

# ABRIDGED UNAUDITED GROUP AND COMPANY FINANCIAL STATEMENTS

for the year ended 30 June 2026

A limited liability public company incorporated in Botswana under the Companies Act, 2003 (as amended).

## Key Financial Highlights

|                           |         |
|---------------------------|---------|
| TOTAL GROUP ASSETS        |         |
| 8%▲                       | P6.30Bn |
| 2025: P5.85 Bn            |         |
| COMPANY NET WORTH         |         |
| 3%▲                       | P2.30Bn |
| 2025: P2.23 Bn            |         |
| COMPANY DIVIDEND INCOME   |         |
| 207%▲                     | P239Mn  |
| 2025: P78 Mn              |         |
| TOTAL COMPANY REVENUE     |         |
| 11%▲                      | P485Mn  |
| 2025: P437 Mn             |         |
| COMPANY IMPAIRMENT CHARGE |         |
| 62%Down                   | (P45)Mn |
| 2025: (P119) Mn           |         |
| COMPANY PROFIT BEFORE TAX |         |
| P186 Mn<br>turnaround     | P14Mn   |
| 2025: (P171) Mn           |         |
| COMPANY PROFIT AFTER TAX  |         |
| P188 Mn<br>turnaround     | P21Mn   |
| 2025: (P168) Mn           |         |

### 1. BASIS OF PREPARATION

The Board of Botswana Development Corporation Limited (the "Corporation") has approved the publication of these preliminary summarised unaudited financial statements. The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS® Accounting Standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these consolidated and separate annual financial statements and the Companies Act, 2003.

The complete set of financial statements from which the abridged results were derived from will be made available at a later date.

The financial statements of the Corporation have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values. Historical cost is generally based on the fair value of the consideration given in exchange for the assets.

### 2. INDEPENDENT AUDITORS REPORT

The auditor's report was not available at the time of publication of the abridged financial statements and will be made available as soon as it is finalised.

### 3. ECONOMIC REVIEW

Botswana's economy remained under pressure through the year, weighed down by soft global demand, a sustained downturn in the diamond sector as rough diamond prices fell 10.4% in the second quarter of 2026, and cautious domestic lending. Inflation rose to an average of 10.6% in the second quarter of 2026 (2025: 2.1%), driven by fuel, transport, food, medical-aid and imported-input costs, eroding household purchasing power and raising operating costs for businesses. The Bank of Botswana raised the Monetary Policy Rate by 160 basis points in October 2025 and by a further 200 basis points in April 2026 to 5.5%, where it has since been held. This increased borrowing and debt-servicing costs, while commercial-bank credit contracted 1.6% over the year to June 2026, reflecting continued lender caution and constrained access to finance, particularly for SMEs.

Against this backdrop, BDC significantly stepped up its deployment of capital, particularly commercial credit that balances return and impact, reaffirming the Corporation's role in mobilising and deploying patient capital, financing bankable projects and catalysing private-sector participation where commercial viability, development impact and prudent risk management are appropriately balanced.

The outlook is cautiously positive: growth is projected at 3.1% to 3.2% for 2026, strengthening to approximately 5.4% in 2027 as mining performance improves, non-mining investment picks up and diversification reforms take hold.

BDC has aligned its new five-year Corporate Strategy with the BETP. As the Government's development finance institution, the Corporation is positioned as a co-financing and de-risking partner for transformation projects, mobilising patient capital and crowding in private investors and development partners. Its priority sectors of agriculture and agro-processing, manufacturing, energy, tourism and hospitality, healthcare, and financial services and technology mirror the programme's priorities, and its focus on building national champions and creating new enterprises and industries responds directly to the BETP's call for private-sector-led growth. Milk Valley Farm, with its planned forward integration into dairy processing, is an example of the import-substituting, full value chain investment the programme seeks.

BDC's focus accordingly remains on preserving liquidity, disciplined risk-based lending, close monitoring of vulnerable sectors, and prioritising bankable investments that advance the BETP's objectives of diversification, export growth and job creation.

### 4. FINANCIAL PERFORMANCE COMMENTARY

FY2026 marked BDC's return to profitability, the result of concerted efforts by the management team, under close Board oversight, to execute an aggressive turnaround plan within a single financial year. The Company recorded a profit before tax of P14 million, a P191 million turnaround from the P171 million loss in FY2025, and a profit after tax of P20 million. The turnaround was delivered on three fronts: total income grew 11% to P485 million, including dividends realised through the asset recycling programme; operating expenses fell 4% to P147 million; and combined credit and valuation charges fell 55% to P108 million (2025: P242 million).

At Group level, the Group recorded a loss before tax of P22 million (2025: profit of P26 million), reflecting weather conferencing activity and several subsidiaries still ramping up to full operating capacity. The Group's income tax charge of P56 million (2025: P10 million) [e.g. deferred tax movements at subsidiary level resulted in a loss after tax of P78 million. The Group's operating profit nevertheless remained positive at P78 million, and Group trade income grew 19% to P97 million, led by the automotive business. As Milk Valley Farm begins calving in FY2027 and other subsidiaries reach scale, they are expected to contribute more positively to Group performance.

The Company turnaround has created a solid base for the new strategy. The next phase is the execution of clear value creation strategies for each portfolio company, focused on lifting operating performance, scaling businesses in their ramp-up phase and strengthening governance and management capability. This is expected to return the Group to profitability.

#### I. INCOME

Company total income increased by 11% to P485 million (2025: P437 million), driven by dividend income of P239

million (2025: P78 million), which included proceeds realised from the divestment of property at subsidiary level under the asset recycling programme. Interest on loans decreased to P142 million (2025: P263 million), reflecting a deliberate and prudent decision by the Corporation to cease accruing interest on non-performing loans. This ensures that reported income reflects amounts the Corporation reasonably expects to collect, strengthening the accuracy and quality of BDC's reported earnings. While the change reduces reported interest income in the near term, BDC continues to pursue amounts contractually due through its workout and recovery process, and any recoveries will be recognised as they are realized.

At Group level, total income decreased to P552 million (2025: P787 million), mainly reflecting reduced conferencing activity and limited income from subsidiaries that are still in their implementation phase. This was partly offset by higher trade income in the automotive business, supported by margin expansion and volume growth. The Group is expected to deliver improved revenue performance as these business activities gain momentum.

#### ii. OPERATING EXPENSES

Against this backdrop, Group operating expenses increased 7% to P322 million (2025: P302 million), reflecting increased operating and start-up costs as subsidiaries scale towards optimal capacity, with some yet to generate income commensurate with their current level of expenditure. Company operating expenses decreased by 4% to P147 million (2025: P154 million), reflecting continued cost discipline and lower discretionary spend. Group operating expenses, by contrast, increased by 7% to P322 million (2025: P302 million), primarily reflecting increased operating activity across the Group's subsidiaries as production levels improved and businesses moved towards optimal operating capacity.

Finance costs increased to P223 million at Company level (2025: P192 million) and P203 million at Group level (2025: P187 million), primarily following the full drawdown of the USD40 million foreign currency-denominated facility to support the Corporation's investment activities.

#### iii. IMPAIRMENTS AND FAIR VALUE

Credit and valuation charges continued their downward trend while BDC maintained a conservative approach to provisioning. Company expected credit losses fell 62% to P45 million (2025: P119 million) and the Group recorded a net release of P191million (2025: charge of P129 million), as non-performing exposures were resolved through intensified workout and recovery and portfolio monitoring was strengthened.

BDC did not use this improvement to relax its valuation stance. The Company recognised a P87 million fair value loss (Group: P100 million) on its debt exposure to an investee company in the coal mining sector, reflecting the deterioration in that company's operating and financial position (2025: P123 million for both). Taken together, Company credit and valuation charges fell 57% to P103 million (2025: P242 million).

#### iv. ASSET BOOK AND PIPELINE CONVERSION

FY2026 saw a step-change in pipeline conversion. BDC disbursed P855 million, nearly twenty times the prior year, with 62% directed to established, cash-generative counterparties. At the same time, the asset recycling programme released P614 million from underperforming and non-core exposures, with a further P388 million of Group assets now classified as held for sale.

Company investment assets grew 9% to P32 billion (2025: P29 billion). Because disbursements were weighted to the second half of the year interest income does not yet reflect the new book, and it is expected to rise from FY2027 as these assets season.

#### v. FUNDING, LIQUIDITY AND CAPITAL

BDC ends the year with stronger liquidity and a longer-dated funding base. The Company moved from an overdraw cash position of P22 million to closing cash of P167 million, and generated P59 million from operating activities (2025: outflow of P169 million). Group cash rose to P345 million (2025: P77 million), and the Group current ratio improved to 3.3 times (2025: 2.5 times).

The full drawdown of the USD40 million facility lengthened the tenor of BDC's funding, raising non-current liabilities to 75% of Group liabilities (2025: 70%) and better matching long-dated investments with long-dated funding. Currency and interest-rate exposure on this funding is monitored by the Asset and Liability Committee (ALCO).

The Corporation maintained a stable capital base alongside this larger, longer-dated balance sheet. Group equity attributable to shareholders remained at P30 billion (2025: P30 billion), while Company equity increased by 3% to P23 billion (2025: P22.2 billion), supported by the return to profit and a P23 million equity contribution from the shareholder. The Corporation has also secured approval of a new facility from the Arab Bank for Economic Development in Africa (BADEA), with drawdown expected by December 2026. This positions BDC to fund its P1.63 billion pipeline and to co-invest alongside development partners under the new strategy.

### 5. EXTENT OF STRATEGY IMPLEMENTATION AND NOTABLE ACHIEVEMENTS

FY2026 was the year the turnaround plan moved from design to delivery. Having set out to restore profitability, accelerate pipeline conversion and strengthen liquidity, the Corporation converted that mandate into P855million of disbursements – a near twentyfold increase on the prior year – and a demonstrably higher quality asset book. A disciplined asset recycling programme reinforced this shift, unloading a further P614million for debt servicing and reinvestment – capital rotated out of underperforming exposures and redeployed into the pipeline. Being financially strong and institutionally robust is not optional for BDC; it is the platform on which the next chapter of the strategy is built.

## Abridged unaudited statement of comprehensive income

for the year ended 30 June 2026

|                                                             | Group            |                  | Company          |                  |
|-------------------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                             | June 26<br>P'000 | June 25<br>P'000 | June 26<br>P'000 | June 25<br>P'000 |
| Income from trade                                           | 97,356           | 81,852           | 238,967          | 77,817           |
| Interest on loans                                           | 102,951          | 234,903          | 142,198          | 263,473          |
| Rental Income                                               | 63,381           | 64,026           | -                | -                |
| Finance and other income                                    | 240,778          | 345,461          | 104,190          | 95,517           |
| Share of profit of equity accounted investees, net of tax   | 47,802           | 61,172           | -                | -                |
| <b>Total Income</b>                                         | <b>552,268</b>   | <b>787,414</b>   | <b>485,355</b>   | <b>436,807</b>   |
| Expected credit losses                                      | 19,191           | (128,941)        | (44,688)         | (118,758)        |
| Unrealised foreign exchange gains/(losses)                  | 7,258            | (19,918)         | 7,265            | (19,918)         |
| Operating expenses                                          | (322,309)        | (302,187)        | (147,348)        | (154,182)        |
| Finance costs                                               | (202,616)        | (186,970)        | (223,133)        | (191,879)        |
| <b>Operating (loss)/profit</b>                              | <b>53,792</b>    | <b>149,398</b>   | <b>77,451</b>    | <b>(47,930)</b>  |
| Change in fair value of debt instrument                     | (76,099)         | (123,331)        | (63,070)         | (123,331)        |
| <b>Profit/(loss) before tax</b>                             | <b>(22,307)</b>  | <b>26,067</b>    | <b>14,381</b>    | <b>(171,261)</b> |
| Income tax (expense)/credit                                 | (55,673)         | (10,330)         | 6,132            | 3,584            |
| <b>Profit/(loss) for the year</b>                           | <b>(77,980)</b>  | <b>15,737</b>    | <b>20,513</b>    | <b>(167,677)</b> |
| <b>Other comprehensive income</b>                           |                  |                  |                  |                  |
| Gains on fair value of equity securities                    | 26,570           | 82,454           | 26,570           | 82,454           |
| Gains on valuation of land and buildings                    | 21,954           | 23,599           | -                | -                |
| Deferred taxation on revaluation loss of land and buildings | -                | (6,093)          | -                | -                |
| Foreign exchange gains                                      | (401)            | (182)            | (401)            | (182)            |
| <b>Total comprehensive income(loss) for the year</b>        | <b>(29,857)</b>  | <b>115,515</b>   | <b>46,681</b>    | <b>(85,405)</b>  |

## Abridged unaudited statement of financial position

as at 30 June 2026

|                                                | Group            |                  | Company          |                  |
|------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                | June 26<br>P'000 | June 25<br>P'000 | June 26<br>P'000 | June 25<br>P'000 |
| Investment assets                              | 2,817,548        | 2,997,112        | 3,174,127        | 2,907,817        |
| Other non-current assets                       | 878,031          | 837,765          | 146,344          | 148,079          |
| Short term investments assets                  | 1,287,896        | 1,502,301        | 1,299,059        | 1,489,903        |
| Other current assets                           | 923,477          | 508,302          | 591,885          | 137,166          |
| Non-current assets classified as held for sale | 388,495          | -                | 10,287           | -                |
| <b>Total assets</b>                            | <b>6,295,447</b> | <b>5,845,480</b> | <b>5,221,702</b> | <b>4,682,965</b> |
| <b>Equity and Liabilities</b>                  |                  |                  |                  |                  |
| Equity attributable to owners of the company   | 2,998,644        | 2,994,870        | 2,294,230        | 2,226,420        |
| Non Controlling Interest                       | 100,595          | 113,110          | -                | -                |
| Non-current liabilities                        | 2,407,258        | 1,918,816        | 2,262,133        | 1,841,433        |
| Current liabilities                            | 788,950          | 818,684          | 665,339          | 615,112          |
| <b>Total equity and liabilities</b>            | <b>6,295,447</b> | <b>5,845,480</b> | <b>5,221,702</b> | <b>4,682,965</b> |

## Abridged unaudited statement of cash flows

for the year ended 30 June 2026

|                                                    | Group            |                  | Company          |                  |
|----------------------------------------------------|------------------|------------------|------------------|------------------|
|                                                    | June 26<br>P'000 | June 25<br>P'000 | June 26<br>P'000 | June 25<br>P'000 |
| Opening cash balance                               | 77,037           | 194,872          | (21,882)         | 101,691          |
| Net cash generated from operating activities       | 207,105          | (105,351)        | 59,260           | (169,274)        |
| Net cash used in investing activities              | (116,631)        | 258,540          | (32,230)         | 356,111          |
| Net cash generated/ (used in) financing activities | 177,745          | (271,024)        | 157,206          | (310,410)        |
| <b>Closing cash balance</b>                        | <b>345,256</b>   | <b>77,037</b>    | <b>162,354</b>   | <b>(21,882)</b>  |

## Abridged unaudited statement of changes in equity

for the year ended 30 June 2026

| Company                                               | Stated<br>Capital<br>P'000 | ISF Equity<br>Reserve<br>P'000 | Fair value<br>Reserve<br>P'000 | Claims<br>Equalization<br>Reserve | Other<br>Reserve<br>P'000 | Retained<br>Income<br>P'000 | Total<br>Equity<br>P'000 |
|-------------------------------------------------------|----------------------------|--------------------------------|--------------------------------|-----------------------------------|---------------------------|-----------------------------|--------------------------|
| <b>Balance at 1 July 2024</b>                         | <b>984,774</b>             | <b>42,108</b>                  | <b>(24,172)</b>                | <b>-</b>                          | <b>84,832</b>             | <b>1,015,418</b>            | <b>2,102,960</b>         |
| Loss for the year                                     | -                          | -                              | -                              | -                                 | -                         | (167,677)                   | (167,677)                |
| Other comprehensive income/(loss) for the year        | -                          | -                              | 82,454                         | -                                 | (182)                     | -                           | 82,272                   |
| <b>Total comprehensive income/(loss)</b>              | <b>-</b>                   | <b>-</b>                       | <b>82,454</b>                  | <b>-</b>                          | <b>(182)</b>              | <b>(167,677)</b>            | <b>(85,405)</b>          |
| Equity contribution from parent                       | -                          | 8,865                          | -                              | -                                 | -                         | -                           | 8,865                    |
| Issue of shares                                       | 200,000                    | -                              | -                              | -                                 | -                         | -                           | 200,000                  |
| Transfer between reserves                             | 49,366                     | (49,366)                       | -                              | -                                 | 1,431                     | (1,431)                     | -                        |
| Transfer of fair value on disposal of shares          | -                          | -                              | (87,279)                       | -                                 | -                         | 87,279                      | -                        |
| <b>Balance as at 01 July 2025</b>                     | <b>1,234,140</b>           | <b>1,607</b>                   | <b>(28,997)</b>                | <b>-</b>                          | <b>86,081</b>             | <b>933,589</b>              | <b>2,226,420</b>         |
| Profit for the year                                   | -                          | -                              | -                              | -                                 | -                         | 20,513                      | 20,513                   |
| Other comprehensive income/(loss) for the year        | -                          | -                              | 26,570                         | -                                 | (401)                     | -                           | 26,169                   |
| <b>Total comprehensive income/(loss) for the year</b> | <b>-</b>                   | <b>-</b>                       | <b>26,570</b>                  | <b>-</b>                          | <b>(401)</b>              | <b>20,513</b>               | <b>46,682</b>            |
| Equity contribution from parent                       | -                          | 22,973                         | -                              | -                                 | -                         | -                           | 22,973                   |
| Transfer between reserves                             | -                          | -                              | -                              | -                                 | 6                         | (6)                         | -                        |
| Transfer of fair value on disposal of shares          | -                          | -                              | (206,439)                      | -                                 | -                         | 204,594                     | (1,845)                  |
| <b>Balance at 30 June 2026</b>                        | <b>1,234,140</b>           | <b>24,580</b>                  | <b>(208,866)</b>               | <b>-</b>                          | <b>85,686</b>             | <b>1,158,690</b>            | <b>2,294,230</b>         |

| Group                                                 | Stated<br>Capital<br>P'000 | ISF Equity<br>Reserve<br>P'000 | Fair value<br>Reserve<br>P'000 | Claims<br>Equalisation<br>reserve<br>P'000 | Other<br>Reserve<br>P'000 | Retained<br>Income<br>P'000 | Attributable<br>to members<br>P'000 | Non<br>-controlling<br>Interest<br>P'000 | Total<br>equity<br>P'000 |
|-------------------------------------------------------|----------------------------|--------------------------------|--------------------------------|--------------------------------------------|---------------------------|-----------------------------|-------------------------------------|------------------------------------------|--------------------------|
| <b>Balance at 1 July 2024</b>                         | <b>984,774</b>             | <b>42,108</b>                  | <b>(24,172)</b>                | <b>1,207</b>                               | <b>430,036</b>            | <b>1,235,235</b>            | <b>2,669,188</b>                    | <b>114,412</b>                           | <b>2,783,600</b>         |
| Profit for the year                                   | -                          | -                              | -                              | -                                          | -                         | 29,740                      | 29,740                              | (14,003)                                 | 15,737                   |
| Other comprehensive income                            | -                          | -                              | 82,454                         | -                                          | 4,623                     | -                           | 87,077                              | 12,701                                   | 99,778                   |
| <b>Total comprehensive income for the year</b>        | <b>-</b>                   | <b>-</b>                       | <b>82,454</b>                  | <b>-</b>                                   | <b>4,623</b>              | <b>29,740</b>               | <b>116,817</b>                      | <b>(1,302)</b>                           | <b>115,515</b>           |
| Equity contribution from parent                       | -                          | 8,865                          | -                              | -                                          | -                         | 8,865                       | -                                   | -                                        | 8,865                    |
| Issue of shares                                       | 200,000                    | -                              | -                              | -                                          | -                         | -                           | 200,000                             | -                                        | 200,000                  |
| Transfer between reserves                             | 49,366                     | (49,366)                       | -                              | -                                          | 1,431                     | (1,431)                     | -                                   | -                                        | -                        |
| Transfer of fair value on disposal of shares          | -                          | -                              | (87,279)                       | -                                          | -                         | 87,279                      | -                                   | -                                        | -                        |
| <b>Balance as at 01 July 2025</b>                     | <b>1,234,140</b>           | <b>1,607</b>                   | <b>(28,997)</b>                | <b>1,207</b>                               | <b>436,090</b>            | <b>1,350,823</b>            | <b>2,994,870</b>                    | <b>113,110</b>                           | <b>3,107,980</b>         |
| Loss for the year                                     | -                          | -                              | -                              | -                                          | -                         | (65,465)                    | (65,465)                            | (12,515)                                 | (77,980)                 |
| Other comprehensive income for the year               | -                          | -                              | 26,570                         | -                                          | 21,553                    | -                           | 48,123                              | -                                        | 48,123                   |
| <b>Total comprehensive income/(loss) for the year</b> | <b>-</b>                   | <b>-</b>                       | <b>26,570</b>                  | <b>-</b>                                   | <b>21,553</b>             | <b>(65,364)</b>             | <b>(17,241)</b>                     | <b>(12,515)</b>                          | <b>(29,756)</b>          |
| Equity contribution from parent                       | -                          | 22,973                         | -                              | -                                          | -                         | -                           | 22,973                              | -                                        | 22,973                   |
| Transfer between reserves                             | -                          | -                              | -                              | -                                          | 6                         | (16)                        | (10)                                | -                                        | (10)                     |
| Transfer of fair value on disposal of shares          | -                          | -                              | (206,439)                      | -                                          | -                         | 204,594                     | (1,845)                             | -                                        | (1,845)                  |
| <b>Balance at 30 June 2026</b>                        | <b>1,234,140</b>           | <b>24,580</b>                  | <b>(208,866)</b>               | <b>1,207</b>                               | <b>457,649</b>            | <b>1,489,934</b>            | <b>2,998,644</b>                    | <b>100,595</b>                           | <b>3,099,239</b>         |

The year's flagship investment was the continued build out of Milk Valley Farm, an integrated dairy enterprise positioned to become one of the region's leading commercial milk production operations. The Corporation has invested in modern farming infrastructure, superior dairy genetics and efficient production systems to establish a sustainable raw milk supply, anchored by the import of over 600 Girolando dairy cows from Brazil, a breed selected for its productivity, adaptability, fertility and fit with local climatic conditions. The majority of the herd is expected to begin calving in FY2027, marking the start of commercial milk production and setting up a forward integration path into dairy processing once the operation reaches sustainable scale – a template for the kind of full value chain, import-substituting investment the Corporation intends to replicate across its priority sectors.

BDC closed the year having completed its new five-year Corporate Strategy, with FY2026's Company performance providing a firm foundation for it. The Strategy positions the Corporation as a purpose driven, impact focused mega investment company built around three priorities: building national champions, creating new enterprises and industries, and continuing to support medium-to-large enterprises – underpinned by a deliberate focus on the people and institutional capability required to deliver it. By 2031, BDC targets 25,000 decent jobs created and sustained and P55.5 billion invested across priority sectors, an ambition the Corporation regards not as a distant ideal, but as an achievable, fully costed plan. The Strategy is anchored by a significant asset recycling programme over the next four years, with 30% of capital allocated to building national champions and the balance directed to commercially returning investments to secure the Corporation's long-term sustainability.

### 6. LOOKING AHEAD - CREATING IMPACT WITH SPEED AND AT SCALE

Building on FY2026's momentum, the Corporation is moving from strategy formulation to scale and execution. It enters FY2027 with an active investment pipeline of P1.63 billion spanning approval, legal close and disbursement across

manufacturing, hospitality, energy and climate, agriculture, healthcare, financial services and technology, and plans to deploy a further P1.39 billion over the next two years. Execution will be deliberately diversified: deepening strategic partnerships, expanding the Corporation's regional footprint, crowding in capital from co-investors and development partners, and reducing reliance on traditional revenue sources as the balance sheet is put to work at greater scale.

A key priority for FY2027 is extending the Company turnaround to the Group. Disciplined execution of the value creation strategies for each portfolio company, with the Board monitoring delivery against clear milestones. Delivery will be anchored by a culture of urgency, ownership and follow-through: bringing every viable opportunity forward, executing with discipline, and closing what is started.

### 7. RISK MANAGEMENT

Credit risk remains the Corporation's most material exposure. FY2026's improvement was driven principally by the resolution of a large legacy exposure, with no evidence of systemic deterioration across the wider portfolio, and was supported by intensified workout and recovery efforts. Credit discipline is being recalibrated for larger ticket sizes through tighter concentration limits, sector and counterparty diversification targets, and greater use of co-investment structures that share exposure with partners.

Compliance, market and liquidity risks continue to be managed within approved policy and regulatory parameters, supported by anti-money-laundering and counter-terrorist-financing screening under the Financial Intelligence Act, foreign-currency and interest-rate monitoring, and Asset and Liability Committee (ALCO) oversight of asset-liability matching. Operational, cyber, data-privacy, fraud, and environmental and social risks remain key areas of focus, underpinned by business continuity arrangements, independent expert reviews, embedded controls and an anonymous tip-off facility. The Board-approved Environmental and Social Management System (ESMS), aligned with IFC Performance Standards and AfDB safeguards, categorises all credit

approvals by environmental and social impact, and climate screening is embedded in investment appraisal.

### 8. SUSTAINABLE DEVELOPMENT

Sustainability remains integral to BDC's investment approach and long-term value creation, spanning environmental management, resource efficiency, equal opportunity, health and safety, and responsible investment practice. The Corporation will increasingly direct capital towards opportunities that support Botswana's transition to a climate-resilient, low-carbon economy and advance inclusive, sustainable development.

### 9. GOVERNANCE