025	2026	2025
14. Loans and advances to customers					
Motor vehicle loans		115,767	24,382	115,767	24,382
Residential property loans		470,726	494,432	470,726	494,432
Personal loans		3,567,739	3,990,257	3,567,739	3,990,257
		4,154,232	4,509,071	4,154,232	4,509,071
Less impairment provision	6	(132,473)	(116,016)	(132,473)	(116,016)
		4,021,759	4,393,055	4,021,759	4,393,055
Analysis by period					
Within 1 year		135,408	115,181	135,408	115,181
After 1 year within 5 years		453,036	691,784	453,036	691,784
After 5 years		3,565,788	3,702,106	3,565,788	3,702,106
		4,154,232	4,509,071	4,154,232	4,509,071
Sectorial analysis:					
Central Government employees		3,680,985	3,990,379	3,680,985	3,990,379
Parastatal employees		111,869	122,241	111,869	122,241
Local government employees and other customers		239,839	240,547	239,839	240,547
Staff loans		121,539	155,904	121,539	155,904
		4,154,232	4,509,071	4,154,232	4,509,071
Analysis of impairment losses on loans and advances					
Opening balance		116,016	91,568	116,016	91,568
Impairment expense/(reversal)		16,457	24,448	16,457	24,448
		132,473	116,016	132,473	116,016

The Bank has a credit facility with Access Bank Limited for the equivalent of P7.9 million (2025: P 31 million) secured by a deed of hypothecation in favour of Access Bank Limited to the value of 120% of the outstanding balance of the credit facility. For March 2026, the security is equivalent to P10 million (2025: P 37 million).

Motor vehicle and residential loans to employees of the Government of Botswana have a 70% guarantee issued by the employer.

Motheo Personal Loan was introduced in November 2007. Two additional personal loan products, Lecha Personal loan and Express Loan were introduced in November 2015. Lecha has identical features to those of Motheo but has a higher loan amount - up to P750 thousand repayable over 120 months (compared to P200 thousand with repayment up to 5 years for Motheo). Express is a short term loan for up to 48 months with the loan amount up to gross annual salary of each respective customer. No security is required for these loans as the deduction is made from source by the employer. All loans and advances are recognised when cash is disbursed to borrowers.

Management considers that the net carrying amounts of loans and advances are a reasonable approximation of their fair value on account of being issued at market-related interest rates.

Information on Risk Management is given under note 32.

15. Investment in subsidiary

The following table lists the entities which are controlled directly by the Bank, and the carrying amount of the investment in the Bank's separate financial statement is accounted in accordance with IFRS 9. Refer to accounting policy note 1.2 for the basis of consolidation.

Name of entity	% voting power	% voting power	% holding 2026	% holding 2025	Carrying amount 2026	Carrying amount 2025
BSB Insure Proprietary Limited %	100.00 %	100.00 %	100.00 %	100.00	911	911

16. Current tax receivable

Opening Balance	(1,071)	1,973	849	5,308
Charge for the year	(242)	(16,217)	-	(9,159)
Tax paid during the year	5,898	13,173	3,971	4,700
Closing balance	4,585	(1,071)	4,820	849
Current tax payable	(235)	(1,920)	-	-
Current tax receivable	4,820	849	4,820	849
	4,585	(1,071)	4,820	849

17. Deferred tax

Deferred tax asset

At beginning of year	8,615	17,797	8,621	17,795
Charge for the year	(13,593)	(9,051)	(13,603)	(9,043)
Prior year under provision	-	(131)	-	(131)
Closing Balance	(4,978)	8,615	(4,982)	8,621

The balance comprises temporary differences attributable to:

Property, plant and equipment	7,581	4,711	7,577	4,718
Right of use assets	(6,245)	(7,257)	(6,245)	(7,258)
Intangible assets	(1,624)	(6,880)	(1,624)	(6,880)
Lease liability	919	9,255	919	9,255
Impairment of loans and advances	(7,243)	5,376	(7,243)	5,376
Unamortised Government grant	6,733	8,280	6,733	8,280
Unamortised Arrangement fees	3,916	5,168	3,916	5,168
Unamortised DSA fees	(9,015)	(10,038)	(9,015)	(10,038)
Total deferred tax asset	(4,978)	8,615	(4,982)	8,621

Management expects to recover deferred tax assets when the deductible temporary differences reverse in the future.

Notes to the Consolidated and Separate Financial Statements

17. Deferred tax

Deductible tax analysis

Tax year	Tax loss P'000	Loss written off P'000	Loss c/fwd P'000	Utilised P'000	Tax year loss expires
2023	(9,657)	-	(9,657)	-	2028
2024	(16,923)	-	(16,923)	-	2029
2025	-	(26,580)	-	-	2030
2026	-	-	-	-	-

The Botswana Tax Act allows companies to claim tax losses against future profits over the next five years after which the tax loss is no longer recoverable.

Botswana Savings Bank reviewed the future earnings prospects over the next 3 years and concluded that the future taxable profits would increase. The amount of future taxable profits will enable Botswana Savings Bank to utilise the deferred tax asset.

Botswana Savings Bank does not envisage significant capex and profits are expected to increase through a growing loan book and non-funded income by the use of agents and automation.

18. Right of use asset and lease liabilities

Group	2026			2025		
	Cost or revaluation P'000	Accumulated depreciation P'000	Carrying value P'000	Cost or revaluation P'000	Accumulated depreciation P'000	Carrying value P'000
Right-of-use assets	57,152	(23,886)	33,266	53,288	(19,464)	33,824

Reconciliation of carrying amounts, right-of-use assets - Group - 2026

	Opening balance P'000	Additions P'000	Depreciation P'000	Closing balance P'000
Buildings	33,824	3,864	(4,422)	33,266

Reconciliation of carrying amounts, right-of-use assets - Group - 2025

	Opening balance P'000	Additions P'000	Depreciation P'000	Closing balance P'000
Buildings	30,673	6,599	(3,448)	33,824

Bank	2026			2025		
	Cost P'000	Accumulated depreciation P'000	Carrying value P'000	Cost P'000	Accumulated depreciation P'000	Carrying value P'000
Right of use assets	57,152	(23,886)	33,266	53,288	(19,464)	33,824

Reconciliation of carrying amounts, right-of-use assets - Bank - 2026

	Opening balance P'000	Additions P'000	Depre- ciation P'000	Closing balance P'000
Buildings	33,824	3,864	(4,422)	33,266

Reconciliation of carrying amounts, right-of-use assets - Bank - 2025

	Opening balance P'000	Additions P'000	Depre- ciation P'000	Closing balance P'000
Buildings	30,673	6,599	(3,448)	33,824

Lease liabilities

Lease liability - Opening balance	42,067	37,023	42,067	37,023
Repayments - principal & interest	(7,106)	(4,671)	(7,106)	(4,671)
Additions during the year	3,864	6,599	3,864	6,599
Lease interest	3,812	3,116	3,812	3,116
Lease liability - Closing balance	42,637	42,067	42,637	42,067

The maturity analysis of lease liabilities is as follows:

Within one year	3,809	2,494	3,809	2,494
More than five years	26,145	15,665	26,145	15,665
After 1 year, within 5 years	12,683	23,908	12,683	23,908
	42,637	42,067	42,637	42,067

The Bank has entered into commercial leases for premises. The leases have an average life of between 3 and 10 years. Details of the leasing arrangements are presented above.

Refer to note 8 for details relating to depreciation for right-of-use-assets and note 3 for interest charged on lease liabilities.

The table below shows the total cash outflows for leases.

Lease liability payments - Principal	(3,294)	(1,555)	(3,294)	(1,555)
Lease liability payments - Interest	(3,812)	(3,116)	(3,812)	(3,116)
Total cash outflows - leases	(7,106)	(4,671)	(7,106)	(4,671)

Notes to the Consolidated and Separate Financial Statements

19. Intangible assets

Group	2026			2025		
	Cost or revaluation P'000	Accumulated depreciation P'000	Carrying value P'000	Cost or revaluation P'000	Accumulated depreciation P'000	Carrying value P'000
Computer software	77,933	(46,962)	30,971	91,810	(57,174)	34,636
Capital work in progress	3,346	-	3,346	3,346	-	3,346
Total	81,279	(46,962)	34,317	95,156	(57,174)	37,982
Bank						
Computer software	77,933	(46,962)	30,971	91,810	(57,174)	34,636
Capital work in progress	3,346	-	3,346	3,346	-	3,346
Total	81,279	(46,962)	34,317	95,156	(57,174)	37,982

Reconciliation of intangible assets - Group - 2026

	Opening balance P'000	Additions P'000	Depreciation P'000	Closing balance P'000
Computer software	34,636	1,624	(5,289)	30,971
Capital work in progress	3,346	-	-	3,346
Total	37,982	1,624	(5,289)	34,317

Reconciliation of intangible assets - Group - 2025

	Opening balance	Additions	Transfers to PPE	Amortisation	Total
Computer software	44,700	4,364	-	(14,428)	34,636
Capital work in progress	7,275	2,282	(6,211)	-	3,346
Total	51,975	6,646	(6,211)	(14,428)	37,982

Reconciliation of carrying amounts, intangible assets - Bank - 2026

	Opening balance P'000	Additions P'000	Depreciation P'000	Closing balance P'000
Computer software	34,636	1,624	(5,289)	30,971
Capital work in progress	3,346	-	-	3,346
Total	37,982	1,624	(5,289)	34,317

Reconciliation of intangible assets - Group - 2025

	Opening balance	Additions	Transfers to PPE	Amortisation	Total
Computer software	44,700	4,364	-	(14,428)	34,636
Capital work in progress	7,275	2,282	(6,211)	-	3,346
	51,975	6,646	(6,211)	(14,428)	37,982

20. Property, plant and equipment

Group	2026			2025		
	Cost or revaluation P'000	Accumulated depreciation P'000	Carrying value P'000	Cost or revaluation P'000	Accumulated depreciation P'000	Carrying value P'000
Buildings & leasehold improvements	101,913	(20,645)	81,268	40,080	(19,397)	20,683
Furniture and fixtures	6,460	(3,336)	3,124	13,537	(10,936)	2,601
Motor vehicles	7,367	(5,343)	2,024	9,932	(6,854)	3,078
Office equipment	56,382	(32,141)	24,241	68,803	(41,359)	27,444
Capital - Work in progress	6,705	-	6,705	18	-	18
Total	178,827	(61,465)	117,362	132,370	(78,546)	53,824
Bank						
Buildings & leasehold improvements	101,800	(20,616)	81,184	39,967	(19,379)	20,588
Furniture and fixtures	6,320	(3,301)	3,019	13,397	(10,915)	2,482
Motor vehicles	6,911	(5,257)	1,654	9,476	(6,854)	2,622
Office equipment	56,298	(32,104)	24,194	68,719	(41,338)	27,381
Capital - Work in progress	6,705	-	6,705	18	-	18
Total	178,034	(61,278)	116,756	131,577	(78,486)	53,091

Notes to the Consolidated and Separate Financial Statements

20. Property, plant and equipment [continued]

Reconciliation of property, plant and equipment - Group - 2026

	Opening balance	Additions	Revaluations	Depreciation	Total
Buildings & leasehold improvements	20,683	-	61,801	(1,216)	81,268
Furniture and fixtures	2,601	1,297	-	(774)	3,124
Motor vehicles	3,078	157	-	(1,211)	2,024
Office equipment	27,444	3,352	-	(6,555)	24,241
Capital - Work in progress	18	6,687	-	-	6,705
	53,824	11,493	61,801	(9,756)	117,362

Reconciliation of property, plant and equipment - Group - 2025

	Opening balance	Additions	Transfers from Intangible assets	Depreciation	Total
Buildings & leasehold improvements	22,237	-	-	(1,554)	20,683
Furniture and fixtures	2,812	164	307	(682)	2,601
Motor vehicles	3,921	456	-	(1,299)	3,078
Office equipment	27,162	1,828	4,073	(5,619)	27,444
Capital - Work in progress	307	18	(307)	-	18
	56,439	2,466	4,073	(9,154)	53,824

Reconciliation of carrying amounts of property, plant and equipment - Bank - 2026

	Opening balance	Additions	Revaluations	Depreciation	Total
Buildings & leasehold improvements	20,588	-	61,801	(1,205)	81,184
Furniture and fixtures	2,482	1,299	-	(762)	3,019
Motor vehicles	2,622	157	-	(1,125)	1,654
Office equipment	27,381	3,349	-	(6,536)	24,194
Capital - Work in progress	18	6,687	-	-	6,705
	53,091	11,492	61,801	(9,628)	116,756

**Reconciliation of carrying amounts of property,
plant and equipment - Bank - 2025**

	Opening balance	Additions	Transfers from Intangible assets	Depreciation	Total
Buildings & leasehold improvements	22,135	-	-	(1,547)	20,588
Furniture and fixtures	2,685	165	307	(675)	2,482
Motor vehicles	3,921	-	-	(1,299)	2,622
Office equipment	27,081	1,827	4,073	(5,600)	27,381
Capital - Work in progress*	307	18	(307)	-	18
	56,129	2,010	4,073	(9,121)	53,091

The Capital - work in progress of P6.7 million (2025: P 18 thousand) comprises of hardware for the Point-of-sale project. As at year end, there were no commitments on Capital work in progress.

The Group adopted the revaluation model for its buildings during the year ended 31 March 2026. The revaluation was performed as at 31 March 2026 by Standpoint Properties, an independent professionally qualified valuer with recognised and relevant professional qualifications and recent experience in the location and category of the properties being valued.

The fair values of the properties were determined using the market approach, with reference to recent market transactions for comparable properties, adjusted for differences in location, size, condition, age and other relevant characteristics. Where appropriate, income-based valuation techniques incorporating market rental rates and capitalisation yields were also considered.

The fair value measurements have been categorised as Level 3 within the fair value hierarchy as defined by IFRS 13, due to the use of significant unobservable inputs. Significant unobservable inputs used in determining fair value include market price per square metre, location adjustments, property condition and age, capitalisation rates, market rental assumptions and comparable market transaction data. A change in these inputs could result in a materially different fair value measurement.

Revaluation gains arising from the remeasurement of properties to fair value are recognised in Other Comprehensive Income and accumulated in equity within the Revaluation Reserve, except to the extent that they reverse a previous revaluation decrease recognised in profit or loss.

Had the revalued properties been carried under the cost model, the carrying amount at 31 March 2026 would have been P77.292 million.

The movement in the Revaluation Reserve during the year is disclosed in the Statement of Changes in Equity.

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula thousand	2026	2025	2026	2025
21. Deposits due to customers				
Ordinary savings	346,139	420,151	347,915	421,753
Save-As-You-Earn	15,239	17,684	15,239	17,684
Sesigo savings	150,406	189,416	186,294	229,983
Thobo savings	425	425	425	425
Transactional account	26,022	30,708	26,022	30,708
National savings certificates (NSC)	378	378	378	378
Corporate fixed deposits	2,786,706	2,929,698	2,786,706	2,929,698
Corporate savings	2,190	10,627	2,190	10,627
Retail fixed deposits	627,975	484,899	627,975	484,899
Special savings account	9	9	9	9
	3,955,489	4,083,995	3,993,153	4,126,164

Maturity and Interest Rates

	Maturity	Interest Rate	
		2026	2025
Ordinary savings	On demand	1.75%	1.75%
Save-As-You-Earn	24 months	1.25%	1.25% - 2.00%
Sesigo savings	On demand	1.75% - 2.75%	1.75% - 2.75%
Thobo savings	12 months	1.75%	1.75%
Transactional account	On demand	0.3%	1.75%
National savings certificates (NSC)	60 months	3.75% - 4.5%	3.75% - 4.5%
Corporate fixed deposits	1 month to 3 years	Negotiable	Negotiable
Corporate savings	On demand	Negotiable	Negotiable
Retail fixed deposits	3 months to over 24 months	Negotiable	0.54% - 1.52%
Special savings account	3 months to over 24 months	Negotiable	Negotiable

Management considers that the carrying amount of deposits due to customers is a reasonable approximation of their fair value.

Maturity analysis for deposits due to customers is presented below:

Due within 12 months	3,358,043	3,679,370	3,395,707	3,721,539
Due after 12 months	597,446	404,625	597,446	404,625
	3,955,489	4,083,995	3,993,153	4,126,164

	Group		Company	
Figures in Pula thousand	2026	2025	2026	2025
22. Trade and other payables				
Trade payables	11,525	7,248	11,523	7,285
Other creditors*	1,447	622	1,447	622
Clearing accounts	(4,355)	(2,802)	(4,244)	(2,802)
Accrued audit fees	2,339	2,300	2,339	2,300
Other accrued expenses	157	763	-	-
Unclaimed balances	2,439	3,622	2,439	3,622
Insurance premium payable	1,095		1,589	372 272
Payroll expenses	11,723	14,098	11,395	9,961
Pay as you earn	(236)	610	(236)	610
Value added tax	57	-	-	-
	26,191	28,050	25,035	21,870
Analysis of trade and other liabilities				
Financial instruments	14,647	13,342	13,876	11,299
Non-financial instruments	11,544	14,708	11,159	10,571
	26,191	28,050	25,035	21,870
*Other creditors comprise of Visa P0.8 million (2025: P 0.3 million).				
23. Borrowings				
Principal amount outstanding at the beginning of the year	440,104	446,591	440,104	446,591
Proceeds from long-term borrowings	115,000	50,000	115,000	50,000
Repayment of principal - long-term borrowings	(28,386)	(56,720)	(28,386)	(56,720)
Repayment of interest - long-term borrowings	(38,077)	(37,325)	(38,077)	(37,325)
Accrued Interest	40,950	37,558	40,950	37,558
	529,591	440,104	529,591	440,104

Botswana Government subordinated loan

A total of P105 million was advanced by the Government of Botswana for a period of twenty (20) years from July 2015. This period is inclusive of an initial grace period of two (2) years during which interest will be payable with the principal repayable over the remaining eighteen (18) years. The loan was initially obtained for purposes of facilitating the submission of an application for a banking licence to Bank of Botswana which is required for the commercialisation of Botswana Savings Bank.

As the bank's application for a banking licence had not yet been submitted, the bank was in violation of specific loan covenants and the loan had become callable at notice. The bank renegotiated the loan agreement with the lender and the breach was remedied. The loan is repaid annually and interest accrues at 5% per annum on the amount outstanding and is fixed over the loan term.

The loan was converted to a subordinated unsecured facility during the year ended March 2022.

Notes to the Consolidated and Separate Financial Statements

23. Borrowings [continued]

Unsecured long-term – bonds

The Bank has five unsecured bonds listed on the Botswana Stock Exchange Limited. An additional bond of 15 million was also issued in the current year increasing the amount to P 367.3 million (2025: P 349.3 million).

Ten year bond

BSB-CRB-1233-05 bond commenced on 11 December 2023 with a fixed rate of 10.50% and a principal amount of P150.1 million. The interest is paid twice a year; in December and June. The bond matures on 11 December 2033 but redeemable after 5 years.

The BSB-CRB-1234-06 bond, which amounts to P50 million, commenced on 19 December 2024 with a floating rate of 10.60%. Interest is determined at the beginning of the period as the Monetary Policy rate (MoPR) plus 8.7% as published by Bank of Botswana. The interest payment date is 19 June every year. The bond matures on 19 December 2034.

Five year bonds

The BSB-CRB-1227-03 bond, which amounts to P60 million, commenced on 9 December 2022 with a floating rate of 9.01%. Interest is determined at the beginning of the period as the Monetary Policy rate (MoPR) plus 6.36% as published by Bank of Botswana. The interest payment dates are 9 December and 9 June every year. The bond matures on 9 December 2027.

The BSB-CRB-0128-04 bond, which amounts to P82 million, commenced on 9 January 2023 with a floating rate of 9.01%. Interest is determined at the beginning of the period as the Monetary Policy rate (MoPR) plus 6.36% as published by Bank of Botswana. The interest payment dates are 9 July and 9 January every year. The bond matures on 9 January 2028.

Three year bond

BSB-CRB-0428-07 commenced on 15 April 2025 with a fixed rate of 9.05% and a principal amount of P15 million. The interest is paid twice a year, April and October. The bond matures on 15 April 2028.

Access Bank Limited loan

The Bank took a loan facility with Access Bank Limited of P100 million in July 2021, meant to support the Bank's growth strategy of the retail book. The facility matures on 29 July 2026, is repaid monthly and bears interest at prime plus 1.5%.

The loan has the following covenants;

The Bank shall maintain a minimum Liquidity Asset Ratio(LAR) of 10%.

The Bank will not exceed non-performing loans ratio of 8%, with early trigger/terms re-negotiation at 7%.

The bank shall not pledge any assets that would jeopardise the lender's security.

The Bank shall maintain a minimum net interest margin of 3%; and

Up to 120% of the outstanding balance of the loan will be secured by the Bank's loans and advances.

Absa Bank Limited loan

The Bank took a loan facility with Absa Bank Limited of P100 million in Feb 2026, meant to support the Bank's growth strategy of the retail book. The facility matures on Feb 2031, is repaid monthly and bears interest at prime plus 1.5%.

The loan has the following covenants;

The Bank shall maintain NPL Coverage Ratio (Total provisions/stage 3) of not less than 100%

	Group		Company	
Figures in Pula thousand	2026	2025	2026	2025

The Bank shall maintain a Collection Rate of not less than 90%

The Bank shall maintain a minimum Capital Adequacy Ratio(CAR) of 13%;

The Bank will not exceed non-performing loans ratio of 6%, with early trigger/terms re-negotiation at 5%;

The bank shall maintain a Debt Service Cover Ratio of not less than 1.25x;

The Bank shall maintain a minimum net interest margin of not less than 4%.

Management considers that the carrying amount of borrowings is a reasonable approximation of their fair value.

The analysis of closing balances for borrowings is presented below.

Botswana government subordinated loan	54,312	60,348	54,312	60,348
Access Bank Limited loan	7,947	30,500	7,947	30,500
Absa Bank Limited loan	100,000	-	100,000	-
Unsecured subordinated long-term bonds	206,163	204,232	206,163	204,232
Unsecured long-term bonds	161,169	145,024	161,169	145,024
	529,591	440,104	529,591	440,104

The maturity analysis for borrowings is presented below.

Within 1 year	43,099	37,644	43,099	37,644
After 1 year within 5 years	464,771	173,243	464,771	173,243
After 5 years	21,721	229,217	21,721	229,217
	529,591	440,104	529,591	440,104

24. Dormancy account liability

Balance at the beginning of the year	28,304	26,730	28,304	26,730
Movement for the year	(148)	1,574	(148)	1,574
Balance at the end of year	28,156	28,304	28,156	28,304

A customer's savings account becomes dormant if after five consecutive years the customer does not transact in that account. Section 18 of the Botswana Savings Bank Act requires the Bank to transfer dormant accounts to a separate liability account. The dormancy liability is transferred to a separate bank account with another bank as per section 18(2) of the BSB act.

A transfer can only be made twelve months following the publication in the Government Gazette of dormant customer accounts so identified.

The amount transferred from customer accounts is reported separately from deposits with customers under the dormancy account liability. In the event that a customer who was identified as dormant comes forward, their respective balance will be transferred to them from the dormancy liability account, either as a cash payment or transferred into their savings accounts.

Notes to the Consolidated and Separate Financial Statements

25. Government grant

Figures in Pula thousand	Group		Company	
	2026	2025	2026	2025
Opening balance	37,637	54,384	37,637	54,384
Grant refunded	-	1	-	1
Current year amortisation	(6,733)	(16,748)	(6,733)	(16,748)
	30,904	37,637	30,904	37,637

Current year amortisation comprises capital grant amortisation amount of P 6.7 million (2025: P 16.75 million).

In 2020 a total of P141 million was secured from the Government of Botswana as a grant to fund specific BSB projects. The Bank completed new branches in Palapye, Molepolole, Gumare and Kanye, while a new cybersecurity system has been procured. The grant relating to new branches was limited to P22 million, cybersecurity software was limited to P14 million, core banking system limited to P50 million and digital channels, ATMs and IFRS 9 was limited to P62 million. Grants used for acquisition of assets are amortised over the useful lives of the respective assets acquired to match with the depreciation and amortisation costs for the acquired assets.

26. Unrecallable capital

Subscribed				
Unrecallable capital Subscribed share capital	5,000	5,000	5,000	5,000
	14,721	14,721	14,721	14,721
	19,721	19,721	19,721	19,721

Section 3 (6) of the Botswana Savings Bank 1992 provides that the Bank's authorised share capital shall be P20 million of which the first P5 million shall constitute the fully subscribed share capital. The fully subscribed share capital represents the Government's contribution towards the construction of Tshomarelo House and other set up costs.

27. Statutory reserve

Balance at the beginning of the year	85,882	72,789	85,882	72,789
Movement for the year	-	13,093	-	13,093
Balance at the end of year	85,882	85,882	85,882	85,882

The statutory reserve has been established in terms of Section 3(e) of the Botswana Savings Bank Act, 1992. The section requires the Bank to transfer the equivalent of 25% of the comprehensive income for the year to a statutory reserve. The Bank may utilise this reserve against any remaining loss after such loss has been applied against retained earnings.

28. Revaluation reserve

The Revaluation reserve comprises cumulative gains arising from the remeasurement of owner-occupied properties under the fair value model. Movements in the reserve are recognised through other comprehensive income and recorded within equity.

Additions during the year	48,197	-	48,197	-
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	Group		Company	
Figures in Pula thousand	2026	2025	2026	2025

29. Contingent liabilities and commitments

These represent the commitments incurred on the issuance of residential property loans which, by virtue of long construction periods over several stages, result in some of the authorised amounts outstanding as at period end.

Loan commitments	-	1,867	-	1,867
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30. Pension fund

The Bank operates a defined contribution pension fund for its eligible employees. The Bank contributes 15% of the employees' basic pay and employees contribute 5% of their basic pay. See note 7.

31. Financial assets and liabilities by category

The disclosed fair value of these financial assets and liabilities measured at amortised cost approximate their carrying value because of their short-term nature except for loans, advances and leases which are at variable interest rates.

Management considers that the carrying amounts of loans and advances and all other assets and liabilities are a reasonable approximation of their fair value.

Assets and liabilities category - Group - 2026

	Financial assets at amortised cost P'000	Financial liabilities at amortised cost P'000	Equity and non financial assets and liabilities P'000	Total P'000	Fair value P'000
Assets					
Loans and advances to customers	4,021,759	-	-	4,021,759	4,021,759
Investment in financial assets	497,891	-	-	497,891	497,891
Other assets	4,003	-	14,240	18,243	18,243
Cash and cash equivalents	285,635	-	-	285,635	285,635
Total Assets	4,809,288	-	14,240	4,823,528	4,823,528
Liabilities					
Deposits due to customers	-	3,955,489	-	3,955,489	3,955,489
Borrowings	-	529,591	-	529,591	529,591
Dormancy account liability	-	28,156	-	28,156	28,156
Lease liabilities	-	-	42,637	42,637	42,637
Trade and other payables	-	14,647	11,544	26,191	26,191
Total Liabilities	-	4,527,883	54,181	4,582,064	4,582,064

Notes to the Consolidated and Separate Financial Statements

31. Financial assets and liabilities by category [continued]

Assets and liabilities category - Group - 2025

	Financial assets at amortised cost P'000	Financial liabilities at amortised cost P'000	Equity and non financial assets and liabilities P'000	Total P'000	Fair value P'000
Assets					
Loans and advances to customers	4,393,055	-	-	4,393,055	4,393,055
Investment in financial assets	275,298	-	-	275,298	275,298
Other assets	6,309	-	14,988	21,297	21,297
Cash and cash equivalents	183,843	-	-	183,843	183,843
Total Assets	4,858,505	-	14,988	4,873,493	4,873,493
Liabilities					
Deposits due to customers	-	4,083,995	-	4,083,995	4,083,995
Borrowings	-	440,104	-	440,104	440,104
Dormancy account liability	-	28,304	-	28,304	28,304
Lease liabilities	-	42,067	-	42,067	42,067
Trade and other payables	-	13,342	14,708	28,050	28,050
Total Liabilities	-	4,607,812	14,708	4,622,520	4,622,520

Assets and liabilities category - Bank - 2026

Assets					
Investment in subsidiary	-	-	911	911	911
Loans and advances to customers	4,021,759	-	-	4,021,759	4,021,759
Investment in financial assets	497,891	-	-	497,891	497,891
Other assets	4,003	-	14,240	18,243	18,243
Cash and cash equivalents	284,800	-	-	284,800	284,800
Total Assets	4,808,453	-	15,151	4,823,604	4,823,604
Liabilities					
Deposits due to customers	-	3,993,153	-	3,993,153	3,993,153
Borrowings	-	529,591	-	529,591	529,591
Dormancy account liability	-	28,156	-	28,156	28,156
Lease liabilities	-	42,637	-	42,637	42,637
Trade and other payables	-	13,876	11,159	25,035	25,035
Total Liabilities	-	4,607,413	11,159	4,618,572	4,618,572

Assets and liabilities category - Bank - 2025

	Financial assets at amortised cost P'000	Financial liabilities at amortised cost P'000	Equity and non financial assets and liabilities P'000	Total P'000	Fair value P'000
Assets					
Investment in subsidiary	-	-	911	911	911
Loans and advances to customers	4,393,055	-	-	4,393,055	4,393,055
Investment in financial assets	275,298	-	-	275,298	275,298
Other assets	5,962	-	14,986	20,948	20,948
Cash and cash equivalents	182,406	-	-	182,406	182,406
Total Assets	4,856,721	-	15,897	4,872,618	4,872,618
Liabilities					
Borrowings	-	440,104	-	440,104	440,104
Dormancy account liability	-	28,304	-	28,304	28,304
Deposits due to customers	-	4,126,164	-	4,126,164	4,126,164
Lease liabilities	-	42,067	-	42,067	42,067
Trade and other payables	-	11,299	10,571	21,870	21,870
Total Liabilities	-	4,647,938	10,571	4,658,509	4,658,509

32. Financial risk management

The Bank's activities expose it to a variety of risks. Taking measured risks is core to the financial business sector and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and retain and to minimise potential adverse effects on the Bank's financial performance.

The Bank's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices.

Risk management is carried out by the Bank under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as exchange risk, interest rate risk and credit risk. In addition, Internal Audit is responsible for the independent review of risk management process and the control environment.

The activities of the Bank to a large extent make use of financial instruments. The Bank accepts deposits from its customers at fixed and variable rates, and for varying periods, and therefore, would seek to earn interest margins by investing in high quality assets.

The Bank also mitigates its lending risks by giving out loans that are either guaranteed or have been granted against collateral or are based on employer direct deductions from payroll. The Bank is exposed to the following risks arising from its use of financial instruments:

- a) Market risk
- b) Credit risk
- c) Liquidity risk
- d) Capital risk

Notes to the Consolidated and Separate Financial Statements

32. Financial risk management [continued]

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Bank's income or the value of its holding of financial instruments.

Foreign exchange rate risk

The responsibilities of the finance department include monitoring of foreign exchange risk. Foreign exchange rate risk is the potential impact of adverse currency rate movements on earnings and economic value. This involves the risk of the Bank incurring financial loss on settlement of foreign exchange positions taken in the banking books.

The foreign exchange positions arise from the Bank holding foreign currency position in its books (e.g., bank balances).

The finance department is responsible for:

- Ensuring that effective risk management systems and internal controls are in place.
- Monitoring significant foreign exchange exposure.
- Reviewing the policies, procedures, and currency limits regularly in line with changes in the economic environment.

The ALCO (Assets and Liability Committee) regularly monitors the controls put in place by the finance department.

The Bank's foreign exchange exposures in Botswana Pula at the reporting date were less than P5 million.

Group and Company Distribution by currency	Assets		Liabilities	
	31 March 2026 P'000	31 March 2025 P'000	31 March 2026 P'000	31 March 2025 P'000
United States Dollar	-	-	-	45
Others	-	-	1,675	2,680
	-	-	1,675	2,725
Loss arising from a 10% decrease			31 March 2026 P'000	31 March 2025 P'000
United States Dollar			-	5
Others			168	268
			168	273
Gain arising from a 10% decrease			31 March 2026 P'000	31 March 2025 P'000
United States Dollar				- (5)
Others			(168)	(268)
			(168)	(273)

The above (gain)/loss would affect the profit before tax in the income statements.

Interest rate risk

The Bank is exposed to interest rate risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position (fair value interest rate risk) and cash flows (cash flow interest rate risk).

Loans and advances to customers are variable rate based on the bank rate. The Bank's loan arrangements with customers reserve the right to change the rate at any time the Bank rate changes as set out by the Bank of Botswana. The Bank also reserves the right to change the interest rates on deposits to customers in line with bank rate changes as set out by the Bank of Botswana.

The Bank's main interest rate risk arises from retail deposits with variable rates, which expose the Bank to the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in prime interest rate.

Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by finance department in its month-to-month monitoring activities. These activities include monitoring changes in the Bank's interest rate exposures, which include the impact of the Bank's outstanding or forecast debt obligations and changes to exposures arising from bank rate changes.

ALCO is responsible for setting the overall investment strategy of the Bank. Finance is responsible for implementing that strategy by putting in place the individual investment arrangements.

The table below summarises the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Group		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
31 March 2026		P '000	P '000	P '000	P '000	P '000
Assets						
Cash and cash equivalents	11	285,635	-	-	-	285,635
Investment in financial assets	12	497,891	-	-	-	497,891
Loans and advances	14	24,998	14,014	534,002	3,581,218	4,154,232
Total financial assets		808,524	14,014	534,002	3,581,218	4,937,758
Liabilities						
Deposits due to customers	21	30,433	3,327,610	597,446	-	3,955,489
Borrowings	23	19,751	23,348	464,771	21,721	529,591
Lease liabilities	18	1,700	2,109	26,145	12,683	42,637
Total financial Liabilities		51,884	3,353,067	1,088,362	34,404	4,527,717
Total interest re-pricing gap		756,640	(3,339,053)	(554,360)	3,546,814	410,041
Group						
31 March 2025						
Assets						
Cash and cash equivalents	11	183,843	-	-	-	183,843
Investment in financial assets	12	187,781	87,517	-	-	275,298
Loans and advances	14	33,599	81,582	691,784	3,702,106	4,509,071
Total financial assets		405,223	169,099	691,784	3,702,106	4,968,212
Liabilities						
Deposits due to customers	21	1,933,541	1,745,829	404,625	-	4,083,995
Borrowings	23	13,235	24,409	173,243	229,217	440,104
Lease liabilities	18	492	2,002	15,665	23,908	42,067
Total financial Liabilities		1,947,268	1,772,240	593,533	253,125	4,566,166
Total interest re-pricing gap		(1,542,045)	(1,603,141)	98,251	3,448,981	402,046

Notes to the Consolidated and Separate Financial Statements

32. Financial risk management [continued]

Bank		0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total
31 March 2026		P '000	P '000	P '000	P '000	P '000
Assets						
Cash and cash equivalents	11	284,800	-	-	-	284,800
Investment in financial assets	12	497,891	-	-	-	497,891
Loans and advances	14	24,998	14,014	534,002	3,581,218	4,154,232
Total financial assets		807,689	14,014	534,002	3,581,218	4,936,923
Liabilities						
Deposits due to customers	21	68,097	3,327,610	597,446	-	3,993,153
Borrowings	23	19,751	23,348	464,771	21,721	529,591
Lease liabilities	18	1,700	2,109	26,145	12,683	42,637
Total financial Liabilities		89,548	3,353,067	1,088,362	34,404	4,565,381
Total interest re-pricing gap		718,141	(3,339,053)	(554,360)	3,546,814	371,542
Group						
31 March 2025						
Assets						
Cash and cash equivalents*	11	182,406	-	-	-	182,406
Investment in financial assets*	12	187,780	87,518	-	-	275,298
Loans and advances	14	33,599	81,582	691,784	3,702,106	4,509,071
Total financial assets		403,785	169,100	691,784	3,702,106	4,966,775
Liabilities						
Deposits due to customers	21	1,975,710	1,745,829	404,625	-	4,126,164
Borrowings	23	13,235	24,409	173,243	229,217	440,104
Lease liabilities	18	492	2,002	15,665	23,908	42,067
Total financial Liabilities		1,989,437	1,772,240	593,533	253,125	4,608,335
Total interest re-pricing gap		(1,585,652)	(1,603,140)	98,251	3,448,981	358,440

An increase of 100 basis points in interest rates during the reporting period would have a positive yield of P3,715 million (2025: P 3,584 million). On the other hand, a 100 basis point decrease in interest rates during the reporting period would have had an equal but opposite effect on the reported performance for the year to the amounts disclosed above, on the basis that all other variables remain constant.

To address the short-term negative gap, the Bank aims to change its lending strategies by advancing short-term loans and advances using short-term deposits. During the current year, the Bank has been more aggressive in securing longer-term deposits to match the assets and foregoing some of the short term deposits that would increase the negative gap.

Credit risk

Credit risk measurement

Credit risk is the risk that a counterparty will be unable to repay amounts when they fall due resulting in a financial loss to the Bank. The Bank manages its credit risk exposure by placing limits on the acceptable risk exposure to individual borrowers or groups of borrowers.

Credit risk arises primarily from the following instruments:

- Loans and advances;
- Cash and cash equivalents;
- Other assets; and
- Investments in financial assets.

In order to minimise credit risk, the Bank has developed and maintains its credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

The following data are typically used to monitor the Bank's exposures:

- Payment record and ageing analysis;
- Extent of utilisation of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions; and
- Credit rating information supplied by external rating agencies.

Credit risk is monitored on an ongoing basis and 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.

The assessment of credit risk relies on internally-developed quantitative models for addressing regulatory 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).

Forward-looking information incorporated in the ECL models

Notes to the Consolidated and Separate Financial Statements

32. Financial risk management [continued]

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The forecast of economic variables, regression analysis and expert judgement is applied and confirmed through internal governance structures.

Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal/external supplementary data to use for modelling purposes.

The characteristics and any supplementary data used to determine groupings are outlined below:

Retail – Groupings for collective measurement

- Product type
- Repayment type
- Collateral type

All stage 3 exposures for retail are assessed individually.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Financial Risk team.

Group and Bank - 31 March 2026

	Stage 1 12-month ECL P'000	Stage 2 Lifetime ECL P'000	Stage 3 Lifetime ECL P'000	Total P'000
Gross exposure as at 01 April 2025	4,387,234	30,957	90,880	4,509,071
Transfer to stage 1 (12-month ECL)	(57,971)	13,638	44,333	-
Transfer to stage 2 (Lifetime ECL)	13,031	(29,699)	16,668	-
Transfer to stage 3 (Credit impaired)	15,193	2,752	(17,945)	-
Net transfers in/(out) of stage	(29,747)	(13,309)	43,056	-
Exposure reduction from final repayments	(650,629)	(685)	(22,455)	(673,769)
Business activity for the year	315,486	764	2,680	318,930
Increase in exposure for the year	(335,143)	79	(19,775)	(354,839)
Gross exposure as at 31 March 2026	4,022,344	17,727	114,161	4,154,232

Group and Bank - 31 March 2025

	Stage 1 12-month ECL P'000	Stage 2 Lifetime ECL P'000	Stage 3 Lifetime ECL P'000	Total P'000
Gross exposure as at 01 April 2024	2,681,367	11,156	88,394	2,780,917
Transfer to stage 1 (12-month ECL)	(30,966)	13,597	17,369	-
Transfer to stage 2 (Lifetime ECL)	15,610	(22,131)	6,521	-
Transfer to stage 3 (Credit impaired)	14,171	3,568	(17,739)	-
Net transfers in/(out) of stage	(1,185)	(4,966)	6,151	-
Exposure reduction from scheduled instalments	(718,527)	(6,117)	(18,193)	(742,837)
Business activity for the year	2,425,579	30,884	14,528	2,470,991
Increase in exposure for the year	1,707,052	24,767	(3,665)	1,728,154
Gross exposure as at 31 March 2025	4,387,234	30,957	90,880	4,509,071

Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments derecognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

Notes to the Consolidated and Separate Financial Statements

32. Financial risk management [continued]

The following table explains the changes in the loss allowance between the beginning and the end of the annual period due to the above factors:

Group and Bank - 31 March 2026

	Stage 1 12-month ECL P'000	Stage 2 Lifetime ECL P'000	Stage 3 Lifetime ECL P'000	Total P'000
Loss allowance as at 01 April 2025	39,202	11,401	65,413	116,016
Transfer to stage 1 (12-month ECL)	(854)	8,897	35,991	44,034
Transfer to stage 2 (Lifetime ECL)	313	(9,714)	12,791	3,390
Transfer to stage 3 (Credit impaired)	194	841	(11,952)	(10,917)
Net transfers in/(out) of stage	(347)	24	36,830	36,507
Exposure reduction from scheduled instalments	(6,085)	(250)	(10,044)	(16,379)
Business activity for the year	1,211	160	409	1,780
Model & changes in PPDs, LGDs & FLIs	(11,279)	(803)	6,631	(5,451)
Provisions for the year	(16,153)	(893)	(3,004)	(20,050)
Loss allowance as at 31 March 2026	22,702	10,532	99,239	132,473

Group and Bank - 31 March 2025

Loss allowance as at 01 April 2024	22,733	1,694	67,141	91,568
Transfer to stage 1 (12-month ECL)	(592)	4,352	12,931	16,691
Transfer to stage 2 (Lifetime ECL)	196	(7,952)	4,200	(3,556)
Transfer to stage 3 (Credit impaired)	148	682	(12,140)	(11,310)
Net transfers in/(out) of stage	(248)	(2,918)	4,991	1,825
Exposure reduction from scheduled instalments	(6,163)	(2,363)	(7,847)	(16,373)
Business activity for the year	23,848	5,678	5,627	35,153
Model & changes in PD's, LGD's & FLI's	(968)	9,310	(4,499)	3,843
Provisions for the year	16,717	12,625	(6,719)	22,623
Loss allowance as at 31 March 2025	39,202	11,401	65,413	116,016

Coverage Ratios

The Bank monitors the expected level of impairment through the coverage ratios. The coverage ratio is the expected loss divided by exposure. The following table details the coverage for the period.

Group and Bank - 31 March 2026

	Stage 1 12-month ECL P'000	Stage 2 Lifetime ECL P'000	Stage 3 Lifetime ECL P'000	Total P'000
Exposure				
Personal loans	3,455,391	14,849	109,032	3,579,272
Motor vehicle loans	118,254	740	2,930	121,924
Residential property loans	442,863	1,862	8,311	453,036
Total	4,016,508	17,451	120,273	4,154,232
ECL				
Personal loans	21,260	10,378	97,292	128,930
Residential loans	383	76	447	906
Motor vehicle loans	1,060	78	1,499	2,637
Total	22,703	10,532	99,238	132,473
Coverage ratios				
Personal loans	0.6 %	69.9 %	89.2 %	3.6 %
Motor vehicle loans	0.3 %	- %	- %	0.7%
Residential loans	0.2 %	4.2 %	18.0 %	0.6%
Total	0.6 %	60.4 %	82.5 %	3.2%

Group and Bank - 31 March 2025

Exposure				
Personal loans	3,885,989	29,117	77,837	3,992,943
Residential loans	24,382	-	-	24,382
Motor vehicle loans	476,863	1,840	13,043	491,746
Total	4,387,234	30,957	90,880	4,509,071
ECL				
Personal loans	38,548	11,308	63,538	113,394
Residential loans	92	16	-	108
Motor vehicle loans	563	76	1,875	2,514
Total	39,203	11,400	65,413	116,016
Coverage ratios				
Personal loans	1.0 %	38.8 %	81.6 %	2.8%
Motor vehicle loans	0.4 %	- %	- %	0.4%
Residential loans	0.1 %	4.1 %	14.4 %	0.5%
Total	0.9 %	36.8 %	72.0 %	2.6%

Notes to the Consolidated and Separate Financial Statements

32. Financial risk management [continued]

Maximum exposure to credit risk before collateral held or other credit enhancements-All Financial instruments

Credit risk exposures relating to on-statement-of-financial-position assets is as follows:

	Group 2026	2025	Bank 2026	2025
Cash and cash equivalents	285,635	183,843	284,800	182,406
Investment in financial assets	497,891	275,298	497,891	275,298
Other assets	4,003	6,309	4,003	5,962
Gross loans and advances to customers				
Motor vehicles advances	115,767	24,382	115,767	24,382
Residential property loans	470,726	494,432	470,726	494,432
Personal loans	3,567,739	3,990,257	3,567,739	3,990,257
Total on-statement of financial position exposure	4,941,761	4,974,521	4,940,926	4,972,737
Credit risk exposure relating to off-statement-of-financial-position items is as follows:				
Loan commitments	-	1,867	-	1,867
Total off-statement-of-financial position exposure	-	1,867	-	1,867
Total credit risk exposure	4,941,761	4,976,388	4,940,926	4,974,604

The above table represents a worst case scenario of credit risk exposure to the Bank on financial assets at financial year end, without taking account of any collateral held or other credit enhancements attached. For all assets listed on the statement of financial position, the exposures set out above are based on carrying amounts as reported.

The most significant exposures are derived from loans and advances to customers.

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the Bank resulting from both its loans and advances portfolio and other securities based on the following:

- The Bank employs a range of policies and practices to mitigate credit risk.
- Residential loans are backed by collateral.
- All financial assets, other than special mention and non-performing loans and advances, are neither past due nor impaired.

Maximum exposure to credit risk - Financial instruments

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Bank's maximum exposure to credit risk on these assets.

Group and Bank - 31 March 2026

	Stage 1 12-month ECL P'000	Stage 2 Lifetime ECL P'000	Stage 3 Lifetime ECL P'000	Total P'000
Credit grade				
Investment grade	4,016,508	-	-	4,016,508
Special monitoring	-	17,451	-	17,451
Default	-	-	120,273	120,273
Gross carrying amount	4,016,508	17,451	120,273	4,154,232
Loss allowance	(22,702)	(10,532)	(99,239)	(132,473)
Carrying amount	3,993,806	6,919	21,034	4,021,759

Group and Bank 31 March 2025

Credit grade				
Investment grade	4,387,234	-	-	4,387,234
Special monitoring	-	30,957	-	30,957
Default	-	-	90,880	90,880
Gross carrying amount	4,387,234	30,957	90,880	4,509,071
Loss allowance	(39,202)	(11,401)	(65,413)	(116,016)
Carrying amount	4,348,032	19,556	25,467	4,393,055

Risk limit control and mitigation policies

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a monthly basis and are subject to regular review. Limits on the level of credit risk are approved by the Board of Directors.

Exposure to credit risk is managed upfront when an application for credit is received. The Credit Risk Management Model is utilised by the Bank and assesses the three components of safety, desirability and profitability. Throughout the lifespan of the credit facility, regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations is conducted and lending limits are changed where appropriate. Exposure to credit risk is also managed in part by obtaining collateral, insurance and personal guarantees. The amount the Bank is willing to lend unsecured is capped and approved by the Board.

Notes to the Consolidated and Separate Financial Statements

32. Financial risk management [continued]

Placements with banks, including loans and advances to banks, are subject to the normal credit process. Some other specific control and mitigation measures are outlined below:

Fair value of collateral

As part of its credit risk mitigation practices, the Bank holds collateral in the form of residential properties in respect of its mortgage loan portfolio. These properties, which constitute non-financial assets, are subject to independent valuation by certified property valuation experts in accordance with the Bank's credit risk management policies. The use of collateral forms a central element in securing lending exposures and managing credit losses.

In accordance with the disclosure requirements under IFRS 7 – Financial Instruments: Disclosures, the Bank assesses whether it holds rights to sell or repledge collateral in the absence of borrower default. Under the Bank's standard mortgage agreements, collateral in the form of residential properties is retained strictly as security, with no contractual right to sell or repledge such collateral unless a default event has occurred. Consequently, the Bank does not recognize or disclose any fair value amounts of collateral sold or repledged in the absence of borrower default during the reporting period, as these rights are not conferred by the lending arrangements.

During the reporting period, the Bank repossessed certain residential properties following defaults by mortgage borrowers. These repossessed properties are not considered financial assets and are classified separately from the loan portfolio. In line with IFRS 7.38, where such assets are not readily convertible into cash, the Bank discloses the policies governing their disposal and usage.

Repossessed assets are managed under the Bank's collateral disposal policy, which provides for disposal primarily through public auctions. The Bank does not typically retain such assets for operational use. Repossessed properties are held temporarily and are subject to independent revaluation upon repossession and prior to disposal.

At each reporting date, the Risk Management Department maintains a collateral register which includes details of all collateral held and repossessed assets, including property location, valuation date, insurance coverage status, fair value, and any impairment provisions recognised. This ensures transparency and supports effective risk management and financial reporting compliance.

No significant obligations exist for the return of collateral as at the reporting date, and there have been no instances of collateral being repledged or sold without borrower default.

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. Within the credit risk area, mandates are predetermined in order to ensure that the applicable level of authority provides guidance and approval for advances. Risk exposure to advances is reduced by obtaining approved security as defined by the Board Risk Committee and listed in the advance instruction manual.

The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation and the principal collateral types for loans and advances are:

- cash deposited with and ceded to the Bank;
- deposit with any registered financial institution and ceded to the Bank;
- life assurance policies with a confirmed surrender value; and
- any other form of tangible collateral security subject to approval by the Board Credit Committee.

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period.

Collateral per class of loans and advances:

Residential Property Loans (Mortgages):

- All loans issued under the GEMVAS scheme are guaranteed by the Botswana Government
- The government guarantees 80% of the book value (70% for loans issued after 1 April 2019)
- All other residential property loans (staff residential loans) are secured by a first, second or third lien on the property and the Bank obtains a cession on the insurance policy

Motor vehicle loans:

- All motor vehicle loans are issued under the scheme with the employer
- The employer guarantees 70% (previously 80%) of the loan balance
- Most employers on this scheme are parastatals

The following security can be given for any loan class depending on the circumstances and purpose of the loan:

- Suretyships
- Registered cession of life insurance policy
- Cession of fixed deposits, notice deposits, bills, bonds, shares, investments or debtors.

Valuation assumptions	Motor vehicle loans	2026 Residential property	2025 Motor vehicle loans	2025 Residential property loans
Weighted average discount rate	10%	9% to 10%	6%	7% to 11%
Weighted average time to recovery	15 - months	15 - months	9 months	12 months
Financial year end			Recovery time	Discount rates
31 March 2026			15 months	9% to 10%
31 March 2025			8 to 12 months	7% to 11%

Discount rates

The Bank applies the discount rates based on the employment sector of customers. The collateral on loans of customers employed in the government sector is discounted at 10% (2025: 3%), whilst the private sector is discounted at 20% (2025: 10%).

Valuation methodologies

In determining the recoverable amount of the government guarantees the following are taken into consideration:
Government guarantees on GEMVAS residential property loans.

- The guarantee is discounted at the risk-free rate for the estimated time to realization, which is 15 months.

Property collateral on staff residential property loans

- Forced sales values are used as collateral, resulting in a range of haircuts.
- The value of the collateral is limited to the book value of the loan
- The limited collateral is discounted at 10 - 27% (2025: 10-27%) for the estimated time to realisation, which is 15 months (2025: 12 months).

Notes to the Consolidated and Separate Financial Statements

32. Financial risk management [continued]

Property valuation

In the case where a property is offered as security in the form of covering a mortgage bond, the valuation of the property is valid for three years in the banking book. A revaluation of the property needs to be done when there is an indication that the value of the property has declined. An approved revaluation of the property is required when a further advance or additional mortgage is applied for, when repayment comes in arrears, when an application for the release of collateral or any additional security is received or for properties in possession.

Homeowners comprehensive insurance is compulsory for all the mortgage loans. All articles financed by the Bank must be comprehensively insured.

Life insurance valuation

Life insurance that is used as security for loans taken out at the Bank is ceded to the Bank and the cession is registered by the insurance bank. The values of the life insurance policies ceded to the Bank must be updated at least annually to determine the security value and to establish whether premiums are up to date.

Credit life insurance

The customer signs a formal loan agreement and sufficient credit life insurance is ceded to the Bank. A formal payroll agreement between the applicant's employer and the Bank is also signed. Non-government applicants must sign an acknowledgement of debt and cede their surplus benefits (e.g. unpaid leave) payable on termination of service to the Bank.

Long-term finance and lending is generally secured. In addition, in order to minimise the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances. Although revolving individual credit facilities are generally unsecured, these are only granted to clients after stringent credit reviews.

Credit quality of loans and advances and other financial instruments

i. Credit quality and management of loans and advances

Initial applications

The Bank applies a standardised approach when assessing applications for credit. All applications are completed according to the Botswana Savings Bank risk model, which covers all information required to make an informed decision when granting advances. The risk model has the main components of safety, desirability and profitability which is further broken down as:

- background;
- needs;
- financial position;
- security;
- desirability;
- profitability; and
- recommendation – positive / negative aspects.

Subsequent credit assessments

Management information system reports were developed over time in order to effectively monitor and manage the quality of the loan portfolio and pro-actively identify problem accounts and trends. The following reports are generated:

- Excesses are reported and reviewed on a daily basis.
- The branches submit a monthly report on specific issues in order to take remedial actions on dormant accounts, suspended accounts, irregular accounts (outstanding 45 days and longer), outstanding security, special mention accounts, guarantees, and bad debts written off within branch mandates.
- The credit department submits a monthly report to the executive management team and a more detailed report to the Board of Directors on a quarterly basis regarding the status of the credit portfolio of the Bank.
- Monthly statistics per product are used to monitor the quality and management of the loan portfolio per branch.
- All clients with exposures approved above branch level are interviewed by the credit department before non-performing accounts are transferred to the legal collection branch.
- All transfers to the legal collections branch with an impairment provision higher than P2,000 are scrutinised by the credit department and categorised under:
 - poor assessment
 - poor management
 - poor collateral
 - economic reasons; and
 - other

The Bank has a process to proactively manage potential problem accounts to prevent possible losses. These advances are identified with assistance of the branches and are part of monthly credit reporting processes.

Impairment provisions on these active accounts are raised in accordance with the credit policy.

	Group and Bank 2026		Group and Bank 2025	
	Loans and advances to customers P '000	Investments in financial assets P '000	Loans and advances to customers P '000	Investments in financial assets P '000
Performing/Past due but not impaired	4,033,959	497,891	4,418,191	275,298
Individually impaired	120,273	-	90,880	-
Gross	4,154,232	497,891	4,509,071	275,298
Less: allowance for impairment	(132,473)	-	(116,016)	-
Net	4,021,759	497,891	4,393,055	275,298

Notes to the Consolidated and Separate Financial Statements

32. Financial risk management [continued]

a) Loans and advances neither past due nor impaired

Loans and advances to customers in this category primarily comprise structured finance to clients, which have no evidence of a deterioration of credit quality.

b) Loans and advances past due but not individually impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contract.

c) Loans and advances individually impaired

Loans and advances are managed with reference to the days in arrears. Days in arrears are calculated based on the amount past due relative to the instalment amount. Loans and advances outstanding for longer than 90 days are considered non-performing and are included in stage 3 for the loss allowance calculation.

Group and Bank - 31 March 2026

	Neither past nor impaired	Past due but not Individually Impaired	Individually Impaired	Total
	P '000	P '000	P '000	P '000
Exposure				
Personal loans	3,455,391	14,849	109,032	3,579,272
Motor vehicle advances	118,254	740	2,930	121,924
Residential property loans	442,863	1,862	8,311	453,036
	4,016,508	17,451	120,273	4,154,232

Group and Bank - 31 March 2025

Exposure				
Personal loans	3,885,989	29,117	77,837	3,992,943
Motor vehicle advances	24,382	-	-	24,382
Residential property loans	476,863	1,840	13,043	491,746
	4,387,234	30,957	90,880	4,509,071

Exposure under different loans

Group and Bank - 31 March 2026

	Motor Vehicle Loans	Personal Loans	Residential Property Loans	Total
Stage 1	118,254	3,455,391	442,863	4,016,508
Stage 2	740	14,849	1,862	17,451
Stage 3	2,930	109,032	8,311	120,273
	121,924	3,579,272	453,036	4,154,232
Fair value of collateral	-	(87,727)	(450,131)	(537,858)
Total	121,924	3,491,545	2,905	3,616,374
Impairment raised against unsecured amounts	(907)	(128,929)	(2,637)	(132,473)
Net exposure	121,017	3,362,616	268	3,483,901

Group and Bank - 31 March 2025

Stage 1	24,382	3,885,989	476,863	4,387,234
Stage 2	-	29,117	1,840	30,957
Stage 3	-	77,837	13,043	90,880
	24,382	3,992,943	491,746	4,509,071
Fair value of collateral	(10,454)	-	(473,385)	(483,839)
Total	13,928	3,992,943	18,361	4,025,232
Impairment raised against unsecured amounts	(108)	(113,395)	(2,513)	(116,016)
Net exposure	13,820	3,879,548	15,848	3,909,216

The value of tangible collateral disclosed above is limited to the outstanding balance, therefore any overcollateralised portion of a loan is excluded from the value of tangible collateral. Impairments are raised for undercollateralised non-performing loans, resulting in a net exposure of nil. Further information of the impairment allowance for loans and advances to customers is provided in note 6.

Notes to the Consolidated and Separate Financial Statements

32. Financial risk management [continued]

The following section summarises the credit quality of financial assets and exposures to corresponding and counterparty banks.

	Carrying amount P '000	Unrated P '000	Total P '000
Group - 31 March 2026			
Cash equivalents	285,635	285,635	285,635
Investment in financial assets	497,891	275,297	275,297
Other assets	4,003	6,292	6,292
Total assets (excluding loans and advances and other securities)	787,529	567,224	567,224
Group - 31 March 2025			
Cash equivalents	183,843	183,843	183,843
Investment in financial assets	275,298	275,297	275,297
Other assets	5,962	6,292	6,292
Total assets (excluding loans and advances and other securities)	465,103	465,432	465,432
Bank - 31 March 2026			
Cash equivalents	284,800	284,800	284,800
Investment in financial assets	497,891	497,891	497,891
Other assets	4,003	4,003	4,003
Total assets (excluding loans and advances and other securities)	786,694	786,694	786,694
Bank - 31 March 2025			
Cash equivalents	182,406	182,406	182,406
Investment in financial assets	275,298	275,298	275,298
Other assets	5,962	5,962	5,962
Total assets (excluding loans and advances and other securities)	463,666	463,666	463,666

Unrated exposures consist mainly of cash balances, investments in financial assets and Bank of Botswana certificates, which are short term and highly liquid in nature. The creditworthiness of these government and large commercial banks' money market instruments are of high quality, which poses low credit risk. Other assets consist of accounts receivable as well as clearing and settlement accounts. Rated and unrated exposures are not collateralised.

Reposessed collateral

The Bank obtains assets by taking possession of collateral held as security. During the reporting period, collateral realised included government guarantees on GEMVAS residential properties, which were settled through the receipt of cash from the guarantor.

The Bank manages credit concentration risk by imposing credit risk concentration caps on the exposure for different loans and advances classifications, such as product classes, regions and industry. The credit risk concentration caps are directly linked to the board-approved risk capacity, appetite and tolerance thresholds, and are managed as part of the risk management process. The credit concentration risk is also further assessed using stress testing and scenario analysis quantitative models.

Exposure under different loans

Group and Bank - 31 March 2026

	Motor Vehicle Loans	Residential Property Loans
Valuation assumptions		
Range of discount rates	10%	9-10%
Weighted average time to recovery	15 months	15 months

Assumptions for the valuation of collateral

Group and Bank - 31 March 2026

Valuation assumptions		
Range of discount rates	6%	7-11%
Weighted average time to recovery	9 months	12 months

Range of assumptions

	Recovery time	Discount rates
Financial year end		
31 March 2026	15 months	9% to 10%
31 March 2025	8 to 12 months	7% to 11%
31 March 2024	8 to 12 months	5% to 8%
31 March 2023	8 to 12 months	5% to 10%
31 March 2022	8 to 12 months	3.5% to 10%

Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its obligations from its financial liabilities. Liquidity risk may arise in situations where there are mismatches between maturities of assets and liabilities.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank's liquidity risk. It is unusual for banks to be completely matched, as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature are important factors in assessing the liquidity of the Bank and its exposure to changes in interest rates.

Assets and liabilities are generated from a variety of different sources and opportunities over a period of time and therefore inherently this will create a mismatch in the statement of financial position. The Bank actively and closely manages this mismatch.

The Bank's liquidity management process, as carried out within the Bank, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers;
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
- Managing the concentration and profile of debt maturities.

Notes to the Consolidated and Separate Financial Statements

32. Financial risk management [continued]

i) Management of liquidity risk

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

ii) Exposure to liquidity risk

The table below analyses financial assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at the reporting date to the maturity date.

Maturity analysis table

Group - 31 March 2026

Assets		0-3 months P'000	3-12 months P'000	1-5 years P'000	Over 5 years P'000	Total P'000
Cash and cash equivalents	11	285,635	-	-	-	285,635
Investments in financial assets	12	497,891	-	-	-	497,891
Loans and advances to customers**	14	24,998	14,014	534,002	3,581,218	4,154,232
Other assets	13	4,003	-	-	-	4,003
Total assets		812,527	14,014	534,002	3,581,218	4,941,761
Liabilities						
Deposits due to customers**	21	30,433	3,327,610	597,446	-	3,955,489
Trade and other liabilities	22	14,647	-	-	-	14,647
Borrowings**	23	19,751	23,348	464,771	21,721	529,591
Dormancy account liability	24	28,156	-	-	-	28,156
Lease liabilities**	18	1,700	2,109	26,145	12,683	42,637
Total liabilities		94,687	3,353,067	1,088,362	34,404	4,570,520
Net liquidity gap		717,840	(3,339,053)	(554,360)	3,546,814	371,241

31 March 2025

		0-3 months P'000	3-12 months P'000	1-5 years P'000	Over 5 years P'000	Total P'000
Assets						
Cash and cash equivalents	11	183,843	-	-	-	183,843
Fixed deposits with banks	12	187,781	87,517	-	-	275,298
Loans and advances to customers	14	33,599	81,582	691,784	3,702,106	4,509,071
Other assets	13	6,309	-	-	-	6,309
Total assets		411,532	169,099	691,784	3,702,106	4,974,521
Liabilities						
Deposits due to customers	21	1,933,541	1,745,829	404,625	-	4,083,995
Trade and other liabilities	22	13,342	-	-	-	13,342
Borrowings	23	13,235	24,409	173,243	229,217	440,104
Dormancy account liability	24	28,304	-	-	-	28,304
Lease liability	18	492	2,002	15,665	23,908	42,067
Total liabilities		1,988,914	1,772,240	593,533	253,125	4,607,812
Net liquidity gap		(1,577,382)	(1,603,141)	98,251	3,448,981	366,709

Bank

31 March 2026

Assets						
Cash and cash equivalents	11	284,800	-	-	-	284,800
Investments in financial assets	12	497,891	-	-	-	497,891
Loans and advances to customers**	14	24,998	14,014	534,002	3,581,218	4,154,232
Other assets	13	4,003	-	-	-	4,003
Total assets		811,692	14,014	534,002	3,581,218	4,940,926
Liabilities						
Deposits due to customers**	21	68,097	3,327,610	597,446	-	3,993,153
Trade and other liabilities	22	13,876	-	-	-	13,876
Borrowings**	23	19,751	23,348	464,771	21,721	529,591
Dormancy account liability	24	28,156	-	-	-	28,156
Lease liabilities**	18	1,700	2,109	26,145	12,683	42,637
Total liabilities		131,580	3,353,067	1,088,362	34,404	4,607,413
Net liquidity gap		680,112	(3,339,053)	(554,360)	3,546,814	333,513
Cumulative liquidity gap		-	(2,658,941)	(3,213,301)	333,513	333,513

Notes to the Consolidated and Separate Financial Statements

32. Financial risk management [continued]

31 March 2025

		0-3 months P'000	3-12 months P'000	1-5 years P'000	Over 5 years P'000	Total P'000
Assets						
Cash and cash equivalents*	11	182,406	-	-	-	182,406
Investments in financial assets*	12	187,780	87,518	-	-	275,298
Loans and advances to customers**	14	33,599	81,582	691,784	3,702,106	4,509,071
Other assets	13	5,962	-	-	-	5,962
Total assets		409,747	169,100	691,784	3,702,106	4,972,737
Liabilities						
Deposits due to customers**	21	1,975,710	1,745,829	404,625	-	4,126,164
Trade and other liabilities	22	13,342	-	-	-	13,342
Borrowings**	23	13,235	24,409	173,243	229,217	440,104
Dormancy account liability	24	28,304	-	-	-	28,304
Lease liability**	18	492	2,002	15,665	23,908	42,067
Total liabilities		2,031,083	1,772,240	593,533	253,125	4,649,981
Net liquidity gap		(1,621,336)	(1,603,140)	98,251	3,448,981	322,756
Cumulative liquidity gap		-	(3,224,476)	(3,126,225)	322,756	322,756

As per the maturity analysis table, there is an overall liquidity mismatch in period 0-5 years, management is addressing this through regular monitoring of current and future cash flows. Furthermore, Management is aiming to raise long-term debt to reduce the reliance on short-term deposits which are causing the significant short-term gap.

** Balances represent undiscounted cash flows in accordance with IFRS 7.

Liquidity ratio

The Bank of Botswana has issued guidelines on the management of liquidity. These guidelines require that total liquid assets divided by total customer deposits should be at least 10%. Liquidity ratios have been assessed as follows:

Group	2026 P '000	2025 P '000
Total liquid assets	783,526	459,141
Total deposits	3,955,489	4,083,995
Ratio	20 %	11 %
Bank		
Total liquid assets	782,691	457,704
Total deposits	3,993,153	4,126,164
Ratio	20 %	11 %

The following are considered as liquid assets by the Bank of Botswana

- Notes and coins;
- Balances due from Bank of Botswana.
- Balances due from domestic banks with maturities less than 184 days;
- Treasury bills equal to or less than 6 months;
- Government bonds with maturities less than 12 months;
- Bank of Botswana Certificates - those pledged as security;
- Other government obligations with less than 12 months' maturity; and
- Other liquid assets.

Capital risk management

Capital adequacy and the use of regulatory capital are monitored by the Bank, applying techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practices (Basel Committee) and European Community Directives, as implemented by the Bank of Botswana for supervisory purposes.

These techniques include the risk asset ratio, which the Bank of Botswana regards as a key supervisory tool. The Bank of Botswana has set the individual minimum ratio requirements for banks in Botswana at 12.5% which is above the Basel Committee minimum guideline of 8%. The ratio calculation involves the application of designated risks weightings to reflect an estimate of credit, market and other risks associated with broad categories of transactions and counterparties.

The concept of risk weighting, as applied to banking activities, assumes that such activities generally include some risk of loss. For risk weighting purposes, commercial lending is taken as a benchmark to which a risk weighting of 100% is ascribed. Other transactions considered to generate lower levels of risk than commercial lending may qualify for reduced weightings. Off balance sheet items are converted to credit risk equivalents by applying credit conversion factors laid down by the Basel Committee, as implemented by the Bank of Botswana. The resulting amounts are then risk weighted according to the nature of the counterparty.

Regulatory guidelines define two tiers of capital resources:

- Tier 1 (core) capital, comprising mainly shareholders' funds, is the highest tier
- Tier 2 capital includes perpetual, medium and long-term subordinated debt, qualifying general provisions for bad and doubtful debts and current year profits.

Notes to the Consolidated and Separate Financial Statements

32. Financial risk management [continued]

Both tiers can be used to meet trading and banking activity requirements. To monitor the adequacy of its capital, the Bank uses ratios established by the Bank of Botswana. These ratios measure adequacy by comparing the Bank's eligible capital with its reported assets and commitments at weighted amounts to reflect their relative risk. The regulator has advised all financial institutions to ensure capital requirements are based on the Basel framework.

The regulator has advised the adoption of the following approaches:

Standardised Approach (SA) for Credit risk,

Basic Indicator Approach (BIA) for Operational risk

Standardised Measurement Method (SMM) for Market risk.

For prudential supervisory purposes, Tier 1 capital consists of unrecallable share capital together with the general and the statutory reserves. The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain growth of the business. The objective is to strike a balance between the higher returns that might be possible with greater earnings and the advantages and security afforded by a sound capital position. The Bank has complied with all externally imposed capital requirements throughout the period.

The capital adequacy ratio was 15.9% as at 31 March 2026 (2025: 16.6%). The minimum capital adequacy rate as set by the Bank of Botswana is 12.5%.

The following table shows the capital adequacy for the Bank and the risk weighted assets based on Basel II as at 31 March 2026:

Bank		2026 P '000	2025 P '000
Tier 1 capital			
Stated Capital	26	19,721	19,721
Statutory reserve	27	85,882	85,882
Retained earnings		204,505	205,236
Deduct			
Intangible assets	19	(34,317)	(37,982)
Total Tier 1 capital		275,791	272,857
Tier 2 capital			
Provisional reserve (capped at 1.25% of RWA)		33,234	42,875
Subordinated debt		252,550	260,398
Total qualifying capital		561,575	576,130
Credit RWAs		3,260,769	3,429,988
Operational RWAs		276,358	262,624
Total Risk weighted assets		3,537,127	3,692,612
Tier 1 risk based capital ratio (minimum 7.5%)		7.8 %	8.4 %
Total risk-weighted capital ratio (minimum 12.5%)		15.9 %	16.6 %

33. Related parties

100% shareholding	Botswana Government
100% Subsidiary	BSB Insure Note 15

Related parties comprise the Government of the Republic of Botswana, Botswana Postal Services and key management personnel. Botswana Savings Bank and Botswana Postal Services ("BPS") had an agency agreement under which the latter accepts deposits and pays out withdrawals through the postal network for a fee. Botswana Savings Bank exited from the relationship in the prior year.

Key management personnel refers to the Bank's Board of Directors, executive management team and senior management team.

Information on borrowings from the Botswana Government is disclosed in note 23.

The volumes of related party transactions and outstanding balances at the year end, and the related expense and income for the year are as follows:

Related party balances

	Group		Bank	
Figures in Pula thousand	2026	2025	2026	2025
Balance due to related parties				
Interest due on Borrowings - Botswana Government	1,812	2,015	1,812	2,015
Capital due on borrowings - Botswana Government	52,500	58,333	52,500	58,333
Insurance premium payable - BSB Insure	-	-	1,171	231
Balances due from BSB Insure	-	-	-	4,094
Deposit balance due to BSB Insure	-	-	37,766	42,445
	54,312	60,348	93,249	107,118
Related party transactions				
Transactions with BSB Insure				
Rent paid to Botswana Savings Bank	-	-	73	73
Payments for shared services	-	-	182	182
Interest on call paid to BSB Insure	-	-	1,016	908
Operating expenses paid on behalf - BSB Insure	-	-	3,706	-
Management fees paid to Botswana Savings Bank	-	-	-	3,000
Non-executive directors fees				
Board meeting fees and expenses	1,064	1,018	-	-
Compensation to Executive and Senior management				
- Salaries and allowances	10,757	6,853	10,757	6,853
Termination benefits	2,493	1,891	2,493	1,891
	13,250	8,744	13,250	8,744

Loans to employees (including executive directors) are made on concessionary terms in accordance with the conditions of employment. A list of members of the Board of Directors is disclosed in General Information. Directors' remuneration is disclosed in note 9.

Notes to the Consolidated and Separate Financial Statements

33. Related parties [continued]

Figures in Pula thousand	Group		Bank	
	2026	2025	2026	2025
Loans to directors				
Executive director's loans	6,385	7,769	6,385	7,769

34. Events after the reporting period

There are no material or significant events or contingencies after the reporting date, which require disclosure or adjustment in the financial statements for the year ended 31 March 2026.

35. Segment Reporting

Banking segment - Comprises loan advances, deposits and the revenue flowing from individual customers.

BancAssurance - Comprises commission from placing credit and life cover with underwriters.

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 - 2026

	Retail segment	Banc Assurance	Elimination on consoli- dation	Total
Income Statement	P'000	P'000	P'000	P'000
Interest income using effective interest rate	701,092	1,018	(1,014)	701,096
Fee and commission income	15,988	2,780	-	18,768
	717,080	3,798	(1,014)	719,864
Interest, fee and commission expense	(487,100)	-	1,015	(486,085)
	229,980	3,798	1	233,779
Net impairment expense of financial assets	(14,391)	-	-	(14,391)
Other Income	12,333	413	(2)	12,744
	227,922	4,211	(1)	232,132
Depreciation and amortisation	(19,339)	(178)	50	(19,467)
Employee benefits	(117,441)	(2,039)	(156)	(119,636)
Administrative and general expenses	(91,873)	(716)	197	(92,392)
Profit before tax	(731)	1,278	90	637
Taxation				(232)
				405
Statement of Financial Position				
Cash and cash equivalents	284,800	38,392	(37,557)	285,635
Loans and advances to customers	4,154,232	-	-	4,154,232
Loss allowances	(132,473)	-	-	(132,473)
Net advances to customers	4,021,759	-	-	4,021,759
Deposits from customers	3,993,153	-	(37,664)	3,955,489

Group - 2025

	Retail segment	Banc Assurance	Elimination on consoli- dation	Total
	P'000	P'000	P'000	P'000
Income Statement				
Interest income using effective interest rate	595,993	919	(908)	596,004
Fee and commission income	19,089	34,561	-	53,650
	615,082	35,480	(908)	649,654
Interest, fee and commission expense	(302,017)	-	909	(301,108)
	313,065	35,480	1	348,546
Net impairment expense of financial assets	(21,634)	-	-	(21,634)
Other Income	23,668	3,568	(3,204)	24,032
	315,099	39,048	(3,203)	350,944
Depreciation and amortisation	(26,997)	(82)	49	(27,030)
Employee benefits	(123,660)	(2,405)	(508)	(126,573)
Administrative and general expenses	(93,739)	(5,146)	3,734	(95,151)
Profit before tax	70,703	31,415	72	102,190
Taxation				(25,400)
				76,790
Statement of Financial Position				
Cash and cash equivalents	182,406	43,506	(42,069)	183,843
Loans and advances to customers	4,509,071	-	-	4,509,071
Loss allowances	(116,016)	-	-	(116,016)
Net advances to customers	4,393,055	-	-	4,393,055
Deposits from customers	4,126,164	-	(42,169)	4,083,995



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