



Basel Pillar 3 Disclosure

For the Quarter Ended 31 December 2024

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1. OVERVIEW OF RISK MANAGEMENT PROCESSES

Introduction

First National Bank of Botswana Limited (FNBB or the bank) is a subsidiary of First National Bank Botswana (70%) , and a part of the First Rand Group of Companies. 30% of the bank's shares are floated in the Botswana Stock Exchange.

This Pillar 3 disclosure report is consistent with:

- i. *the Bank of Botswana's Directive on the Revised International Convergence of Capital Measurement and Capital Standards for Botswana (Basel II Directive); and*
- ii. *the Basel Committee on Banking Supervision's (BCBS) Revised Pillar 3 Disclosure Requirements.*

This report has been internally verified by the bank's governance processes in line with the FNBB Pillar 3 Disclosure Policy, which describes the responsibilities and duties of Senior Management and the Board in the preparation and review of the Pillar 3 Disclosure.

It aims to ensure that:

- minimum disclosure requirements of the Regulations are met;
- disclosed information is consistent with how the Board assesses the bank's risk portfolio; and
- the disclosure provides a true reflection of the bank's financial condition and risk profile.

1.1 Risk profile analysis

Capital adequacy

FNBB has maintained its strong capital position. The Bank continues to maintain sound capital and liquidity ratios to maintain confidence in the solvency and the quality of its capital during both calm and turbulent periods in the economy and in financial markets. The Bank aims to maintain capital ratios in line with its risk appetite, thereby appropriately safeguarding its operations and stakeholder interests. In addition, the Bank considers external issues that could impact capital levels, which include regulatory and accounting changes, as well as macro-economic conditions and outlook.

Credit risk

FNBB Credit loss rates are within the risk appetite of FNBB. These are managed within the Credit Risk Management Framework. Credit origination strategies are aligned to the FNBB macroeconomic outlook.

Market risk in the trading book

Foreign exchange risk represents the most significant Market Risk in the trading book exposure as at 31 December 2024. The bank's Market Risk profile remained within risk appetite and Market Risk was managed within the Board and Regulatory acceptable limits.

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2. REGULATORY CAPITAL REQUIREMENTS

Consolidation of all group entities for accounting purposes is in accordance with IFRS and for regulatory purposes in accordance with the requirements of the Basel II Regulations. There are no differences in the manner in which entities are consolidated for accounting and regulatory purposes.

- There are no restrictions, or other major impediments, on the transfer of funds or regulatory capital within the group.
- There are no capital deficiencies in any of the subsidiaries, that are not included in the consolidation for regulatory purposes.
- There are no interests in insurance entities.

The currency used in this report is Pula, and the lowest denomination used is thousand (P'000).

2.1 Basel III Common Equity Tier I Disclosure Template (With Transitional Adjustments) (Table 22)

| Common Equity Tier I capital: instruments and reserves as at 31 December 2024 | | (P'000) |
|---|---|------------------|
| 1 | Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus. | 51,088 |
| 2 | Retained earnings | 3,459,746 |
| 3 | Accumulated other comprehensive income (and other reserves) | - |
| 4 | Directly issued capital subject to phase out from CET1 CAPITAL (only applicable to non-joint stock companies) | - |
| 5 | Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1 CAPITAL) | - |
| 6 | Common Equity Tier I capital before regulatory adjustments | 3,510,834 |
| Common Equity Tier I capital: regulatory adjustments | | |
| 7 | Prudential valuation adjustments | - |
| 8 | Goodwill (net of related tax liability) | -26,963 |
| 9 | Other intangibles other than mortgage-servicing rights (net of related tax liability) | - |
| 10 | Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | - |
| 11 | Cash-flow hedge reserve | - |
| 12 | Shortfall of provisions to expected losses | - |
| 13 | Securitisation gain on sale (as set out in paragraph 562 of Basel II framework) | - |
| 14 | Gains and losses due to changes in own credit risk on fair valued liabilities | - |
| 15 | Defined-benefit pension fund net assets | - |
| 16 | Investments in own shares (if not already netted off paid-in capital on reported balance sheet) | - |
| 17 | Reciprocal cross-holdings in common equity | - |
| 18 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | - |
| 19 | Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) | - |
| 20 | Mortgage servicing rights (amount above 10% threshold) | - |
| 21 | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) | - |
| 22 | Amount exceeding the 15% threshold | - |

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Table 22: Basel III Common Equity Tier I Disclosure Template (With Transitional Adjustments) [continued]

| Common Equity Tier I capital: instruments and reserves as at 31 December 2024 | | (P'000) |
|---|---|------------------|
| 23 | of which: significant investments in the common stock of financials | - |
| 24 | of which: mortgage servicing rights | - |
| 25 | of which: deferred tax assets arising from temporary differences | - |
| 26 | National specific regulatory adjustments (IFRS 9 Provisions Transitional Adjustment) | - |
| 27 | Regulatory adjustments applied to Common Equity Tier I due to insufficient Additional Tier I and Tier II to cover deductions | - |
| 28 | Total regulatory adjustments to Common equity Tier I | -26,963 |
| 29 | Common Equity Tier I capital (CET1 CAPITAL) | 3,483,871 |
| Additional Tier I capital: instruments | | |
| 30 | Directly issued qualifying Additional Tier I instruments plus related stock surplus | - |
| 31 | of which: classified as equity under applicable accounting standards | - |
| 32 | of which: classified as liabilities under applicable accounting standards | - |
| 33 | <i>Directly issued capital instruments subject to phase out from Additional Tier I</i> | - |
| 34 | Additional Tier I instruments (and CET1 CAPITAL instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) | - |
| 35 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - |
| 36 | Additional Tier I capital before regulatory adjustments | - |
| 37 | Investments in own Additional Tier I instruments | - |
| 38 | Reciprocal cross-holdings in Additional Tier I instruments | - |
| 39 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) | - |
| 40 | Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | - |
| 41 | National specific regulatory adjustments | - |
| 42 | Regulatory adjustments applied to Additional Tier I due to insufficient Tier II to cover deductions | - |
| 43 | Total regulatory adjustments to Additional Tier I capital | - |
| 44 | Additional Tier I capital (AT1) | - |
| 45 | Tier I capital (T1 = CET1 CAPITAL + AT1) | 3,483,871 |
| Tier I capital: regulatory adjustments | | |
| 46 | Directly issued qualifying Tier II instruments plus related stock surplus | 340,632 |
| 47 | <i>Directly issued capital instruments subject to phase out from Tier II</i> | - |
| 48 | Tier II instruments (and CET1 CAPITAL and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier II) | - |
| 49 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - |
| 50 | <i>Unpublished Current Year's Profits</i> | 358,866 |
| 51 | Provisions | 250,835 |
| 52 | Tier II capital before regulatory adjustments | 950,333 |
| Tier II capital: regulatory adjustments | | |
| 53 | Investments in own Tier II instruments | - |
| 54 | Reciprocal cross-holdings in Tier II instruments | - |
| 55 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold). | - |

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Table 22: Basel III Common Equity Tier I Disclosure Template (With Transitional Adjustments [continued])

| Common Equity Tier I capital: instruments and reserves as at 31 December 2024 | | (P'000) |
|--|---|-------------------|
| 56 | Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions). | - |
| 57 | National specific regulatory adjustments | - |
| 58 | Total regulatory adjustments to Tier II capital | - |
| 59 | Tier II capital (T2) | 950,333 |
| 60 | Total capital (TC = T1 + T2) | 4,434,204 |
| 61 | Total risk-weighted assets | 23,447,640 |
| Capital ratios and buffers | | |
| 62 | Common Equity Tier I (as a percentage of risk weighted assets) | 14.86% |
| 63 | Tier I (as a percentage of risk-weighted assets) | 14.86% |
| 64 | Total capital (as a percentage of risk weighted assets) | 18.9% |
| 65 | Institution specific buffer requirement (minimum CET1 CAPITAL requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets) | - |
| 66 | of which: capital conservation buffer requirement | - |
| 67 | of which: bank specific countercyclical buffer requirement | - |
| 68 | of which: G-SIB buffer requirement | - |
| <i>Common Equity Tier I available to meet buffers (as a percentage of risk weighted assets)</i> | | |
| 69 | National Common Equity Tier I minimum ratio (if different from Basel III minimum) | - |
| 70 | National Tier I minimum ratio (if different from Basel III minimum) | - |
| 71 | National total capital minimum ratio (if different from Basel III minimum) | - |
| <i>Amounts below the thresholds for deduction (before risk-weighting)</i> | | |
| 72 | Non-significant investments in the capital of other financials | - |
| 73 | Significant investments in the common stock of financials | - |
| 74 | Mortgage servicing rights (net of related tax liability) | - |
| 75 | Deferred tax assets arising from temporary differences (net of related tax liability) | - |
| <i>Applicable caps on the inclusion of provisions in Tier II</i> | | |
| 76 | Provisions eligible for inclusion in Tier II in respect of exposures subject to standardised approach (prior to application of cap) | 371,683 |
| 77 | Cap on inclusion of provisions in Tier II under standardised approach | |
| 78 | Provisions eligible for inclusion in Tier II in respect of exposures subject to internal ratings-based approach (prior to application of cap) | - |
| 79 | Cap for inclusion of provisions in Tier II under internal ratings-based approach | 250,853 |
| <i>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2015 and 1 Jan 2020)</i> | | |
| 80 | Current cap on CET1 CAPITAL instruments subject to phase out arrangements | - |
| 81 | Amount excluded from CET1 CAPITAL due to cap (excess over cap after redemptions and maturities) | - |
| 82 | Current cap on AT1 instruments subject to phase out arrangements | - |
| 83 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | - |
| 84 | Current cap on T2 instruments subject to phase out arrangements | - |
| 85 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | - |

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2.2 Basel III Common Equity Tier I Disclosure Template (Fully Loaded) (Table 22)

| Common Equity Tier I capital: instruments and reserves as at 31 December 2024 | | (P'000) |
|---|---|------------------|
| 1 | Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus. | 51,088 |
| 2 | Retained earnings | 3,459,746 |
| 3 | Accumulated other comprehensive income (and other reserves) | - |
| 4 | <i>Directly issued capital subject to phase out from CET1 CAPITAL (only applicable to non-joint stock companies)</i> | - |
| 5 | Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1 CAPITAL) | - |
| 6 | Common Equity Tier I capital before regulatory adjustments | 3,510,834 |
| Common Equity Tier I capital: regulatory adjustments | | |
| 7 | Prudential valuation adjustments | |
| 8 | Goodwill (net of related tax liability) | -26,963 |
| 9 | Other intangibles other than mortgage-servicing rights (net of related tax liability) | |
| 10 | Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability) | - |
| 11 | Cash-flow hedge reserve | - |
| 12 | Shortfall of provisions to expected losses | - |
| 13 | Securitisation gain on sale (as set out in paragraph 562 of Basel II framework) | - |
| 14 | Gains and losses due to changes in own credit risk on fair valued liabilities | - |
| 15 | Defined-benefit pension fund net assets | - |
| 16 | Investments in own shares (if not already netted off paid-in capital on reported balance sheet) | - |
| 17 | Reciprocal cross-holdings in common equity | - |
| 18 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | - |
| 19 | Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold) | - |
| 20 | Mortgage servicing rights (amount above 10% threshold) | - |
| 21 | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability) | - |
| 22 | Amount exceeding the 15% threshold | - |
| 23 | of which: significant investments in the common stock of financials | - |
| 24 | of which: mortgage servicing rights | - |
| 25 | of which: deferred tax assets arising from temporary differences | - |
| 26 | National specific regulatory adjustments (IFRS 9 Provisions Transitional Adjustment) | - |
| 27 | Regulatory adjustments applied to Common Equity Tier I due to insufficient Additional Tier I and Tier II to cover deductions | - |
| 28 | Total regulatory adjustments to Common equity Tier I | -26,963 |
| 29 | Common Equity Tier I capital (CET1 CAPITAL) | 3,483,871 |
| Additional Tier I capital: instruments | | |
| 30 | Directly issued qualifying Additional Tier I instruments plus related stock surplus | - |
| 31 | of which: classified as equity under applicable accounting standards | - |
| 32 | of which: classified as liabilities under applicable accounting standards | - |
| 33 | <i>Directly issued capital instruments subject to phase out from Additional Tier I</i> | - |
| 34 | Additional Tier I instruments (and CET1 CAPITAL instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1) | - |
| 35 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - |

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Table 22: Basel III Common Equity Tier I Disclosure Template (Fully Loaded) (Table 22)

| Common Equity Tier I capital: instruments and reserves as at 31 December 2024 | | (P'000) |
|---|---|-------------------|
| 35 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - |
| 36 | Additional Tier I capital before regulatory adjustments | - |
| 37 | Investments in own Additional Tier I instruments | - |
| 38 | Reciprocal cross-holdings in Additional Tier I instruments | - |
| 39 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) | - |
| 40 | Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions) | - |
| 41 | National specific regulatory adjustments | - |
| 42 | Regulatory adjustments applied to Additional Tier I due to insufficient Tier II to cover deductions | - |
| 43 | Total regulatory adjustments to Additional Tier I capital | - |
| 44 | Additional Tier I capital (AT1) | - |
| 45 | Tier I capital (T1 = CET1 CAPITAL + AT1) | 3,483,871 |
| Tier I capital: regulatory adjustments | | |
| 46 | Directly issued qualifying Tier II instruments plus related stock surplus | 340,632 |
| 47 | <i>Directly issued capital instruments subject to phase out from Tier II</i> | - |
| 48 | Tier II instruments (and CET1 CAPITAL and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier II) | - |
| 49 | <i>of which: instruments issued by subsidiaries subject to phase out</i> | - |
| 50 | <i>Unpublished Current Year's Profits</i> | 358,866 |
| 51 | Provisions | 250,835 |
| 52 | Tier II capital before regulatory adjustments | 950,333 |
| Tier II capital: regulatory adjustments | | |
| 53 | Investments in own Tier II instruments | - |
| 54 | Reciprocal cross-holdings in Tier II instruments | - |
| 55 | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold). | - |
| 56 | Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions). | - |
| 57 | National specific regulatory adjustments | - |
| 58 | Total regulatory adjustments to Tier II capital | - |
| 59 | Tier II capital (T2) | 950,333 |
| 60 | Total capital (TC = T1 + T2) | 4,434,204 |
| 61 | Total risk-weighted assets | 23,447,640 |
| Capital ratios and buffers | | |
| 62 | Common Equity Tier I (as a percentage of risk weighted assets) | 14.86% |
| 63 | <i>Tier I (as a percentage of risk-weighted assets)</i> | 14.86% |
| 64 | <i>Total capital (as a percentage of risk weighted assets)</i> | 18.9% |
| 65 | <i>Institution specific buffer requirement (minimum CET1 CAPITAL requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)</i> | - |

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Table 22: Basel III Common Equity Tier I Disclosure Template (Fully Loaded) (Table 22)

| Common Equity Tier I capital: instruments and reserves as at 31 December 2024 | | (P'000) |
|--|---|----------------|
| 66 | of which: capital conservation buffer requirement | - |
| 67 | of which: bank specific countercyclical buffer requirement | - |
| 68 | of which: G-SIB buffer requirement | - |
| 69 | | - |
| <i>Common Equity Tier I available to meet buffers (as a percentage of risk weighted assets)</i> | | |
| 70 | National Common Equity Tier I minimum ratio (if different from Basel III minimum) | - |
| 71 | National Tier I minimum ratio (if different from Basel III minimum) | - |
| 72 | National total capital minimum ratio (if different from Basel III minimum) | - |
| <i>Amounts below the thresholds for deduction (before risk-weighting)</i> | | |
| 73 | Non-significant investments in the capital of other financials | - |
| 74 | Significant investments in the common stock of financials | - |
| 75 | Mortgage servicing rights (net of related tax liability) | - |
| 76 | Deferred tax assets arising from temporary differences (net of related tax liability) | - |
| <i>Applicable caps on the inclusion of provisions in Tier II</i> | | |
| 77 | Provisions eligible for inclusion in Tier II in respect of exposures subject to standardised approach (prior to application of cap) | 371,683 |
| 78 | Cap on inclusion of provisions in Tier II under standardised approach | - |
| 79 | Provisions eligible for inclusion in Tier II in respect of exposures subject to internal ratings-based approach (prior to application of cap) | - |
| 80 | Cap for inclusion of provisions in Tier II under internal ratings-based approach | 250,853 |
| <i>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2015 and 1 Jan 2020)</i> | | |
| 81 | Current cap on CET1 CAPITAL instruments subject to phase out arrangements | - |
| 82 | Amount excluded from CET1 CAPITAL due to cap (excess over cap after redemptions and maturities) | - |
| 83 | Current cap on AT1 instruments subject to phase out arrangements | - |
| 84 | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities) | - |
| 85 | Current cap on T2 instruments subject to phase out arrangements | - |
| 86 | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities) | - |

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2.3 Transitional Disclosures as at 31 December 2024 (Table 22c)

| | Dec-24 | Sep-24 | Jun-24 | Mar-24 | Dec-23 |
|---|------------|------------|------------|------------|------------|
| Available Capital (P'000) | | | | | |
| 1 Common Equity Tier 1 (CET1) | 3,483,871 | 3,191,131 | 3,483,871 | 3,191,131 | 3,191,131 |
| 1 (a) Fully loaded ECL accounting model | 3,483,871 | 3,191,131 | 3,483,871 | 3,191,131 | 3,191,131 |
| 2 Tier 1 | 3,483,871 | 3,191,131 | 3,483,871 | 3,191,131 | 3,191,131 |
| 2 (a) Fully loaded ECL accounting model Tier 1 | 3,483,871 | 3,191,131 | 3,483,871 | 3,191,131 | 3,191,131 |
| 3 Total capital | 4,434,204 | 4,492,615 | 4,098,557 | 4,023,523 | 4,483,490 |
| 3 (a) Fully loaded ECL accounting model total capital | 4,434,204 | 4,492,615 | 4,098,557 | 4,023,523 | 4,483,490 |
| Risk Weighted Assets (P'000) | | | | | |
| 4 Total Risk-Weighted Assets (RWA) | 23,447,640 | 23,171,094 | 21,840,710 | 23,308,739 | 21,276,862 |
| Risk-based Capital Ratios as a Percentage of RWA (%) | | | | | |
| 5 Common Equity Tier 1 ratio | 14.86% | 13.77% | 15.95% | 13.69% | 15.00% |
| 5 (a) Fully loaded ECL accounting model CET1 ratio | 14.86% | 13.77% | 15.95% | 13.69% | 15.00% |
| 6 Tier 1 ratio | 14.86% | 13.77% | 15.95% | 13.69% | 15.00% |
| 6 (a) Fully loaded ECL accounting model Tier 1 ratio | 14.86% | 13.77% | 15.95% | 13.69% | 15.00% |
| 7 Total Capital ratio | 18.91% | 19.39% | 18.77% | 17.26% | 21.07% |
| 7 (a) Fully loaded ECL accounting model Total Capital ratio | 18.91% | 19.39% | 18.77% | 17.26% | 21.07% |
| Additional CET1 Buffer Requirements as a Percentage of RWA | | | | | |
| 8 Capital conservation buffer requirements (2.5% from 2019) (%) | - | - | - | - | - |
| 9 Countercyclical requirements (%) | - | - | - | - | - |
| 10 Bank G-SIB or DD-SIB additional requirements (%) | - | - | - | - | - |
| 11 Total of bank CET1 specific buffer requirements (%) (row 8+ row 9+ row 10) | - | - | - | - | - |
| 12 CET1 available after meeting the bank's minimum capital requirements (P'000) | - | - | - | - | - |

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2.4 Capital requirements for credit risk

Portfolios subject to the standardised approach are disclosed separately for each portfolio

| Table 24: Capital Adequacy Quantitative Disclosures As at 31 December 2024 | | (P'000) |
|---|-------------------|-----------------------------|
| Portfolio | RWA | Minimum Capital Requirement |
| ON-BALANCE SHEET EXPOSURES | | |
| Claims on Sovereign or Central banks | 232,948 | 29,118 |
| Claims on Public Sector Entities (PSEs) - one risk weight less favourable than sovereign | 163,192 | 20,399 |
| Claims on Banks | 1,839,553 | 229,944 |
| Claims on Corporates | 4,081,264 | 510,158 |
| Claims Included in the Retail Portfolios | 6,678,463 | 834,808 |
| Claims Secured by Residential Mortgage Property | 1,290,882 | 161,360 |
| Claims Secured by Commercial Real Estate | 3,381,219 | 422,652 |
| Other Assets | 1,572,179 | 196,522 |
| TOTAL ON-BALANCE SHEET AMOUNT | 19,239,701 | 2,404,963 |
| OFF BALANCE SHEET EXPOSURES | | |
| Commitments | 143,051 | 17,881 |
| Certain transaction-related contingent items such as performance bonds, bid bonds, warranties and standby letters of credit related to particular transactions. | 643,094 | 80,387 |
| OTC Derivative transactions and credit derivative contracts | 40,963 | 5,120 |
| Total Failed Trades (sum Unsettled non-DvP trades and Failed non-DvP Trades) | - | - |
| TOTAL OFF-BALANCE SHEET AMOUNT | 827,108 | 103,389 |
| TOTAL EXPOSURE | 20,066,809 | 2,508,351 |

2.5 Capital requirements for market risk

Standardised Measurement Approach

| Table 24: Capital Adequacy Quantitative Disclosures As at 31 December 2024 | | (P'000) |
|--|-----------------------------|---------|
| RWA | Minimum Capital Requirement | |
| 170,527 | 21,316 | |

2.6 Capital requirements for operational risk

Basic Indicator Approach

| Table 24: Capital Adequacy Quantitative Disclosures As at 31 December 2024 | | (P'000) |
|--|-----------------------------|---------|
| RWA | Minimum Capital Requirement | |
| 3,210,304 | 401,288 | |

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2.7 Capital Adequacy ratio

Total and Tier I capital ratio - Standardised approach

| | |
|---------------------------|------------|
| Tier I capital | 3,483,871 |
| Tier II capital | 950,333 |
| Total Qualifying capital | 4,434,204 |
| Total Risk weighted Asset | 23,447,640 |
| Tier I capital ratio | 14.86% |
| Total capital ratio | 18.91% |

2.8 Expanded Regulatory Balance Sheet

There is no difference between the regulatory consolidation and accounting consolidation.

Table 26: Expanded Regulatory Balance Sheet

| | Balance sheet as in published financial statements | Under regulatory scope of consolidation | |
|---|---|--|-----------|
| (P'000) | As at period ended 31 December 2024 | As at period ended 31 December 2024 | Reference |
| Assets | | | |
| Cash and balances at central banks | 1,063,081 | 1,063,081 | |
| Items in the course of collection from other banks | 169,659 | 169,659 | |
| Trading portfolio assets | 74,065 | 74,065 | |
| Financial assets designated at fair value | - | - | |
| Financial assets held to maturity | 9,431,567 | 9,431,567 | |
| Derivative financial instruments | 25,207 | 25,207 | |
| Loans and advances to banks | 3,634,427 | 3,634,427 | |
| Loans and advances to customers | 19,367,017 | 19,367,017 | |
| Reverse repurchase agreements and other similar secured lending | - | - | |
| Available for sale financial investments | - | - | |
| Current and deferred tax assets | 7110 | 7110 | |
| Prepayments, accrued income and other assets | 931,007 | 931,007 | |
| Investments in associates and joint ventures | - | - | |
| Goodwill and intangible assets | 26,963 | 26,963 | |
| of which goodwill | 26,963 | 26,963 | A |
| of which other intangibles (excluding MSRs) | - | - | B |
| of which MSRs | - | - | C |
| Property, plant and equipment | 600,129 | 600,129 | |
| Total assets | 35,330,232 | 35,330,232 | |
| Liabilities | | | |
| Deposits from banks | 1,038,870 | 1,038,870 | |
| Items in the course of collection due to other banks | - | - | |
| Customer accounts | 25,264,490 | 25,264,490 | |
| Repurchase agreements and other similar secured borrowing | 2,998,094 | 2,998,094 | |
| Trading portfolio liabilities | - | - | |
| Financial liabilities designated at fair value | - | - | |
| Derivative financial instruments | 23,281 | 23,281 | |

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2.8 Expanded Regulatory Balance Sheet (continued)

Table 26: Expanded Regulatory Balance Sheet [continued]

| | Balance sheet as in published financial statements | Under regulatory scope of consolidation | |
|---|---|--|-----------|
| (P'000) | As at period end 31 December 2024 | As at period end 31 December 2024 | Reference |
| Liabilities (continued) | | | |
| Debt securities in issue | 39 360 | 39 360 | |
| Other borrowings | 541,914 | 541,914 | |
| Accruals, deferred income and other liabilities | 705,349 | 1 163 215 | |
| Current and deferred tax liabilities | 865 | 865 | |
| Of which DTLs related to goodwill | - | - | D |
| Of which DTLs related to intangible assets (excluding MSRs) | - | - | E |
| Of which DTLs related to MSRs | - | - | F |
| Subordinated liabilities | 340,632 | 340,632 | |
| Provisions | 83,541 | 83,541 | |
| Retirement benefit liabilities | - | - | |
| Total liabilities | 31,036,396 | 31,494,262 | |
| Shareholders' Equity | | | |
| Paid-in share capital | 51,088 | 51,088 | |
| of which amount eligible for CET1 CAPITAL | 51,088 | 51,088 | H |
| of which amount eligible for AT1 | - | - | I |
| Retained earnings | 4 242 748 | 3 784 882 | |
| Revaluation Reserve | - | - | |
| Accumulated other comprehensive income | - | - | |
| Total shareholders' equity | 4,293,836 | 3,835,970 | |

2.9 Extract of Basel III common disclosure

Table 27: Extract of Basel III common disclosure

| | (P'000) | Component of regulatory capital reported by bank | Source based on Reference numbers /letters of the balance sheet under the regulatory scope of consolidation from step 2.5 |
|---|--|---|---|
| 1 | Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus. | 51,088 | H |
| 2 | Retained earnings | 3,459,746 | |
| 3 | Accumulated other comprehensive income (and other reserves) | - | |
| 4 | Directly issued capital subject to phase out from CET1 CAPITAL (only applicable to non-joint stock companies) | - | |
| 5 | Common share capital issued by subsidiaries and held by third parties (amount) allowed in group CET1 CAPITAL | - | |
| 6 | Common Equity Tier I capital before regulatory adjustments | | |
| 7 | Prudential valuation adjustments | 3,510,834 | |
| 8 | Goodwill (net of related tax liability) | 26,963 | A-D |

Basel Pillar 3 Disclosure

For the Quarter Ended 31 December 2024



3. Main features of the regulatory capital instruments

Table 28: Main features of regulatory capital instruments

| | FNBB010 | |
|--|---|---|
| 1 | Issuer | FIRST NATIONAL BANK BOTSWANA |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | ISIN: BW0000002377 |
| 3 | Governing law(s) of the instrument | Botswana |
| 4 | Regulatory treatment | Tier 2 Capital |
| 5 | Transitional Basel III rules | Not Applicable |
| 6 | Post-transitional Basel III rules | Not Applicable |
| 7 | Eligible at solo/group/group and solo | Group |
| 8 | Instrument type (types to be specified by each jurisdiction) | Unsecured Subordinated Notes |
| 9 | Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date) | BWP 196.802 |
| 10 | Par value of instrument | BWP100 |
| 11 | Accounting classification | Borrowings |
| 12 | Original date of issuance | 29 November 2019 |
| 13 | Perpetual or dated | 10 Years No Call 5 Years |
| 14 | Original maturity date | 02 December 2029 |
| 15 | Issuer call subject to prior supervisory approval | Yes |
| 16 | Optional call date, contingent call dates and redemption amount | 02 December 2024 Optional Call Date, Issuer Entitled to Redeem All or Some of The Notes |
| **A request made to the regulator to call on the next call date, which is 03 March 2025. | | |
| 17 | Subsequent call dates, if applicable | Not Applicable |
| 18 | Coupons / dividends | Coupons Paid Quarterly |
| 19 | Fixed or floating dividend/coupon | Floating |
| 20 | Coupon rate and any related index | 511 Basis Points Above the Monetary Policy Rate (MoPR) |
| 21 | Existence of a dividend stopper | None |
| 22 | Fully discretionary, partially discretionary or mandatory | Mandatory |
| 23 | Existence of step up or other incentive to redeem | Not Allowed |
| 24 | Noncumulative or cumulative | Not Applicable |
| 25 | Convertible or non-convertible | Not Applicable |
| 26 | If convertible, conversion trigger (s) | Not Applicable |
| 27 | If convertible, fully or partially | Not Applicable |
| 28 | If convertible, conversion rate | Not Applicable |
| 29 | If convertible, mandatory or optional conversion | Not Applicable |
| 30 | If convertible, specify instrument type convertible into | Not Applicable |
| 31 | If convertible, specify issuer of instrument it converts into | Not Applicable |
| 32 | Write-down feature | Not Applicable |
| 33 | If write-down, write-down trigger(s) | Not Applicable |
| 34 | If write-down, full or partial | Not Applicable |
| 35 | If write-down, permanent or temporary | Not Applicable |
| 36 | If temporary write-down, description of write-up mechanism | Not Applicable |
| 37 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Notes are Subordinated to Claims of General Creditors and Claims of Depositors |
| 38 | Non-compliant transitioned features | Fully Compliant |
| 39 | If yes, specify non-compliant features | Fully Compliant |

* A 20 % de-recognition of the instrument (FNBB010) as at 31 December 2024 has been applied.

Basel Pillar 3 Disclosure

For the Quarter Ended 31 December 2024



Table 28: Main features of regulatory capital instruments [continued]

| | FNBB011 | |
|----|---|---|
| 1 | Issuer | FIRST NATIONAL BANK BOTSWANA |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | ISIN: BW0000002989 |
| 3 | Governing law(s) of the instrument | Botswana |
| 4 | Regulatory treatment | Tier 2 Capital |
| 5 | Transitional Basel III rules | Not applicable |
| 6 | Post-transitional Basel III rules | Not applicable |
| 7 | Eligible at solo/group/group and solo | Group |
| 8 | Instrument type (types to be specified by each jurisdiction) | Unsecured Subordinated Notes |
| 9 | Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date) | BWP 117.750 |
| 10 | Par value of instrument | BWP100 |
| 11 | Accounting classification | Borrowings |
| 12 | Original date of issuance | 15 December 2021 |
| 13 | Perpetual or dated | 10 Years No Call 5 Years |
| 14 | Original maturity date | 15 December 2031 |
| 15 | Issuer call subject to prior supervisory approval | Yes |
| 16 | Optional call date, contingent call dates and redemption amount | 15 December 2026 Optional Call Date, Issuer Entitled to Redeem All or Some of The Notes at Optional Redemption Amount |
| 17 | Subsequent call dates, if applicable | Not Applicable |
| 18 | Coupons / dividends | Coupons Paid Quarterly |
| 19 | Fixed or floating dividend/coupon | Floating |
| 20 | Coupon rate and any related index | 511 Basis Points Above the Monetary Policy Rate (MoPR) |
| 21 | Existence of a dividend stopper | None |
| 22 | Fully discretionary, partially discretionary or mandatory | Mandatory |
| 23 | Existence of step up or other incentive to redeem | Not Allowed |
| 24 | Noncumulative or cumulative | Not Applicable |
| 25 | Convertible or non-convertible | Not Applicable |
| 26 | If convertible, conversion trigger (s) | Not Applicable |
| 27 | If convertible, fully or partially | Not Applicable |
| 28 | If convertible, conversion rate | Not Applicable |
| 29 | If convertible, mandatory or optional conversion | Not Applicable |
| 30 | If convertible, specify instrument type convertible into | Not Applicable |
| 31 | If convertible, specify issuer of instrument it converts into | Not Applicable |
| 32 | Write-down feature | Not Applicable |
| 33 | If write-down, write-down trigger(s) | Not Applicable |
| 34 | If write-down, full or partial | Not Applicable |
| 35 | If write-down, permanent or temporary | Not Applicable |
| 36 | If temporary write-down, description of write-up mechanism | Not Applicable |
| 37 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Notes are Subordinated to Claims of General Creditors and Claims of Depositors |
| 38 | Non-compliant transitioned features | Fully Compliant |
| 39 | If yes, specify non-compliant features | Fully Compliant |

Basel Pillar 3 Disclosure

For the Quarter Ended 31 December 2024



Table 28: Main features of regulatory capital instruments [continued]

| | FNBB012 | |
|----|---|---|
| 1 | Issuer | FIRST NATIONAL BANK BOTSWANA |
| 2 | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement) | ISIN: BW0000002997 |
| 3 | Governing law(s) of the instrument | Botswana |
| 4 | Regulatory treatment | Tier 2 Capital |
| 5 | Transitional Basel III rules | Not Applicable |
| 6 | Post-transitional Basel III rules | Not Applicable |
| 7 | Eligible at solo/group/group and solo | Group |
| 8 | Instrument type (types to be specified by each jurisdiction) | Unsecured Subordinated Notes |
| 9 | Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date) | BWP 65.440 |
| 10 | Par value of instrument | BWP100 |
| 11 | Accounting classification | Borrowings |
| 12 | Original date of issuance | 15 December 2021 |
| 13 | Perpetual or dated | 10 Years No Call 5 Years |
| 14 | Original maturity date | 15 December 2031 |
| 15 | Issuer call subject to prior supervisory approval | Yes |
| 16 | Optional call date, contingent call dates and redemption amount | 15 December 2026 Optional Call Date, Issuer is entitled To Redeem All or Some of The Notes at Optional Amount |
| 17 | Subsequent call dates, if applicable | Not Applicable |
| 18 | Coupons / dividends | Coupons Paid Semi-Annually |
| 19 | Fixed or floating dividend/coupon | Fixed |
| 20 | Coupon rate and any related index | 7.20% |
| 21 | Existence of a dividend stopper | None |
| 22 | Fully discretionary, partially discretionary or mandatory | Mandatory |
| 23 | Existence of step up or other incentive to redeem | Not Allowed |
| 24 | Noncumulative or cumulative | Not Applicable |
| 25 | Convertible or non-convertible | Not Applicable |
| 26 | If convertible, conversion trigger (s) | Not Applicable |
| 27 | If convertible, fully or partially | Not Applicable |
| 28 | If convertible, conversion rate | Not Applicable |
| 29 | If convertible, mandatory or optional conversion | Not Applicable |
| 30 | If convertible, specify instrument type convertible into | Not Applicable |
| 31 | If convertible, specify issuer of instrument it converts into | Not Applicable |
| 32 | Write-down feature | Not Applicable |
| 33 | If write-down, write-down trigger(s) | Not Applicable |
| 34 | If write-down, full or partial | Not Applicable |
| 35 | If write-down, permanent or temporary | Not Applicable |
| 36 | If temporary write-down, description of write-up mechanism | Not Applicable |
| 37 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Notes are Subordinated to Claims of General Creditors and Claims of Depositors |
| 38 | Non-compliant transitioned features | Fully Compliant |
| 39 | If yes, specify non-compliant features | Fully Compliant |