



# Unaudited Summarised Consolidated Financial Statements and Dividend Announcement

First National Bank of Botswana Limited  
For the six months ended 31 December 2025

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## For the six months ended 31 December 2025

The Directors take pleasure in presenting the unaudited 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 six months ended 31 December 2025.

### Basis of Presentation and Accounting Policies

The unaudited interim financial results contained in this analysis of the financial results have been prepared in accordance with the framework concepts and the recognition and measurement requirements of International Financial Reporting Standards (“IFRS”), including interpretations issued by the IFRS Interpretations Committee (“IFRIC”) effective for annual periods commencing on or after 1 July 2025, and in compliance with the Banking Act (Cap 46:04).

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. The interim financial results have not been independently reviewed or audited by the Bank’s external auditors.

In the preparation of the unaudited summarised 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 unaudited summarised consolidated financial statements for the six months ended 31 December 2025 and have been thoroughly assessed by management to ensure the appropriateness thereof. The critical accounting estimates and areas of significant judgements and sources of estimation uncertainties are:

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

# Financial Highlights

**P1.0bn**

Profit before tax

↓ 0.3% Dec 24

**44.6%**

Cost to income Ratio

↑ 46.3% Dec 24

**2.03%**

Credit Loss Ratio

↓ 0.08% Dec 24

**32.4%**

Return on Equity

↓ 37.1% Dec 24

**15 thebe**

Dividend per share (Interim)

↓ 18 thebe Dec 24

**P21.6bn**

Gross Advances to customers

↑ 4.9% Dec 24

**P25.7bn**

Deposits from customers

↑ 2% Dec 24

# Economic Update

## Global Economic Overview A New Year with fresh volatility

The IMF's latest baseline forecasts show global growth being unchanged at 3.3% in both 2025 and 2026, a pace below the 2000-2019 (pre COVID-19) average of 3.7%, with advanced economies expanding near 1.5% and emerging and developing economies 4.3% in 2025-26. This profile reflects the fading of 2025's temporary supports (such as hastened trade ahead of tariff changes and improved financial conditions, with many central banks easing policy) and the drag from policy uncertainty and protectionism.

Regional divergences persist; the United States is expected to decelerate from 2024's strength (from 2.8% to 2.3% growth in 2025-26) but still outperform the advanced economies average growth, while emerging Asia continues to anchor global growth (5.4% in 2025 and 5.0% in 2026); Indian and China growth rates are projected around 7.3% and 5.0% in 2025, before slowing toward 6.4% and 4.5% in 2026, respectively as domestic support only partially offsets external headwinds.

The IMF expects global headline inflation to decline to 4.2% in 2025 and 3.7% in 2026, with a faster convergence to central bank targets in advanced economies compared to many emerging markets. Policy-generated frictions (tariffs and trade fragmentation), as well as sticky services inflation leave risks tilted to the downside for growth but the upside for inflation in some jurisdictions, complicating the timing and extent of further monetary policy easing in 2026. Supply shocks remain a live concern: continued and new-geopolitical tensions, commodity-price volatility and shipping disruptions have the propensity to slow disinflation, even as lower energy demand has aided the recent cooling in oil prices.

Commodity markets reflect mixed trends. Precious metals continue to benefit from safe-haven demand and a softer dollar, while oil faces downward pressure from rising supply and weaker demand, likely keeping Brent crude near US\$60/bbl in 2026. Copper remains resilient, supported

by electrification and technology-driven demand for AI infrastructure, with prices projected to reach above US\$11,000/t in the second half of 2026 as accumulated inventory clears. These trends suggest that while exporters may gain from metals, softer energy prices could limit overall terms-of-trade benefits, reinforcing the need for structural reforms to sustain growth.

Policy signals in large economies matter for the external environment. The IMF's October 2025 World Economic Outlook (WEO) characterises the outlook as "stable but subdued," noting that the tariff shock was milder than initially feared but still dimming medium term prospects; front loaded trade and easier financial conditions helped activity in early 2025, yet these temporary impulses are fading into 2026. For the United States specifically, the Fed points to still above target inflation risks and uncertainty around trade and fiscal settings, which can affect global supply chains and sentiment. In China, lingering property-sector strains and soft external demand (because of US protectionist policies) temper the trajectory despite targeted support. Against this backdrop, the IMF emphasizes rebuilding fiscal buffers, safeguarding central bank independence, and advancing structural reforms as prerequisites to lifting medium term global potential.

### Regional economy - Sub-Saharan Africa to buck the trend in 2026

Africa's economic outlook for 2026 reflects resilience amid uneven reform progress and persistent global uncertainty. We project that growth across African economies will accelerate from 3.4% in 2025 to 3.9% in 2026, while the IMF expects Sub-Saharan Africa growth to rise from 4.1% to 4.4% over the same period. This improvement is underpinned by structural reforms, infrastructure investment, and rising consumer confidence as global uncertainty fades and monetary easing cycles conclude.

Additionally, improvements are expected to be aided by gradually improving financing conditions as the US dollar weakens, as well as non-fuel exporters benefiting from commodity prices remaining elevated even as oil prices soften.

We expect increased economic activity for the three largest economies on the continent to lead growth in 2026. Contingent on improving confidence, a recovery in investment spending and further progress on structural reform, we project real GDP growth in South Africa to increase from an estimate of 1.3% in 2025 to 1.5% in 2026. In Egypt, economic reforms are expected to support growth. Improved foreign exchange liquidity and sustained investor confidence given continued engagement with the IMF, and the large-scale investments secured in 2024, will see growth rising from an estimate of 4.4% in 2025 to 4.8% in 2026. For Nigeria, we have revised growth from 3.8% to 4.2%, driven by higher infrastructure spending as government revenues increase over the next 12-18 months from tax reforms, expansion of real sector lending given the recapitalization of the banking sector, and aforementioned oil production expectations, improved coverage of activities in the informal sector, alongside other industrialization focused policies, are also expected to contribute to longer-term economic growth.

Inflation is broadly moderating, with the regional median falling toward 4%, creating space for cautious rate cuts, though upside risks persist from administered price adjustments and currency volatility. Overall, Africa enters 2026 as the fastest-growing major region globally, but sustaining momentum will require deepened reforms, credible fiscal frameworks, and effective debt management to navigate lingering vulnerabilities.

## Botswana Economy

### A moderate growth rebound in 2026

Data covering 1H2025 shows contractions of 5.3% y/y and 0.4% y/y for the first two quarters respectively. However, the 3Q2025 broke the six-quarter long streak of economic contraction with real GDP expanding by 10.4% q/q and 8.2% y/y. This turnaround was driven by a resurgence in diamond mining production. Output surged due to a strategic move by Debswana in anticipation of an extended plant downtime for maintenance in 4Q2025. With more stable diamond prices in 2H2025, as reflected by the Antwerp Diamond

Index, diamond trading activity also rebounded in 3Q2025.

Moreover, activity in the finance, insurance and pension sector continued to expand given pension funds being repatriated to Botswana in line with the 2022 changes in regulation. This dynamic looks set to keep supporting the economy until the 50% domestic asset allocation requirement is met in 2027. While the 3Q2025 bounce is not sufficient to prevent a full-year contraction, the extent of the resurgence means growth will be less negative than initially feared. Our somewhat less downbeat expectation is also supported by the continued resilience of the non-mining sector. Another key underpin is Botswana's tourism sector which has maintained a positive trajectory since 2022, also evident in associated sectors such as transport, accommodation and food services.

After two consecutive years of contraction, economic growth in 2026 will be from a low GDP base, and although diamond output will likely remain flat at depressed levels, as a sector, it would no-longer detract from GDP. While improved rainfall since 2025 points to a much better outlook from the water utilities sector, the recent heavy rains will constrain output in agricultural sector over 2026. In addition, sectors with a clear growth motive like utilities, transport and construction should see continued private sector fixed investment.

But none of this is to say the economy does not face a major structural problem in that it remains heavily dependent on diamond mining (and related downstream industries) – all of which face troubling prospects in the wake of the growing global appeal of lab-grown diamonds and the impact of US tariffs on diamond demand.

Our view of a more sustained economic upswing beyond this year's technical rebound in GDP growth hinges on several much-needed reforms. In this regard, the willingness the government has shown courage to allow the currency to depreciate at a faster rate in future, is already a good start. The National Development Plan (NDP) 12 and Botswana Economic Transformation program highlight some key reform initiatives with the potential to durably lift GDP by unlocking opportunities in sectors that have the potential to create employment – these sectors include agriculture, manufacturing, tourism, energy and digital services.

## Rangebound inflation and accommodative monetary policy

Inflation was subdued for most of 2025, peaking at 3.9% y/y in October, the same rate registered in December. CPI inflation averaged 2.7% in 2025. Upward pressure is expected from utility rates, imported fuel and consumer goods prices (largely owing to the increased cost of foreign exchange), all combined possibly driving inflation to around 6% in 2H26, translating into an average of approximately 4.8% for the year – still within the central bank’s 3% - 6% inflation target range.

After hiking the policy rate by 160bps in October 2025 to 3.5%, with a regulatory stance that commercial banks should not transmit the increase to the market, no further change is expected in 2026. While real policy rates will likely remain negative in 2026, real prime lending rates are expected to average around 3% to 3.5% for the year. Such necessary tightening of financial conditions also reflects in a sharp steepening of the yield curve. To help ease the liquidity pressure the market has experienced, the central bank dropped the primary reserve requirement ratio for banks to 0% and extended the tenor of Bank of Botswana Certificates (BoBCs), which they use as liquidity injection instruments, from one week to three months.

## Financial Performance

### Statement of Financial Position

Advances grew by 4% year on year, with positive contributions from all customer segments. Corporate lending increased by 10% supported by increased activity in the mining sector and green financing deals. Retail advances which are driven mainly by personal loans grew moderately by 2% in line with the prevailing economic conditions, while Commercial advances rose by 8%, reflecting resilience in the FMCG and Oil sectors. WesBank recorded 1% growth and contributed 14% to the Retail and Commercial lending book, driven by the successful revamp of its offering in the prior year.

Overall, deposits increased by 2% to P25,747 million, up from P25,264 million in the previous half-year, indicating strong customer confidence and the Bank’s ability to attract and retain deposits. Retail deposits went up 10%, driven by growth in current and savings account balances. Commercial went up 2% whilst Corporate deposits reduced

by 13%, partly reflecting the Bank’s deposit mix strategic stance in the wake of market liquidity cost pressure.

The Bank continues to maintain sound credit risk management principles informed by the evolving macroeconomic realities and does so by ensuring that the credit risk appetite supports sustainable and responsible advances growth. Similarly, provisioning for expected credit losses is reflective of the current macroeconomic headwinds.

## Income Statement

The Bank delivered a consistent performance for the half year under review, demonstrating resilience and agility in a dynamic operating environment. Profit before tax closed at P1,002 million, broadly in line with the prior period’s P1,004 million. This stability reflects the strength of the Bank’s diversified business model, reflected in a strong performance of the non-lending business, moderate balance sheet growth in advances across all customer segments amid strong economic headwinds, and continued benefits from the Bank’s cost transformation initiatives.

Topline Interest income (before interest expense) was up 15%, driven by a 4% growth in gross advances and a 1% adjustment of the Bank’s Prime Lending Rate in July 2025. However, liquidity pressures remained pronounced throughout the period, driving funding costs up resulting in a more than double increase in interest expense hence a 9% overall decline in pre-provision Net Interest Income. Impairment provisions for the period surged to P221 million (compared to P8 million for the same period in the prior year). This level of provisioning is driven by forward looking indicators as the economy finds its way out of a difficult cycle. However, the performance of the underlying portfolio posted acceptable matrices during the period.

Non-Interest Revenue (NIR) increased by 47% to P1,309 million, underscoring the Bank’s commitment to delivering tailored, efficient solutions for clients. Performance was supported by a marked increase in activity on the foreign exchange trading book on the back of a dynamic local foreign exchange market coupled with global FX volatility predominantly driven by tariffs, geo-political tensions, and global uncertainty. Income from other lines was driven by increase in transaction volumes, including eWallet, account transaction, card transactions and CashPlus.

Operating costs increased by 13% year on year, driven by once off payouts to employees who volunteered to leave the bank. Without these, the cost growth was contained at 9%, reflecting sound progress made in the cost transformation drive. The voluntary separation drive is a critical component of the Bank's 3-year labour plan, at the center of which is addressing future skill requirements, while continuously right sizing the workforce. These once off payments pushed staff costs up by 11% (normalised staff costs grew 3%). Other operating expenses went up 15%, driven by investment in marketing and branding as well as unanticipated foreign exchange rate movements during the year.

Profit before tax remained flat year on year, with impairment income-cost jaws at positive 4%. The Cost to Income Ratio improved 4 percentage points to 44.6%.

## Looking Ahead

The Botswana economy remains under strain, and the results of the ongoing efforts to diversify away from diamonds will need time, yet there is no certainty as to when the natural diamond market will recover. The Botswana Economic Transformation Plan (BETP) has been put in place to spur investments into high potential sectors that include infrastructure & logistics, Energy & Mining, Healthcare, ICT, Agriculture, and once delivered, these are expected to be pivotal to the countries industrialisation goals. In the short term, cost austerity and enhanced expenditure controls across the public sector, coupled with increased tax revenues will provide a reprieve on strained government coffers.

The Bank remains optimistic as it cements its partnerships with, and support to Government, businesses, individuals and communities. We have crafted our strategy in alignment to key sectors of the economy, where we will continue to support Government directly and through State Owned Enterprises, businesses operating in key high impact sectors, whilst the FNBB Foundation continues its partnerships with communities, providing long lasting and impactful solutions to challenges faced by society, with whom we aspire to share our prosperity. The Bank places staff welfare as a top priority, and our focus remains on providing a safe workplace where colleagues build their

careers and grow, supported by compelling Employee Value Propositions.

Within the context of FirstRand (our parent company) promises, FNB Botswana has launched a High-Performance Culture drive that elevates accountability and commitment to clients, ultimately driving organisational performance. Embedment of this culture journey will remain in sharp focus for the balance of the financial year, and beyond.

Client experience is also a key area, and our continued investment in technology and digitalization are a testament to this. Our product shelves are evolving, with a focus on shifting more towards convenient and cost effective end to end solutions. Improving client experience also includes our journey to simplify our Know Your Client (KYC) processes, which now enables clients to digitally load their KYC documents and update their profiles on the FNB App, unassisted. We are working on further solution we intend to deliver before the end of the financial year, for the better experience of our clients.

Sustainability and Shared Prosperity remain integral to the Bank's operations, supported by clear targets in areas including green finance and social impact. Execution against these priorities will remain outcomes-driven through the balance of the financial year and beyond.

Capital adequacy and liquidity coverage remain robust at the half-year point, comfortably above regulatory and Board-approved limits, providing a solid platform for continued growth.

## Events after reporting date

There were no conditions after the reporting period that require disclosure or adjustment to the Summarised Consolidated Financial Statements. The impact of events that occur after the reporting period will be accounted for in future reporting periods.

## 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 is comprised of 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.

1. Risk and Capital Management Committee,
2. Board Credit Risk Committee
3. Directors Affairs and Governance Committee
4. Human Capital and Remuneration Committee.
5. Board Compliance and Conduct Committee.
6. 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

### 1. Sustainable finance

During the reporting period, the Bank approved sustainable finance facilities totaling P314 million (PY:495 million).

These investments are designed to support green and socially beneficial enterprises, contributing to climate change mitigation and advancing the country's transition efforts.

Given the current macroeconomic environment, lending has been subdued, and the Bank has shifted its focus toward strengthening government capacity-building initiatives, facilitating knowledge sharing sessions for clients, and hosting information engagements with key stakeholders on climate risk and sustainable finance.

The Bank continues to engage proactively with clients to understand and manage climate related risks, while also identifying opportunities to drive meaningful environmental and social impact.

Economic development and diversification remain central to our mandate and are closely aligned with Botswana's national priorities. Our sustainable finance portfolio for the period also reflects disbursements made through the Citizen Economic Empowerment Program (CEEP), underscoring the Bank's commitment to fostering local enterprise growth. During the period under review P224 million was approved and disbursed, against P92 million in prior period. We take pride in playing an active role in advancing the country's economic progress.

### 2. Small and Medium Enterprises (SME) development

The Bank remains steadfast in its commitment to advancing economic growth and diversification through targeted initiatives designed to empower SMEs.

Support for small business activity is channelled through deliberate procurement spending that prioritises citizen owned enterprises, dedicated SME funding, and purchase order financing solutions. Through the FirstPreneur SME Development Programme, the Bank further seeks to address the operational challenges faced by SMEs and build the capabilities they need to scale and thrive. The Bank aims to foster job creation within SMEs to contribute to national employment and economic growth. The programme cohort consists of 142 businesses that underwent an application process to secure a spot on the programme. The cohort spans a wide sector spread, including Agriculture, Creative Arts, Manufacturing, Tourism, Logistics, Beauty to Technology and Retail. From a diversity perspective, women and youth-owned businesses are well represented, as well as persons with disabilities.

### 3. Sustainable procurement

The objective is to drive sustainable procurement by prioritizing citizen-owned and local SMEs, through targeted sourcing strategies and supplier development initiatives.

For this period, 82% of total expenditure (excluding staff) was through local companies. For the second half of the financial year, the Bank will focus on developing strategies to support women-owned and youth-owned businesses.

### 4. Financial inclusion

Financial inclusion focuses on integrating underserved individuals and communities into the formal banking system, while also equipping clients with essential financial knowledge and skills through targeted education initiatives. CashPlus is our flagship product that enables local business owners to provide basic banking services using a secure mobile banking platform connected to our network, expanding reach to underserved communities. As at the end of the reporting period, over 1,996 (PY:1,675) CashPlus agents were operating throughout the country, with a notable representation of women and youth.

The Bank also implements a financial literacy awareness campaign that reaches diverse demographic groups and is delivered through a range of media platforms as well as direct engagement with stakeholders.

### 5. Human and social development

Social impact is driven through a range of corporate sponsorships that includes supporting sporting initiatives as well as relevant social and business activities.

Implementation of the flagship P54 million sponsorship of Botswana Premier League and the Senior National Women's Football team is in progress. Since sponsorship inception P29.2 million has been invested into football. The Bank will be hosting the fifth edition of the Kazungula Bridge Marathon which generates local activity in Kasane. Through these activities we intentionally support local businesses and local athletes.

The FNB Botswana Foundation serves as the Bank's Corporate Social Responsibility (CSR) arm, dedicated to creating sustainable value for communities while also benefiting our clients, suppliers, and employees. During the interim period, the Foundation delivered notable impact across its focus areas. Key highlights include:

- The Back-to-School National Shoe Drive launched in partnership with PEP stores. This initiative enables clients to afford school shoes for their children, by offering shoes at a subsidised price.
- Sponsorship and endorsement of Mophato Dance Theatre at the 2025 Cheonan World Dance Festival to the tune of P387,370 exposing them to an international platform. We demonstrated our long-standing recognition of creative talent, supported short term employment and provided livelihood support for 30 creatives.
- Investment of P782,000 into Arts and Culture development through sponsorship of 20 young people for Musical Training at Kingdom Arts Academy. The young artists from low income and vulnerable backgrounds are supported to develop their talent and make a living out of it. Social workers and community leadership from White City, New Naledi and Bontleng were engaged in the identification and enrollment of the beneficiaries, thus gaining much valued community support.
- Over P1 million invested in empowering communities through various donations and projects, with some projects delivered through our Staff Volunteer

## 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 31 December 2025, FNBB continued to operate above both the internal and regulatory minimum capital adequacy ratios.

## Declaration of Dividend

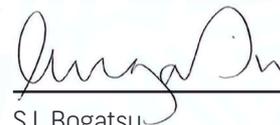
Notice is hereby given that an interim dividend of 15 thebe per share has been declared for the six months ended 31 December 2025. The dividend will be paid on or about 1 April 2026 to shareholders registered at the close of business on 20 March 2026. The ex-dividend date is 18 March 2026.

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 20 March 2026.

For and on behalf of the Board.



B M Bonyongo  
Chairperson  
Gaborone, 05 February 2026



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

## Unaudited Summarised Consolidated Income Statement (P'000)

	Six Months ended 31 December 2025	Six Months ended 31 December 2024	% Change
Interest income and similar income using the effective interest rate	1,403,853	1,225,313	15
Interest expenses and similar charges	(502,928)	(232,932)	>100
<b>Net interest income before impairment of advances</b>	<b>900,925</b>	<b>992,381</b>	<b>(9)</b>
Impairment of advances	(220,627)	(7,638)	>100
<b>Net interest income after impairment of advances</b>	<b>680,298</b>	<b>984,743</b>	<b>(31)</b>
Non-interest income and expense	1,308,599	892,124	47
<b>Income from operations before operating expenditure</b>	<b>1,988,897</b>	<b>1,876,867</b>	<b>6</b>
Operating expenses	(467,795)	(408,115)	(15)
Employee benefits expenses	(502,081)	(452,693)	(11)
<b>Income before indirect taxation</b>	<b>1,019,020</b>	<b>1,016,059</b>	<b>0</b>
Indirect tax	(16,139)	(12,212)	(32)
<b>Profit before direct taxation</b>	<b>1,002,881</b>	<b>1,003,847</b>	<b>(0)</b>
Direct taxation	(214,992)	(220,846)	3
<b>Profit for the year attributable to owners of the company</b>	<b>787,889</b>	<b>783,001</b>	<b>1</b>
<b>Total comprehensive income for the period</b>	<b>787,889</b>	<b>783,001</b>	<b>1</b>
Average number of shares in issue during the period (thousands)	2,543,700	2,543,700	-
<b>Earnings per share (thebe) (based on weighted average number of shares outstanding)</b>	<b>31.0</b>	<b>30.8</b>	<b>1</b>

## Ratios and Market Information

	Six Months ended 31 December 2025	Six Months ended 31 December 2024	% Change
Dividend per share (thebe)	15	18	(17)
Dividend cover (times)	2.1	1.7	24
Cost to income ratio (percent)*	44.6	46.3	4
Return on equity (percent)	32.4	37.1	(13)
Return on average assets (percent)	4.5	4.6	(2)
Capital adequacy ratio (percent)**	20.8	18.7	11
Closing share price (thebe)	545	511	7
Price earnings ratio	8.8	8.3	6
Earnings per share (thebe)	31.0	30.8	1
<b>Number of ordinary shares issued (thousands)</b>	<b>2,543,700</b>	<b>2,543,700</b>	<b>-</b>

\*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

## Unaudited Summarised Consolidated Statement of Financial Position (P'000)

Assets	Six Months ended 31 December 2025	Six Months ended 31 December 2024	% Change	30 June 2025 Audited
Cash and short-term funds	3,881,050	5,102,353	(24)	2,095,051
Derivative financial instruments	43,397	25,207	72	19,000
Net advances to customers	20,614,302	19,741,316	4	20,618,041
Current taxation	28,524	7,110	>100	392
Due from related parties	9,784	6,177	58	19,288
Other Assets	376,317	678,495	(45)	521,393
Investment securities	9,189,253	9,131,332	1	10,876,931
Property and equipment	586,536	600,129	(2)	600,236
Goodwill	26,589	26,963	(1)	26,963
Deferred Taxation	27,885	11,150	>100	28,211
<b>Total assets</b>	<b>34,783,637</b>	<b>35,330,232</b>	<b>(2)</b>	<b>34,805,506</b>
<b>Equity and Liabilities</b>				
Deposits- other	2,192,957	-	n.m	1,738,081
Derivative financial instruments	59,230	23,281	>100	10,578
Accrued interest payable	27,171	17,122	59	31,898
Due to related parties	53,198	37,514	42	35,067
Other Liabilities	558,541	650,713	(14)	806,767
Deposits from banks	684,335	4,036,964	(83)	352,411
Deposits from customers	25,747,408	25,264,490	2	26,492,471
Employee benefits liabilities	83,768	83,541	0	139,258
Borrowings	474,329	921,906	(49)	695,971
Deferred taxation	-	865	n.m	-
Current taxation	-	-	-	6,637
<b>Total liabilities</b>	<b>29,880,936</b>	<b>31,036,396</b>	<b>(4)</b>	<b>30,309,139</b>
<b>Capital and reserves attributable to ordinary equity holders</b>				
Stated capital	51,088	51,088	-	51,088
Reserves	4,470,058	3,784,882	18	4,063,724
Dividend reserve	381,555	457,866	(17)	381,555
<b>Total equity</b>	<b>4,902,701</b>	<b>4,293,836</b>	<b>14</b>	<b>4,496,367</b>
<b>Total Equity and Liabilities</b>	<b>34,783,637</b>	<b>35,330,232</b>	<b>(2)</b>	<b>34,805,506</b>
Undrawn commitments to customers	2,487,714	2,353,700	6	2,611,048
Guarantees and letters of credit	856,237	1,304,296	(34)	846,548

## Unaudited Condensed Consolidated Statement of Changes in Equity (P'000)

	Stated capital	Dividend reserve	Retained earnings	Total
Balance at 01 July 2024	51,088	686,799	3,459,747	4,197,634
Profit for the period	-	-	783,001	783,001
2024 Final Dividends paid	-	(686,799)	-	(686,799)
2025 Interim Dividends proposed	-	457,866	(457,866)	-
<b>Balance at 31 December 2024</b>	<b>51,088</b>	<b>457,866</b>	<b>3,784,882</b>	<b>4,293,836</b>
Balance at 01 July 2025	51,088	381,555	4,063,724	4,496,367
Profit for the period	-	-	787,889	787,889
2025 Final Dividends paid	-	(381,555)	-	(381,555)
2026 Interim Dividends proposed	-	381,555	(381,555)	-
<b>Balance at 31 December 2025</b>	<b>51,088</b>	<b>381,555</b>	<b>4,470,058</b>	<b>4,902,701</b>

## Unaudited Summarised Consolidated Statement of Cashflows (P'000)

	Six Months ended 31 December 2025	Six Months ended 31 December 2024	% Change
<b>Cash flows from operating activities</b>			
Cash generated from operations before taxation and working capital changes	1,049,528	(522,478)	>100
Taxation paid	(250,300)	(198,400)	26
<b>Cash from operating activities</b>	<b>799,228</b>	<b>(720,878)</b>	<b>&gt;(100)</b>
Movement in deposit other	2,192,957	-	n.m
Movement in amounts due to other banks	(3,352,629)	3,240,377	>(100)
Movement in deposits and current accounts	482,918	(210,053)	>(100)
Movement in amount due to related companies	15,684	(43,748)	>(100)
Movement in accrued interest payable	10,049	(23,575)	>(100)
Movement in creditors and accruals	(92,172)	(86,242)	7
Movement in employee benefits liabilities	227	9,565	(98)
Movement in investments - fair value through profit or loss	98,000	(865,953)	>(100)
Movement in investments - amortised cost	29,663	(747,185)	>(100)
Movement in advances to customers	(872,986)	(1,870,897)	(53)
Movement in other assets	302,178	6,006	>100
Movement in amounts due from related companies	(3,607)	12,184	>(100)
<b>Cash flows used in operating activities</b>	<b>(390,490)</b>	<b>(1,300,399)</b>	<b>(70)</b>
<b>Cash flows used in investing activities</b>			
Acquisition of property and equipment	(33 917)	(38,446)	(12)
<b>Cash flows used in financing activities</b>			
Borrowings raised	(447,577)	-	n.m
Finance lease interest	(4,356)	(2,058)	>100
Finance lease payments	(13,395)	(13,791)	(3)
Dividends paid	(381,555)	(686,799)	(44)
<b>Net cash used in financing activities</b>	<b>(846,883)</b>	<b>(702,648)</b>	<b>21</b>
<b>Cash movement for the period</b>	<b>(1,271,290)</b>	<b>(2,041,494)</b>	<b>(38)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>5,302,254</b>	<b>7,343,747</b>	<b>(28)</b>
<b>Total cash and cash equivalents at end of the period</b>	<b>4,030,964</b>	<b>5,302,254</b>	<b>(24)</b>
Cash and short-term funds	3,881,050	5,102,354	(24)
Investment in Bank of Botswana certificates	149,914	199,900	(25)
<b>Total cash and cash equivalents at end of the period</b>	<b>4,030,964</b>	<b>5,302,254</b>	<b>(24)</b>

## 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 assessing their performance. All operating segments used by the Bank meet the definition of a reportable segment.

The Bank has four primary business segments:

**FNB Retail segment** - Comprising advances and deposits and the revenue flowing from individual customers

**FNB Commercial segment** - Comprising advances and deposits and the revenue flowing from commercial and SME customers

**RMB Corporate segment** - Comprising advances and deposits and the revenue flowing from corporate customers flowing from corporate customers

**Treasury** - 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.

## Unaudited Summarised Segmental Reporting

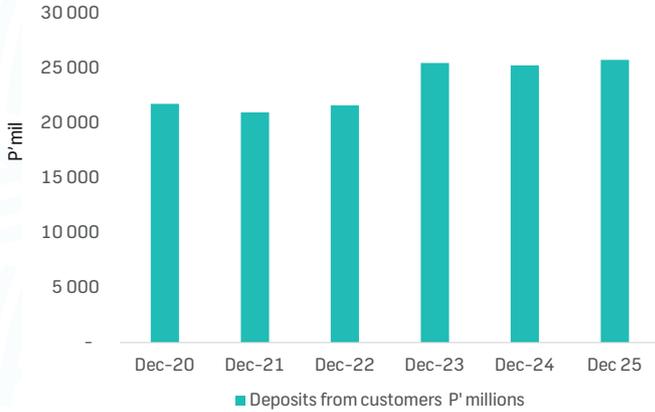
31 December 2025 (P'000)- (Six Months)	Retail	Commercial	Corporate	Treasury	Total
Interest and similar income	241,440	67,074	71,418	1,023,921	1,403,853
Non- interest income	434,958	331,705	548,272	(6,336)	1,308,599
<b>Total segment revenue</b>	<b>676,398</b>	<b>398,779</b>	<b>619,690</b>	<b>1,017,585</b>	<b>2,712,452</b>
Interest expense and similar expenses	173,938	174,540	98,643	(950,049)	(502,928)
<b>Segment operating income before impairments</b>	<b>850,336</b>	<b>573,318</b>	<b>718,333</b>	<b>67,536</b>	<b>2,209,524</b>
Impairment of advances	(162,038)	(37,031)	(21,557)	-	(220,627)
<b>Net interest income after impairment of advances</b>	<b>688,298</b>	<b>536,287</b>	<b>696,776</b>	<b>67,536</b>	<b>1,988,897</b>
Depreciation	(54,066)	(1,628)	(60)	(44)	(55,797)
Staff expenditure	(372,557)	(76,806)	(40,220)	(12,498)	(502,081)
<b>Total Expenditure</b>	<b>(36,438)</b>	<b>(282,726)</b>	<b>(105,133)</b>	<b>12,299</b>	<b>(411,998)</b>
<b>Profit before indirect taxation</b>	<b>225,238</b>	<b>175,127</b>	<b>551,363</b>	<b>67,293</b>	<b>1,019,020</b>
Indirect taxation	(14,182)	(761)	(852)	(344)	(16,139)
<b>Profit before direct taxation</b>	<b>211,056</b>	<b>174,365</b>	<b>550,510</b>	<b>66,949</b>	<b>1,002,881</b>
Direct taxation	-	-	-	-	(214,992)
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>787,889</b>
<b>Statement of financial position</b>					
<b>Gross Advances to customers</b>	<b>12,526,768</b>	<b>4,094,898</b>	<b>5,025,490</b>	<b>-</b>	<b>21,647,156</b>
Loss allowance	(636,540)	(300,228)	(96,086)	-	(1,032,854)
<b>Net advances</b>	<b>11,890,228</b>	<b>3,794,671</b>	<b>4,929,403</b>	<b>-</b>	<b>20,614,302</b>
<b>Deposits from customers</b>	<b>7,061,388</b>	<b>9,816,125</b>	<b>5,688,535</b>	<b>3,181,359</b>	<b>25,747,408</b>

## Unaudited Summarised Segmental Reporting

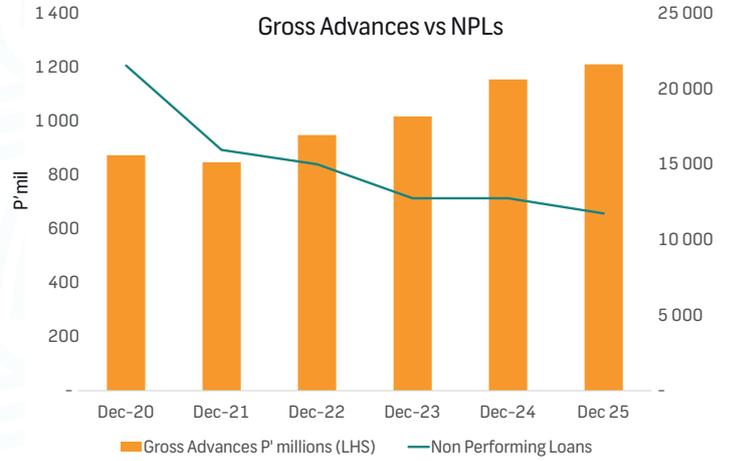
31 December 2024 (P'000)- (Six Months)	Retail	Commercial	Corporate	Treasury	Total
Interest and similar income	301,186	75,552	54,137	794,438	1,225,313
Non - interest income	378,922	320,426	196,337	(3,561)	892,124
<b>Total segment revenue</b>	<b>680,108</b>	<b>395,978</b>	<b>250,474</b>	<b>790,877</b>	<b>2,117,437</b>
Interest expense and similar expenses	125,973	153,369	94,624	(606,898)	(232,932)
<b>Segment operating income before impairments</b>	<b>806,081</b>	<b>549,347</b>	<b>345,098</b>	<b>183,979</b>	<b>1,884,505</b>
Impairment of advances	(11,645)	(1,585)	5,592	-	(7,638)
<b>Net interest income after impairment of advances</b>	<b>794,436</b>	<b>547,762</b>	<b>350,690</b>	<b>183,979</b>	<b>1,876,867</b>
Depreciation	(50,622)	(270)	(53)	(26)	(50,971)
<b>Total expenditure</b>	<b>(356,912)</b>	<b>(314,699)</b>	<b>(137,561)</b>	<b>(666)</b>	<b>(809,837)</b>
<b>Profit before indirect taxation</b>	<b>386,902</b>	<b>232,794</b>	<b>213,077</b>	<b>183,287</b>	<b>1,016,059</b>
Indirect taxation	(9,704)	(1,229)	(816)	(462)	(12,212)
<b>Profit before direct taxation</b>	<b>377,197</b>	<b>231,565</b>	<b>212,261</b>	<b>182,825</b>	<b>1,003,847</b>
Direct taxation	-	-	-	-	(220,846)
<b>Profit for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>783,001</b>
<b>Statement of financial position</b>					
<b>Gross Advances to customers</b>	<b>12,272,327</b>	<b>3,794,939</b>	<b>4,565,255</b>	<b>-</b>	<b>20,632,521</b>
Loss allowance	(470,136)	(349,281)	(71,788)	-	(891,205)
<b>Net advances</b>	<b>11,802,191</b>	<b>3,445,658</b>	<b>4,493,467</b>	<b>-</b>	<b>19,741,316</b>
<b>Deposits from customers</b>	<b>6,409,567</b>	<b>9,608,301</b>	<b>6,518,871</b>	<b>2,727,751</b>	<b>25,264,490</b>

# Financial Graphs

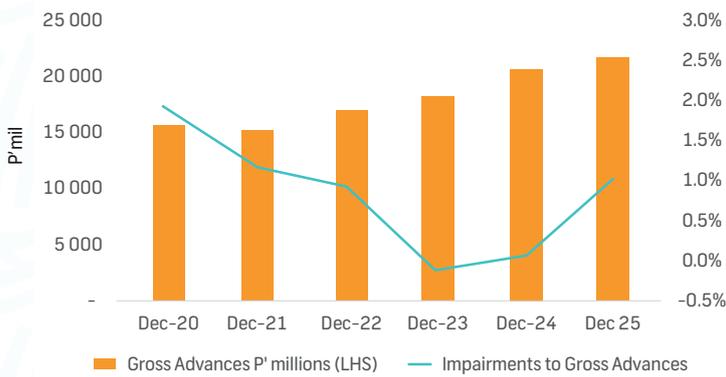
Deposit



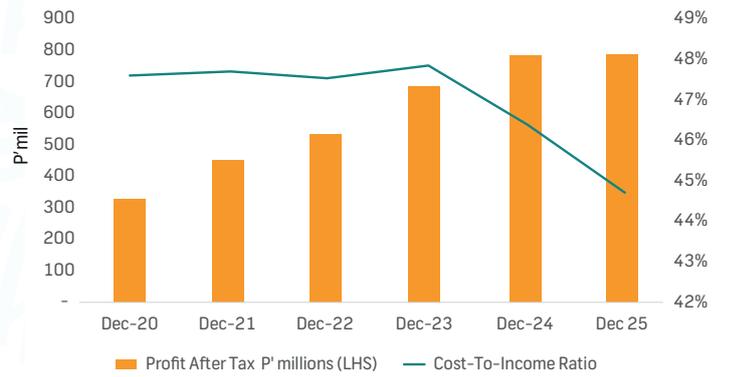
Gross Advances vs NPLs



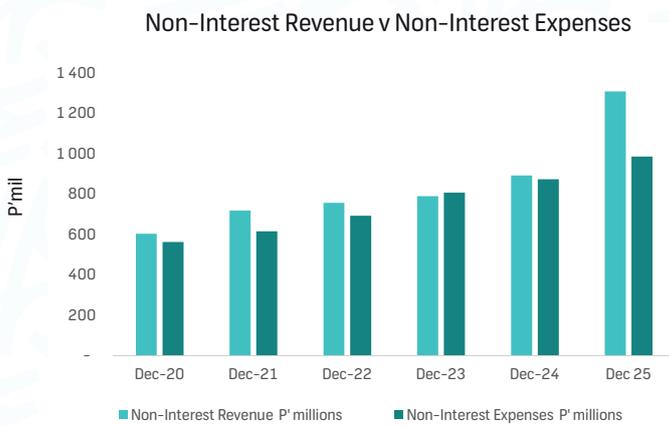
Gross Advances v Impairments to Gross Advances



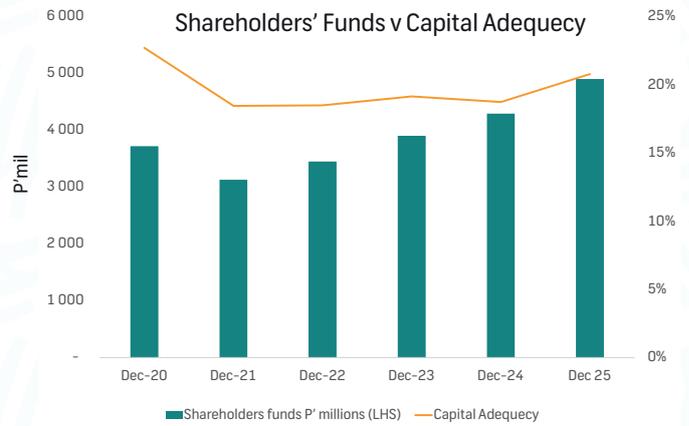
Profit After Tax vs Cost-to-Income Ratio



Non-Interest Revenue v Non-Interest Expenses



Shareholders' Funds v Capital Adequacy



## Accounting Policies

The accounting policies and other methods of computation applied in the preparation of the summarised consolidated financial statements are in terms of IFRS and are consistent with those applied for the year ended 30 June 2025. These summarised consolidated financial statements 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.

The following standards became effective, Supplier finance arrangements - amendments to IAS 7 and IFRS 7, Classifications of liabilities current and non-current liabilities with covenants - amendments to IAS 1, Lease liability in a sale and leaseback amendments to IFRS 16. 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 class - December 2025 (P'000)- (Unaudited)

	Amortised cost	Loss allowance	Total
Term loans	10,596,488	(458,300)	10,138,188
Installment sales	2,294,537	(169,136)	2,098,401
Property loans	6,664,051	(209,195)	6,454,856
Overdraft and managed account	1,770,064	(167,635)	1,602,429
Other	322,016	(28,588)	293,428
<b>Total</b>	<b>21,647,156</b>	<b>(1,032,854)</b>	<b>20,614,302</b>

### Analysis of advances per class - December 2024 (P'000)- (Unaudited)

	Amortised cost	Loss allowance	Total
Term loans	9,870,616	(298,163)	9,572,453
Installment sales	2,287,954	(129,714)	2,158,240
Property loans	6,589,204	(232,406)	6,356,798
Overdraft and managed account	1,594,254	(196,578)	1,397,676
Other	290,493	(34,344)	256,149
<b>Total</b>	<b>20,632,521</b>	<b>(891,205)</b>	<b>19,741,316</b>

### Analysis of advances per class - June 2025 (P'000)- (Audited)

	Amortised cost	Loss allowance	Total
Term loans	10,408,076	(341,090)	10,066,986
Installment 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
<b>Total</b>	<b>21,456,704</b>	<b>(838,663)</b>	<b>20,618,041</b>

Unaudited (P'000)	Gross advances				Loss allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Amortised cost								
<b>Amount as at 01 July 2025</b>	<b>18,049,901</b>	<b>2,789,150</b>	<b>617,653</b>	<b>21,456,704</b>	<b>110,983</b>	<b>295,174</b>	<b>432,505</b>	<b>838,662</b>
Stage 2 to stage 1	1,955,606	(1,955,606)	-	-	115,210	(115,210)	-	-
Stage 3 to stage 1	289	-	(289)	-	270	-	(270)	-
Stage 3 to stage 2	-	2788	(2,788)	-	-	1,349	(1,349)	-
Stage 1 to stage 2	(816,624)	816,624	-	-	(8,291)	8,291	-	-
Stage 1 to stage 3	(61,644)	-	61,644	-	(1,061)	-	1,061	-
Stage 2 to stage 3	-	(82,248)	82,248	-	-	(11,276)	11,276	-
<b>Opening balance after transfers</b>	<b>19,127,528</b>	<b>1,570,708</b>	<b>758,468</b>	<b>21,456,704</b>	<b>217,112</b>	<b>178,328</b>	<b>443,223</b>	<b>838,662</b>
<b>Net movement current year</b>	<b>(507,724)</b>	<b>798,369</b>	<b>(14,871)</b>	<b>275,774</b>	<b>60,871</b>	<b>89,744</b>	<b>104,227</b>	<b>254,843</b>
Attributable to change in measurement period	51,811	246,179	-	297,990	(892)	(3,045)	-	(3,936)
Attributable to change in risk parameters	-	-	-	-	50,883	39,955	82,885	173,723
Change due to new business net of attrition	(559,535)	552,190	(14,871)	(22,216)	10,880	52,833	21,342	85,055
Bad debts written off	-	-	(85,321)	(85,321)	-	-	(85,321)	(85,321)
Net interest suspended/released	-	-	-	-	-	-	24,671	24,671
<b>Amount as at 31 December 2025</b>	<b>18,619,804</b>	<b>2,369,077</b>	<b>658,276</b>	<b>21,647,156</b>	<b>277,983</b>	<b>268,072</b>	<b>486,800</b>	<b>1,032,854</b>

Unaudited (P'000)	Gross advances				Loss allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Amortised cost								
<b>Amount as at 01 July 2024</b>	<b>16,449,539</b>	<b>2,179,677</b>	<b>776,874</b>	<b>19,406,089</b>	<b>147,294</b>	<b>228,281</b>	<b>536,512</b>	<b>912,087</b>
Stage 2 to stage 1	518,041	(518,041)	-	-	24,155	(24,155)	-	-
Stage 3 to stage 1	18,395	-	(18,395)	-	-	1,783	(1,783)	-
Stage 3 to stage 2	-	8,054	(8,054)	-	8,788	-	(8,788)	-
Stage 1 to stage 2	(607,989)	607,989	-	-	(6,829)	6,829	-	-
Stage 1 to stage 3	(59,785)	-	59,785	-	(655)	-	655	-
Stage 2 to stage 3	-	(54,969)	54,969	-	-	(7,914)	7,914	-
<b>Opening balance after transfers</b>	<b>16,318,202</b>	<b>2,222,710</b>	<b>865,179</b>	<b>19,406,090</b>	<b>172,752</b>	<b>204,825</b>	<b>534,510</b>	<b>912,087</b>
<b>Net movement current year</b>	<b>1,191,334</b>	<b>185,298</b>	<b>(79,441)</b>	<b>1,297,190</b>	<b>(56,900)</b>	<b>51,007</b>	<b>55,770</b>	<b>49,877</b>
Attributable to change in measurement period	263	(11,303)	-	(11,040)	-	22,460	-	22,460
Attributable to change in risk parameters	-	-	-	-	(82,246)	1,544	47,548	(33,154)
Change due to new business net of attrition	1,191,071	196,601	(79,441)	1,308,231	25,346	27,003	8,222	60,572
Bad debts written off	-	-	(70,760)	(70,760)	-	-	(70,760)	(70,760)
Net interest suspended/released	-	-	-	-	-	-	-	-
<b>Amount as at 31 December 2024</b>	<b>17,509,535</b>	<b>2,408,007</b>	<b>714,978</b>	<b>20,632,521</b>	<b>115,852</b>	<b>255,832</b>	<b>519,521</b>	<b>891,205</b>

(P'000) (Audited)	Gross advances				Loss allowance			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Amortised cost								
<b>Amount as at 01 July 2024</b>	<b>16,449,539</b>	<b>2,179,676</b>	<b>776,874</b>	<b>19,406,089</b>	<b>147,295</b>	<b>228,280</b>	<b>536,512</b>	<b>912,087</b>
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	-
<b>Opening balance after transfers</b>	<b>16,083,530</b>	<b>2,412,063</b>	<b>910,496</b>	<b>19,406,089</b>	<b>145,681</b>	<b>240,028</b>	<b>526,378</b>	<b>912,087</b>
<b>Net movement current year</b>	<b>1,966,371</b>	<b>377,088</b>	<b>(58,102)</b>	<b>2,285,357</b>	<b>(34,695)</b>	<b>55,145</b>	<b>120,005</b>	<b>140,455</b>
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
<b>Amount as at 30 June 2025</b>	<b>18,049,901</b>	<b>2,789,151</b>	<b>617,652</b>	<b>21,456,704</b>	<b>110,986</b>	<b>295,173</b>	<b>432,504</b>	<b>838,663</b>

The Bank reports exposures based on the impairment stage at the end of the reporting period. The Bank transfers opening balances (back book), at the value as at 1 July of each year, based on the impairment stage at the end of the reporting period. Any movements in provisions are included in the impairment stage as at the end of the reporting period. Exposures in the back book, can move directly from stage 3 to stage 1, if the curing requirements have been met in a reporting period. All new advances are included in the change in exposure due to new business in the current year based on the exposures' impairment stage at the end of the reporting period. Similarly, exposures in the new business lines can be reported in stage 3 at the end of the reporting date. Changes in exposure reflects the net amount of:

- Additional amounts advanced on the back book and any settlements. Transfers on the back book are reflected separately.
- New business originated during the financial year, the transfers between stages of the new origination and any settlements.

## Impairment of Advances

### 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 behavior 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 (PD) between reporting date and origination date to determine if there was a significant increase in credit risk. Corporate, Commercial and Small to Medium sized Enterprise portfolio (SME) assessments include deal and client specific factors and are calibrated over time to determine what level of deterioration which is reflective of a significant increase in credit risk.

#### Approach to Incorporate Forward-Looking Indicators (FLI)

Forward-looking macro-economic indicators (FLI) have been incorporated into expected loss estimates through the application of quantitative modelling and expert judgement-based adjustments applied to PDs (Probability Defaults). 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 modeling 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 baseline, downside and upside scenarios are used in the ECL calculations.

## Economic Scenarios Applied in December 2025 ECL computation

The FLI component of ECL is a dual factor including GDP and monetary policy rate. The economic scenarios applied are described as follows:

**Upside:** Global growth shifts to a higher gear following aggressive fiscal stimulus measures in China, substantial monetary policy easing in advanced economies, and a significant easing in global trade tensions. Recovering global consumption fuels diamond demand, reversing the slump in rough diamond prices and prompting a significant upswing in export proceeds. Copper exports also rise notably amid improved global growth and stronger demand for green technologies. De Beers' (in partnership with the government) marketing strategy is successful in rekindling the attraction of natural diamonds as opposed to synthetic ones.

A further expansion of the synthetic diamond market is stunted and potentially reversed. Moderating global geopolitical tensions and rising oil supply result in a marked decline in oil prices. Risk-on sentiment boosts the rand, while the euro, yuan, yen and pound sterling remain strong against the US dollar, leading to stronger special drawing rights relative to the US dollar, resulting in an appreciation of the Pula. Inflation expectations moderate given a stronger currency and lower oil prices. CPI inflation remains close to current lows, while interest rates are lowered close to COVID-19 lows. Business and consumer sentiment soars

due to contained price pressures, low interest rates, and a stronger Pula. Improved foreign exchange reserves reduce the likelihood of further measures to devalue the currency, and the authorities reduce the rate of crawl. Tax revenue rebounds on the back of accelerating GDP growth, increased mining profits, and improved SACU receipts. Much improved public finances ease the need for the government to issue local debt aggressively. While remaining prudent, the government expands spending, and most outstanding projects of the transitional NDP are completed. Botswana's fiscal and current account positions strengthen, leading to lower debt metrics. Investment rises due to positive sentiment and strong terms of trade. As a result, Botswana's sovereign ratings are upgraded to pre-COVID-19 levels.

As direct beneficiaries of the Botswana Economic Transformation Programme (BTEP), sectors like agriculture, manufacturing, construction, tourism and transport grow in stature, resulting in a more diversified and resilient economy. 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. Botswana's annual growth rate rebounds in line with Vision 2036 ambitions, which puts the country on a sound footing to meet its high-income status goal.

**Baseline:** US trade protection measures weaken global growth, but a full-blown trade war is avoided as compromises are reached between the US and most of its trade partners. Stimulatory monetary and fiscal policies in major advanced and emerging markets, in response to the growth-dampening impact of tariffs, buttress real economic activity. The direct impact of higher US tariffs on Botswana remains limited. Exports to the US account for only 0.5% of GDP, but US tariffs on diamond-polishing nations further weigh on demand and prices. Rough diamond prices remain at depressed levels for the next 12-18 months on the back of weak global demand and excess inventories unwinding slowly. Prices recover in the outer years of the forecast horizon, but remain somewhat downbeat.

After sharply underperforming in 2024, mining production, cutting/polishing activity, and diamond sales all continuously tread water. As a result, Botswana's economy contracts further in 2025. The fiscus takes notable strain. Rising bond yields help attract capital to meet increased funding

requirements. Government auctions, however, continue to be met with low allotment, with the primary driver behind poor auction performance being low liquidity. This limits participation by commercial banks and asset managers. To avoid the budget deficit from worsening even further, the government is compelled to restrict spending mainly to meeting operational obligations (such as salaries and subsidies to state-owned enterprises). Most development expenditure is paused due to fiscal constraints. In the interim, key procurement institutions and policies are restructured to improve delivery. As a critical mineral used globally in renewable energy projects and electric vehicles, copper production continues to benefit from increased demand and comparatively high prices.

Debswana continues with the Jwaneng Cut 9 project that was approved in January 2024, but implementation remains slow. The commencement of the Orapa Cut 3 project is postponed to 2026. El Niño-induced drought conditions make way for La Niña, which gives agriculture a much-needed boost. S&P further downgrades Botswana's sovereign rating to BBB-, reflecting subdued diamond demand and prices that are keeping export earnings and fiscal revenues depressed. Still, Botswana manages to cling to its investment grade.

**Downside:** Global growth slows beyond current predictions as tensions in the Middle East/Ukraine escalate and US-induced trade protectionist measures intensify. Global supply chains are notably disrupted, while inputs used in global manufacturing become more costly. Weak global activity negatively affects exports. Diamond prices remain depressed, and copper prices fall, given worsening demand. 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 see a sizable uptick in market share.

Weak global sentiment and a deterioration in Botswana's terms of trade adversely impact foreign investment flows. The Pula weakens notably, while global oil prices rise amid heightened risks to supply. Coupled with supply chain disruptions and rising input costs, domestic inflationary pressures intensify. Given the deterioration in Botswana's terms of trade, the authorities resort to implementing

further measures to weaken the currency to slow the rate of reserves deterioration by increasing the weight of the ZAR in the Pula basket and lifting the crawl rate. To curb rising inflation expectations, monetary authorities notably lift interest rates, exacerbating economic weakness. Even so, real interest rates turn negative as the central bank cautions against over-tightening. As a result, inflation breaches the upper band of the central bank’s inflation target towards the end of 2026 before receding to below 6% in early 2028. The recession deepens with a diversion of government revenue, delaying economic diversification efforts. Botswana’s fiscal problems escalate as falling tax revenue is compounded by declines in SACU revenue. Government expenditure is redirected due to social security

measures and to combat rising unemployment.

Loss-making state-owned entities are allowed to continue operating, further draining government coffers. The Botswana economy remains in recession over the short term, with a diversion of government revenue delaying economic diversification efforts. At the same time, increased political noise around a more interventionist government further weakens investor sentiment. A prolonged drought causes food and/or water insecurity to rise. Social and political tensions escalate. Mounting pressure on Botswana’s sovereign credit rating leads to multiple downgrades into non-investment grade.

## GDP

FLIs: Applied in ECL Models

Scenario - 2025	Upside	Baseline	Downside
2026	5.1	1.85	(1.7)
2027	5.75	2.7	(0.5)
2028	5.3	2.9	0.4
<b>Weighting</b>	<b>15%</b>	<b>66%</b>	<b>19%</b>

Scenario - 2024	Upside	Baseline	Downside
2025	8.25	4.2	0.25
2026	8.5	4	1
2027	8	3.8	1.5
<b>Weighting</b>	<b>15%</b>	<b>66%</b>	<b>19%</b>

## Monetary Policy

FLIs: Applied in ECL Models

Scenario - 2025	Upside	Baseline	Downside
2026	1.2	1.9	3.75
2027	1.2	1.9	4
2028	1.2	1.9	4
<b>Weighting</b>	<b>15%</b>	<b>66%</b>	<b>19%</b>

Scenario - 2024	Upside	Baseline	Downside
2025	2.1	2.4	3.7
2026	2.1	2.4	3.7
2027	2.1	2.4	3.7
<b>Weighting</b>	<b>15%</b>	<b>66%</b>	<b>19%</b>

## 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.

## Investment securities and other investments

### Derivative financial instruments

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs
- 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, 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.	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 cashflows are projected using a forward curve and then discounted using a market related discount curve over the contractual period. The set date of each swaptlet is determined in terms of legal documents pertaining to the swap. The industry standard models calculate fair value based on input parameters such as share price, dividends, volatilities, interest rates, equity repo curves and for multi asset products, correlations. Unobservable model inputs are determined by reference to liquid market instruments and by applying extrapolation techniques to match the appropriate risk profile.	Market interest rates and curves, volatilities, dividends, and share prices.	Not applicable
- Forward contracts	Level 2	Discounted cash flows	The future cashflows are projected using a related forecasting curve and then discounted using a market related discounting curve over the contractual period. Projected cashflows 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 Group uses a valuation methodology based on the credit spread matrix, which considers loss given default and the internal credit committee rating criteria. The fair value measurement includes the original credit spread and is repriced when there is a change in rating of the counterparty. A decline in credit rating would result in an increase in the spread above the base rate for discounting purposes and consequently a reduction of the fair value of the advance.	Market interest rates and curves	Credit inputs-market related interest rates.
- Other loans and advances	Level 2 and 3	Discounted cash flows	The future cashflows are discounted using a market related interest rate adjusted for credit inputs, over the contractual period.	Market interest rates	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 curves	Credit inputs-market related interest rates.
- 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 in puts, over the contractual period.	Market interest rates	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 is consistent with similar market quoted instruments, where available.	Market interest rates and market quotes for NCD instruments	Not applicable
- Treasury Bills	Level 2	Bank of Botswana quoted prices	Bank of Botswana quoted prices.	Market interest rates and curves	Not applicable

## Deposits

- Other deposits	Level 2	Discounted cash flows	The related forecasting curve is adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates	Not applicable
Other liabilities and Tier 2 liabilities	Level 2	Discounted cash flows	The future cash flows are discounted using a market related interest rate.	Market interest rates	Not applicable
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Level 2	Discounted cash flows	The future cash flows are discounted using a market related interest rate and curves adjusted for credit inputs. Where the value of the liability is linked to the performance of an underlying and the underlying is observable, these liabilities are classified as level 2.	Market interest rate curves or performance of underlying	Not applicable

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

Unaudited December 2025	Level 1	Level 2	Level 3	Fair value	Amortised cost
Advances	-	-	20,357,865	20,357,865	20,614,302
Investment securities	8,597,748	-	-	8,597,748	9,124,483
Due from related parties	-	-	9,784	9,784	9,784
Other assets	-	-	376,317	376,317	376,317
<b>Total financial assets at amortised cost</b>	<b>8,597,748</b>	<b>-</b>	<b>20,743,965</b>	<b>29,341,714</b>	<b>30,124,886</b>
Deposits and current accounts	-	25,772,757	-	25,772,757	25,747,408
Long-term borrowings	-	183,857	-	183,857	183,190
Due to related parties	-	-	53,198	53,198	53,198
Accrued interest payable	-	27,171	-	27,171	27,171
Creditors and accruals	-	558,541	-	558,541	558,541
<b>Total financial liabilities at amortised cost</b>	<b>-</b>	<b>26,542,326</b>	<b>53,198</b>	<b>26,595,524</b>	<b>26,569,508</b>

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

Unaudited December 2024	Level 1	Level 2	Level 3	Fair value	Amortised cost
Advances	-	-	20,098,172	20,098,172	19,741,316
Investment securities	8,934,853	-	-	8,934,853	9,057,267
Due from related parties	-	-	6,177	6,177	6,177
Other assets	-	-	678,495	678,495	678,495
<b>Total financial assets at amortised cost</b>	<b>8,934,853</b>	<b>-</b>	<b>20,782,844</b>	<b>29,717,697</b>	<b>29,483,255</b>
Deposits and current accounts	-	25,286,549	-	25,286,549	25,264,490
Long-term borrowings	-	829,597	-	829,597	825,979
Due to related parties	-	-	37,514	37,514	37,514
Accrued interest payable	-	17,122	-	17,122	17,122
Creditors and accruals	-	650,713	-	650,713	650,713
<b>Total financial liabilities at amortised cost</b>	<b>-</b>	<b>26,783,982</b>	<b>-</b>	<b>26,821,495</b>	<b>26,795,818</b>

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

June 2025	Level 1	Level 2	Level 3	Fair value	Amortised Cost
Advances	-	-	6,434,485	6,434,485	6,473,287
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
<b>Total financial assets at amortised cost</b>	<b>9,213,092</b>	<b>1,431,740</b>	<b>21,176,771</b>	<b>31,821,603</b>	<b>31,724,440</b>
Deposits and current accounts	-	26,492,471	-	26,492,471	26,492,471
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
Creditors and accruals	-	772,906	-	772,906	772,906
<b>Total financial liabilities at amortised cost</b>	<b>-</b>	<b>27,946,062</b>	<b>35,067</b>	<b>27,981,129</b>	<b>27,981,129</b>

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

December 2025	Level 1	Level 2	Level 3	Total
<b>Mandatory fair value through profit and loss (P'000)</b>				
- Investments securities	-	64,770	-	64,770
- Derivative financial instruments	-	43,397	-	43,397
<b>Non-financial assets</b>	-	-	-	-
<b>Total assets</b>	-	<b>108,167</b>	-	<b>108,167</b>
Financial liabilities held for trading	-	-	-	-
- Derivative financial instruments	-	59,230	-	59,230
<b>Mandatory at fair value through profit or loss</b>	-	-	-	-
- Zero coupon deposit	-	291,139	-	291,139
<b>Total liabilities</b>	-	<b>350,369</b>	-	<b>350,369</b>

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

December 2024	Level 1	Level 2	Level 3	Total
<b>Mandatory fair value through profit and loss (P'000)</b>				
- Investments securities	-	74,065	-	74,065
- Derivative financial instruments	-	25,207	-	25,207
<b>Non-financial assets</b>	-	-	-	-
<b>Total assets</b>	-	<b>99,272</b>	-	<b>99,272</b>
Financial liabilities held for trading	-	-	-	-
- Derivative financial instruments	-	34,390	-	34,390
<b>Mandatory at fair value through profit or loss</b>	-	-	-	-
- Zero coupon deposit	-	95,927	-	95,927
<b>Total liabilities</b>	-	<b>130,317</b>	-	<b>130,317</b>

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

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

## Related parties

The following are the related parties of the Bank:

<b>Ultimate holding company</b>	FirstRand Limited
<b>Holding company</b>	First National Bank Holdings (Botswana) Limited
<b>Subsidiaries</b>	Financial Services Company of Botswana Limited First Funding Proprietary Limited Premium Credit Botswana Proprietary Limited First National Insurance Agency Proprietary Limited
<b>Common management</b>	FirstRand Limited – South Africa First National Bank Insurance Brokers Limited
<b>Key management</b>	Non-executive Directors Chief Executive Officer Deputy Chief Executive Officer Chief Financial Officer Chief Operating Officer Chief Risk Officer Director of Credit Director of Human Resources Treasurer





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#### **DIRECTORS:**

Balisi Bonyongo (Chairperson), Steven L. Bogatsu (CEO - 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)\*\*,  
Lee-Anne van Zyl (Non-Executive Director)

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#### **MARKETING & COMMUNICATIONS**

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