Audited summarised consolidated financial statements and dividend announcement

for the year ended 30 June 2026

AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

FOR THE YEAR ENDED 30 JUNE 2026

The Directors take pleasure in presenting the audited summarised consolidated financial statements and dividend announcement of First National Bank of Botswana Limited and its subsidiaries (referred to as "FNBB" or "the Bank") for the year ended 30 June 2026.

BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The Bank's underlying audited consolidated financial statements from which the summarised consolidated financial statements are extracted, have been prepared in accordance with IFRS ® Accounting Standards as issued by the International Accounting Standards Board ("IFRS") including interpretations issued by the IFRS Interpretations Committee ("IFRIC"), and in compliance with the Banking Act, 2023.

The principal accounting policies and the methods of computation are consistent in all material aspects with those adopted in the previous year. The new or amended IFRS that became effective for the period under review had no impact on the Bank's reported earnings, financial position, reserves, or accounting policies.

In the preparation of the consolidated financial statements, the Bank has applied sound business principles with key assumptions concerning any inherent uncertainties in recording various assets and liabilities. These assumptions were applied consistently to the audited summarised consolidated financial statements for the financial year ended 30 June 2026 and have been thoroughly assessed by management to ensure the appropriateness thereof. The critical accounting estimates and areas of judgements are:

- Impairment of financial assets.
- Computation of Expected Credit Loss (ECL)
- Application and interpretation of tax regulations.
- Provisions, contingent liabilities and contingent assets

The Directors confirm that this information has been correctly extracted from the audited consolidated financial statements.

The Directors have reviewed and approved three-year forward-looking budgets. The Directors have further reviewed the Bank's funding position and available sources of funding and conclude that these are adequate to support the Bank's funding requirements. The Directors are confident that the Bank's operations will continue to remain uninterrupted. Based on this review and considering the current financial position and profitable trading history, the Directors are satisfied that the Bank has adequate resources to continue in business for the foreseeable future. The going concern basis, therefore, continues to apply and has been adopted in the preparation of the annual financial statements.

AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS – INDEPENDENT AUDITOR'S OPINION

Ernst & Young, First National Bank of Botswana Limited's independent auditors, audited the consolidated financial statements of First National Bank of Botswana Limited from which the summarised consolidated financial statements have been derived and has expressed an unmodified opinion on the consolidated financial statements.

The summarised consolidated financial statements comprise the consolidated statement of financial position as at 30 June 2026, consolidated income statement, consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended 30 June 2026, and related notes.

The audited consolidated financial statements and audit report thereon are available for inspection at First National Bank of Botswana Limited's registered office.

For a better understanding of the Bank's financial position and the statements of its operations for the year and the scope of the audit engagement, these audited summarised consolidated financial statements should be read in conjunction with the audited consolidated financial statements from which the summarised consolidated financial statements were derived, and the audit report thereon.

The audit of the consolidated financial statements was conducted in accordance with International Standards on Auditing.

FORWARD-LOOKING STATEMENTS

Any reference to future financial performance included in this announcement has not been audited or reported on by the Bank's auditors.

FINANCIAL HIGHLIGHTS

Profit before tax — 12%

P2.1bn

June 25: P1.9bn

Cost to Income Ratio — -210bps

45.4%

June 25: 47.5%

Credit Loss Ratio — 55bps

0.89%

June 25: 0.34%

Return on Equity — -30bps

33.2%

June 25: 33.5%

Final Dividend per share — 100%

30 thebe

June 25: 15 thebe

Gross Advances to Customers — -4%

P20.6bn

June 25: 21.5bn

Deposits from Customers — 7%

P28.3bn

June 25: 26.5bn

Return on Assets — 70bps

4.7%

June 25: 4.0%

NPL Ratio — 10bps

3.0%

June 25: 2.9%

ECONOMIC UPDATE

Global Economy

Uneven growth and energy-driven headwinds

The US/Israel-Iran war that began at the end of February 2026 influenced much of the economic headwinds experienced in the first half of the year, with damaged energy infrastructure and constrained oil shipments leading to supply disruptions and tight energy markets, with lingering risks of stagflation in the global economy. Although escalated conflict remained contained in the Middle East, the outlook on the global economy has taken a knock and the collapse of the MoU and intermitted retaliatory strikes between the US and Iran do not help, trade flows will likely take time to normalise.

Advanced economies delivered mixed performance during the first half of 2026, with AI-related investment helping to offset some of the drag from the Middle East conflict. According to the IMF, growth in advanced economies is expected to register 1.7% in 2026 and 1.8% in 2027. Growth momentum in this group will, however, vary, with net energy exporters benefiting from favourable terms-of-trade, whereas net energy importers will experience a drag from higher energy prices. Emerging markets and developing economies are projected to be more resilient, growing by 3.8% in 2026 and increasing further to 4.5% in 2027. However, any renewed energy disruptions could trigger another round of price spikes, supply chain dislocation, and a deeper global slowdown.

Interest rates remained under pressure, with the ECB, the Bank of Japan, and several other Central Banks, including those in emerging markets, having already rising policy rates.

Regional Economy

Sub-Saharan Africa remains resilient

Africa's macroeconomic outlook has improved materially since the severe shocks of recent years, supported by lower inflation in many markets, stronger policy frameworks, better external financing conditions and a gradual recovery in investor confidence. Targeted structural reforms, stronger commodity exports, recovering tourism and resilient domestic demand are driving positive economic outcomes despite lingering inflationary pressures in some economies. This progress, however, remains vulnerable to external shocks, particularly geopolitical tensions and the fragile US-Iran truce. Weather-related risks, including a potentially severe El Niño event, and weaker global demand also remain key downside risks to economic performance.

Economic growth across Africa is expected to strengthen modestly in 2026, although performance varies considerably by country. Resource-rich economies such as Angola, Ghana and Nigeria are benefiting from higher commodity prices and investment in energy projects, while Egypt continues to post robust growth, supported by infrastructure investment, tourism and manufacturing. Kenya's growth remains resilient despite external headwinds, while Botswana and Mozambique are recovering more gradually from their domestic challenges. Over the medium term, investment in energy, mining, transport infrastructure, digitalization and LNG developments should underpin stronger growth.

The IMF estimates sub-Saharan Africa's growth at around 4.5% for 2025 and projects a slowdown to about 4.3% in 2026 and an uptick to 4.5% in 2027. Nigeria is forecast to grow 4% and 4.1%in 2026 and 2027 respectively, whilst growth in South Africa is expected to remain muted at 1.1% in 2026.

The recent rise in global energy prices and broader geopolitical tensions have increased inflation risks in the region, reversing the substantial disinflation experienced by many African economies through 2024 and 2025. Central Banks are consequently becoming more cautious in keeping inflation within target policy bands.

Botswana Economy

A moderate growth rebound in 2026

GDP growth for the first quarter of 2026 was robust, registering at 3.5% following a 5.4% contraction in the previous quarter. We now expect the Botswana economy to register a 1.9% growth in 2026, which, although low is a very much welcome rebound following two consecutive years of recession. Diamond sales volumes have, so far this year, outperformed expectations, supporting increased production as Botswana has sold down part of its inventories. Diamond inventory drawdowns were also evident in the midstream, according to Indian trade data, a trend that will hopefully remain for the balance of 2026. The improvement in sales has been supported by discounted diamond prices and the sale of selected assortments as part of efforts to promote natural diamonds. Market liquidity too has benefited from improved diamond activity, supporting government consumption as tax revenue was aided by higher mineral revenues. In addition, the tourism sector has maintained a positive trajectory since 2022 as well – a trend we expect to persist in part aided by our baseline view of a weaker currency.

Electricity, transport and the logistics sector and more broadly, all key infrastructure investments will support private sector growth, which remains critical for a sustained economic recovery. To sustain growth beyond 2026 the government will have to fast-track structural reforms to mobilize private capital, to raise productivity across both tradable and service sectors, and to promote sector diversification.

Higher fuel costs stemming from the tensions in the Middle East present risks to GDP, with consumer spending already taking a pronounced knock, exacerbated by higher personal income tax rates (for high income bands) and the absence of any significant salary increases.

The El Niño conditions expected to headline the forthcoming rain season (late 2026 into early 2027) are a significant concern given the importance of agriculture in the country's recovery path. The severity of these conditions could have a significant negative impact on Botswana's agricultural sector, especially as the country continues to grapple with the foot-and-mouth disease outbreak. However, the country enters this period following last year's good rainfall, with dam levels elevated and soil moisture still strong. This is expected to mitigate some of the impact of drier weather.

An upward pressure on utility rates, imported fuel as well as consumer goods prices (largely owing to the weaker exchange rate and the recent surge in oil prices) are anticipated. Already, escalating cost of power generation and distribution has led to 9% upward adjustments of electricity tariffs, effective 1 August 2026, and an upward adjustment of water tariffs may become unavoidable should there be no significant improvement on the public fiscus in the short term.

We forecast inflation to reach 8.9% in 2026, before easing to below 6% in 2027 as oil prices normalize lower. Easing oil prices from the third quarter of 2026 onwards will support a reduction in local fuel prices, thus easing off pressure on households.

The Central Bank maintained the MoPR at 5.5% at the June MPC meeting, citing that adjustments made since October 2025 had helped ease liquidity constraints and supported the foreign exchange market. However, persistently high inflation could lead to an upward adjustment of the policy rate.

FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL POSITION

The Bank's balance sheet grew by 2% year-on-year, primarily driven by an 11% increase in investment securities, as customer advances declined by 5%, reflecting muted lending activity in the market.

Customer deposits increased by 7% year-on-year, reflecting growth across business segments which was supported by the Bank's targeted deposit mobilisation initiatives. Whilst Corporate grew significantly by 24%, Commercial and Retail deposits remained relatively flat at a growth of 2% and 0.4% respectively. The deposit mix shifted modestly towards term deposits, reflecting customer preference for higher-yielding products during a period characterized by liquidity pressures.

Deposits comprising of liabilities from financial institutions and selected key corporate clients, increased marginally by P259 million over the year. This reflects stable funding from institutional and corporate counterparties, reinforcing the Bank's liquidity position and diversification of funding sources.

Overall advances declined by 5% year-on-year, reflecting the combined impact of higher cost of funding and subdued credit demand across the market. In response, management prioritised margin preservation through selective portfolio repricing and prudent credit origination. Despite the tight credit conditions, Corporate advances grew by 1%, supported by increased activity within the Mining, Building & Property Development, and Financial Services sectors, while the Retail and Commercial portfolios declined by 5%. Despite these headwinds, the Bank remained committed to supporting key sectors of the economy, including strategic State-Owned Enterprises (SOEs) in the Energy and Agriculture sectors, as well as institutions within the Non-Banking Financial Services industry.

Despite a challenging operating environment, asset quality remained well managed, with non-performing loans increasing marginally to P619 million from P618 million in the prior year. The NPL ratio increased slightly to 3.0% (FY2025: 2.9%), reflecting the combination of a stable NPL balance and a lower advances book. The Bank continues to maintain disciplined credit risk management and active oversight of portfolio performance.

INCOME STATEMENT

Profit Before Tax (PBT) increased by 12% year-on-year to P2.117 billion. This result was achieved despite a challenging operating environment characterised by a sovereign credit downgrade, constrained market liquidity, rising funding costs, and heightened fiscal pressures. Management maintained a consistent balance between margin protection and the need to support clients funding and wider banking needs while maintaining a healthy asset quality.

Total income after impairments increased by 10%, while total operating expenses including employee benefits expenses grew by 8%, with the cost-to-income ratio improving to 45.4% from 47.5% in the prior year. Net interest income declined by 2% year-on-year. While interest income increased by 16%, supported by the 100-basis point increase in the Prime Lending Rate and improved yields from the reallocation of investment balances into higher-yielding local and USD Treasury Bills, these benefits were offset by elevated funding costs and changes in the funding mix.

Interest expense increased year-on-year, primarily driven by prevailing market liquidity constraints, which intensified competition for deposits and resulted in a 76-basis point increase in the Bank's blended cost of funds. Despite these challenging conditions, the Bank's diversified product mix and disciplined funding strategy helped mitigate the full impact of higher funding costs, resulting in a more favourable outcome than would otherwise have been experienced. Credit impairment charge for the year amounted to P191 million, reflecting some pressure on projected macros into the next year. This number is inclusive of management overlays on specific counterparties and portfolios of lending schemes and a segment agnostic overlay.

Non-Interest Revenue (NIR) grew by 30% to P2.313 billion, demonstrating the strength and diversification of the Bank's revenue base. Growth was driven by strong foreign exchange trading performance, while continued expansion in digital banking activity and customer franchise growth supported resilience across transactional revenue streams. Active customers increased to 768,000, contributing to a 7% increase in monthly account fee income. Digital engagement continued to strengthen, with eWallet volumes up 8% and App and Cellphone Banking usage increasing by 5%. Competitive pricing pressure persisted in the merchant acquiring market, moderating growth in this segment, although the business remains strategically positioned to benefit from ongoing payments digitisation trends.

Operating expenses increased by 8% year-on-year, reflecting the Bank's continued investment in people and technology. Employee-related costs increased by 5%, underscoring the Bank's commitment to attracting, developing, and retaining top talent, supporting employee wellbeing, and building the future skills required to succeed in an increasingly digital and dynamic banking environment. Other operating expenses increased by 11%, and this includes foreign currency denominated costs that were impacted by unfavourable currency movements, particularly the BWP/ZAR pair. Management maintained a disciplined approach to cost management, ensuring that expenditure remains focused on initiatives that enhance customer experience, strengthen operational resilience, and deliver sustainable value for stakeholders.

LOOKING AHEAD

While the operating environment remains challenging, we are encouraged by the resilience of Botswana's economy and the early signs of recovery emerging across key sectors. Improved diamond market activity, ongoing infrastructure investment, growing opportunities in tourism, and continued development in the energy and logistics sectors provide a foundation for renewed economic growth and increased business confidence.

The Bank remains committed to being a catalyst for a sustained recovery of the economy. We will continue to invest in the sectors, businesses, and individuals that drive economic progress, while partnering with Government, clients, and communities to support national development and drive shared prosperity. Our strong franchise, market-leading capabilities, and client-centric approach position us well to support growth opportunities as they arise. We are equally committed to investing in the future through continued investment in technology, digital innovation, data capabilities, cybersecurity, and automation and make banking simpler, faster, more secure, and more accessible for our clients. At the same time, we continue to invest in our people through talent development, leadership programmes, employee wellbeing initiatives, and future skills development, ensuring that we remain equipped to meet the changing needs of our clients and the future of banking.

Importantly, we remain disciplined in how we deploy capital and manage costs, ensuring that every investment delivers value for clients, shareholders, employees, and the broader economy. This balanced approach allows us to invest for growth while maintaining the operational efficiency and financial strength expected of a leading financial institution.
Supported by robust capital and liquidity positions, a diversified business model, and a clear strategic focus, we are confident in our ability to continue creating sustainable value for all our stakeholders. While challenges remain, we look to the future with confidence and optimism.

EVENTS AFTER REPORTING DATE

The Directors have considered various aspects of the business when assessing events after the reporting date as per the requirements of IAS 10 – Events after the reporting date. Key estimates and judgements used in the preparation of the financial statements have been assessed and are still considered appropriate.
The Directors proposed a final dividend noted in the Declaration of dividend below.

There has been a change in tax legislation from 1 July 2026, the corporate income tax rate has been increased from 22% to 24.5%.

The Directors are not aware of any other matter or circumstances arising since the end of the reporting date that requires disclosure or adjustment to the financial statements

CORPORATE GOVERNANCE

The Board and management are responsible for ensuring that FNBB's operations are conducted in accordance with all applicable laws and regulations, including the responsibility for ensuring the following:

1. Alignment with best practice for corporate governance
2. Effective management of all risks, including maintenance of appropriate internal controls.
3. Effective management of compliance and conduct risks
4. The Bank's continued ability to operate as a going concern; and
5. The Bank's consideration of the environmental and social impact of conducting business.

The Board comprises a majority of independent, non-executive Directors and meets regularly, reviews executive management's performance, and retains effective control over the Bank. The Board is assisted by the following sub-committees, which are responsible for various aspects of governance.

- Risk and Capital Management Committee
- Credit Risk Committee
- Directors Affairs and Governance Committee
- Human Capital and Remuneration Committee
- Compliance and Conduct Committee
- Audit Committee

SHARED PROSPERITY

Across the globe, there is a growing expectation for businesses to not only create value for their shareholders but also make a long-lasting impact for its clients and communities they serve. As a result, the Bank's strategy is anchored on its purpose of Shared Prosperity i.e. intentionally using core business activities to deliver not only financial value for shareholders but also deliver positive impact for clients, employees and communities. In its 2030 strategy the Bank has therefore defined its shared prosperity focus areas as follows:

- Sustainable finance
- Small and Medium Enterprises (SME) development
- Sustainable procurement
- Financial inclusion (including literacy efforts)
- Human and Social Development

SUSTAINABILITY AT FNB BOTSWANA

Sustainability remains central to FNB Botswana's purpose of creating shared value for clients, communities, employees, shareholders and the broader economy. Through our Shared Prosperity strategy, we continue to drive inclusive growth, support economic participation, strengthen communities, manage environmental impacts and build resilience across our business. Despite a challenging economic environment characterized by subdued lending activity, the Bank made meaningful progress across its sustainability priorities during FY2026.

SUSTAINABLE FINANCE

Whilst sustainable origination was below target at P168 million against a target of P480 million, significant progress was made in ESG integration and embedment into core operational processes, the result of which will be the development of sustainability-linked products and impact-driven financial products.

The Bank continued to support market development through sustainable finance advisory, green bond transactions advisory and strategic partnerships in renewable energy and energy transition projects.

Through strategic deal facilitation and client matching, the Bank connected businesses across key sectors such as renewable energy, mining, manufacturing and logistics, unlocking growth opportunities, strengthening local value chains and supporting Botswana's economic diversification agenda.

The Bank also strengthened engagement with development finance institutions, with the aim to diversify funding sources and grow future sustainable finance opportunities.

SME DEVELOPMENT AND ECONOMIC INCLUSION

FNB continued to support entrepreneurship and economic diversification through targeted SME initiatives. The Citizen Entrepreneurial Empowerment Programme (CEEP) portfolio outperformed target, advancing P354 million against a target of P250 million, supporting approximately 3,413 jobs, while FirstPreneur continued to achieve its objectives of enabling SMEs to scale and transition into sustainable enterprises. The Bank expanded access to digital payment solutions through Speedee merchant devices, helping small businesses participate more effectively in the formal economy.

FINANCIAL INCLUSION AND FINANCIAL WELLNESS

The Bank continued to expand access to financial services and improve financial capability across the country. The Bank continued to advance financial literacy across Botswana through community engagements, radio programmes, and digital campaigns, extending financial education to a broad audience and helping individuals make more informed financial decisions. The Bank embarked on targeted messaging to address emerging cyber security and fraud risks, equipping individuals with the knowledge and tools to protect themselves.

New inclusion initiatives included the launch of the Motshelo account which encourages community-based savings, mutual support and financial discipline. The Real Help programme continued to support financially distressed clients, helping save homes and restore client financial dignity in the face of a challenging economic environment.

Our flagship services eWallet and Cashplus continue to perform well, serving as significant inclusion channels.

- Cashplus transactional value increased from P7.8 billion to P9.3 billion in 2026, while the number of agents across the country increased from 1794 to 2071.
- eWallet transaction volumes increased from 14.6 million in 2025 to 15.2 million in 2026, highlighting the product's sustained payment facilitation capability.
- eWallet Pro continues to serve as a secure and efficient payment solution for businesses requiring instant disbursement capabilities to both banked and unbanked beneficiaries.

SUSTAINABLE PROCUREMENT

The Bank exceeded its local procurement target, achieving a 90.5% local procurement spend against a target of 90%, P760 million was spent on local suppliers. This performance reflects FNB Botswana's commitment to supporting citizen-owned businesses, strengthening local value chains and driving economic development through responsible procurement practices.

HUMAN AND SOCIAL DEVELOPMENT

Through the FNB Foundation, sponsorships, and community investment initiatives, the Bank continued to make a meaningful contribution to social and economic development across the country. During the year, P19 million was invested in programmes that positively impacted more than 16,000 lives and supported 441 businesses. Overarching impact of the investments has improved the wellbeing, dignity and inclusion for vulnerable groups and low-income households, and strengthen community development and economic participation. An overview of our flagship programmes is provided below.

REMOTE AREA DWELLERS (RADS) TOP ACHIEVERS SCHOLARSHIP PROGRAMME

The scholarship is designed to academically empower five high performing learners from remote communities who are at risk of discontinuing their studies due to disadvantaged socio economic backgrounds. The learners are enrolled at Delta Waters school in Maun, an initiative to support learners by providing access to quality education, holistic development, and opportunities beyond the classroom. The scholarship enables learners to explore and nurture their talents through sports and extra curricular activities, broadening their career pathways and personal development. Early outcomes of the scholarship are:

- improved academic achievement, with learners attaining an average grade of 85%.
- enhanced learner confidence, discipline and motivation through structured developmental programmes.
- expanded exposure to STEM, leadership and problem-solving activities through Mathematics, Science and Chess clubs' participation.
- broadened career aspirations and life skills through participation in academic, sporting and creative activities.

BOTSWANA ARTS ONLINE

Botswana Arts Online is a digital marketplace sponsored by FNBB Foundation to help Batswana artists create sustainable income opportunities, through access to a global platform to market and sell their products. To date P1.5 million has been invested, through Thapong Visual Arts Centre, to fund the development and maintenance of the website, mobilisation of artworks, facilitation of sales, and distribution of proceeds directly to participating artists. Key achievements include:

- 360 artworks mobilised and showcased on the platform with 155 artworks sold.
- Sales from Okavango basketry through the Back Craft Shop.
- Enhanced visibility and market access for Batswana artists through a global online platform.
- Increased participation in the professional arts sector, driven by the commercial opportunities.

MUSIC FOR CHANGE PROGRAMME

FNBB Foundation in partnership with Kingdom Arts Academy supports 20 young people from low-income communities in Gaborone through music training, mentorship, and industry exposure to help them develop professional careers in music.

The Foundation's P556,800 investment covers tuition, training materials, examinations, merchandise, and musical instruments. 15 trainee artists have so far played in corporate events with the support and guidance of the Academy. The initiative supports youth economic empowerment, helping to mitigate social challenges often associated with unemployment and inactivity.

SPORTS DEVELOPMENT

The Bank also strengthened social cohesion and economic participation in sports through the flagship sponsorships of the FNB Premiership and FNB Botswana Golden Grand Prix. During the year, P2.6 million was invested to support FNB Premiership club prizes and player recognition awards and P6 million invested into the Grand Prix. Local SMEs were supported through event delivery and activation services. In addition, casual jobs were created to support the events.

OWN OPERATIONS AND ENVIRONMENTAL STEWARDSHIP

The Bank continued to improve the environmental performance of its operations through renewable energy, energy efficiency and resource conservation initiatives. The Bank continued to realise the benefits from the Solar energy installations at our Francistown building, which hosts the Branch and regional operations. The Bank achieved significant results, with solar power contributing 44% of site energy consumption, generating total financial savings of P616,000 and avoiding 917 tonnes of CO_2 emissions per annum. Additional initiatives included the commencement of the solar infrastructure development for the First Place (head office building), lithium-ion battery deployment and refrigerant replacement at branches, water conservation measures, waste recycling programmes, and progress towards EDGE green building certification.

CLIMATE RISK MANAGEMENT

Climate risk remained well managed during FY2026. No environmental incidents, complaints or compliance breaches were reported. The Bank continued to strengthen climate risk integration, sustainable finance capabilities and climate-related business opportunities to support a resilient low-carbon transition.

CAPITAL MANAGEMENT

FNBB maintains sound capital 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.

Furthermore, FNBB's capital management strategy is to ensure an optimal level and composition of capital, effective allocation of financial resources including capital and risk capacity, with a view to achieving a sound return on equity and a sustainable dividend distribution to shareholders. The capital planning process is conducted on a forward-looking basis and considers, inter alia, the organic growth requirements and a safety margin for unexpected fluctuations in business plans and earnings volatility. Through this approach, compliance with both internal and regulatory capital adequacy requirements can be achieved, shareholders' returns can be safeguarded, and the Bank can ensure that it remains a sound going concern even under severe stress conditions.

The capital focus has been directed to the composition of the capital structure and efficiency of the risk-weighted assets. The Directors review and approve macroeconomic scenarios quarterly in a year due to the rapidly changing world economic environment for regulatory and business purposes. Additionally, the Directors review the Capital Management Framework annually, and this together with the approval of the economic scenarios forms the basis of the Internal Capital Adequacy Assessment Process (ICAAP) which provides a sound basis for managing our capital in a constantly dynamic world. For the period ended 30 June 2026, FNBB continued to operate above both the internal and regulatory minimum capital adequacy ratios.

DECLARATION OF DIVIDEND

Notice is hereby given that a final dividend of 30 thebe per share has been declared for the year ended 30 June 2026. The dividend will be paid on or about 16 October 2026 to shareholders registered at the close of business on 06 October 2026. The ex-dividend date is 02 October 2026.

In terms of the Income Tax Act (Cap 52.01) as amended, withholding tax at the rate of 10% will be deducted by the Bank from gross dividends. If a change of address or dividend instructions is to apply to this dividend, notification should reach the Transfer Secretaries by 06 October 2026.

For and on behalf of the Board

B M Bonyongo
Chairperson

S L Bogatsu
Chief Executive Officer

TRANSFER SECRETARIES
Central Securities Depository
Company of Botswana,
Plot 70667, 4th Floor, Fairscape Precinct, Fairgrounds
Private Bag 00417, Gaborone

FINANCIAL PERFORMANCE

AUDITED CONSOLIDATED INCOME STATEMENT (P'000)	**Year ended 30 June 2026**	**Year ended 30 June 2025**	**% Change**
Interest income calculated using effective interest rate and similar income	2,893,037	2,484,466	16
Interest expenses and similar charges	(980,978)	(533,299)	84
Net interest income before impairment of advances	**1,912,059**	**1,951,167**	(2)
Net impairment loss of advances	(190,991)	(73,647)	>100
Net interest income after impairment of advances	**1,721,068**	**1,877,520**	(8)
Non-interest income and expense	2,313,686	1,780,453	30
Income from operations before operating expenditure	**4,034,754**	**3,657,973**	10
Operating expenses	(906,903)	(813,776)	11
Employee benefits expenses	(982,153)	(934,262)	5
Income before taxation	**2,145,698**	**1,909,935**	12
Indirect taxation	(29,183)	(25,864)	13
Profit before direct taxation	**2,116,515**	**1,884,071**	12
Direct taxation	(469,442)	(440,673)	7
Profit for the year	**1,647,073**	**1,443,398**	14
Total comprehensive income for the year attributable to owners of the company	**1,647,073**	**1,443,398**	14
Average number of shares in issue during the period (thousands)	2,543,700	2,543,700	-
Earnings per share (thebe) (based on weighted average number of shares outstanding)	**64.75**	**56.74**	14

RATIOS AND MARKET INFORMATION	**Year ended 30 June 2026**	**Year ended 30 June 2025**	**% Change**
Total Dividend per share (thebe)	45.0	33.0	36
Dividend cover (times)	1.0	1.7	(41)
Cost to income ratio (percent)*	45.4	47.5	(4)
Return on equity (percent)	33.2	33.5	(1)
Return on average assets (percent)	4.7	4.0	18
Capital adequacy ratio (percent)**	21.7	19.2	13
Closing share price (thebe)	570	530	8
Price earnings ratio	4.4	4.7	(6)
Earnings per share (thebe)	64.75	56.74	14
Number of ordinary shares issued (thousands)	2,543,700	2,543,700	-

**Cost to income ratio is based on total non-interest expenditure including indirect taxation (value added tax) and excludes impairments of advances*
*** Capital adequacy ratio is Post Dividend*

FINANCIAL
PERFORMANCE continued

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (P'000)	**Year ended 30 June 2026**	**Year ended 30 June 2025**	**% Change**
Assets			
Cash and short-term funds	2,219,905	2,095,051	6
Derivative financial instruments	50,651	19,000	>100
Investment securities	12,455,555	10,876,931	15
Advances to customers	19,684,707	20,618,041	(5)
Current taxation	-	392	(100)
Due from related parties	63,386	19,288	>100
Other assets	550,805	521,393	6
Property and equipment	578,997	600,236	(4)
Goodwill	26,589	26,963	(1)
Deferred taxation	23,921	28,211	(15)
Total assets	**35,654,516**	**34,805,506**	**2**
Equity and Liabilities			
Liabilities			
Deposits- other	-	1,738,081	(100)
Derivative financial instruments	45,313	10,578	>100
Accrued interest payable	49,255	31,898	54
Due to related parties	62,873	35,067	79
Current taxation	35,035	6,637	>100
Other liabilities	606,162	806,767	(24)
Deposits from banks	819,910	352,411	>100
Deposits from customers	28,321,836	26,492,471	7
Employee benefits liabilities	150,612	139,258	8
Borrowings	183,190	695,971	(74)
Total liabilities	**30,274,186**	**30,309,139**	**0**
Capital and reserves attributable to ordinary equity holders			
Stated capital	51,088	51,088	0
Reserves	4,566,132	4,063,724	12
Dividend reserve	763,110	381,555	100
Total equity	**5,380,330**	**4,496,367**	**20**
Total Equity and Liabilities	**35,654,516**	**34,805,506**	**2**
Undrawn commitments to customers	2,532,864	2,254,552	12
Guarantees and letters of credit	1,111,227	1,229,104	(10)

FINANCIAL
PERFORMANCE continued

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (P'000)	Stated capital	Dividend reserve	Retained earnings	Total
Balance at 30 June 2024	**51,088**	**686,799**	**3,459,747**	**4,197,634**
Profit for the year	-	-	1,443,398	1,443,398
2024 Final Dividends paid	-	(686,799)	-	(686,799)
2025 Interim Dividends paid	-	-	(457,866)	(457,866)
2025 Final Dividends proposed	-	381,555	(381,555)	-
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**(305,244)**	**(839,421)**	**(1,144,665)**
Balance at 30 June 2025	**51,088**	**381,555**	**4,063,724**	**4,496,367**
Profit for the period	-		1,647,073	1,647,073
2025 Final Dividends paid	-	(381,555)	-	(381,555)
2026 Interim Dividends paid	-	-	(381,555)	(381,555)
2026 Final Dividends proposed	**-**	**763,110**	**(763,110)**	**-**
Total contributions by and distributions to owners of company recognised directly in equity	**-**	**381,555**	**(1,144,665)**	**(763,110)**
Balance at 30 June 2026	**51,088**	**763,110**	**4,566,132**	**5,380,330**

FINANCIAL
PERFORMANCE continued

AUDITED CONSOLIDATED STATEMENT OF CASHFLOWS (P'000)	Year ended 30 June 2026	Year ended 30 June 2025	% Change
Cash flows from operating activities			
Cash from/(used in) operations before taxation and working capital changes	499,236	102,269	>100
Interest and similar income received	2,922,418	2,461,119	19
Interest and similar expense paid	(926,444)	(454,372)	>(100)
Taxation paid	(436,362)	(450,165)	(3)
Cash from operating activities	**2,058,848**	**1,658,851**	24
Movement in operating assets and liabilities			
Movement in amounts due to other banks	442,831	(149,038)	>(100)
Movement in deposits from customers	1,829,365	(3,528,573)	>(100)
Movement in deposits - other	(1,738,081)	1,738,081	>(100)
Movement in amount due to related parties	27,806	(3,820)	>(100)
Movement in accrued interest payable	(308)	451	>(100)
Movement in other liabilities	(190,945)	142,251	>(100)
Movement in employee benefits liabilities	11,354	8,053	41
Movement in investments- fair value through profit or loss	(34,234)	59,835	>(100)
Movement in investments- amortised cost	(445,949)	(3,232,538)	(86)
Movement in advances to customers	712,962	(2,174,339)	>(100)
Movement in other assets	(29,412)	(73,568)	(60)
Movement in amounts due from related companies	(44,098)	(9,350)	>100
Cash flows (used in)/generated from operating activities	**2,600,139**	**(5,563,704)**	(53)
Cash flows used investing activities			
Acquisition of property and equipment	(67,065)	(60,107)	11
Proceeds on disposal of property and equipment	786	2,446	(68)
Cash utilized in investing activities	**(66,279)**	**(57,661)**	15
Cash flows used in financing activities			
Repayment of borrowings	(258,500)	(373,152)	(31)
Interest paid on borrowings	(285,225)	(25,979)	>100
Lease liability interest	(8,741)	(4,059	>(100)
Lease liability payments	(32,601)	(33,390)	(2)
Dividends paid	(763,110)	(1,144,665)	(33)
Net cash used in financing activities	**(1,348,177)**	**(1,581,245)**	(15)
Cash movement for the period	**1,185,683**	**(7,202,610)**	>(100)
Cash and cash equivalents at the beginning of the period	2,495,030	9,689,902	(74)
Effect of exchange rate movement on cash balances	12,944	7,738	67
Total cash and cash equivalents at end of the period	**3,693,657**	**2,495,030**	**48**

FINANCIAL
PERFORMANCE continued

SEGMENTAL REPORTING

Operating segments are reported in accordance with the internal reporting provided to the Chief Executive Officer (the Chief Operating Decision-Maker), who is responsible for allocating resources to the reportable segments and assesses their performance. All operating segments used by the Bank meet the definition of a reportable segment.

The Bank has four primary business segments:

01 FNB Retail segment
comprising advances and deposits and the revenue flowing from individual customers;

02 FNB Commercial segment
comprising advances and deposits and the revenue flowing from commercial and SME customers;

03 RMB Corporate segment
comprising advances and deposits and the revenue flowing from corporate customers;

04 Treasury & Other
manages the Bank's liquidity and funding.

To determine the performance, profitability and efficiency of the segments, the Bank presents interest income after the cost of funding and interest expenditure after the benefit of funding.

AUDITED SEGMENTAL REPORTING	Retail	Commercial	Corporate	Treasury & Other	Total
30 JUNE 2026 (P'000)- (Audited)					
Interest and similar income	343,177	114,447	116,227	2,319,186	2,893,037
Non- interest income	828,174	638,551	854,931	(7,970)	2,313,686
Total segment revenue	**1,171,351**	**752,998**	**971,158**	**2,311,216**	**5,206,723**
Interest and similar expenses	414,902	419,327	261,528	(2,076,735)	(980,978)
Segment operating income before impairments	**1,586,253**	**1,172,325**	**1,232,686**	**234,481**	**4,225,745**
Impairment of advances*	(31,520)	(36,957)	(18,546)	(103,968)	(190,991)
Net interest income after impairment of advances	**1,554,733**	**1,135,368**	**1,214,140**	**130,513**	**4,034,754**
Depreciation	(101,231)	(2,814)	(121)	(85)	(104,251)
Operating expenses	(23,914)	(572,672)	(220,396)	14,330	(802,652)
Staff expenditure	(732,594)	(150,006)	(87,179)	(12,370)	(982,153)
Profit before indirect taxation	**696,994**	**409,876**	**906,444**	**132,388**	**2,145,698**
Indirect taxation	(25,404)	(1,425)	(1,612)	(742)	(29,183)
Profit before direct taxation	**671,590**	**408,451**	**904,832**	**131,646**	**2,116,515**
Direct taxation					(469,442)
Profit for the period					**1,647,073**
Statement of financial position:					
Gross Advances to customers	**11,725,242**	**3,816,379**	**5,038,281**	**-**	**20,579,902**
Loss allowance	(451,511)	(259,826)	(79,890)	(103,968)	(895,195)
Net advances	**11,273,731**	**3,556,553**	**4,958,391**	**(103,968)**	**19,684,707**
Deposits from customers	**7,239,665**	**10,395,796**	**7,373,633**	**3,312,742**	**28,321,836**

Major customers - In terms of IFRS 8, a customer is regarded as a major customer if the revenue from transactions with this customer exceeds 10% or more of the entity`s revenue. The Bank has no major customers as defined and is, therefore, not reliant on the revenue from one or more major customers.

FINANCIAL
PERFORMANCE continued

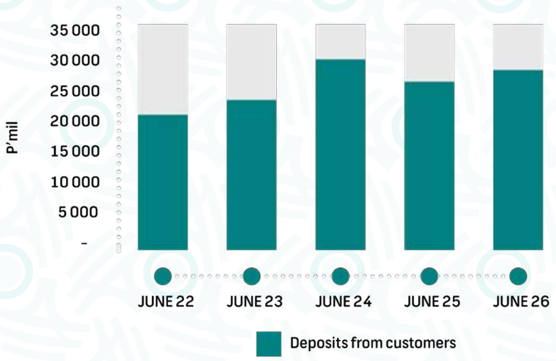
*Management has recognised a segment-agnostic ECL model overlay to reflect forward-looking risks and elevated uncertainty within the operating environment. Given that the potential transmission mechanisms and timing of any future credit impact remain uncertain and may affect multiple portfolios, the overlay has not been allocated to specific business segments. While presented within Treasury for financial reporting purposes, the overlay is not linked to Treasury assets or Treasury-specific credit exposures but is instead held centrally to maintain a segment-agnostic treatment. This approach preserves transparency and avoids attributing emerging risks to any single portfolio. The overlay will continue to be reviewed as additional performance, economic and market dynamics evolve.

AUDITED SEGMENTAL REPORTING	Retail	Commercial	Corporate	Treasury	Total
30 JUNE 2025 (P'000)- (Audited)					
Interest and similar income	604,754	155,620	121,229	1,602,863	2,484,466
Non- interest income	753,178	630,309	411,279	(14,313)	1,780,453
Total segment revenue	**1,357,932**	**785,929**	**532,508**	**1,588,550**	**4,264,919**
Interest expense and similar expenses	253,802	286,309	176,739	(1,250,090)	(533,299)
Segment operating income before impairments	**1,611,734**	**1,072,179**	**709,247**	**338,460**	**3,731,620**
Impairment of advances	(83,988)	9,857	484	-	(73,647)
Net interest income after impairment of advances	**1,527,746**	**1,082,036**	**709,731**	**338,460**	**3,657,973**
Depreciation	(96,527)	(532)	(55)	(53)	(97,167)
Operating expenses	(257,678)	(276,000)	(190,459)	8,128	(716,609)
Staff expenditure*	(474,790)	(365,137)	(83,562)	(10,773)	(934,262)
Total expenditure					
Profit before indirect taxation	**698,751**	**439,767**	**435,655**	**335,762**	**1,909,935**
Indirect taxation	(20,945)	(2,179)	(1,914)	(826)	(25,864)
Profit before direct taxation	**677,806**	**437,588**	**433,741**	**334,936**	**1,884,071**
Direct taxation					(440,673)
Profit for the period					**1,443,398**
Statement of financial position:					
Gross Advances to customers	**12,353,510**	**4,114,615**	**4,988,579**	**-**	**21,456,704**
Loss allowance	(481,181)	(282,897)	(74,585)	-	(838,663)
Net advances	**11,872,329**	**3,831,718**	**4,913,994**	**-**	**20,618,041**
Deposits from customers	**7,209,323**	**10,233,020**	**5,996,744**	**3,053,384**	**26,492,471**

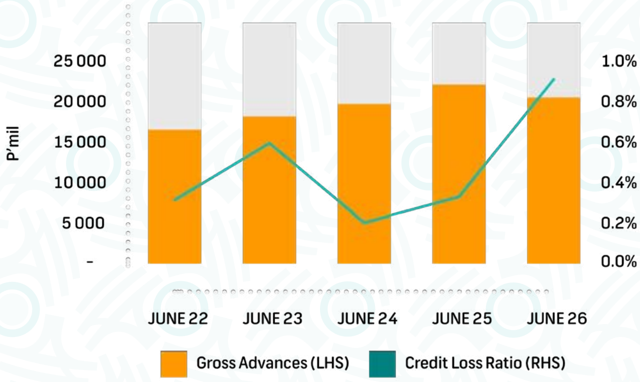
*Staff expenditure has been disclosed separately to allow the chief operating decision maker to have more transparency on the income statement comparatives.

FINANCIAL GRAPHS

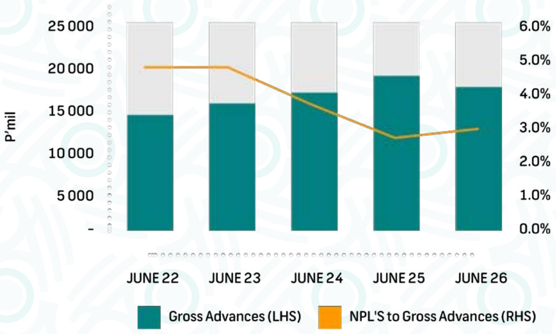
DEPOSITS



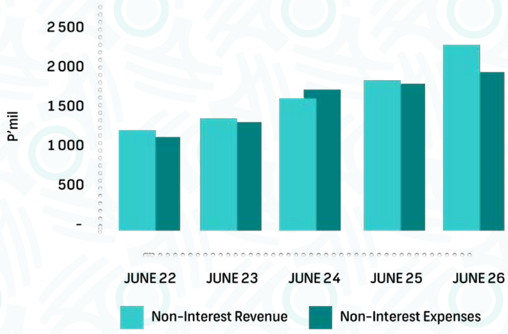
GROSS ADVANCES VS CREDIT LOSS RATIO



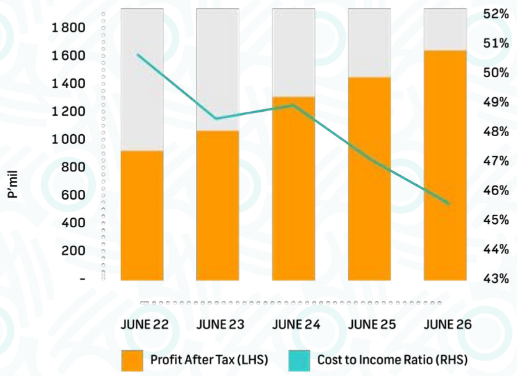
GROSS ADVANCES VS NPLs



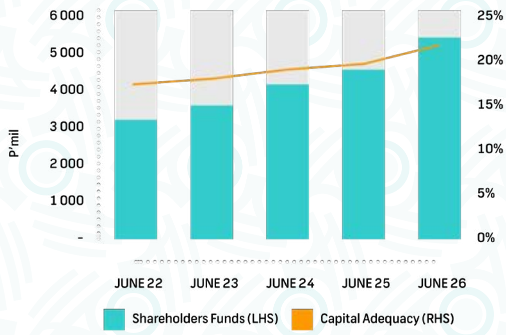
NON-INTEREST REVENUE VS NON-INTEREST EXPENSES



PROFIT AFTER TAX VS COST TO INCOME RATIO



SHAREHOLDERS' FUNDS VS CAPITAL ADEQUACY



FINANCIAL

PERFORMANCE continued

ACCOUNTING POLICIES

The accounting policies and other methods of computation applied in the preparation of the consolidated financial statements, from which the summarised consolidated financial statements were derived, are in terms of IFRS and are consistent with those accounting policies applied in the preparation of the previous summarised consolidated financial statements.

The consolidated financial statements, from which this summary consolidated financial statements are extracted, are prepared in accordance with the going concern principle under the historical cost basis as modified by the fair value accounting of certain assets and liabilities where required or permitted by IFRS.

Standards and interpretations effective and adopted in the current year

In the current year, the Bank adopted the following standard and interpretation that became effective during the financial year and is relevant to its operations: Lack of exchangeability – amendments to IAS 21. None of these amendments to IFRS impacted the Bank's reported earnings, financial position or reserves, or the accounting policies.

ADVANCES

Analysis of advances per category – June 2026 (P'000)-(Audited)	Amortized cost	Loss allowance	Total
Term loans	10,364,923	(434,245)	9,930,678
Instalment sales	2,018,059	(147,416)	1,870,643
Property loans	6,286,048	(161,244)	6,124,804
Overdraft and managed account	1,606,860	(118,480)	1,488,380
Other	304,012	(33,810)	270,202
Total	**20,579,902**	**(895,195)**	**19,684,707**

Analysis of advances per category – June 2025 (P'000)-(Audited)	Amortized cost	Loss allowance	Total
Term loans	10,408,076	(341,090)	10,066,986
Instalment sales	2,343,749	(152,607)	2,191,142
Property loans	6,612,731	(139,444)	6,473,287
Overdraft and managed account	1,786,139	(177,091)	1,609,048
Other	306,009	(28,431)	277,578
Total	**21,456,704**	**(838,663)**	**20,618,041**

FINANCIAL
PERFORMANCE continued

IMPAIRMENT OF ADVANCES

(P'000) (Audited)	Gross advances Stage 1	Gross advances Stage 2	Gross advances Stage 3	Gross advances Total	Loss allowance Stage 1	Loss allowance Stage 2	Loss allowance Stage 3	Loss allowance Total
Amortised cost								
Amount as at 01 July 2025	**18,049,901**	**2,789,151**	**617,652**	**21,456,704**	**110,986**	**295,173**	**432,504**	**838 663**
Stage 2 to stage 1	1,212,917	(1,212,917)	-	-	98,139	(98,139)	-	-
Stage 3 to stage 1	3,388	-	(3,388)	-	1,952	-	(1,952)	-
Stage 3 to stage 2	-	3,118	(3,118)	-	-	1,899	(1,899)	-
Stage 1 to stage 2	(1,365,299)	1,365,299	-	-	(12,602)	12,602	-	-
Stage 1 to stage 3	(138,795)	-	138,795	-	(1,983)	-	1,983	-
Stage 2 to stage 3	-	(79,300)	79,300	-	-	(10,478)	10,478	-
Opening balance after transfers	**17,762,112**	**2,865,351**	**829,241**	**21,456,704**	**196,492**	**201,057**	**441,114**	**838,663**
Net movement current year	**(752,692)**	**86,576**	**19,357**	**(646,759)**	**22,137**	**23,068**	**210,223**	**255,428**
Change in exposure of back book in the current year	(752,692)	170,137	19,357	(563,198)	22,429	15,595	47,918	85,942
Attributable to change in measurement period	-	(83,561)	-	(83,561)	-	10,792	-	10,792
Attributable to change in risk parameters	-	-	-	-	(292)	(3,319)	162,305	158,694
Acquisition/(disposal) of advances	-	-	(13,242)	(13,242)	-	-	(13,242)	(13,242)
Bad debts written off	-	-	(216,801)	(216,801)	-	-	(216,801)	(216,801)
Net interest suspended/ released	-	-	-	-	-	-	31,147	31,147
Amount as at 30 June 2026	**17,009,420**	**2,951,927**	**618 555**	**20 579 902**	**218,629**	**224,125**	**452 441**	**895 195**

(P'000) (Audited)	Gross advances Stage 1	Gross advances Stage 2	Gross advances Stage 3	Gross advances Total	Loss allowance Stage 1	Loss allowance Stage 2	Loss allowance Stage 3	Loss allowance Total
Amortised cost								
Amount as at 01 July 2024	**16,449,539**	**2,179,676**	**776,874**	**19,406,089**	**147,295**	**228,280**	**536,512**	**912,087**
Stage 2 to stage 1	1,026,232	(1,026,232)		-	34,553	(34,553)	-	-
Stage 3 to stage 1	27,283	-	(27,283)	-	11,757	-	(11,757)	-
Stage 3 to stage 2	-	39,569	(39,569)	-	-	12,739	(12,739)	-
Stage 1 to stage 2	(1,299,989)	1,299,989	-	-	(43,912)	43,912	-	-
Stage 1 to stage 3	(119,535)	-	119,535	-	(4,012)	-	4,012	-
Stage 2 to stage 3	-	(80,940)	80,940	-	-	(10,350)	10,350	-
Opening balance after transfers	**16,083,530**	**2,412,063**	**910,496**	**19,406,089**	**145,681**	**240,028**	**526,378**	**912,087**
Net movement current year	**1,966,371**	**377,088**	**(58,102)**	**2,285,357**	**(34,695)**	**55,145**	**120,005**	**140,455**
Attributable to change in measurement period	-	(71,965)	-	(71,965)	-	20,532	-	20,532
Attributable to change in risk parameters	-	-	-	-	(76,060)	(7,987)	91,475	7,428
Change due to new business net of attrition	1,966,371	449,053	(58,102)	2,357,322	41,365	42,600	28,530	112,495
Bad debts written off	-	-	(234,742)	(234,742)	-	-	(234,742)	(234,742)
Net interest released	-	-	-	-	-	-	20,863	20,863
Amount as at 30 June 2025	**18,049,901**	**2,789,151**	**617,652**	**21,456,704**	**110,986**	**295,173**	**432,504**	**838,663**

FINANCIAL PERFORMANCE continued

*Management has recognised an ECL model overlay to reflect elevated uncertainty and emerging credit risk arising from current economic and liquidity conditions in Botswana. Certain sectors have experienced payment delays and cash flow pressures, which may have implications for the future credit performance. Although these conditions are partially reflected within the Bank's IFRS 9 impairment models, management believes that the models do not yet fully capture the potential impact of recent developments where risk transmission is expected to occur through broader economic channels and with a degree of timing uncertainty. Accordingly, an ECL model overlay has been applied to ensure that expected credit losses are reflective of forward-looking information not fully captured by the currently observable conditions. The model overlay will be reviewed on an ongoing basis as further performance data, payment trends and economic indicators become available.

SIGNIFICANT ESTIMATES, JUDGEMENTS AND ASSUMPTIONS RELATED TO THE IMPAIRMENT OF ADVANCES

Impairment of financial assets: Staging of Financial Assets and Significant Increase in Credit Risk (SICR)

In accordance with IFRS 9, all exposures are assessed to determine whether there has been a significant increase in credit risk (SICR) at each reporting date. The assessment is performed monthly.

SICR assessments are client behavioural based determined by applying client behavioural risk scores as well as judgemental factors. Factors may include behaviour on other products, industry specific stresses and anticipated changes in legislation, and other relevant factors. Judgmental factors may result in the client being added to the watch list through the Bank's ongoing risk management process.

SICR triggers are portfolio specific and are calibrated over time to determine what level of deterioration is reflective of a significant increase in credit risk with reference to historic default rates within that portfolio. The Bank uses a relative movement in probability of default between reporting date and origination date to determine if there was a significant increase in credit risk. Corporate and Commercial assessments include deal and client specific factors and are calibrated over time to determine what level of deterioration is reflective of a significant increase in credit risk.

Approach to Incorporate Forward-Looking Indicators (FLI)

Forward-looking macro-economic indicators (FLI) has been incorporated into expected loss estimates through the application of quantitative modelling and expert judgement-based adjustments applied to PDs. The techniques applied estimate the impact of forecasted FLIs on ECL using regression techniques.

The macroeconomic scenarios are defined by taking global and domestic macroeconomic considerations into account, and forecasts are developed for various scenarios. These scenarios are overseen by a governance forum, which is responsible for oversight and is independent from credit and modelling functions.

To arrive at the macroeconomic forecasts, a bottom-up and top-down process is followed. The process is conducted by a team of professional economists. These economists assess micro and macroeconomic developments to formulate (bottom-up) and adjust (top-down) the macroeconomic forecasts. Probabilities are assigned to each scenario with supporting rationale. The creation of macroeconomic scenarios and the determination of associated probabilities are subjective, with final ECL results dependent on the assumptions applied during the process.

The impact of FLI on ECL is ordinarily determined based on historical relationships between macro-economic movements and default rates. Where it is not expected for these relationships to continue with historical correlations under current macro-economic conditions, judgmental adjustments have been made through post-model adjustments.

The baseline, downside and upside scenarios are used in the ECL calculations.

Economic Scenarios Applied in June 2026 ECL computation.

The FLI component of ECL is a dual factor including GDP and monetary policy rate.

The economic scenarios applied are described as follows:

Upside: Global growth shifts to a higher gear following aggressive fiscal stimulus measures in China, substantial monetary policy easing in advanced economies, and notable AI-led productivity gains; and/or Iranian attacks on the Gulf countries and in the Strait of Hormuz cease, allowing global energy supplies from the Gulf to quickly normalise. Oil prices fall back sharply; and/or Recovering consumer demand globally fuels diamond purchases, so reversing the slump in rough diamond prices and export proceeds. Copper exports also rise notably amid improved global growth and stronger demand for green technologies; and/or in partnership with the government, De Beers' marketing strategy is successful in rekindling the attraction of natural diamonds as opposed to synthetic ones. The expansion of the synthetic diamond market is stunted and potentially reversed; and/or Improved FX reserves provide room for the authorities to reduce the rate of crawl. CPI inflation moderates given a more stable currency and lower oil prices. Interest rates are cut and business and consumer sentiment rebounds. Tax revenue improves notably on the back of faster GDP growth, increased mining profits, and strong SACU receipts. Much improved public finances ease the need for local currency debt issuance. Domestic liquidity conditions improve noticeably, and private sector borrowing costs drop; and/or as direct beneficiaries of the Botswana Economic Transformation Programme (BETP), sectors like agriculture, manufacturing, construction, tourism and transport grow in stature, resulting in a more (export) diversified and resilient economy; and/or several state-owned enterprises get restructured, unleashing significant cost savings and productivity gains.

Furthermore, the business environment improves on the back of sustainable electricity and water supply, as well as the successful roll-out of the government's digitisation drive; and/or Botswana's fiscal and current account positions strengthen, leading to lower debt metrics. Foreign direct investment rises due to positive investor sentiment and improved terms of trade. Botswana's sovereign rating is upgraded back to pre-Covid-19 levels; and/or GDP growth rebounds in line with Vision 2036 ambitions, which puts the country on a sound footing to meet its high-income status goal.

Baseline: Volatility stemming from US trade protectionist measures continues to drive uncertainty in the global economy, while renewed military conflict in the Middle East adds another layer of complexity; and/or Fiscal policies in major advanced and developing economies remain broadly stimulatory (to ease growth-dampening impacts of higher tariffs and, of late, higher fuel prices). Central Banks largely refrain from hiking interest rates; and/or Oil prices spike, but oil flows through the Strait of Hormuz begin to normalise. This should see the oil market move slowly back into surplus and prices trend lower again, averaging around US$90pb in 2026, and below US$80pb next year. Rough diamond prices remain low on the back of subdued global demand and excess inventories only slowly unwinding, while sectors with clear growth drivers—such as utilities, transport and construction—continue to attract private sector fixed investment. Botswana's tourism sector also maintains positive momentum; and/or better weather supports growth in agriculture across both crop and livestock production, while improved rainfall also points to a better outlook for the water/utilities sector; and/or the pula weakens due to continued pressure on foreign exchange reserves, resulting from a persistent current account deficit and limited foreign capital inflows/external borrowing by the government. Upward pressure from higher utility rates, as well as imported fuel and consumer goods prices (owing to the weaker exchange rate and higher oil price) pushes CPI inflation higher; and/or Subdued domestic demand keeps second-round inflationary effects from more costly fuel and utilities largely contained, so enabling the Central Bank, after hiking rates late last year, and again in May, to keep monetary policy unchanged; and/or Higher personal income, as well as corporate income tax rates help bolster government revenue. Additionally, tax revenue benefit from measures to improve tax administration. Even so, the government goes soft on earlier commitments of fiscal consolidation; and/or the debt ceiling is increased to 60% of GDP, giving the government headroom to accumulate domestic debt as tax revenue from diamond mining remains depressed and pension funds continue to be repatriated; and/or S&P further downgrades Botswana's sovereign rating to sub-investment grade (from BBB- to BB+).

Downside: Global growth slows as the US re-imposes most of the tariffs struck down by the Supreme Court. Global supply chains are again disrupted, and Botswana exports take a hit; and/or Military conflict in the Middle East lasts for several months. Attacks on energy infrastructure remain limited though. From elevated levels oil prices are slow to moderate; and/or Diamond prices remain depressed, and copper prices fall. Consequently, local diamond and copper production slows, while the implementation of Debswana's Cut 3 and Cut 9 projects is delayed. At the same time, synthetic diamonds continue to gain market share; and/or Weak investor sentiment and a deterioration in Botswana's terms of trade adversely impact foreign investment flows. Also, the government takes steps to further increase the weight of the rand in the pula basket, while also lifting the crawl rate. The pula weakens notably, and the rate of FX reserve deterioration slows. Still, inflation surges on the back of currency weakness and noticeably higher oil prices. The Central Bank raises interest rates which amplifies economic weakness. Even so, real interest rates initially turn negative as the BoB cautions against over-tightening. After notably breaching the upper limit of the Central Bank's inflation target, inflation recedes below 6% into 2028; and/or Recession prevails well into next year with a drop in mineral revenues delaying economic diversification efforts. Botswana's fiscal problems escalate as falling tax revenue is compounded by declines in SACU revenue. In addition, government expenditure is focused on addressing social security issues and rising unemployment. Loss-making state-owned entities are allowed to continue operating, further draining government coffers; and/or A prolonged drought causes food and/or water insecurity to rise. Social and political tensions escalate. Mounting pressure on Botswana's sovereign credit rating leads to further downgrades.

GDP

FLIs: Applied in ECL Models

Scenario - 2026	Upside	Baseline	Downside
2027	7.80	1.70	(1.90)
2028	6.70	2.20	1.70
2029	5.00	2.40	2.40
Weighting	15%	66%	19%

Monetary Policy

FLIs: Applied in ECL Models

Scenario - 2026	Upside	Baseline	Downside
2027	5.00	5.50	7.00
2028	5.00	5.50	6.00
2029	5.00	5.50	5.75
Weighting	15%	66%	19%

GDP

FLIs: Applied in ECL Models

Scenario - 2025	Upside	Baseline	Downside
2026	5.10	1.85	(1.7)
2027	5.75	2.70	(0.5)
2028	5.30	2.90	0.4
Weighting	15%	66%	19%

Monetary Policy

FLIs: Applied in ECL Models

Scenario - 2025	Upside	Baseline	Downside
2026	1.20	1.90	3.75
2027	1.20	1.90	4.00
2028	1.20	1.90	4.00
Weighting	15%	66%	19%

Bank-wide advances post-model adjustment

The Bank has recognised a macroeconomic stress post-model adjustment on advances, amounting to P103,968,000 to reflect emerging credit risks arising from sustained liquidity pressures and a challenging macroeconomic environment that are not yet fully incorporated in modelled expected credit losses. The adjustment considers the potential effect of delayed salary and supplier payments, workforce rationalisation and reduced economic activity on the Bank's Government-linked lending exposures. The post-model adjustment is calculated using a probability-weighted methodology, applying a 7% stress-event probability consistent with the Bank's house view of the macroeconomic outlook. This reflects management's assessment that the identified risks are most likely to crystallise under the stress scenario, where severe economic deterioration results in significantly higher credit losses.

FAIR VALUE FINANCIAL INSTRUMENTS

Fair value hierarchy and measurements

The Bank classifies assets and liabilities measured at fair value using a fair value hierarchy that reflects whether observable or unobservable inputs are used in determining the fair value of the item. If this information is not available, fair value is measured using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs. The valuation techniques employed by the Bank include, inter alia, quoted prices for similar assets or liabilities in an active market, quoted prices for the same asset or liability in an inactive market, adjusted prices from recent market transactions, option-pricing models, and discounted cash flow techniques. The details per type of asset or liability are set out in the tables below.

Where a valuation model is applied and the Bank cannot mark-to-market, it applies a mark-to-model approach, subject to prudent valuation adjustments. Mark-to-model is defined as any valuation which must be benchmarked, extrapolated, or otherwise calculated from a market input. When applying mark-to-model, an extra degree of conservatism is applied. The Bank considers the following in assessing whether a mark-to-model valuation is prudent:

- As far as possible, market inputs are sourced in line with market prices;
- Generally accepted valuation methodologies are consistently used for products unless deemed inappropriate by the relevant governance forums;
- Where a model has been developed in-house, it is based on appropriate assumptions, which have been assessed and challenged by suitably qualified parties independent of the development process;
- Formal change control procedures are in place;
- Awareness of the weaknesses of the models used and appropriate reflection in the valuation output where relevant;
- The model is subject to periodic review to determine the accuracy of its performance; and
- Valuation adjustments are only made when appropriate, for example, to cover the uncertainty of the model valuation. FNBB considers factors such as counterparty and own credit risk when making appropriate valuation adjustments.

Valuations based on observable inputs include:

Level 1

Fair value is determined using unadjusted quoted prices in active markets for identical assets or liabilities where this is readily available, and the price represents actual and regularly occurring market transactions. An active market is one in which transactions occur with sufficient volume and frequency to provide pricing information on an on-going basis. This category includes listed bonds and equity, exchange-traded derivatives, exchange-traded commodities, and short trading positions.

Level 2

Fair value is determined using inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly such as quoted prices for similar items in an active market or for an identical item in an inactive market, or valuation models using observable inputs or inputs derived from observable market data. This category includes loans and advances to customers, equities listed in an inactive market, debt instruments, private equity investments, non-recourse investments and deposits, over the counter derivatives, deposits, other liabilities, long term borrowings, commodities which are not exchange-traded and investment properties.

Level 3

Fair value is determined using a valuation technique and significant inputs that are not based on observable market data (i.e., unobservable inputs) such as an entity's own assumptions about what market participants would assume in pricing assets and liabilities. The assumptions applied by the Bank are set out in the table below. This category includes certain loans and advances to customers, certain over-the-counter derivatives such as equity options, investments in debt instruments, private equity investments, and certain deposits such as credit linked notes.

INSTRUMENT	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs
Derivative financial instruments					
- Option contracts	Level 2	Option pricing model and industry standard	The Black Scholes model is used. The models calculate fair value based on input parameters such as share prices, dividends, volatilities, interest rates, equity repo curves, and for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and by applying extrapolation techniques to match the appropriate risk profile	Strike price of the option; market- related discount rate; spot or forward rate; the volatility of the underlying dividends and share prices.	Not applicable
- Swaps	Level 2	Discounted cash flows and industry standard models.	The future cash flows are projected using a forward curve and then discounted using a market-related discount curve over the contractual period. The reset date of each swaplet is determined in terms of the legal documentation pertaining to the swap. Industry standard models calculate fair value based on input parameters such as share prices, dividends, volatilities, interest rates, equity repo curves and, for multi-asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and by applying extrapolation techniques to match the appropriate risk profile.	Market interest rates and curves, volatilities, dividends, and share prices.	Not applicable
- Forward	Level 2	Discounted cash flows	The future cash flows are projected using a related forecasting curve and then discounted using a market-related discounting curve over the contractual period. Projected cash flows are obtained by subtracting the strike price of the forward contract from the market projected forward value.	Spot prices of underlying instruments, market interest rate curves, and dividend yield.	Not applicable
Loans and advances to customers					
- Corporate investment banking book held at fair value	Level 3	Discounted cash flows	The future cashflows are discounted using a market related interest rate. To calculate the fair value of loan book the Bank uses a valuation methodology based on the credit spread matrix,which considers loss given defaultand the internal credit committee rating criteria. The fair value measurement includes the original credit spread and is repriced when there is a change in rating of the counterparty. A decline in credit rating would result in an increase in the spreadabove the base rate for discounting purposes and consequently a reduction of the fair value of the advance.	Market interest rates and curves	Credit inputs- market related interest rates.

INSTRUMENT	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs
Loans and advances to customers					
- Other loans and advances	Level 2 and 3	Discounted cash flows	The future cashflows are discounted using a market related interest rate adjusted for credit inputs, over the contractual period.	Market interest rates and curves	Credit inputs.
Investment securities and other investments					
- Equities/ bonds listed in an inactive market	Level 2	Discounted cash flows	For listed equities and bonds, the listed price is used where the market is active (i.e., Level1). However, if the market is not active and the listed price is not representative of fair value these are classified as Level 2 and a valuation technique is used, for example the discounted cashflow is used for listed bonds. This will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. The future cashflows are discounted using a market related interest rate adjusted for credit inputs over the contractual period.	Market interest rates and credit spreads	Not applicable
Investment securities and other investments					
- Unlisted bonds	Level 2	Discounted cash flows	Unlisted bonds are valued similarly to advances measured at fair value. The future cashflows are discounted using a market related interest rate adjusted for credit inputs, over the contractual period.	Market interest rates and credit spreads.	Not applicable
- Negotiable certificates of deposit (NCD)	Level 2	Discounted cash flows	The future cashflows are discounted using a market related interest rate. Inputs to these models include information that isconsistent with similar market quoted instruments, where available.	Market interest rates and market quotes for NCD instruments	Not applicable
- Treasury Bills	Level 2	Bank of Botswana quoted prices	Bank of Botswana quoted prices.	Market interest rates and curves	Not applicable
Deposits					
- Other deposits	Level 2	Discounted cashflows	The related forecasting curve is adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates	Not applicable

INSTRUMENT	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs
Deposits					
Other liabilities and Tier 2 liabilities	Level 2	Discounted cash flows	The future cash flows are discounted using a market related interest rate.	Market interest rates	Not applicable
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Level 2	Discounted cash flows	The future cash flows are discounted using a market related interest rate and curves adjusted for credit inputs. Where the value of the liability is linked to the performance of an underlying andthe underlying is observable, these liabilities are classified as level 2.	Market interest rate curves or performance of underlying	Not applicable

The following represents the fair values of financial instruments carried at amortized cost on the consolidated statements of financial position. (P'000)- (Audited)

June 2026	Level 1	Level 2	Level 3	Fair value	Amortised Cost
Advances	-	-	18,607,411	18,607,411	19,684,707
Investment securities	10,701,151	1,180,734	-	11,881,885	12,398,822
Due from related parties	-	-	63,386	63,386	63,386
Other assets	-	-	233,155	233,155	233,155
Total financial assets at amortized cost	**10,701,151**	**1,180,734**	**18,903,952**	**30,785,837**	**32,380,070**
Deposits and current accounts	-	28,321,836	-	28,321,836	28,321,836
Long-term borrowings	-	183,190	-	183,190	183,190
Due to related parties	-	-	62,873	62,873	62,873
Accrued interest payable	-	49,255	-	49,255	49,255
Other liabilities	-	583,963	-	583,963	583,963
Total financial liabilities at amortized cost	-	**29,138,244**	**62,873**	**29,201,117**	**29,201,117**

The following represents the fair values of financial instruments carried at amortized cost in the consolidated statements of financial position (P’000)-(Audited)

June 2025	Level 1	Level 2	Level 3	Fair value	Amortised Cost
Advances	-	-	20,924,804	20,924,804	20,618,041
Investment securities	9,213,092	1,431,740	-	10,644,832	10,854,432
Other assets	-	-	232,679	232,679	232,679
Due to related parties	-	-	19,288	19,288	19,288
Total financial assets at amortised cost	**9,213,092**	**1,431,740**	**21,176,771**	**31,821,603**	**31,724,440**
Deposits and current accounts	-	26,492,471	-	26,492,471	26,477,582
Long-term borrowings	-	648,787	-	648,787	648,787
Due to related parties	-	-	35,067	35,067	35,067
Accrued interest payable	-	31,898	-	31,898	31,898
Other liabilities	-	772,906	-	772,906	772,906
Total financial liabilities at amortised cost	-	**27,946,062**	**35,067**	**27,981,129**	**27,966,240**

The following represents the fair values of financial instruments carried at fair value in the consolidated statement of financial position (P'000)- (Audited)

June 2026	Level 1	Level 2	Level 3	Total
Mandatory fair value through profit and loss (P'000)				
- Investments securities	-	56,733	-	56,733
- Derivative financial instruments	-	50,651	-	50,651
Non-financial assets	-	-	-	-
Total assets	-	**107,384**	-	**107,384**
Financial liabilities held for trading				
- Derivative financial instruments	-	45,313	-	45,313
Mandatory at fair value through profit or loss				
- Zero coupon deposit	-	-	-	-
Total liabilities	-	**45,313**	-	**45,313**

The following represents the fair values of financial instruments carried at fair value in the consolidated statement of financial position(P'000)-(Audited)

June 2025	Level 1	Level 2	Level 3	Total
Mandatory fair value through profit and loss (P'000)				
- Investments securities	-	22,499	-	
- Derivative financial instruments	-	19,000	-	19,000
Non-financial assets				
Total assets	-	**41,499**	-	**41,499**
Financial liabilities held for trading				
- Derivative financial instruments	-	10,578	-	10,578
Mandatory at fair value through profit or loss				
- Zero coupon deposit	-	47,184	-	47,184
Total liabilities	-	**57,762**	-	**57,762**

RELATED PARTIES

The following are the related parties of the Bank:

Ultimate holding company	FirstRand Limited
Holding company	First National Bank Holdings (Botswana) Limited
Subsidiaries	Financial Services Company of Botswana Limited First Funding Proprietary Limited First National Insurance Agency Proprietary Limited
Common Management	FirstRand Limited- South Africa First National Bank Insurance Brokers Limited
Key Management	Chief Executive Officer Deputy Chief Executive Officer Chief Financial Officer Chief Operating Officer Chief Risk Officer Director of Credit Director of Human Resources Treasurer

DIRECTORS:

Balisi Bonyongo (Chairperson), Steven L. Bogatsu (CEO - Executive Director), Doreen Ncube (Independent Non-Executive Director)*, Naseem B. Lahri (Independent Non-Executive Director), Ephraim Letebele (Independent Non-Executive Director), Massimo M. Marinelli (Independent Non-Executive Director), Asad Petkar (Independent Non-Executive Director), Louis F. Jordaan (Non-Executive Director),Dr. Mbako Mbo (Deputy CEO - Executive Director), Keneilwe Mere (Independent Non-Executive Director), Pinkie Mothopeng-Makepe (Independent Non-Executive Director), Moses D. Pelaelo (Independent Non-Executive Director), Lee-Anne van Zyl (Non-Executive Director)

RESIGNEES

Doreen Ncube (2025/09/01)

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to access our latest and historic financial reports.

MARKETING & COMMUNICATIONS

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