FNB Botswana
Integrated Report
2026



First National Bank of Botswana (FNBB) 2026 Integrated Report

This year, FNB Botswana celebrates 35 years in Botswana, a legacy built on helping people and businesses prosper. Reflecting on our past, we also consider our future, reimagining our role as a Bank that participates in the economy to a financial services solutionist that actively helps unlock Botswana's next economy.

In FY2026, the economy of Botswana continued to face structural headwinds. The key challenges remained over-reliance on the mining sector especially the diamonds sub-sector, high levels of unemployment and income inequality. The sector faces subdued global demand and depressed prices driven by escalating competition from synthetic alternatives. This pressure is compounded by a persistently high unemployment rate that weighs on household spending, alongside constrained Government expenditure that limits broader economic activity and private-sector growth. In this difficult environment, we are redefining what help means by responding to today's challenges and unlocking those opportunities that will make future generations thrive.

Helping create value at scale

Clients

P20.6 billion in gross loans and advances

P28.3 billion in deposits

We create value for our clients by delivering innovative, secure and accessible financial solutions that enable individuals, businesses and communities to achieve their financial goals. Through client-centric products, digital banking capabilities and personalised service, we enable convenience, financial inclusion and economic participation.

Employees and organised labour

+1,660 employees

P982 million in remuneration

P12.4 million invested in employee training and skills development

As a top employer, we reward our employees through competitive remuneration, meaningful recognition and opportunities for continuous professional and personal development. Employees also benefit from our holistic wellbeing programme.

Shareholders

P1.145 billion in dividends

33.2% return on equity

We create value for shareholders through consistent dividend payments and sustainable, long-term capital growth, supported by reinvesting retained earnings in future growth opportunities.

Suppliers

90.5% or P416 million of our total procurement spend was allocated to local suppliers

We leverage our procurement spend to drive local economic development by prioritising local enterprises, with a specific focus on citizen-owned companies where appropriate. Through this approach, the Bank supports SME growth and advances the participation of youth- and women-owned businesses in its supply chain.

Communities

P37.6 million invested through corporate social investment (CSI) and corporate sponsorships

1.3 million people reached through our financial literacy programme

We invest in initiatives that promote financial inclusion, entrepreneurship, education, health, arts, sport and environmental sustainability. Through CSI, sponsorships, and staff volunteerism, the Bank helps build more resilient and inclusive communities.

Government

P973 million in taxes

We contribute to Government revenue that supports national development priorities, public infrastructure and essential public services, including healthcare, education and social welfare programmes. The Bank is committed to supporting the Government in diversifying the economy away from its reliance on diamonds by fostering new sectors, sustainable business growth and private-sector development.

Financial performance at a glance

FNB Botswana delivered another resilient financial performance. While subdued credit demand, elevated funding costs and affordability pressures constrained lending activity, sustained growth in non-interest revenue once again proved the value of the Bank's strategic focus on building a diversified, sustainable earnings base. These results reflect the resilience of our business model and provide a strong foundation as we execute our 2030 Strategy.

Statement of financial position | **Statement of comprehensive income**

Net interest income 2% ↓

Total assets
P35.7 billion ↑
of which gross loans and advances are P20.6 billion

Less

Total liabilities
P30.3 billion
of which total deposits are P28.3 billion

=

Total equity
P5.4 billion ↑
of which return on equity = 33.2% ↓

Return on average assets 4.7% ↓

Total net income P4.2 billion ↑
Net interest income P1.9 billion
Non-interest revenue P2.3 billion
Revenue mix with non-interest revenue at 54.8%

45.4% cost-to-income ratio ↓

Less

Operating expenditure
P907 million in operating expenses; P982 million in employee benefits and expenses and P29 million in indirect tax

Less

Impairment charges
P191 million ↑
less

Direct taxation
P469 million ↑

=

Profit for the year
P1.6 billion
of which ordinary shareholders received a total dividend per share for the period = 45 thebe

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Forward-looking statements

This report contains certain forward-looking statements about the Bank's anticipated performance, results, operations and prospects. Although these statements represent our future expectations and judgements, the opinions are subject to known and unknown risks and uncertainties that could adversely impact our business and financial performance. Therefore, caution should be exercised in reliance on such opinions, forecasts or data. Forward-looking statements apply to the date on which they are made.

The Bank does not undertake any obligation to publicly update or revise any of its opinions or forward-looking statements, whether to reflect new data, future events or circumstances. The financial information on which the forward-looking statements are based has not been audited or reported on by FNB Botswana's independent external auditors.

We value stakeholder feedback and welcome your suggestions on improving the quality of our reporting and disclosures. Please send your comments or suggestions to: investor@fnbbotswana.co.bw.

The report's compilation

This integrated report outlines FNB Botswana's performance and activities for the financial year from 1 July 2025 to 30 June 2026. It explores how we are reimagining value creation through fresh perspectives. We cherish diversity and innovative thinking, also in our reporting.

Reporting suite

Our reporting suite is designed to meet the diverse information needs of our stakeholders. The integrated report explains how we create value and the outcomes we seek to deliver for our stakeholders, while the annual financial statements provide detailed information on our financial performance and position.

Our report to society is published every five years and provides a detailed account of our economic, environmental and social contributions to Botswana. These reports, along with our 2025 report to society, online publications, stakeholder communications, and additional information, are available on our website at www.fnbbotswana.co.bw.

Our reporting suite adheres to the following reporting frameworks and governance requirements.

Key reporting frameworks applied	Integrated report	Annual financial statements
Integrated Reporting Framework	●	
King Report on Corporate Governance™ for South Africa, 2016 (King IV)[1]	●	●
IFRS® Accounting Standards		●
Companies Act of 2007 (Cap 42:01 as amended in 2008, 2018, 2019, 2022 and 2025)	●	●
Banking Act of 2023 (Cap 46:06, effective from 15 August 2025)	●	●
Corporate Governance Principles for Banks. *Through the Basel Committee on Banking Supervision*	●	
Financial Reporting Act of 2020	●	●
Botswana Stock Exchange Equity Listings Requirements Version 4	●	
Guidelines on Corporate Governance for Banks and Deposit Taking Institutions Licensed and Supervised by the Bank of Botswana, 2025	●	
The Botswana Stock Exchange Sustainability Disclosure Guidance[2]	●	●

[1] *Copyright and trademarks are owned by the Institute of Directors in South Africa NPC, and all of its rights are reserved.*

[2] *FNB Botswana is still maturing its compliance with the disclosure guidance.*

Reporting boundary for the integrated report

This report provides material information on FNB Botswana's strategy, business model and performance, as well as the key risks, opportunities and stakeholder considerations that influence value creation.

It focuses on matters that could materially impact our ability to create and sustain value over the short term (less than one year), medium term (one to three years) and long term (three to five years).

The financial and non-financial data in this report relate to the Bank as the reporting entity. This includes the three segments over which the Bank has control.

Refer to our operating corporate structure on page 271.

Financial reporting boundary

- **Retail Banking** — Catering to the needs of individuals and solopreneurs
- **Commercial Banking** — Catering to the needs of small and medium businesses (SMEs) and corporates
- **Rand Merchant Bank (RMB)** — Corporate and investment banking

Our operating context

Our operating environment describes our economic conditions, competitive forces and regulatory pressures that influence our performance. Read more on page 35.

Continuously assessing our operating environment allows us to identify the principal risks that directly affect our strategic activities. Read more on page 44.

We are committed to understanding and responding to our stakeholders' needs and expectations. Read more on page 40.

Material matters

Material matters are those matters that have the greatest influence on our long-term sustainability and our ability to create value. We identify them through a collective process involving input from across the business and an assessment of related impacts, risks, and opportunities.

Our material matters determination process, along with its outcomes, is described on page 31.

Our strategic response

Our 2030 Strategy will see the Bank transitioning to become a holistic financial services provider, with ambitions to reshape the market in other financial services.

Read more on page 56.

Report approval

The Board is responsible for overseeing the integrity, completeness and approval of this integrated report. Data accuracy is supported by the Bank's internal policies, procedures and controls.

In the Board's opinion, this report addresses all matters that are material to FNB Botswana's ability to create value. The Board is satisfied that the report presents a fair, balanced and holistic account of the Bank's financial and operational performance, as well as its contributions to society during the year, and that it has been prepared in accordance with the Integrated Reporting Framework.

The consolidated annual financial statements were audited by Ernst & Young Botswana.

The Board approved this report on 28 October 2026.

Balisi Mohumi Bonyongo
Chairperson

Steven Lefentse Bogatsu
Executive Director
(Chief Executive Officer)

Dr Mbako Mbo
Executive Director
(Deputy Chief Executive Officer)

Naseem Banu Lahri
Independent Non-Executive Director

Ephraim Dichopase Letebele
Independent Non-Executive Director

Pinkie Mothopeng-Makepe
Independent Non-Executive Director

Massimo Marinelli
Independent Non-Executive Director

Keneilwe Mere
Independent Non-Executive Director

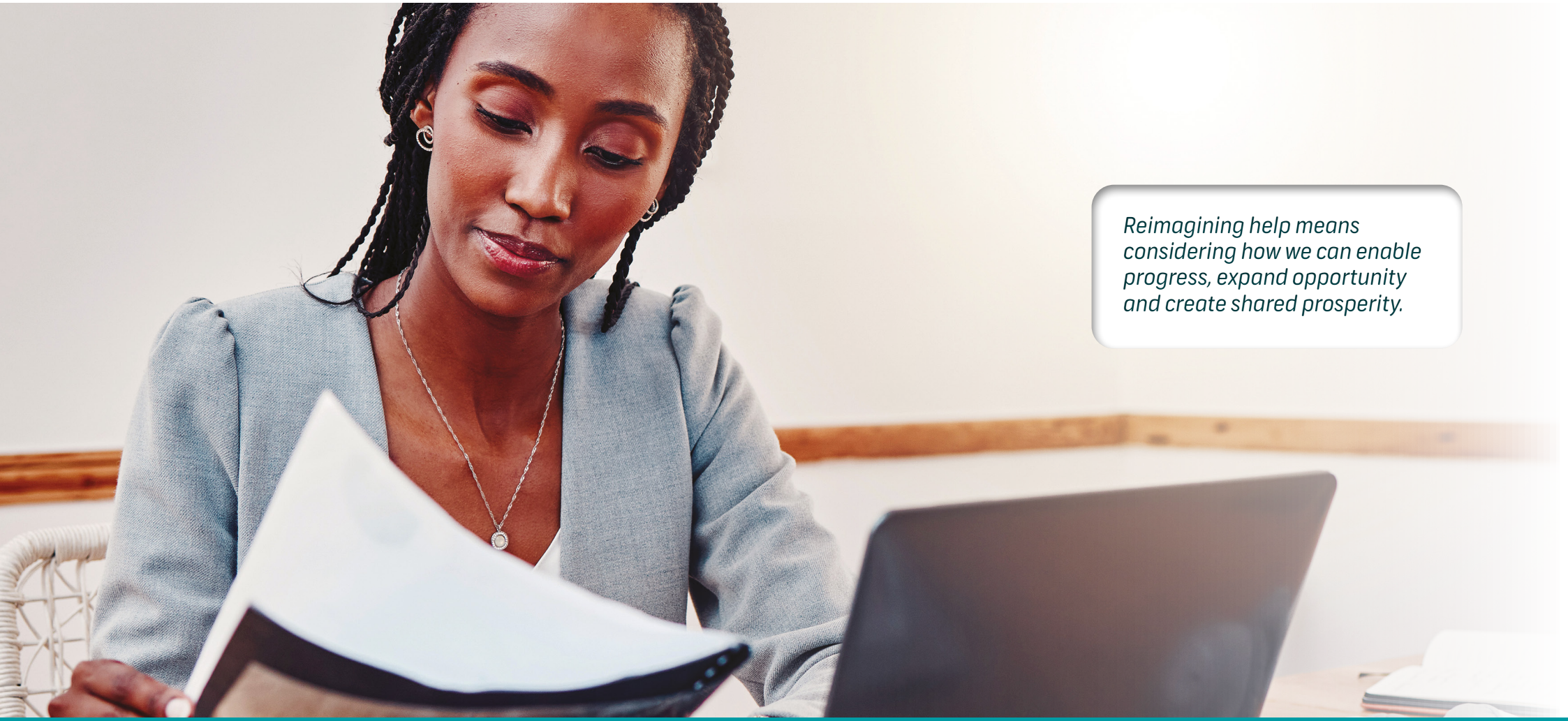
Louis Frans Jordaan
Independent Non-Executive Director

Asad Petkar
Independent Non-Executive Director

Lee-Anne van Zyl
Non-Executive Director

Moses Dinekere Pelaelo
Independent Non-Executive Director





Reimagining help means considering how we can enable progress, expand opportunity and create shared prosperity.

A trusted **banking partner**

5 Contributing to Botswana
7 The role of financial institutions in society
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10 Serving Botswana nationwide
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13 Providing a strong investment proposition

Contributing to Botswana

We believe that when Botswana thrives, we thrive. By financing opportunities, collaborating with Government and business, and promoting financial inclusion across our communities, we contribute to the Botswana Vision 2036 aspiration of Prosperity for All, helping to build a stronger, more inclusive economy for generations to come.

FNB Botswana contributes to economic growth and shared prosperity by mobilising deposits and providing finance to individuals, businesses and Government. We support businesses at every stage through tailored lending, transactional banking and advisory services. We also have a particular focus on enabling SMEs to access finance, expand their businesses, create jobs, and stimulate economic activity. By supporting entrepreneurship and enterprise growth, we contribute to a more inclusive, diversified, and resilient economy that advances Botswana's long-term development aspirations.

Financial inclusion is central to our contribution to national development. Through our digital platforms, branch network and alternative banking channels, we expand access to affordable, secure and convenient financial services, strengthening participation in the formal economy and financial resilience.

Beyond financial services, we direct capital towards activities that generate positive economic, social and environmental outcomes and support the UN Sustainable Development Goals (SDGs). Through responsible financing, prudent risk management and strong capital and liquidity positions, we also help safeguard deposits, maintain confidence and strengthen the resilience of Botswana's financial system.

How we champion national priorities

We ensure	We facilitate	We safeguard	We provide	We invest	We uplift
Clients throughout Botswana can access banking services, including through seamless digital solutions.	Lending solutions for SMEs to expand and create jobs.	Our clients' deposits and savings.	Communities with tools and knowledge to improve their financial literacy and wellness.	In long-term projects that promote environmental sustainability and social and economic development.	Local communities through impactful investments made via our Foundation and corporate sponsorships.

Help when it matters most

For generations, Batswana have understood that help is not a transaction. It is something offered with care, humility and the belief that when one of us rises, we all do.

At FNB Botswana, Thuso (Real Help) has long been one of our core promises. As Botswana navigates a challenging economic environment and we look ahead to our 2030 Strategy, we are asking ourselves what help should look like next. Our answer is help that anticipates needs rather than reacts to them, builds capability rather than dependence, and reaches further to the people, businesses and communities that have too often been underserved. This is what it means to reimagine help.

Our report demonstrates how we contribute to Botswana and offer Real Help to clients. These three case studies are among many other programmes and initiatives that show how we serve.

Protecting clients' financial stability and dignity

Our Real Help Credit Support Programme reflects our commitment to standing alongside clients during times of uncertainty. The targeted programme assists clients experiencing financial distress by providing practical relief measures such as repayment holidays, debt consolidation and loan restructuring. These tailored solutions help clients navigate difficult periods, restore financial stability and preserve their dignity.

By combining compassionate support with financial education, the initiative equips clients with the knowledge and tools to rebuild their financial wellbeing and strengthen their long-term resilience. Clients have accessed the programme for a range of circumstances, including financial distress due to retrenchment, job loss and other broader economic pressures. Our support is complemented by an integrated advice programme that provides practical, interactive financial literacy interventions to promote responsible financial behaviours and help clients build lasting financial resilience.

This year, we assisted 39 clients with debt consolidation and restructuring and saved 16 homes from foreclosure through proactive intervention.

Providing access to finance and markets

For many citizen-owned businesses, access to finance is only one part of the challenge. Sustainable growth also depends on access to markets, procurement opportunities and established value chains. Through the Citizen Economic Empowerment Programme (CEEP), FNB Botswana combines tailored financial solutions with partnerships that help citizen-owned enterprises participate in corporate supply chains.

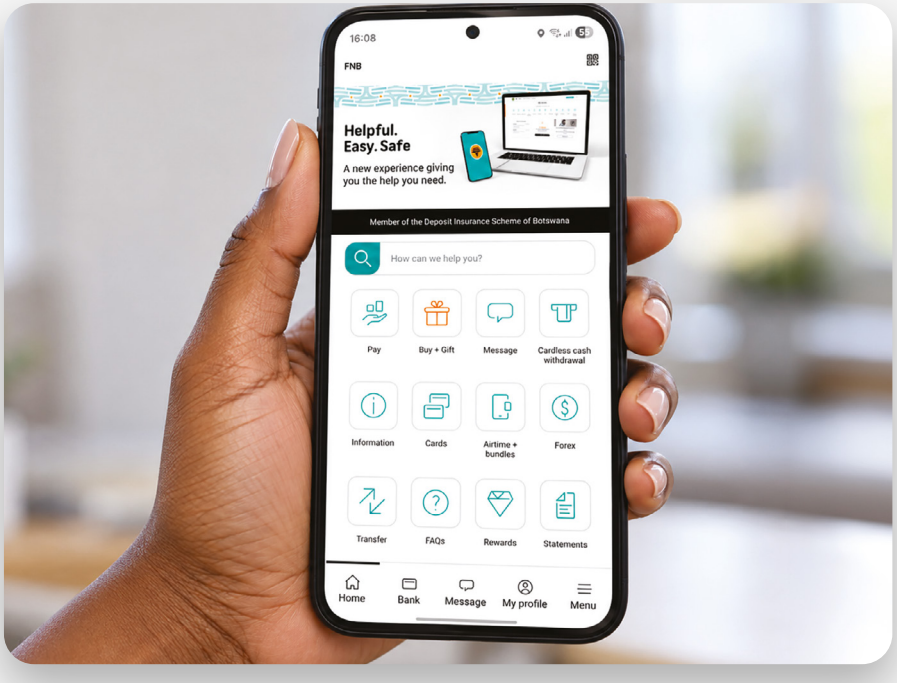
Read more on page 79.

Zero-rating that makes a difference

FNB Botswana offers a zero-rated mobile banking service, enabling clients to access the FNB Banking App (FNB App) without incurring mobile data charges from any local mobile network operator (MNO). By absorbing the cost of connectivity on behalf of our clients, we are making digital financial services more accessible and advancing our commitment to financial inclusion and inclusive economic participation. Zero-rating is particularly valuable for rural and peri-urban communities, students, young people and informal workers, who can access essential banking services without concern over data costs.

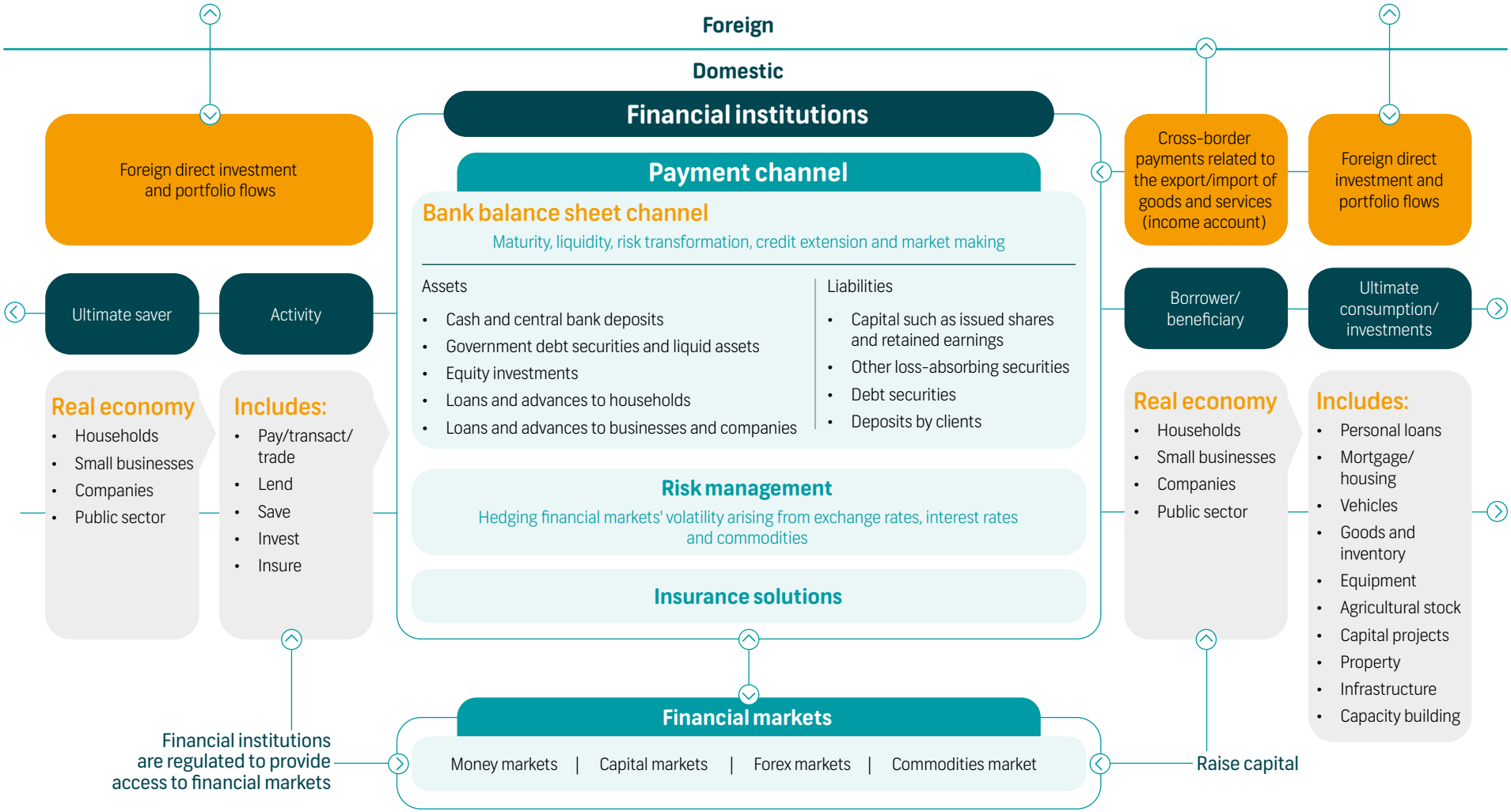
Zero-rating also supports the transition to a less cash-dependent economy. Increased use of digital payments improves convenience and security for clients while reducing the costs associated with cash handling and servicing. For micro-enterprises and SMEs, zero-rated access enables them to accept digital payments, monitor cash flows and manage their businesses more efficiently, thereby strengthening grassroots economic activity.

Complementing this approach, FNB Botswana offers several zero-charge services, including card swipes, Cash@Till, and electricity and airtime purchases. Together, these offerings reinforce the Bank's commitment to making banking more affordable, accessible and inclusive.



The role of financial institutions in society

Financial institutions are reimagining help to shift from being custodians of money to being enablers of people's and nations' progress. The traditional role was simple: keep deposits safe, lend prudently and make a return for shareholders. Building on that foundation, we are thinking more about where capital flows can shape the country's future or how to build social benefits into our core business.



Providing integrated financial services

FNB Botswana is a trusted financial partner to individuals, families and businesses, helping them reimagine their futures and achieve their objectives. Our platforms have been designed to make help affordable and accessible, giving clients more choice, greater convenience and the flexibility to engage with us the way that suits their needs.

What we stand for

Vision

We are a financial solutionist of choice, delivering exceptional stakeholder experiences

Mission

Our empowered people provide personalised solutions to create shared prosperity

How we serve

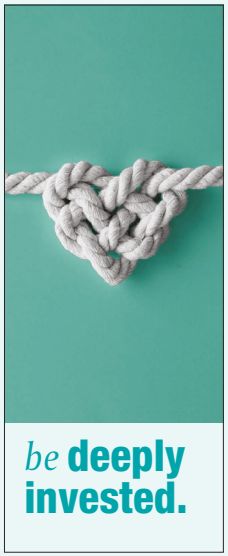
- Thuso (Real help)
- Thuto (Education)
- Botho (Humility)

Our services

Our financial services encompass transactional banking, savings and investments, credit and financing, merchant solutions, currency and commodity services, infrastructure and project finance, and advisory services.

Our promises

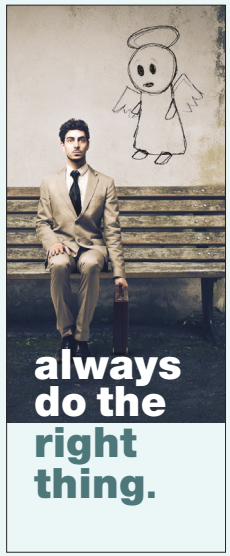


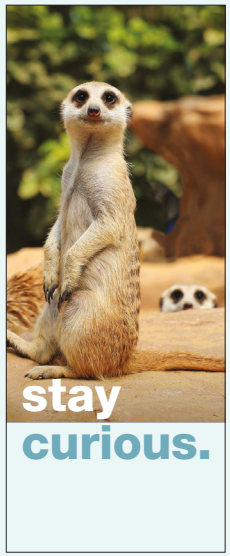












Our 2030 Strategy

We delivered on the first year of our 2030 Strategy, which aims to position FNB Botswana as a financial solutionist of choice, delivering exceptional stakeholder experiences.

Strategic pillars

Agile and empowered people

Future-proof and empowered people with the ability to adapt to changes in the market, technologies and environment

Transform and disrupt

Leverage digitalisation and agility to stay ahead of the curve in the face of innovative, disruptive technologies

Sustainable growth

Develop partnerships and collaborations to support expansion to become a leading financial services company

Simplified and personalised experiences

Simplified, hyper-personalised client experiences to improve client loyalty, retention and growth

Value preservation

Safeguarding of overall value through ensuring adherence to laws and risk management efforts

Underpinned by shared prosperity

Our commitment to shared prosperity is anchored in an inclusive balance sheet that empowers all stakeholders.

We aim to foster diverse sustainable finance solutions and champion SME development

Celebrating excellence in FY2026

2026

- FNB Botswana awarded the Top Employer Award in Botswana and Africa 2026.
- RMB rated Best Sub-Custodian for 2026 by Global Finance.
- Best Bank in Botswana 2026 by Euromoney Awards for Excellence.
- Best Bank for ESG by Euromoney Awards for Excellence.
- Botswana's Best for Markets by Euromoney Awards for Excellence.
- Botswana Service Excellence Awards – Best Contact Centre.
- Botswana Service Excellence Awards - Best Banking Sector.

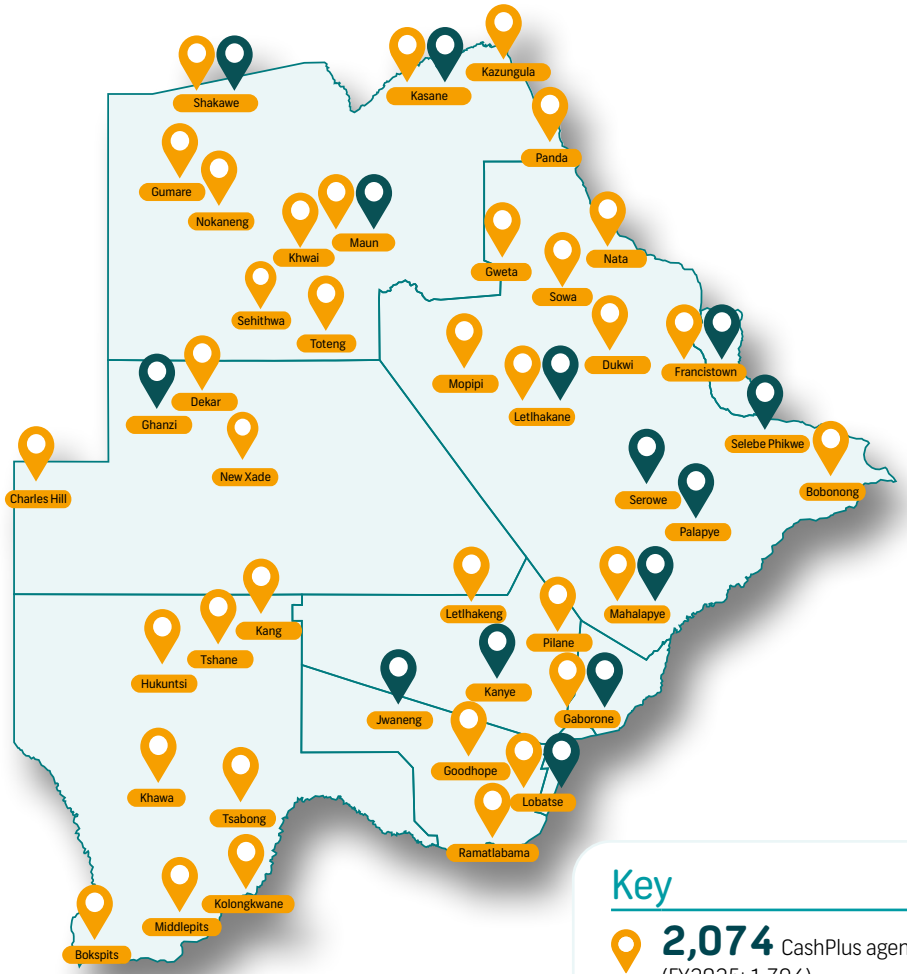
2025

- FNB Botswana awarded Top Employer Award 2025.
- Best Private Bank by Euromoney Private Banking Awards 2025.
- Most Admired Financial Services Brand by Brand Africa Awards 2025.
- Best Bank in Botswana 2025 by Euromoney Awards for Excellence.
- Best Bank for ESG by Euromoney Awards for Excellence.



Serving Botswana nationwide

As we reimagine help, we shift from where the Bank is to where the Bank makes a difference. Our extensive national footprint is key to helping clients where they are and meeting them in how they want to bank. Our omni-channel strategy complements our physical presence in delivering a seamless, relevant and intuitive banking experience across all client touchpoints.



Key

2,074 CashPlus agents (FY2025: 1,794)

26 FNB Botswana branches (FY2025: 25)

We serve our clients through an integrated multi-channel approach that combines our nationwide branch network, a 24/7 toll-free Contact Centre, digital platforms, financial advisors, relationship bankers and merchant partners.

768,000+ Clients (FY2025: 753,000+)

15 000 new-to-Bank clients (FY2025: 47,000)

+35 net promoter score (NPS) (FY2025: +68.3)

We continue to strengthen our Contact Centre capabilities to enhance the client experience and operational efficiency. We provide 78 services through the Contact Centre (FY2025: 67). This has enabled us to migrate additional services to the Contact Centre as part of our integrated omni-channel strategy, which seamlessly integrates self-service solutions, digital platforms and the CashPlus agent network. This approach drives improved service delivery, reduces reliance on branch-based transactions, and enables clients to access banking services seamlessly, conveniently and securely whenever and wherever they need them.

Physical platforms other than branches

Our physical platforms beyond branches improve service delivery, reduce reliance on branch-based transactions, and provide clients with seamless, convenient access to banking services whenever and wherever they need them.

3 Premium Suites* (FY2025: 3)

86 automated deposit teller machines (ADTs) (FY2025: 85)

15,572 point-of-sale (POS) machines (FY2025: 15,366)

174 automated teller machines (ATMs) (FY2025: 174)

* *A centralised place where high-net-worth individuals receive personalised relationship management, priority client service and exclusive access to banking services.*

Digital and other platforms

CashPlus

CashPlus enables both FNB and non-FNB clients to conveniently access essential financial services through a network of CashPlus agents. Using an active mobile phone number and a one-time PIN (OTP), clients can withdraw or deposit cash or eWallet funds, purchase electricity and airtime, and pay bills directly from their FNB accounts.

Help is most powerful when it travels further, reaching more people and creating lasting impact on communities we serve. Our digital platforms deliver accessible efficient banking solutions to clients wherever they are.

2,074
CashPlus agents
(FY2025: 1,794)

11 million
CashPlus transactions
(FY2025: 9.3 million)

P9.3 billion
CashPlus transactional value
(FY2025: P7.8 billion)

Cash@Till

Cash@Till allows FNB clients to withdraw cash seven days a week at partner stores nationwide by swiping their FNB Visa cards on POS machines.

440
partner stores
(FY2025: 348)

289,598
transactions
(FY2025: 285,032)

P95 million
cash withdrawal value
(FY2025: P101 million)

eWallet

eWallet enables FNB clients to instantly send money to anyone with an active mobile phone number, even if the recipient does not have a bank account.

15.2 million
eWallet transactions
(FY2025: 14.6 million)[1]

eWallet Pro

eWallet Pro is a secure, efficient payment solution for businesses that need instant disbursement to both banked and unbanked beneficiaries. The platform supports payroll payments, supplier disbursements, incentives, and other bulk payment requirements.

P238 million
in wallet funding
(FY2025: P96 million)

P163 million
in eWallet Pro card transactions
(FY2025: P55 million)

Speedee

Speedee is a pocket-sized, printerless POS device designed for SMEs and merchants operating mobile businesses, with no rental or application fees. Merchants can send receipts via SMS or email to cardholders after payments and receive an email breakdown of transactions.

Reimagining help means seeing every hawker, content creator and solopreneur as someone whose ambitions matter, and creating the financial solutions that turn those ambitions into opportunity.

1,065
machines rolled out
(FY2025: 884)

FNB Banking App

The FNB App enables FNB clients to bank and transact anytime, anywhere. This includes purchasing airtime and electricity, making payments, sending money via Pay2Cell or eWallet, making local and international transfers, processing foreign exchange transactions and updating their Know Your Customer (KYC) information.

424,000
FNB App users
(FY2025: 384,000)

Zero-rated across all MNOs

P26 million
airtime purchases
(FY2025: P27 million)

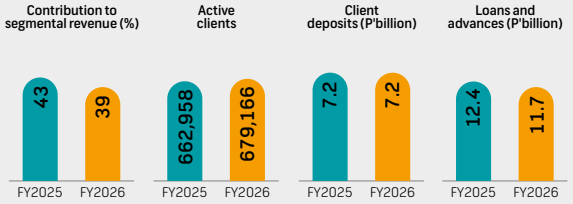
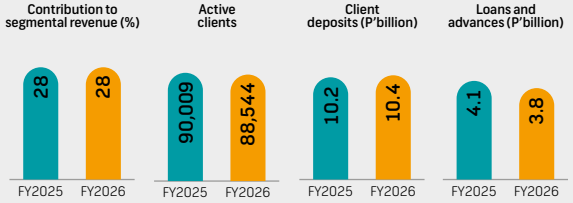
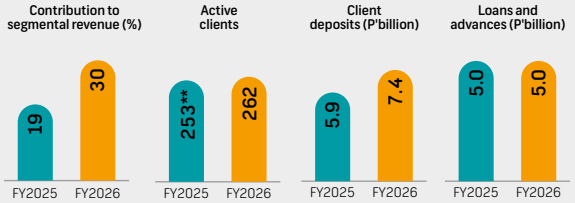
P4.0 million
electricity purchases
(FY2025: P4.0 million)

[1] *In FY2025, this was incorrectly reported as 17.4 million.*

Delivering through three client segments

Our clients are at the heart of everything we do. Through our three business segments, we deliver tailored financial solutions that meet the evolving needs of individuals, small and medium-sized enterprises, corporates and institutional clients.

Our centralised functions provide strategic and operational support across all client segments. These include ICT, Operations, Finance, Human Capital, Marketing and Communications, Risk, Internal Audit, Compliance, Treasury, Governance, Legal and Sustainability. Treasury manages liquidity and funding, with treasury deposits increasing to P3.3 billion this year (FY2025: P3.1 billion).

	Clients	Areas of strength and differentiation	Indicators
 **Retail Banking** **Monkgogi (Mo) Mogorosi** *Retail Executive*	We serve individuals across all life stages and income segments, including those in formal and informal employment, children, students, solopreneurs and private business owners. Our solutions include transactional banking, savings and investment, insurance, loans and advances, and asset and vehicle financing. We have a comprehensive integrated advice programme that helps clients build a healthy relationship with their finances.	• **Leading payments capabilities:** A wide variety of fast, secure and seamless payment solutions. • **Award-winning digital banking:** Market-leading digital platforms make banking simple, intuitive and convenient. • **Nationwide reach:** Our 26 branches and +2,000 CashPlus agents bring banking closer to communities. • **Multi-currency banking:** Transactional accounts in USD, GBP, EUR and ZAR for clients' cross-border banking and currency hedging needs. • **Zero-rated FNB App:** Clients enjoy data-free access to the FNB App across all local MNOs. • **24/7 toll-free Contact Centre:** Clients can access support anytime, from any network, at no cost.	 **Read more on page 88**
 **Commercial Banking** **Valentine Harward** *Acting Commercial Executive**	We foster inclusive growth and long-term sustainable development by delivering responsible banking services and cultivating strategic partnerships across all sectors. This includes small-, medium- and large-scale enterprises, parastatals, local Government entities and non-governmental organisations (NGOs). Our tailored solutions address all business banking needs, including transactional banking, lending, insurance, trade and working capital solutions, merchant services and Islamic banking.	• **Expanding banking access:** Our growing CashPlus agent network extends affordable, convenient banking services to underserved communities. • **Enabling digital payments:** Responding to changing client preferences by expanding mobile money acceptance, including the roll out of eWallet acceptance on POS devices. • **Enhanced foreign exchange solutions:** Digital foreign exchange dealing capabilities provide real-time rates and seamless trade execution, while new foreign currency lending solutions are being developed to support international business. • **Simplifying customs payments:** The only Bank in Botswana offering straight-through Botswana Unified Revenue Service (BURS) customs duty tax payments, a faster, simpler and more efficient payment experience.	 **Read more on page 90**
 **Rand Merchant Bank (RMB)** **Harriet Mlalazi** *RMB Executive*	We service large corporate and institutional clients covering the mining, oil and gas, retail, telecommunications, financial institutions, sovereign entities and diversified sectors. Our integrated and comprehensive range of investment banking solutions encompasses lending and advisory, global markets, custody and transactional banking. These capabilities support our clients to grow, manage risk and unlock opportunities. Sustainability is a core component of our strategy, guiding how we allocate capital, advise clients and contribute to inclusive and sustainable economic development.	• **Entrepreneurial, future-fit talent:** Our agile, client-centric culture and investment in leadership, talent and technical expertise underpin innovation and competitive advantage. • **Leading foreign exchange provider:** A market-leading foreign exchange franchise, underpinned by deep market expertise, strong client relationships and proven execution capability. Our scale, liquidity and risk management expertise enable clients to navigate market volatility. • **Leading custody franchise:** A decade of recognition as Botswana's leading custodian reflects the strength of our platform, operational excellence and trusted client relationships. • **Largest POS acquiring network:** Our merchant POS network delivers unmatched reach, seamless payment experiences and innovative acquiring solutions. • **Sustainable finance leadership:** We integrate ESG principles across our business, deliver sustainable finance solutions and help clients navigate their sustainability journeys.	 **Read more on page 92**

* *Kabanda Lilanda joined the Bank as Commercial Executive post year-end. Valentine Harward led the segment for the reporting period.*

** *Reported client numbers reflect a revised methodology for measuring the client base.*

Providing a strong investment proposition

FNB Botswana is a trusted market leader, recognised for delivering innovative banking solutions, exceptional client experiences and meaningful value to the communities we serve. Our reputation, underpinned by the dedication of our people and a culture of continuous innovation, provides a strong platform for growth, resilient earnings and our strategic evolution into a diversified financial services provider.

1. Market leadership underpinned by a strong national footprint

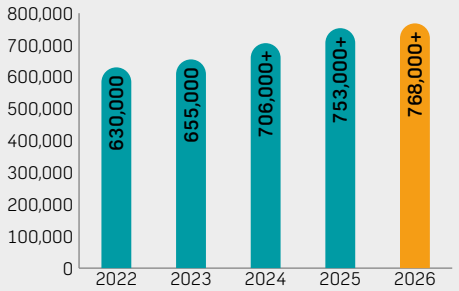
- A 35-year history in Botswana.
- Botswana's largest commercial bank by balance sheet size, client numbers and income as at 30 June 2026.
- Consistent year-on-year growth in client base.
- Significant opportunity for further growth as a diversified financial services provider to meet underserved client needs.
- Brand leadership position supported by flagship corporate sponsorships and positive impact on society.

Read more about plans to leverage our brand to transition to a holistic financial services provider on page 58.

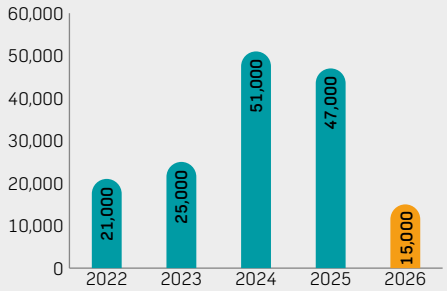
8 Banking awards won (FY2025: 8)

75.4% External Client Satisfaction Index in FY2025

Number of clients



Number of new-to-bank clients

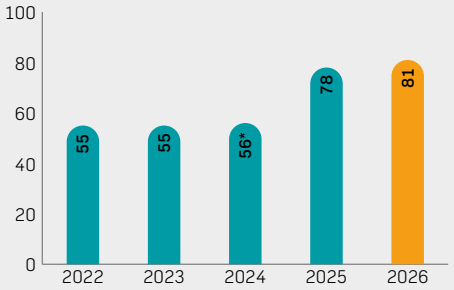


2. Driving innovation through advanced digital capabilities

- Reliable outcomes for clients with competitive products and services.
- Digital channels offering a simplified client experience and increased self-service options.
- A scaled-up Contact Centre enhancing service accessibility and real-time solutions, as well as reducing pressure on the branch network for better efficiencies.
- Optimised and automated processes for quicker turnaround times and improved client experience.
- Ability to harness data-driven insights to design and deliver hyper-personalised client experiences.
- Machine learning predictive capabilities to detect client attrition risks to amplify retention strategies.

Read more about our drive to improve operational efficiencies on page 64 and client experience on page 67.

% of client adoption of digital channels



* *This was incorrectly reported as 71% in last year's report.*

27% processes automated, 81 processes from a targeted 300 processes for the five-year strategy period

92% process risk maturity (FY2025: 82%)

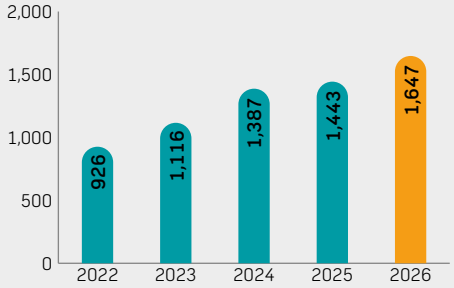
97% KYC compliance (FY2025: 96%)

3. Financial resilience through disciplined execution and diversified earnings

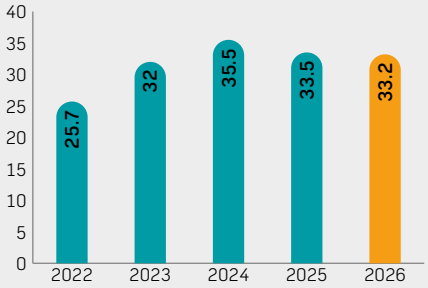
- The largest company on the Botswana Stock Exchange by market capitalisation.
- A track record of steady income growth and consistent dividends.
- Strong growth of non-interest income provides earnings diversification.

Read more about our financial performance on page 22.

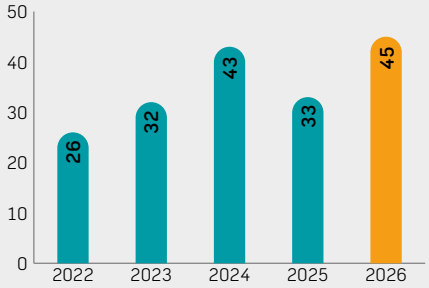
Profit after tax (P'million)



Return on equity (%)



Dividend per share (thebe)



4. A diverse, competent and stable leadership team

- A respected Board with an appropriate mix of knowledge, skills, experience, diversity and independence.
- Stable and experienced executive management (ExCo).
- A robust Talent Framework to develop executive leadership capabilities.
- High standards of ethics, leadership and governance.

Read more about our governance structures and activities for FY2026 on page 95.

60% Home-Grown Index for ExCo (FY2025: 69%)

75% of Directors are independent (FY2025: 75%)

4 years average experience at an executive level (FY2025: 4 years)

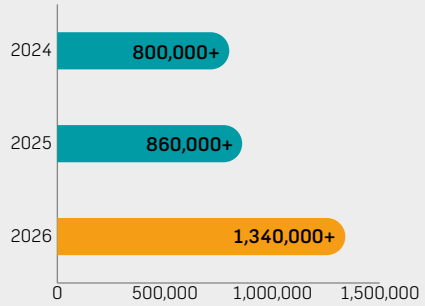
75% of Directors are citizens (FY2025: 75%)

5. Creating shared prosperity[1] for our stakeholders and the nation

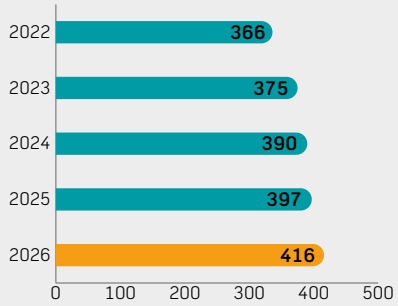
- Well-positioned to support Botswana's national diversification priorities.
- Profitable and proven strategies to increase financial inclusion at scale.
- Market position as the leading sustainability financier.
- Shared prosperity considerations are embedded within operations, strategy and funding processes.

Read more about shared prosperity and ESG initiatives from page 71.

Individuals reached through financial literacy and awareness campaigns



Procurement through local companies (P'million)



P168 million approved for sustainable finance across all business segments (FY2025: P997 million)

P168 million sustainable finance disbursed (FY2025: P851.3 million)

P9.9 million in CSI (FY2025: P6.2 million)

P27.7 million in corporate sponsorships (FY2025: P26 million)

P9.3 billion transactional value through CashPlus (FY2025: P7.8 billion)

[1] *intentionally using the Bank's core business activities, including its role in allocating capital to the economy, to add value to society – profitably and at scale.*



In a year characterised by volatile global and regional geo-political and economic landscape as well as consequent deterioration in domestic macro-economic conditions, our focus remained on supporting our clients, protecting the Bank's balance sheet, ensuring resilience and sustainability as well as laying foundations for future growth.

Leadership **Perspectives**

17 | In conversation with the Chairperson
19 | The CEO's reflections
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In conversation with the Chairperson

FY2026 was one of the most difficult years Botswana has faced in recent years. The continued weakness in the global diamond market, growing pressure on Government finances and limited liquidity highlight the need to build a more resilient and diversified economy. These challenges require businesses, Government and society to rethink how we help each other to create sustainable economic growth.



Balisi Mohumi Bonyongo
Board Chairperson

How has the operating context influenced the Bank's role and priorities?

Botswana's operating environment has changed significantly, with the economy's exposure to the diamond sector contributing to fiscal pressures, constrained liquidity, higher funding costs and affordability challenges for businesses and consumers alike. Against this backdrop, disciplined leadership, prudent risk management and sound capital stewardship are essential, while recognising that economic recovery requires broader participation beyond Government.

In turbulent times, our clients remain at the heart of every decision we make. We must balance maintaining a resilient business with supporting clients. At times, this has required difficult commercial decisions. However, I firmly believe that preserving long-term client relationships and helping businesses and households remain resilient will create greater value over time.

We strengthened the way we serve our clients by investing in future-fit banking capabilities. Our focus on digital transformation, data analytics and technology enablement supports more responsive, personalised and seamless banking experiences. Greater use of artificial intelligence (AI) and data analytics will help us better understand clients' needs and respond with simpler, faster and more relevant financial solutions.

We are also committed to ensuring that the benefits of banking are accessible to more Batswana. By expanding financial inclusion and strengthening support for SMEs, more individuals and businesses can participate meaningfully in the formal economy. We will measure our long-term success not only by our financial performance but also by how we help our clients prosper and contribute to Botswana's economic growth and development.

How does the Bank reimagine helping to advance Botswana's national development priorities?

We have a responsibility to work alongside Government to help the nation navigate this period of uncertainty. We must reimagine how we help, not only by supporting our clients, but also by contributing our expertise, capital and capabilities to Botswana's sustainable development.

The country's prolonged dependence on the diamond industry underscores the need to stimulate new sources of growth. We engage with policymakers and public institutions to support the implementation of Botswana's national transformation agenda. We see value in contributing to initiatives that advance economic diversification, foster private-sector participation, and unlock strategic projects that support Botswana's development ambitions. By bringing our financial expertise to the table, we can accelerate economic diversification and support the country's long-term growth ambitions.

We create shared prosperity through our core business. This includes expanding financial inclusion, enabling SMEs, advancing sustainable finance and using our balance sheet to generate positive economic and social outcomes.

How would you describe the Bank's performance in FY2026?

I am pleased with the resilience the Bank demonstrated during a year characterised by considerable economic uncertainty. We delivered another strong financial performance, reflecting our management team's discipline and the strength of our diversified business model. The Bank achieved P2.11 billion PBT, 5% above budget, despite the constrained operating environment.

Our performance underscores our progress over several years in diversifying our earnings base, as sustainable growth cannot rely solely on traditional lending activities. By strengthening our transactional banking capabilities, deepening client relationships and expanding non-interest revenue streams, we have built a more robust business model that is better positioned to navigate evolving market conditions. Our non-interest revenue is P2.31 billion, equivalent to 57% of total income.

The Board intensified its oversight of capital, liquidity and credit risk, while ensuring the Bank remained resilient amid heightened economic uncertainty. Our non-performing loans remained within appetite, demonstrating strong credit quality despite the headwinds.

Reimagining help means reimagining our role – not simply as a bank, but as a committed partner in Botswana's growth, invested in the prosperity of every sector and every community we touch.

How did the Bank deliver against the first year of its 2030 Strategy?

This year, the Board oversaw progress on initiatives to accelerate digital transformation, strengthen our technology and data capabilities, modernise our core banking platform and invest in the leadership and specialist skills required to build a future-ready Bank. These initiatives will enhance client experience, improve operational agility and enable us to deliver the innovative financial solutions that our clients expect.

A key milestone in our 2030 Strategy is the modernisation of our core banking platform. With the foundational phases largely completed during the year, the Board recognises this investment as critical to strengthening our long-term competitiveness and enabling faster innovation and more personalised client experiences.

The first year of our 2030 Strategy has reaffirmed the Board's belief that quality execution will determine our long-term success. This requires consistent, decisive execution at pace.

While I am pleased with our progress, we could have deployed client-facing digital capabilities faster. As a result, the Board has sharpened its focus on execution excellence and oversight. Every major programme is underpinned by clearly defined milestones, robust implementation plans and measurable outcomes so that progress can be monitored and corrective action taken where necessary. This will ensure we monitor progress, manage risks and ensure that strategic investments translate into meaningful outcomes for our clients.

How is the Bank building the capabilities needed to deliver the 2030 Strategy?

Successfully executing the 2030 Strategy requires the right leadership, technical expertise and organisational capability. As the banking landscape becomes technology-enabled, we must ensure that we have the specialist skills and leadership capabilities to remain competitive. This year, the Board placed greater emphasis on identifying critical roles, strengthening internal talent pipelines and accelerating the development of future leaders.

We are building capabilities in areas such as data science, cybersecurity and advanced analytics. In parallel, our leadership development programmes are cultivating a culture of accountability, high performance and execution excellence. Through dedicated internal academies, the Bank will equip employees with the technical and leadership skills needed to support long-term organisational resilience and ensure a sustainable talent pipeline.

The Directors' Affairs and Governance Committee (DAGC) oversees succession planning for the Board and ExCo, ensuring the Bank maintains a strong leadership pipeline.

How has the Board strengthened governance to support the Bank's long-term resilience?

Good governance begins with high ethical standards and strong leadership. We strengthened our governance arrangements through the Board Compliance and Conduct Committee (BCCC), ensuring that robust policies, frameworks and controls remain in place to support compliance, including anti-money laundering, fraud prevention and broader regulatory obligations. We also strengthened our governance framework by enhancing oversight of ethics and conflict-of-interest management.

We approved a formal Succession Framework to guide the orderly succession of the Chairperson, Committee Chairs and Board members. The framework provides greater clarity around succession processes, supports continuity of governance and enhances the Board's ability to maintain effective oversight through planned leadership transitions. Together, these enhancements reinforce the Board's commitment to transparent, accountable and effective leadership in support of the Bank's long-term success.

The Board continued to oversee the embedding of sustainability considerations into its governance and decision-making processes. Sustainability is embedded in our strategy, risk management and capital allocation decisions, enabling the Bank to manage long-term risks, allocate capital responsibly, build resilience and create sustainable value for all stakeholders. We are deepening our ability to measure and manage our impact across shared prosperity, the environment, employee development and wellbeing.

What message would you like to leave with stakeholders?

The environment calls for resilience, innovation and partnership. We must reimagine how we help our clients and build a more inclusive and sustainable future.

Our focus for FY2027 will be on disciplined execution of the 2030 Strategy and translating it into measurable outcomes. We will accelerate technology modernisation, strengthen leadership and organisational capabilities, and maintain financial resilience through prudent capital, liquidity and risk management. We will also continue to strengthen governance and respond proactively to regulatory change.

Ongoing collaboration between the Bank and our regulators will be essential to maintaining confidence in the financial system and supporting the long-term stability of Botswana's banking industry.

On behalf of the Board, I thank our clients for their trust; our employees for their resilience and commitment; my fellow Directors for their stewardship; and our regulators, shareholders and communities for their continued partnership.

Together, we remain committed to building a stronger future for our nation.



Balisi Mohumi Bonyongo
Board Chairperson

The CEO's reflections

For 35 years, FNB Botswana has evolved alongside the country, adapting to changing market conditions while remaining steadfast in its commitment to clients, shareholders and communities.



Steven Lefentse Bogatsu
Chief Executive Officer (CEO)

During the year, we remained focused on what matters most: reimagining help for our clients, protecting the strength of our balance sheet and positioning the Bank for sustainable long-term growth. This meant delivering innovative, accessible and inclusive solutions that help our clients thrive in a changing environment.

FNB Botswana delivered a strong financial performance that reflects the strength of our diversified business model and strategic priorities. Against a difficult economic backdrop, we protected balance sheet quality, supported our clients and allocated capital prudently. We accelerated transaction-led growth, including transactional banking, foreign exchange and other fee-based activities. This strategic pivot strengthened non-interest revenue and improved the quality of our earnings.

The operating environment required several deliberate trade-off decisions during the year:

- We prioritised portfolio quality over growth, limiting new lending in higher-risk segments, protecting portfolio quality and allocating capital with discipline.
- We managed costs tightly while continuing to invest in long-term strategic priorities. This includes investments in digital transformation, technology modernisation, data capabilities and our people to bolster our competitive position and improve the way we serve our clients.
- We accepted that certain transformation initiatives, particularly the modernisation of our core banking platform, are long-term initiatives and we ensured that they were implemented responsibly and without compromising on client experience.

While these decisions moderated some short-term outcomes, they have strengthened the Bank's foundations and positioned us to deliver long-term growth.

Delivering our 2030 ambitions

FY2026 marked the first year of our 2030 Strategy, and I am encouraged by the meaningful progress in laying the foundations for the financial institution we aspire to become. While the operating environment required us to adjust some priorities, our strategic direction remains unchanged.

> *Our vision for FNB Botswana in 2030 extends far beyond being a traditional bank. We aspire to be a trusted financial partner that helps our clients realise their aspirations by meeting their financial and adjacent needs.*

Through deeper client insights, advanced data analytics and digital innovation, we will simplify banking by anticipating our clients' needs and delivering seamless, personalised experiences. Supported by a holistic, 360-degree view of each client, we will provide relevant solutions at the right time, creating meaningful value and building lasting relationships. Collaborating with strategic partners, including fintechs and development finance institutions (DFIs), will also enable our strategy.

We also made important progress in modernising our technology platforms, expanding digital propositions, strengthening data and analytics capabilities, and introducing innovative client solutions such as FNB ChatPay and the FNB Motshelo account. We also continued to invest in leadership and organisational capabilities.

FY2026 has reaffirmed that our strategy is the right one. With a clear strategic direction, a strong balance sheet and an unwavering focus on our clients, I am confident we are well positioned to accelerate execution and create sustainable value for all our stakeholders in the years ahead.

Building capabilities for 2030

Our ability to execute the 2030 Strategy depends on our people, and we are building a future-ready Bank by investing in the skills, leadership, culture and technology needed to succeed. Technology further enables our people to succeed, with AI-enabled capabilities providing better tools, richer data insights and more streamlined processes to support decision-making, simplify ways of working and enhance how we serve our clients.

Our focus extends beyond technical expertise to fostering a culture of accountability, agility and disciplined execution. By empowering our people to take ownership, embrace innovation and collaborate, we will build a high-performing workforce capable of delivering on our strategic ambitions and responding effectively to a rapidly changing operating environment.

These investments are strengthening our organisational capability and positioning the Bank to execute our strategy with greater speed and precision.

Read more about our human capital strategy on page 59.

Creating value through diversification

Each of our business segments delivered a healthy performance, demonstrating the benefits of a diversified portfolio and a continued focus on meeting our clients' evolving needs.

Retail Banking

Our 2030 Strategy outlines our ambitions to provide tailored, data-driven solutions that deliver hyper-personalised client experiences. We aim to support shared prosperity by providing solutions for the entry-level market and banking unbanked and underbanked populations, enhancing inclusive financial services in Botswana.

Retail Banking demonstrated the resilience of its business model in a subdued operating environment. We slowed advances' growth in a high-interest environment that would further pressure consumers. The segment successfully pivoted to transaction-led growth, lifting its contribution to non-interest revenue. A disciplined approach to balance sheet management protected portfolio quality, while investment in digital and payment capabilities, client value propositions and financial inclusion strengthened our competitive position.

Supporting our clients through difficult circumstances was our highest priority. This included helping financially distressed clients restructure their debt obligations through the Real Help initiative (read more on page 6). We also intensified fraud awareness campaigns to help clients protect themselves from scams, which tend to escalate during difficult times.

Commercial Banking

Our 2030 Strategy focuses on growing our SME client base and refining service models to better serve underweighted sub-segments, including micro-enterprises.

The segment delivered a strong performance despite a subdued lending environment and pressure on the SME sector. Total income increased, supported by deposit mobilisation, disciplined balance sheet management and growth in foreign exchange income. The segment also advanced its ecosystem banking strategy, including through CEEP, deepening partnerships across various value chains.

Despite strong competition and constrained market liquidity, total deposits increased to P10.4 billion, strengthening the Bank's funding base. Advances declined to P3.8 billion as we adopted a more selective lending approach, prioritising portfolio quality and risk-adjusted returns. The segment focused on sectors with strong fundamentals and long-term growth potential, including agriculture, tourism, renewable energy and non-diamond mining.

RMB

The 2030 Strategy seeks to cement RMB's position as a trusted partner and a leading provider of integrated corporate, investment banking and advisory solutions.

RMB delivered an exceptional performance, demonstrating the resilience and strength of its diversified corporate and investment banking franchise. Profit before tax more than doubled compared with FY2025, underpinned by strong growth in non-interest revenue, disciplined balance sheet management and momentum across foreign exchange, merchant services and advisory activities.

The increase in deposits to P7.4 billion reflects successful client acquisition, diversified funding base and effective cash management solutions. Advances remained broadly flat as we adopted a disciplined approach to capital deployment amid subdued lending activity. RMB strengthened its market position by expanding fee-based, capital-light businesses, deepening strategic client relationships and supporting sectors aligned with Botswana's economic diversification agenda.

The Bank is helping clients access capital, finance strategic projects, manage risk and navigate the transition towards a more sustainable and diversified economy. While demand for sustainable finance transactions was subdued, RMB demonstrated its sustainability thought leadership in industry forums, client engagements and market insights. The Bank also played an active role in shaping Botswana's National ESG Framework, reinforcing its commitment to developing a more sustainable and resilient economy.

Navigating leadership transitions

This year, FNB Botswana lost our colleague, Jennifer Makgabenyana, Commercial Banking Executive. Jennifer was an exceptional leader whose integrity and warmth left an enduring mark on our business. During her 16 years with the First Rand Group and her time at FNB Botswana, she played a pivotal role in strengthening Commercial Banking, developing our people and building lasting relationships with clients. Her passion for helping businesses grow and her commitment to delivering exceptional client experiences embodied the best of FNB Botswana. On behalf of the Board, ExCo and employees, I extend our deepest condolences to Jennifer's family and loved ones.

We are pleased to welcome Kabanda Lilanda as our new Commercial Executive, effective 1 September 2026. Joining us from FNB Zambia, Kabanda brings more than two decades of banking experience, together with extensive regional experience across African markets. I would also like to thank Valentine Harward for her leadership and support during the recruitment process, and the Commercial Banking team for their patience during this transition.

We also bid farewell to Mathews Phetogo, who concluded his journey with the Bank on 31 August 2026. Mathews joined FNB Botswana in 2013 and made a meaningful contribution to the Bank's growth and evolution. We thank Mathews for his contribution and wish him success in his future endeavours. Following this transition, Duncan Gareatshela was appointed Acting Chief Operating Officer (COO), effective 1 September 2026, while we continue the process of appointing a COO. Trevor Jansen has also been appointed Acting Chief Data and Analytics Officer. These appointments provide leadership continuity as we continue to strengthen our operational and data capabilities.

Recruitment for the Chief Financial Officer (CFO) position is ongoing.

Carrying momentum into FY2027

As we look ahead, our priorities remain firmly anchored in executing our 2030 Strategy. While the economic environment is expected to remain constrained, we are confident that the actions we took in FY2026 have strengthened our foundations and positioned us to capture future opportunities.

We will remain focused on accelerating execution, deepening client relationships and continuing to build a more agile, resilient and future-ready Bank that shows up for our clients with greater speed and conviction.

Execution excellence will remain our foremost priority. We have a clear strategy and a compelling vision, and we are now focused on delivering with greater pace, discipline and accountability. This includes:

- Accelerating the modernisation of our core banking platform.
- Embedding digital capabilities across the Bank.
- Simplifying our operating model to improve efficiency, enhance client experiences and enable faster innovation.

We will diversify our earnings by growing transactional banking, expanding fee-based income and strengthening relationships across all three segments. We will invest in the capabilities that will define the future of banking. This includes digital and data capabilities, leveraging AI to enhance decision-making and personalisation, and equipping our people to thrive in a technology-enabled environment.

Executing our strategy is about more than delivering financial results; it is about ensuring the Bank remains relevant in a changing economy. We will maintain a disciplined approach to capital allocation and risk management, ensuring that lending supports sectors with strong long-term growth potential and aligned with Botswana's economic diversification agenda. These include agriculture, tourism, renewable energy, non-diamond mining and other productive sectors.

The banking and broader financial services industry is undergoing rapid transformation. Traditional financial services providers are becoming platform businesses that integrate financial and adjacent services into seamless client ecosystems. Fintechs are also reshaping the competitive landscape.

Partnerships between banks and fintechs can accelerate innovation, reduce time to market and enable the delivery of more personalised solutions that better meet clients' evolving needs. Looking ahead, partnerships with fintechs will also enable our strategy and make financial services more accessible to Batswana.

Acknowledging stakeholders' contributions

I extend my sincere appreciation to every FNB Botswana employee for their resilience, professionalism and commitment to serving our clients during an extremely challenging period. Their dedication enabled us to safeguard the business and deliver growth in an environment where simply maintaining performance would have been noteworthy. This shows that resilience is forged in times of uncertainty.

I also thank the ExCo for their hard work, sound judgement and steadfast leadership. My sincere appreciation extends to our Board for their strategic guidance, constructive oversight and continued support as we execute our 2030 Strategy.

To our clients, thank you for the trust and confidence you place in FNB Botswana. We are privileged to partner with you as you navigate an evolving economic landscape. I also wish to acknowledge our regulators, shareholders, strategic partners and the communities we serve for their ongoing collaboration. Together, we are building a stronger, more resilient and more prosperous Botswana.

While the challenges before us remain significant, I am confident that through disciplined execution, innovation and partnership, we will create sustainable value for all our stakeholders and realise our ambition of becoming Botswana's most trusted financial partner.



Steven Lefentse Bogatsu
Chief Executive Officer (CEO)



Insights from the Acting CFO and Treasurer

In FY2026, the Bank demonstrated the resilience of its diversified business model by achieving broad-based growth, prudent lending practices and maintaining strong balance sheet, good quality loan book, sound liquidity and capital management.



Orapeleng Senwelo
Acting Chief Financial Officer (CFO)

Tshepiso Mokgethi-Magapa
Treasurer

Delivered strong results

The Bank delivered a strong financial performance in FY2026, with profit before tax (PBT) expanding 12% to P2.117 billion (FY2025: P1.884 billion). This performance reflects the resilience of the underlying business, supported by:

- strong growth in foreign exchange income;
- increased transaction volumes across major business lines; and
- stringent cost management.

Growth in advances slowed by 5% as prolonged weakness in the domestic economy, constrained liquidity, elevated funding costs and subdued credit demand pressured traditional lending income. This required a more cautious approach to lending and capital deployment. We carefully balanced supporting our clients through a difficult period with preserving loan portfolio quality, protecting liquidity and maintaining appropriate returns for shareholders. At the same time, we continued investing in the strategic capabilities that will underpin long-term competitiveness, while remaining disciplined in our approach to costs, funding and risk management.

Non-interest revenue was a key contributor to financial performance, increasing by 30% to P2.314 billion (FY2025: P1.780 billion). This reflects continued progress in achieving broad-based growth. Growth was supported by higher digital transaction volumes, increased payments activity, stronger foreign exchange income and continued momentum in fee-based business lines, including merchant services and advisory activities. Foreign exchange income increased 113% to P970 million (FY2025: P456 million), a material contributor to non-interest revenue.

While inflationary pressures remained elevated, total costs were well controlled, increasing by 8% year-on-year in line with the Bank's strategic focus on operational efficiency. We directed investment towards strategic initiatives that enhance our competitive position, including technology, digital transformation and capability development.

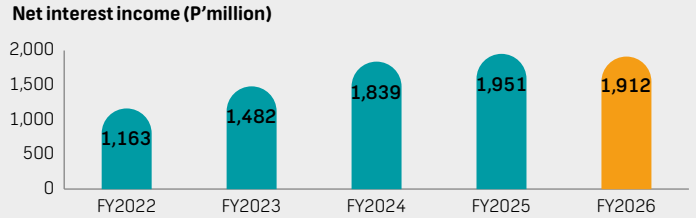
Employee costs increased by 5% as we continued to invest in attracting, developing and retaining talent to support our long-term growth ambitions. Management balanced this increase with disciplined control of the broader cost base, as other operating expenses increased by 11% through process optimisation and efficiency initiatives.

Key numbers unpacked

Net interest income

Net interest income represents the difference between the interest earned on the Bank's lending and investment activities and the interest paid on deposits, borrowings and other funding sources. It is the primary measure of the profitability of the Bank's core lending and funding activities.





Gross interest income increased by 16% (FY2025: 6%) due to interest on advances expanding by 16% on the back of the prime lending rate being increased by 100bps. The investment securities income grew 27% from increased volumes, in line with deposits growth, while also benefiting from monetary policy adjustments.

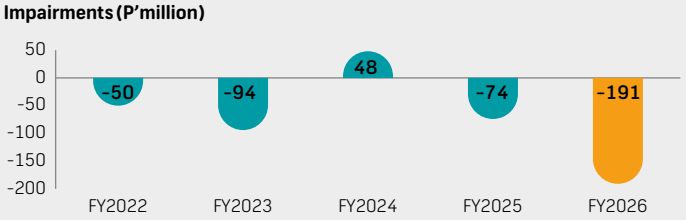
The Bank of Botswana raised the Monetary Policy Rate twice during FY2026, from 1.9% to 3.5% in October 2025 and then to 5.5% in April 2026, its highest level since September 2017, thereby boosting interest from investment securities. However, this decision was accompanied by a directive to banks not to transmit the increases to the prime lending rate, with which the Bank complied.

Key numbers unpacked continued

Impairments

Impairments represent the expected credit losses recognised on loans and advances, reflecting the risk that some borrowers may not fully meet their repayment obligations. They provide an indication of the quality of the Bank's loan portfolio and the effectiveness of its credit risk management.

>100%

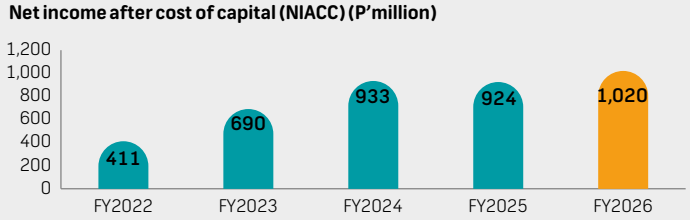


Impairment charges increased materially to P191 million year-on-year, reflecting heightened credit risk amid a subdued economic environment. The increase was largely attributable to additional cautionary provisioning, including a P104 million management overlay to strengthen coverages against emerging risks in the operating environment.

Net Income minus credit impairment charge (NIACC)*

In addition to measuring profit before tax, we apply a capital charge to our profit to determine the NIACC. NIACC represents net income earned on the Bank's activities after deducting the cost of capital.

10%

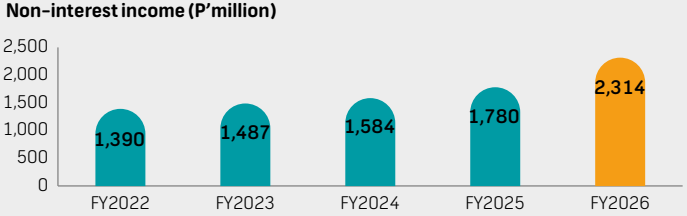


NIACC increased by 10% year-on-year to P1.02 billion, primarily driven by strong growth in trading income, which then offset the impact of higher impairment charges and a decline in net interest income. The Bank remains focused on capital optimisation initiatives aimed at maintaining a robust NIACC position.

Non-interest income

Non-interest revenue comprises income earned from banking services and transactions rather than from lending activities. It includes fees and commissions, payments and transactional banking income, foreign exchange income, merchant services, advisory fees and other service-related revenue.

30%



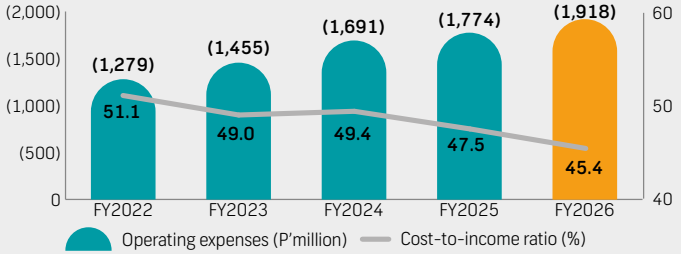
Non-interest revenue increased 30% to P2.3 billion, supported by strong transactional, trading and foreign exchange income, as the Bank continued to diversify its revenue streams. Foreign exchange and trading income increased by 113% (FY2025: 27%), driven mainly by volumes.

Cost-to-income ratio

Cost-to-income ratio measures how efficiently the Bank converts its income into operating profit. A lower ratio generally indicates greater operating efficiency, as less income is consumed by operating costs. A rising ratio can indicate cost pressures, investment in growth or weaker income growth.

2.1

percentage points



The Bank maintained a cost-to-income ratio of 45.4%, below the 50% threshold it has sustained over the past four years. Operating expenses grew 11.4% year-on-year. However, certain critical expenditure items increased faster than the overall 8.1% growth, notably employee expenses, ICT and related development costs, and branding and marketing.

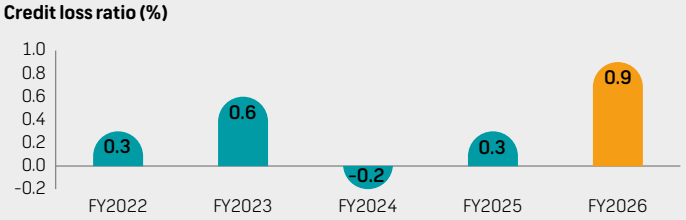
* *In the FY2025 integrated report, NIACC was incorrectly stated as P866 million and we have corrected this to P924 million.*

Key numbers unpacked continued

Credit loss ratio

The credit loss ratio measures the cost of credit risk by expressing impairment charges on loans and advances as a proportion of average gross advances. It indicates the quality and risk of the loan portfolio and the extent to which economic conditions, borrower affordability and credit performance affect earnings.

0.6
percentage points

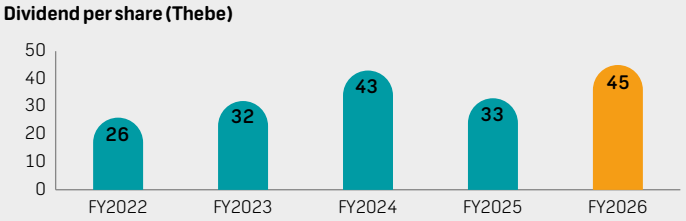


The credit loss ratio increased from 0.3% to 0.9%, reflecting elevated credit risk and a more cautious provisioning stance in a challenging economic environment. The increase was driven by higher impairment charges, including additional provisions and management overlays established to address emerging risks and economic uncertainty. Management continues to focus on strengthened collections, disciplined underwriting and proactive portfolio management to support asset quality and mitigate future credit losses.

Dividends per share

Dividends per share measure the value of dividends distributed to shareholders for each ordinary share held, indicating the cash return generated for shareholders. This is a measure of sustainable performance and shareholder value.

36%

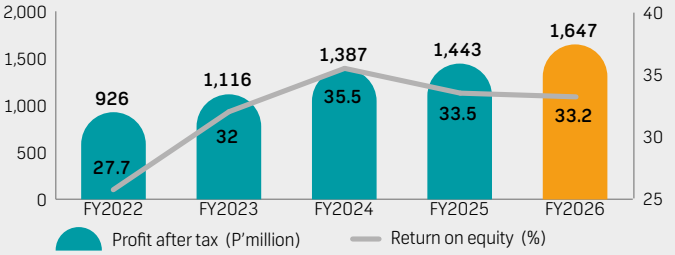


The Board approved a final dividend of 30 thebe, bringing the total dividend for FY2026 to 45 thebe per share.

Return on equity

Return on equity measures the Bank's ability to generate profits from shareholders' capital. It indicates how efficiently FNB Botswana deploys capital to deliver sustainable returns.

0.3
percentage points



Return on equity remained strong at 33.2%, supported by the capital-light nature of foreign exchange growth. This was achieved despite an elevated cost of equity arising from prevailing market conditions.

Advances

Overall net advances decreased by 5% (FY2025: 11% increase), with declines across the Retail and Commercial segments.

- Retail advances declined by 5.1% (FY2025: 5% increase), reflecting the Bank's deliberate focus on preserving portfolio quality, selective lending and reduced credit appetite in a constrained operating environment.
- Commercial advances declined 7.3% (FY2025: 15%), driven by selective origination focusing on more resilient sub-segments and industries and subdued lending activity within the market.
- RMB advances grew by 1.0% (FY2025: 23% increase), demonstrating resilience despite heightened competition and increased price sensitivity from clients. No new sustainable finance deals were concluded in FY2026 due to difficult macro-economic conditions.

The loan-to-deposit ratio was elevated at 72%, exceeding the Bank's typical range of 65% to 67%. The Bank expects the ratio to moderate, although liquidity conditions and increased Government borrowing in the domestic market could place renewed pressure on it.

Advances by segment (P'million)	FY2026	FY2025	FY2024
Retail	11,725	12,354	11,779
RMB	5,038	4,989	4,062
Commercial	3,816	4,115	3,564
Total	**20,580**	**21,457**	**19,406**

Deposits

Despite strong competition for deposits amid low market liquidity, the Bank successfully strengthened its funding base by attracting deposits, supporting liquidity, net interest income and balance sheet resilience. A continued focus on call and savings accounts supported the deposit mix, while diversified funding pools and access to lower-cost repo funding provided flexibility to manage pricing pressures and optimise the cost of funding. Overall deposits increased by 7% (FY2025: 12% decrease).

Retail's deposits grew by 0.4% (FY2025: 8% increase), amid significant liquidity constraints and intense competition for deposits. Liquidity constraints prompted some clients to seek higher returns on their deposits, shifting from non- or low-interest-bearing accounts to higher-yielding products. In response, the business adopted a disciplined approach to deposit growth, prioritising the protection of core transactional balances while optimising the overall deposit mix through tactical pricing, where appropriate.

Commercial's deposits increased 1.6% (FY2025: 1% decrease), supported by strong growth in call accounts and higher average term deposit balances as clients favoured higher-yielding products.

RMB's deposits grew by 30% (FY2025: 30% decrease), supported by growth from diverse sectors. This was achieved against a constrained liquidity environment and heightened client sensitivity to pricing. The change in deposit mix improved deposit margins, contributing positively to the segment's performance.

Treasury deposits increased by 8.52% (FY2025: 45% decrease) due to inflows from the mining industry as diamond sales marginally increased.

Deposits by segment (P'million)	FY2026	FY2025	FY2024
Commercial	10,396	10,233	10,379
RMB	7,374	5,997	7,412
Retail	7,240	7,209	6,693
Treasury	3,313	3,053	5,537
Total	**28,322**	**26,492**	**30,021**

Capital adequacy

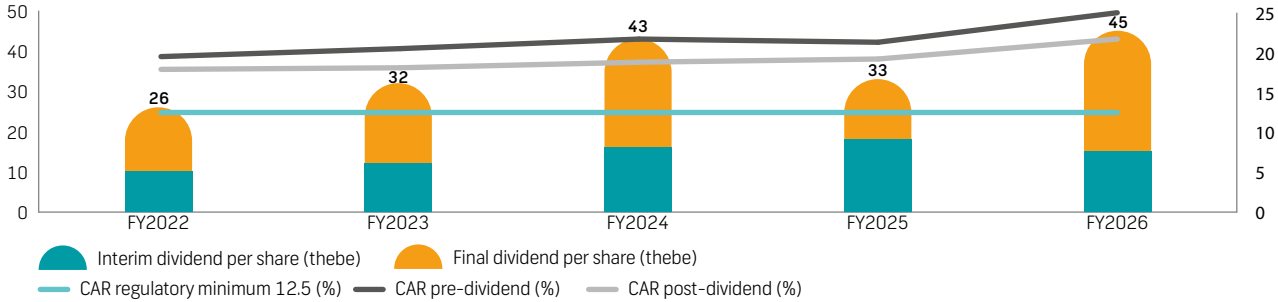
The Bank operated above both its internal and regulatory minimum capital adequacy requirements. The Bank of Botswana maintained the capital adequacy ratio (CAR) requirement at 12.5%, while FNB Botswana's Board-approved internal limit remained at 16%. The Bank also conducts annual capital stress testing to assess capital adequacy over a forward-looking three-year period.

Capital is allocated in accordance with the Capital Management Framework to meet the anticipated funding requirements of the Retail, Commercial and RMB segments. The remaining capital is invested in risk-free, interest-bearing instruments.

Board oversight

The Board reviews and approves macro-economic scenarios semi-annually, updating them to reflect changes in the operating environment. These, together with the Board annually approved Capital Management Framework, are the foundation for the Internal Capital Adequacy Assessment Process (ICAAP). ICAAP supports prudent, forward-looking capital management in a dynamic operating environment.

At year-end, our CAR stood at 25.3%, supporting a total annual dividend of 45 thebe and representing a 36% year-on-year increase. After paying dividends, our post-dividend CAR of 21.7% remained comfortably above the regulatory minimum, providing sufficient capital to support our clients' needs and future growth.



Funding and liquidity

FNB Botswana maintained a resilient funding and liquidity position despite a constrained funding environment and elevated cost of funding. The Bank leveraged its diversified funding base, unencumbered collateral and access to lower-cost funding to manage liquidity and funding costs, while maintaining a focus on stable call and savings deposits. The Bank also actively managed concentration risk across products and counterparties, ensuring it was not overly dependent on any single funding source.

Our liquid asset ratio (LAR) of 24.6% exceeds the regulatory minimum of 10% (FY2025: 16%). In addition, the Bank is actively monitoring its liquidity coverage ratio (LCR) to comply with new Bank of Botswana requirements that came into effect in December 2025. We maintain buffers above the LCR requirement (as at June 2026, LCR was at 217% against the Bank of Botswana's regulatory limit of 60% to ensure sufficient liquidity to meet potential 30-day outflows), while closely monitoring depositor concentration and potential liquidity movements.

Deposits by type (P'million)	FY2026	FY2025	FY2024
Current and managed accounts	14,164	13,499	16,505
Call and term deposits	12,336	11,045	11,787
Savings accounts	1,822	1,947	1,729
Total	**28,322**	**26,492**	**30,021**

Credit risk

Managing credit risk remained critical as prolonged economic weakness, constrained liquidity and affordability pressures increased the risk of borrower stress across several sectors. We adopted a disciplined and selective approach to lending, aligning our risk appetite with sectors demonstrating greater resilience while maintaining rigorous credit underwriting and ongoing portfolio monitoring. Rather than pursuing lending growth at the expense of asset quality, we focused on preserving the strength of our balance sheet through prudent credit selection, active risk management and disciplined capital allocation.

We continued supporting clients through responsible lending and proactive engagement. The Bank strengthened its focus on collections and closely monitored its exposures to maintain asset quality at manageable levels. We worked closely with clients experiencing financial pressure to offer help, including tailored restructuring solutions where appropriate, while enhancing portfolio oversight and early intervention capabilities to identify and address emerging risks.

This balanced approach enabled us to support our clients while protecting portfolio quality and reinforcing the Bank's long-term resilience.

Non-performing loans (NPLs) increased by 0.1% (FY2025: 20% decrease) year-on-year to P619 million (FY2025: P618 million). As a result, the NPL-to-gross advances ratio increased marginally to 3.0% from 2.9%, demonstrating the resilience of the Bank's credit portfolio and the benefits of disciplined underwriting and proactive portfolio management. The modest increase mainly reflected pressure in parts of the SME portfolio and isolated stress in certain retail exposures.

Board oversight

We assess risk at the individual applicant, portfolio, business segment, sector and industry levels to maintain a balanced approach to credit risk. Our credit assessment process is robust, with significant transactions subject to approval by the Board Credit Risk Committee (BCRC) or, where appropriate, the Board. We review credit appetite regularly and adjust it to reflect prevailing market conditions and emerging risks.

We provide for expected credit losses in line with IFRS 9:

- Our Stage 1 (performing loans) portfolio decreased by 5.8% as gross advances declined.
- The Stage 2 portfolio (underperforming loans) increased by 5.8%, due to prevailing macro-economic headwinds.

Impairment charges increased during the year as the Bank adopted a prudent approach to provisioning amid ongoing macro-economic uncertainty. In addition to model-driven expected credit loss provisions, management raised overlays to provide additional coverage for emerging risks not yet fully reflected within the IFRS 9 models.

The Bank's provisioning approach incorporates forward-looking economic indicators, including gross domestic product (GDP) growth and monetary policy assumptions, together with post-model adjustments where management believes additional prudence is warranted. The Bank continues to closely monitor provision levels and portfolio performance to ensure coverage remains appropriate for the prevailing risk environment.

Despite the challenging operating environment, Stage 3 (credit-impaired) advances remained stable, increasing by only 0.1% to P619 million. Stage 3 coverage increased modestly during the year, reflecting a prudent assessment of recovery expectations and the potential impact of ongoing economic pressures, while continued collections and recovery actions helped contain the level of credit deterioration.

Gross advances by stage (P'million)	FY2026	FY2025	FY2024
Stage 1	17,009	18,050	16,450
Stage 2	2,952	2,789	2,180
Stage 3	619	618	777
Total	**20,580**	**21,457**	**19,406**

Balance sheet provisions coverage (%)	FY2026	FY2025	FY2024
Stage 1	1.3	0.6	0.9
Stage 2	7.6	10.6	10.5
Stage 3	73.1	70.0	69.1

Outlook

Periods of disruption can create opportunities for well-capitalised and well-managed institutions. The Bank is well positioned to navigate uncertainty and create sustainable value for our stakeholders by:

- maintaining a prudent risk appetite;
- preserving liquidity;
- diversifying our earnings; and
- investing in the capabilities that underpin our 2030 Strategy.

Liquidity pressures, elevated funding costs and subdued lending conditions could persist longer as Botswana continues to navigate structural economic challenges. These conditions will require continued discipline in capital allocation, funding, liquidity and credit risk management.

We remain confident that our diversified funding base, resilient balance sheet and balanced earnings profile will enable us to respond effectively to changing market conditions while continuing to deliver sustainable returns. We will focus on:

- preserving financial resilience;
- optimising our balance sheet;
- investing selectively in strategic capabilities; and
- capturing opportunities that strengthen the Bank's long-term growth and competitiveness.

Orapeleng Senwelo
Acting CFO

Tshepiso Mokgethi-Magapa
Treasurer





We aim to use our resources to support broader economic participation, build resilience and contribute to a more prosperous Botswana.

How we create and **sustain value**

29 Leveraging our six capitals
31 Responding to material matters
35 Navigating the operating environment
40 Creating value together
44 Managing the risks

Leveraging our six capitals

How we deploy and manage our six capitals in executing our strategy influences how value is created, preserved or eroded. By leveraging our internal capabilities and strengths, we sustain our competitive advantage while developing financial solutions that help reimagine Botswana's economic development.

We have a diverse array of business activities that deliver our financial solutions, including:

Trade, currency and commodity finance and solutions	**Funding and deposits**	**Transactional banking**	**Investment and savings**	**Insurance**
Commercial banking	**Trading**	**Corporate finance**	**Credit extension, including home loans and vehicle and asset finance**	**Trade finance, letters of credit and guarantees**

Capital inputs	Capital outcomes	Capital constraints	Read more
Financial			
Diversified sources of deposits and funding support our sound capital base. • P20.6 billion gross advances. • P28.3 billion deposits. • P5.4 billion shareholders' equity. • 21.7% CAR.	• P1.6 billion profit after tax. • P1.0 billion NIACC. • 45 thebe dividend per share. • 4.7% return on assets. • Retained capital for sustainable long-term value creation.	Botswana's fiscal challenges and increased Government debt issuance have reduced liquidity in local financial markets and raised funding costs. Weak economic activity is also putting pressure on earnings, credit quality and profitability. Potential foreign exchange volatility and higher credit risk could add further pressure. These conditions require disciplined management of capital, funding and liquidity, as well as prudent credit growth, cost controls and resource allocation.	Read more on page 22
Manufactured			
Our business and channel structure, fixed assets, ICT systems and infrastructure. • 26 branches. • 3 Premium Suites. • 174 ATMs. • 86 ADTs. • 15,572 POS machines. • 2,074 CashPlus agents. • Bespoke ICT infrastructure.	• Strong uptake of relevant, cost-effective banking products and services. • Increased financial inclusion. • Branches have designated digital banking zones. • Scaled up our Contact Centre services to reduce client time spent in branches.	Manufactured capital is an important enabler of FNB Botswana's ability to deliver accessible, efficient and digital banking services. The Bank must balance the costs and efficiency of its physical branch and ATM network against the growing shift of clients to digital channels, while continuing to invest in technology platforms, automation and technology infrastructure. Limited internet connectivity in some remote areas of Botswana also constrains access to digital services and requires the Bank to maintain alternative channels such as branches, mini-branches and Bank on Wheels. The increasing reliance on digital infrastructure also heightens the importance of technology resilience, cybersecurity and ongoing investment to ensure secure and uninterrupted service delivery.	Read more on page 10

Capital inputs	Capital outcomes	Capital constraints	Read more
Human			
Our culture, solutionist people, committed leadership and teams. • 1,660 employees. • P982 million in remuneration. • P12.4 million spent on employee training and skills development. • Average of 4 years experience at an executive level.	• Career progression enabled. • Reward and recognition. • Motivated and engaged employees. • Retention of critical skills. • 60% Home-Grown Index.	The Bank operates in a competitive talent market, with particular scarcity of capabilities in areas such as data and analytics, AI, cyber-security and other emerging technologies. Fintechs and MNOs are increasingly competing for these skills. The broader mismatch between skills available in the local labour market and evolving industry requirements also creates challenges in recruiting suitably qualified and experienced people for certain critical roles, including trading, funding and liquidity. Digital transformation is reshaping traditional roles and creating demand for new capabilities, requiring the Bank to continuously reskill and redeploy employees.	Read more on page 59
Intellectual			
Our brand, digital innovation, governance structures and financial risk management. • Strong internal control, risk and compliance systems and frameworks. • Investment in digital platforms and innovative product development.	• Increased digital adoption and transformation. • Digitised documents and automated and optimised processes. • Modernised in-branch experiences. • Regulatory compliance. • Financial sector stability. • Brand strength and loyalty.	Intellectual capital is critical as technology, data and digital innovation reshape banking. Increasing reliance on data also heightens the importance of strong data governance, information quality and responsible use of AI. The growing digital footprint increases exposure to evolving cybersecurity and technology risks. Maintaining the pace of innovation and ensuring that intellectual capabilities keep pace with changing client expectations will remain important to the successful execution of the 2030 Strategy.	Read more on page 64
Social and relationship			
Our stakeholder relationships and reputation, including with the communities in which we operate, enable people to thrive. • Responsible banking practices, including Treating Customers Fairly (TCF). • Stakeholder engagement. • Community support. • FNB Botswana Foundation. • Staff Volunteer Programme. • Corporate sponsorships	• P973 million tax payment towards economic development. • P416 million paid to local suppliers. • P27.7 million in corporate sponsorships. • P9.9 million invested in CSI through the FNB Foundation. • P4.2 million allocated to Botswana Institute of Banking and Finance to support industry training interventions. • 24 community projects completed by the Staff Volunteer Programme.	Maintaining strong relationships and trust with clients, Government and other stakeholders is an important consideration. The Bank operates in an environment where digitalisation, evolving fraud risks, financial inclusion challenges and changing stakeholder expectations can affect confidence and the quality of stakeholder relationships. Client feedback highlighted opportunities to improve complaint resolution, service turnaround times, and the clarity and transparency of information. Sustaining trust requires continued investment in client experience, financial inclusion, responsible communication, fraud awareness and meaningful engagement with stakeholders, while demonstrating a positive contribution to Botswana's broader economic and social development.	Read more on page 40
Natural			
• Solar energy installation at our Francistown office. • Operations and business activities that promote ESG and environmental stewardship. • Responsible lending principles aligned to our Environmental and Social Risk Assessment Policy. • Climate risk is considered a principal risk, with appropriate mitigation plans in place.	• P311,024 in savings from renewable energy generated. • Environmental and social risk assessment of credit applications aligned with Equator Principles. • Leading industry discussions on sustainability matters. • Promoting sustainable finance.	Our natural capital is influenced by Botswana's increasing exposure to climate change, water scarcity, drought, flooding and environmental degradation. These pressures can affect agricultural productivity, food security, rural livelihoods and other climate-sensitive sectors, with potential implications for clients' resilience and the lending portfolio. The Bank also needs to manage its own water and other resource consumption, reduce operational greenhouse gas (GHG) emissions, and improve the quality of its environmental data. As climate risks intensify, protecting natural capital and supporting the transition to a more climate-resilient economy will remain important to our long-term sustainability.	Read more on page 84

Responding to material matters

Our material matters reflect the items most significant to our value creation and inform both our strategic priorities and our reporting. The Board approves the material matters and oversees the information presented in this report.

Our materiality determination process

Material matters are those that have the potential to significantly impact our ability to generate value over the short, medium and long term (refer to page 2). Material matters influence our performance, sustainability and legitimacy. Our materiality determination process supports the Bank in identifying all material matters, both positive and negative, and adjusting our strategy as needed.

Review

ExCo evaluates our internal and external environments to identify key matters and trends and reviews internal documents to assess our risks, strategic objectives and business targets. This includes benchmarking to local and regional peers.

Prioritise

Identified material matters are prioritised according to their impact on our enterprise value and on society, communities and the environment.

Integrate

Material matters are approved by the Board following ExCo finalisation and guide disclosures in our integrated reporting.

Material matters overview

During our annual review, we consolidated the previous material matters related to shared prosperity, ESG and climate into a single material matter: Banking for a sustainable future. This recognises that our contribution to Botswana's long-term prosperity, financial inclusion and economic diversification is intrinsically linked to how we integrate ESG considerations into our strategy and operations.

Material matter

1. Socio-economic environment
Economic | Social
Time frame: Short-, medium- and long-term
Y-o-Y impact change

2. Digitalisation
Governance | Social
Time frame: Short-, medium- and long-term
Y-o-Y impact change

3. Industry disruption
Economic
Time frame: Short-, medium- and long-term
Y-o-Y impact change

4. Compliance and security
Economic | Governance | Social
Time frame: Short to medium term
Y-o-Y impact change

5. High-performance culture and talent management
Economic | Social
Time frame: Short to medium term
Y-o-Y impact change

6. Banking for a sustainable future
Economic | Social | Environmental
Time frame: Short to medium term
Y-o-Y impact change

The material matters are unpacked on the following pages, and we demonstrate how each one aligns with our 2030 Strategy, stakeholders and the six capitals.

Legend

Strategy

- Shared prosperity
- Agile and empowered people
- Transform and disrupt
- Sustainable growth
- Simplified and personalised experiences
- Value preservation

Stakeholders

- Clients
- Employees and organised labour
- Shareholders
- Suppliers
- Communities
- Governments and regulators

Capitals

- Financial
- Manufactured
- Human
- Intellectual
- Social and relationship
- Natural

1. Socio-economic environment

Context

Botswana continues to face significant economic headwinds, driven by weak diamond demand, fiscal and liquidity constraints, and persistent inflationary pressures. Botswana risks being downgraded to sub-investment grade rated given the possibility of further sovereign credit downgrades. Global geopolitical tensions remain elevated, with higher oil prices contributing to inflationary pressures, higher interest rates and increased foreign exchange volatility. In addition, the foot-and-mouth outbreak led to higher meat prices and export market bans, with impacts on rural livelihoods.

Together, these factors shape operating conditions across the financial sector, influencing household affordability, business confidence, credit demand, deposit growth and asset quality. Banks also face the risk of increased NPLs and impairments.

In response to structural changes in the global diamond market, Botswana must urgently advance the economic diversification agenda by investing in sectors such as agriculture, tourism, mining beneficiation, energy and infrastructure to create new growth opportunities.

Our long-term success is closely linked to Botswana's ability to achieve sustainable economic transformation and diversification.

Our response to protect value

- Maintain a prudent and disciplined balance sheet and optimise funding and liquidity sources.
- Diversify revenue streams beyond net interest income.
- Actively support national development and economic diversification initiatives, deepen our participation in high-growth sectors and strengthen Government and private sector partnerships.
- Leverage data-driven insights to support sustainable growth.
- Migrate clients to cost-effective digital channels and zero-rate transactions on the FNB App to alleviate consumer pressure.
- Provide support structures for clients, employees and communities and consider socio-economic factors in our shared prosperity strategy.

The road ahead

While we anticipate an economic recovery over the long term and beyond, we will monitor local and global socio-economic trends. Cost optimisation measures, operational efficiencies and continued diversification of non-interest revenue will support sustainable income and profitability.

FNB Botswana seeks to be a staunch supporter of the Government as the country undergoes its economic transition. We will provide innovative financial solutions that support businesses, households and key national development priorities while preserving our financial resilience through changing economic cycles.

Connectivity matrix

Strategic pillar



Interested stakeholders



Capitals impacted



2. Digitalisation

Context

Rapid technological advancement is reshaping client expectations and transforming how financial services are delivered. Clients increasingly demand seamless, instant and personalised experiences through digital channels.

Botswana's financial inclusion and payments agenda will be shaped by the Bank of Botswana's Electronic Payment Services Regulations, the National Financial Inclusion Strategy, and the Botswana Economic Transformation Programme. These policies aim to expand digital access to financial services and modernise the payments landscape.

There are also significant opportunities to harness digitalisation to broaden access to banking services and improve financial inclusion for underserved and vulnerable populations.

Technology is a critical enabler of the Bank's operational efficiency, client growth, accessibility and long-term competitiveness.

Our response to protect value

- Accelerate our digital transformation drive through platform modernisation, process automation, AI-enabled solutions and enhanced payment capabilities.
- Extend access to banking services through digital migration, merchant solutions, eWallet and CashPlus.
- Embed a culture of innovation and continuous improvement.
- Pursue ecosystem partnerships.
- Use technology to streamline processes and automate routine tasks.
- Comply with new financial inclusion regulations.

The road ahead

Technological advancements will improve the speed, efficiency and convenience of client service, driving further adoption of digital technology. Our focus will remain on simplifying client journeys, expanding self-service capabilities, including digital onboarding, and increasing digital adoption.

We will promote financial inclusion by extending access to affordable financial services through solutions such as eWallet, CashPlus and mobile money integration.

Connectivity matrix

Strategic pillar



Interested stakeholders



Capitals impacted



3. Industry disruption

Context

The global and local banking industry is experiencing increasing competition and disruption from fintechs, MNOs, digital wallets, platform businesses and emerging technologies such as AI. Government regulation will enable new business models and open the market to new banking participants and payment providers.

Competitive advantage is shifting from traditional banking products towards platform ecosystems, innovation, data capabilities and client experience. Clients prefer simple, paperwork-light digital solutions while continuing to value personalised human interaction.

Traditional banking platforms are not well-positioned to compete in the informal sector. In addition, the difficult economic climate has intensified competition between banks for clients and deposits.

The pace of change requires banks to continuously adapt, innovate and rethink conventional business models. As AI, machine learning and automation become embedded in operations, banks must also equip employees with new skills and support them through ongoing change.

Our response to protect value

- Invest in AI, advanced analytics, open banking capabilities, modern payments infrastructure and platform commercialisation.
- Introduce innovative products, particularly related to mobile payments and money transfers, and enhance our existing product suite to offer increased self-service capabilities.
- Deepen our relationships with clients through data-led insights and customisation.
- Explore partnerships with MNOs and fintechs.
- Develop our digital, data and analytics capabilities to deploy home-grown solutions.
- Adopt technological solutions that improve efficiencies, lower our cost base and enhance client service.

The road ahead

Competition for clients will accelerate as new entrants build momentum and banking competitors seek to win market share. We will strengthen our position as a leading financial services provider through innovation, platform enablement and strategic partnerships.

Our investments in technology, payments capabilities and platforms will improve speed to market, enhance client experiences and create new revenue opportunities.

Cash will remain dominant in the medium term, particularly in rural areas. We will focus on accessible, efficient and affordable money transfer solutions to reduce dependency on cash.

Connectivity matrix

Strategic pillar



Interested stakeholders



Capitals impacted



4. Compliance and security requirements

Context

The regulatory landscape continues to evolve, bringing increased requirements for banking regulation, data protection, cybersecurity, financial crime, sustainability disclosures and operational resilience. From May 2025, the Bank of Botswana introduced higher LCR requirements for banks.

As digital adoption grows and economic conditions worsen, so does exposure to cyber threats, fraud risks, technology failures and third-party dependencies. Regulators, investors and stakeholders expect stronger governance, transparency and risk management practices.

We must adhere to relevant regulations and governance best practices to safeguard the stability and integrity of the local financial services sector and remain an attractive choice for investors. This includes localising our data systems and infrastructure to comply with the Data Protection Act.

The Cybersecurity Act, effective April 2026, aims to strengthen the national critical information infrastructure by imposing additional compliance requirements on banks.

Our response to protect value

- Adhere to the Bank's ethics frameworks, policies and standards.
- Ensure proactive regulatory engagement, comply with regulatory requirements and maintain high corporate governance standards.
- Complete the project to localise data systems and infrastructure.
- Maintain robust cybersecurity defences, including cybersecurity audits and an annual effectiveness assessment to verify the adequacy of controls.
- Strengthen our oversight and management of third-party technology providers and dependencies.
- Provide cybersecurity training to employees, clients and members of the public.
- Implement measures and financial monitoring to comply with new LCR requirements.
- Leverage emerging technologies to identify and respond to potential fraud incidents and track and promptly attend to whistleblowing cases and client fraud reports on our website and App Security Centre.

The road ahead

We will continue to invest in governance, regulatory compliance, cyber resilience and operational effectiveness. This includes strengthening our risk culture, reducing manual processes through automation, improving control effectiveness, enhancing fraud detection capabilities and embedding a culture of ownership and accountability.

We will invest in digitalisation and advanced detection tools and improve our oversight of third-party technology providers' cyber protections. Continuous cybersecurity and fraud awareness training for employees and clients will remain critical. As cybersecurity threats evolve, educated and vigilant users will be a primary line of defence.

We will monitor regulatory developments and bills that could materially impact our business. We support the Bank of Botswana's initiatives to protect the financial services sector. This includes ensuring KYC compliance, monitoring transactions to combat financial crime, and complying with the Data Protection Act and Cybersecurity Act.

Connectivity matrix

Strategic pillar



Interested stakeholders



Capitals impacted



5. High-performance culture and talent management

Context

The future of banking requires a diverse workforce that is adaptable, technologically enabled and capable of operating in a complex and digital environment. This requires innovative and future-focused mindsets.

Competition for specialist talent remains intense, particularly in data analytics, AI, cybersecurity, digital transformation and control functions including those related to risk and compliance. At the same time, employee engagement, wellbeing, productivity and leadership development are critical drivers of organisational performance.

Employee value propositions (EVPs) must support employees' physical, mental, and financial wellbeing in difficult socio-economic conditions. This also requires a heightened focus on the employee experience throughout the employee life cycle, including the incorporation of diversity, inclusion and belonging interventions.

Our response to protect value

- Invest in data, digital and AI-related skills and deploy interventions to reskill employees for future skills requirements.
- Enhance and refine our EVP to create an environment where employees can thrive, adapt and contribute meaningfully to the Bank's long-term success.
- Offer performance-based rewards and recognition together with comprehensive employee wellness services, including financial management training.
- Embed a high-performance culture aligned with the FirstRand Group's promises.
- Enhance our talent development and succession capabilities and leverage skills mobility within the FirstRand Group.

The road ahead

Talent retention will remain a priority in a sector with significant demand for scarce skills. We will foster a culture of excellence, accountability, creativity and employee support to remain an employer of choice. We will also accelerate our initiatives to develop future-fit skills and continuous learning.

Targeted talent development, succession planning, future-skills programmes and leadership development will help us build the skills needed to deliver the 2030 Strategy.

Connectivity matrix

Strategic pillar | Interested stakeholders | Capitals impacted

6. Banking for a sustainable future

Context

Our long-term success is intrinsically linked to the prosperity, resilience and sustainability of the communities, businesses and economy we serve. Botswana's economic diversification agenda, evolving stakeholder expectations, increasing climate-related risks and growing demand for sustainable finance are reshaping the role that financial institutions play in supporting economic and social development.

The Bank has a unique opportunity to promote inclusive economic participation, support SME growth, expand financial inclusion, facilitate sustainable development and contribute to the country's transition towards a more resilient and diversified economy.

Climate change presents both risks and opportunities for the Bank, its clients and the broader economy through its impact on key sectors such as agriculture, tourism, energy, infrastructure and mining. Sustainable finance, ESG integration and climate resilience have become key enablers of long-term value creation, stakeholder confidence and competitive advantage.

Our response to protect value

- Embed shared prosperity, ESG principles and climate resilience into our strategy, decision-making, products, services and partnerships.
- Expand financial inclusion, including in remote areas, through innovative, relevant, accessible banking solutions and financial literacy training to bolster Botswana's digital transformation journey.
- Increase participation of youth, women and citizen-owned businesses in the economy and our own supplier network. This includes support for SMEs and the informal sector.
- Scale sustainable finance solutions, develop climate-conscious lending and investment opportunities, support renewable energy and transition projects and provide ESG advisory for clients.
- Unlock inclusive growth and job creation opportunities through strategic partnerships with Government, DFIs and the private sector.

The road ahead

Shared prosperity underpins our 2030 Strategy as we seek to embed it within our core activities, profitably and at scale. This includes scaling up our support to SMEs, expanding our product range to meet our financial inclusion objectives, supporting human and social development initiatives and deepening our contribution to Botswana's economic diversification agenda.

Financial inclusion is a major societal need and opportunity. This includes access to banking services and investment and life insurance products. We are developing an approach to improve access to financial services for vulnerable and previously disadvantaged groups. This will consider both the client and employee perspective.

We developed a baseline for our GHG emissions and will implement a plan to reduce our Scope 1, 2 and 3 emissions (operational and financed).

Connectivity matrix

Strategic pillar | Interested stakeholders | Capitals impacted

Navigating the operating environment

We operate in an environment of profound change and uncertainty where our ability to adapt, build resilience and support Botswana's transition will be critical to creating sustainable value for our clients, our stakeholders and the economy.

We monitor our operating environment to identify emerging trends, economic conditions, competitive dynamics and regulatory developments that may affect our performance. The Board and ExCo assess these factors regularly and adjust our material matters, strategic priorities and risk profile as necessary to remain responsive to changes in the operating environment.

Economic challenges

Associated material matters

Botswana's GDP contracted by an estimated 0.7% in 2025 due to sluggish global diamond demand and reduced diamond mining output[1]. The weakness in the global natural diamond market is more than a normal cyclical correction: the industry is also contending with a structural shift in consumer preferences towards lab-grown diamonds. The prolonged downturn in the diamond sector has led to downsizing across mining companies, contractors and related service providers.

However, economic activity improved in the first half of 2026, with real GDP growth accelerating from 3.5% year-on-year in the first quarter to 8.7% in the second quarter, reversing the 5.2% contraction recorded in the second quarter of 2025. The recovery was largely driven by the mining sector, which expanded by 81.7%, underpinned by a 94.7% increase in diamond mining activity. Other notable growth was observed in the professional, scientific and technical activities, education, and accommodation sectors after expanding by 3.8%, 3.3% and 3.4%, respectively. Despite the strong headline performance, non-mining GDP contracted by 0.2% year-on-year in the second quarter of 2026, compared to growth of 2.7% in the preceding quarter, reflecting persistent weakness in the broader domestic economy.

The recovery in diamond production and sales also presents potential fiscal benefits, with stronger mineral revenue receipts providing some upside to Government's revenue projections for 2026 and 2027. If diamond-related revenues exceed budgeted estimates, the fiscal deficit could be narrower than projected, easing pressure on the Government's constrained fiscal position. However, the extent of this improvement will depend on actual mineral revenue collections and expenditure developments.

Inflationary pressures remained elevated in 2026, with headline inflation registering 10.7% in May and June, remaining well above the Bank of Botswana's medium-term objective range of 3% to 6%. The surge was largely driven by higher transport costs following fuel price adjustments implemented by the Botswana Energy Regulatory Authority. Against this backdrop, elevated living costs, high interest rates and high unemployment continued to weigh on household and business activity. Underlying domestic demand remained subdued, with household consumption declining by 7.2% year-on-year, despite gross fixed capital formation and Government final consumption growing by 7.8% and 2.4% respectively.

The Ministry of Finance and the S&P credit rating agency expect the economy to rebound modestly, with growth projected between 1.2% and 3.1% in 2026, supported by a partial recovery in mining and national economic diversification projects. The Government's focus on fiscal consolidation and economic diversification is expected to shape Botswana's medium-term growth trajectory. This includes promoting growth in tourism, renewable energy, agriculture, technology and non-diamond mining.

[1] *This is according to the African Development Bank's economic outlook for Botswana.*

The Government strongly supports public-private partnerships as an important mechanism for mobilising private-sector capital, expertise and capacity to deliver infrastructure and public services.

Our response

FNB Botswana is responding to a fundamentally changed economic environment with greater discipline, resilience and a renewed focus on transformation. The Bank is strengthening oversight of capital, liquidity, asset quality and forward-looking provisioning while maintaining disciplined credit growth and managing affordability pressures. We are diversifying our earnings by increasing our focus on transactional banking and non-interest revenue.

FNB Botswana plays its part in Botswana's economic transition, using its balance sheet and capabilities to advance financial inclusion, sustainable finance and shared prosperity. We collaborate with businesses, Government entities and foreign direct investors to support economic development and citizen empowerment. Our commitment to SME development remains an important lever for economic growth.

Our Real Help initiative supports clients experiencing financial difficulties. We provide ongoing financial education and awareness programmes for clients, employees and the broader public. Our comprehensive mental and physical wellness services support employees and their immediate families.

Socio-economic environment | Digitalisation and financial inclusion | Industry disruption | Compliance and security requirements | High-performance culture and talent management | Banking for a sustainable future

Climate change

Associated material matters

Climate change has significant environmental, social and economic implications for Botswana, particularly given the country's semi-arid climate and reliance on climate-sensitive sectors. It increases pressure on already limited water resources, while affecting agricultural productivity, food security and rural livelihoods. Climate-related impacts on ecosystems and water availability also affect biodiversity and tourism, while extreme heat, drought and flooding can disrupt infrastructure, economic activity and community wellbeing.

In 2025 and 2026, Botswana experienced significant climate-related and extreme weather events, including widespread flooding. For the banking sector, these impacts translate into financial risks. Climate-related disruptions may affect the financial resilience of clients operating in agriculture, tourism and other climate-sensitive sectors. Climate change also creates opportunities to finance climate-resilient agriculture, sustainable water management, green tourism and renewable energy initiatives.

The central bank's introduction and issuance of draft guidelines on managing climate-related financial risks signals a move toward more structured identification, assessment and management of climate risks within the banking sector.

Our response

The Bank recognises climate change as a principal risk and continues to deepen its understanding and management of the associated risks and opportunities. Our response to climate change is guided by a suite of policies and frameworks, including our ESG Policy, Environmental Risk Framework, Own Operations Environmental Policy, Climate Change Policy, and Energy and Fossil Fuels Financing Policy.

In FY2026, the Bank strengthened its climate-risk governance and reporting, including a Board-approved Risk Appetite Statement that reflects the Bank's position and commitments. As set out in our Climate Risk Appetite Statement, the Bank is committed to reducing its own operations GHG emissions across Scopes 1, 2 and 3 and managing its exposure to financed emissions. We seek to shape the evolution of our balance sheet and portfolio composition to:

- avoid excessive physical, transition, legal and reputational risks arising from individual or concentrated exposures; and
- limit our financing exposure to the coal, oil and gas sectors.

The Bank developed a plan of climate-related activities through 2030. It also intensified climate training across the Bank, from the Board, ExCo and branch employees, to embed climate considerations into everyday decision-making.

The Bank is conducting a gap analysis against the Bank of Botswana's Guidelines on Management of Climate-related Financial Risks, which became effective on 1 September 2026, for implementation in March 2027 to support alignment with emerging regulatory expectations. Our assessment of climate-related risks and opportunities is evolving, and we will strengthen the underlying data, processes and capabilities needed to manage and monitor these risks effectively.

Read more about our climate risk management and response to climate change on page 54.

Botswana is progressively strengthening its approach to climate-related financial risks, with the Bank of Botswana incorporating climate considerations into financial sector supervision and financial stability assessments.

Digital disruption

Associated material matters

Digital disruption is reshaping the global banking industry, influencing how financial services are delivered, consumed and monetised. AI will accelerate this transformation, enabling banks to strengthen risk and fraud management, improve client service and deliver more personalised products. However, the increasing reliance on digital infrastructure heightens exposure to cyber threats, fraud, technology failures and third-party dependencies.

The Botswana Government identified financial inclusion as a national development priority and supports broadening the financial services and payments landscape to include new players. The Government's National Financial Inclusion Strategy and Roadmap 2024–2030 aims to:

- expand access to affordable financial services;
- strengthen digital payments;
- improve access to finance for micro-, small- and medium-sized enterprises (MSMEs);
- enhance financial literacy; and
- promote inclusive economic participation, particularly among women, youth and rural communities.

The strategy also includes reforms such as a collateral registry to improve access to credit and greater collaboration with the private sector to develop innovative financial solutions.

Our response

We are modernising our client propositions and building the capabilities required for a digitally enabled future. We proactively educate clients to migrate from physical to digital channels. This transformation is underpinned by investment in technology, data and analytics, AI and cybersecurity skills.

Our approach to AI, automation and machine learning is deliberate and risk-aware, supported by our Information Governance Framework and AI Governance Policy that promotes responsible data and AI use. We are investing in AI-enabled threat detection and automated incident response, while strengthening third-party technology oversight. Ongoing employee training and awareness campaigns help address cybersecurity, compliance and emerging fraud risks.

FNB Botswana continues to leverage its digital banking platforms, CashPlus agency network, specialised banking facilities and Bank on Wheels to extend access to banking services in underserved areas. We are also exploring partnerships with fintechs and MNOs to extend access to financial services.

Read more about our transformation and disruption strategy from page 64 and shared prosperity from page 71.

Reimagining help in a digital world means more than investing in technology; it means ensuring every client can bank with confidence, knowing we are working to keep them safe. Ongoing client and public awareness initiatives are needed to strengthen vigilance against fraud and other digital threats.



The future of banking in Botswana

The future of banking is not about technology for its own sake – it is about what technology makes possible: faster payments, smarter lending, and seamless access. That is what reimagining help looks like in a digital Botswana.

Interoperability and instant payments

There is a shift towards greater interoperability across banks, mobile money providers, fintechs and other payment service providers. The Bank of Botswana's National Retail Payments Switch (NRPS) project aims to enhance interoperability and modernise Botswana's retail payments infrastructure. Botswana has an established mobile money ecosystem, and the NRPS will make it easier for clients to transfer funds between payment providers. The Bank of Botswana has identified digital wallets, mobile payments, QR payments and contactless payments as important components of next-generation payments.

Botswana lacks domestic infrastructure for instant retail payment clearing and settlement, and the NRPS is an important step toward closing this gap. Faster retail payments should improve convenience, lower transaction costs and create opportunities for new payment propositions. However, they also erode banks' transaction fees.

Open banking, APIs and embedded finance

Payments, digital wallets and API-enabled partnerships between banks and fintechs are gaining momentum. This creates opportunities for embedded finance, where banking services are integrated into non-financial client journeys. Examples include financing embedded in eCommerce platforms, payments integrated into business software, account information incorporated into accounting systems, and insurance or other financial products distributed through digital platforms. This creates new opportunities but also potential competitive threats for banks.

Digital lending and AI-driven decision-making

Digital lending and alternative credit assessment are likely to gain traction. As more financial activity becomes digital, banks and fintechs can use a wider range of information to assess affordability, behaviour and creditworthiness. Over time, this could complement traditional information, such as income and bank statements, with transaction behaviour and other digitally generated information. For banks, the growth of digital lending and alternative credit assessment presents an opportunity to make credit decisions faster, broaden access to finance and improve risk assessment by combining traditional credit information with real-time transaction and behavioural data.

QR, contactless and mobile payments

The shift towards cashless merchant payments is likely to continue through QR codes, contactless cards and mobile phones. The Bank of Botswana identifies QR-based and near-field communication (NFC)-enabled contactless payments as next-generation payment technologies. Payment providers are expanding QR and tap-to-pay acceptance among merchants and informal businesses. Greater interoperability could further accelerate adoption by reducing the need for merchants and clients to navigate multiple payment ecosystems.

AI and hyper-personalised banking

AI is likely to become embedded in banking operations and client propositions, from fraud detection and client service to credit decisioning and personalised product recommendations. For banks, the opportunity is to use data and AI to anticipate client needs, improve service and manage risk more effectively. However, this will also increase the importance of data governance, cybersecurity, model risk and responsible use of AI.

Cloud banking and core-system modernisation

Banks are under increasing pressure to modernise legacy technology and core banking platforms. Modern, API-enabled and scalable infrastructure can reduce complexity, improve operational agility, accelerate product development and support greater integration with fintech partners. Modernised systems, automation, data platforms and enhanced cybersecurity are foundations for a more resilient digital environment.



Competing for talent

Associated material matters

Botswana faces a skills challenge, with high unemployment alongside shortages of people with the technical and specialised capabilities employers require. Botswana has a mismatch between graduate qualifications and industry requirements, which significantly constrains investment and economic development.

Competition for specialised skills remains a key consideration for Botswana's banking sector. The accelerated adoption of digital technologies, together with the growth of fintechs and mobile financial services, is increasing demand for scarce capabilities in areas such as data analytics, AI, cybersecurity, risk and compliance. This is compounded by the broader skills shortages and a mismatch between available skills and evolving industry requirements.

Our response

Developing future-fit capabilities is a key enabler of the Bank's 2030 Strategy. We are investing in the competencies required to leverage emerging technologies and strengthening specialist cybersecurity, risk and compliance capabilities. We are also strengthening our EVP to retain talent in a competitive talent market.

In FY2026, we achieved a Top Employer score of 91.6% (FY2025: 89.2%) and completed comprehensive remuneration benchmarking, with the identified gaps being addressed.

Read more about our human capital strategy on page 59.

The bank we are building for 2030 will only be as strong as the people who build it. Developing future-fit capabilities is not just a competitive necessity, it is how we ensure help keeps getting better.

Regulatory compliance

Associated material matters

The Bank of Botswana regulates and supervises banks and other financial institutions in Botswana, overseeing their solvency, liquidity, risk management, governance and compliance with applicable banking laws through off-site surveillance and on-site examinations.

Botswana's banking regulatory environment is developing, with increasing emphasis on prudential resilience, data localisation, digitalisation, financial crime, consumer protection, cybersecurity and climate-related financial risks. For example:

- The implementation of the Banking Act 2023 and associated regulations strengthened the prudential and supervisory framework.
- The Bank of Botswana is strengthening anti-money laundering/countering the financing of terrorism (AML/CFT) supervision and progressing its approach to climate-related financial risks.
- The Data Protection Act governs the privacy and protection of personal data, influencing how banks process and store information, and the resources required to manage and protect it effectively.

We comply with the Botswana Stock Exchange's listing requirements. As a subsidiary of the FirstRand Group, certain aspects of our operations are also subject to applicable South African regulatory requirements and legislation.

Our response

We comply with all applicable regulatory requirements, including prudential standards, consumer protection legislation and data protection requirements. The Board has ultimate responsibility for regulatory compliance, supported by the Board Compliance and Conduct Committee (BCCC), which the Bank of Botswana requires to operate as a separate committee from the Risk and Capital Management Committee (RCC).

Read more about our regulatory environment on page 51.

Creating value together

Our stakeholders are central to how we create value and reimagine help. Their perspectives assist us to ensure relevance, clearer purpose, greater simplicity and more distinctive solutions. In the process, we build more trust and strengthen the relationships that underpin our social fabric and the Bank's success.

FNB Botswana's approach to stakeholder engagement focuses on proactively understanding and responding to stakeholder expectations to support business performance, mitigate risk and protect the Bank's reputation. ExCo oversees stakeholder relationships, working closely with Marketing and Communications and the CEO's office. Marketing and Communications develops and guides the frameworks that underpin stakeholder engagement.

Our stakeholder engagement commitments include:

- Consulting with stakeholders on implementing new strategies and initiatives and involving stakeholders in decision-making through targeted communication.
- Keeping stakeholders informed of developments and relevant information to understand our position and make informed decisions.
- Considering our actions' potential impact on stakeholders.
- Listening and responding to stakeholders' needs and expectations promptly and providing relevant platforms for accessing feedback and engaging in stakeholder dialogue.
- Communicating promptly and proactively with clients on issues that affect service availability.

Our External Communication and Disclosure Policy establishes the principles and guidelines governing our interactions with external stakeholders and supports compliance with applicable regulatory requirements and best practice. It sets out the approval processes for information shared with stakeholders and defines the authorised spokespersons who may communicate on behalf of the Bank.

FNB Botswana provides publicly accessible channels through which stakeholders can report suspected unethical conduct, fraud or other concerns. These include the FirstRand Ethics Office, which offers an independent reporting mechanism and allows concerns to be raised anonymously. Reports can be submitted through the FirstRand Ethics Office website, or through the relevant whistleblowing functionality on the FNB App. Reports are assessed and investigated in accordance with the Group's established procedures, with appropriate action taken where necessary.

We unpack the stakeholder groups most material to our ability to create value. In addition, we foster transparent and constructive relationships with the media.

Stakeholder communication is also key in managing reputational risk. See page 48 for more information.

Who we create value for

Clients

768,000+ individuals, small and large businesses, and corporates across our Retail, Commercial and RMB segments. We exist to serve our clients by delivering innovative products, services and solutions that meet their current and evolving needs. We seek to build lifelong client relationships through a cohesive and inclusive banking ecosystem, while consistently delivering an exceptional client experience.

Employees and organised labour

Our employees provide the foundation of client service and are essential to achieving our purpose. We prioritise building a strong succession pipeline, offering relevant learning and professional development opportunities and attracting and retaining exceptional individuals. We are committed to fostering a positive and collaborative relationship with our unions.

Shareholders

FNB Botswana is a listed entity and is accountable to our shareholders.

First National Bank Holdings (Botswana) holds 70% of the issued shares and is wholly owned by FirstRand EMA Holdings.

30% of shares are publicly held on the Botswana Stock Exchange, with no shareholder holding more than 10% of the issued shares.

Suppliers

Our suppliers provide services including computer systems, property management, maintenance, security, advertising and other outsourced solutions. We support local businesses owned by women, youth and citizens by providing access to business opportunities and guidance on expanding their enterprises.

Communities

We support local businesses owned by women, youth and citizens by providing access to business opportunities and guidance on expanding their enterprises.

Government and regulators

We aim to forge supportive partnerships with the Government and our regulators, and to collaborate with relevant entities at national and local levels. We adhere to all regulatory and legislative requirements set by the Bank of Botswana and other applicable institutions to promote a stable and trustworthy financial services sector.

Financial value distributed

Our contribution to Botswana goes beyond banking. It is measured in the income we help generate, the communities we help build and the growth we help make possible. Our financial value-added statement is summarised below and detailed on page 260.

We distributed P3.68 billion* in shared financial value in FY2026

16% for expansion and growth
Fund retained (includes depreciation)

11% local suppliers
Procurement spend with local suppliers

1% to communities
Sponsorships and CSI spend



31% to shareholders
Dividends paid to providers of capital

27% to employees
Remuneration and incentives

14% to Government
Direct and indirect taxes

* *The FY2026 shared financial value distribution of P3.68 billion includes procurement spend with local suppliers and sponsorship and CSI spend. The corresponding value added to stakeholders, excluding these items, was P3.223 billion, as disclosed in the value added statement on page 260.*

Stakeholder engagement in FY2026

Clients

Engagement channels

- Digital channels such as our website, FNB App and social media.
- One-on-one interactions by relationship managers and via our branches and 24/7 Contact Centre.
- Panel discussions, tradeshows, exhibitions and conferences.
- Client surveys and market research.
- Product and service updates and launches and media releases.
- CEO meet-and-greets.

Stakeholder needs and interests

- Relevant, reliable and cost-effective products and services.
- Personalised financial solutions.
- Convenient access through multiple channels.
- Self-service and digital banking capabilities.
- Consistent quality of service with quick turnaround times.
- Relevant advice and insights.
- Safeguarding of data and personal information.

Our tailored approach

We use data and analytics to gain deeper insights into client behaviour, identify emerging needs and enable more personalised engagement and solutions. These insights inform product development, service improvements and targeted interventions to strengthen client satisfaction, retention and long-term relationships.

Client feedback and complaints are monitored to identify pain points and improve service, with client journey reviews, complaint resolution, service quality monitoring and root cause analysis supporting continuous improvement.

Value created for clients

FNB Botswana creates value for clients through a combination of financial products, services, and enhanced client experiences. In FY2026, the Bank enabled clients to improve their lives through a range of long- and short-term financial solutions and advances.

P28 million
in new home loans (FY2025: P43 million)

P354 million
advanced as part of CEEP (FY2025: P387 million)

P6 million
in vehicle finance (FY2025: P37 million)

P20.6 billion
in total loans and advances (FY2025: P21.5 billion)

Employees and organised labour

Engagement channels

- Internal communication, performance enablement discussions, manager team dialogues, information sessions, awards, wellbeing initiatives and roadshows.
- Internal SharePoint platform for collaboration, information dissemination and employee engagement.
- Employee Listening Survey and assessments.
- Union engagements and negotiations.
- Engagement and consultative forums, such as Council of Elders, Junior ExCo, an annual engagement forum for men (Podi sessions) and Kgotla sessions.
- Annual leadership conference.

Stakeholder needs and interests

- Conditions of employment and adherence to labour laws.
- Healthy and safe working environment.
- Job security and role flexibility.
- Fair performance enablement, reward and recognition.
- Opportunities for career development and advancement.
- Diversity, equity, inclusion and belonging.
- Regional mobility opportunities.

Our tailored approach

Our EVP is designed to attract and retain talent, while our Bank-wide High-Performance Culture Initiative strengthens leadership and accountability. Our impact on one another as colleagues is just as important as our impact on business results. A qualitative performance scorecard supports this approach by promoting fair and equitable rewards. This year, we evolved our EVP in response to employee expectations and our priorities, with a focus on career growth, future-fit skills, competitive rewards, wellbeing, inclusion and a high-performance culture. This was supported by internal communications and continued alignment of performance and reward practices with the EVP.

Employee feedback is used to identify priorities and inform targeted action plans, with particular focus on career development, communication, learning and development, collaboration and the holistic employee experience. The Bank also creates opportunities for employees to develop their capabilities, progress their careers and contribute to the Bank's strategy.

Shareholders

Engagement channels	Stakeholder needs and interests
• Annual and interim reporting elements, roadshows, seminars and presentations. • AGM. • Ongoing dialogue with analysts and investors.	• Strong and ethical leadership. • Transparent reporting and disclosure. • Consistent financial performance and returns supported by sustainable growth and business continuity. • Clear and concise strategic objectives. • Appropriate risk management and sound ESG practices.

Our tailored approach

Strong governance is fundamental to our long-term success and sustainability. Our Board is committed to protecting the Bank's long-term viability and supporting sustainable growth, while maintaining the highest standards of ethics, integrity and accountability. See page 95 for more information on governance.

At our AGM held on 6 November 2025, 95.96% (FY2025: 97.46%) of shareholders attended, and all resolutions were passed.

Communities

Engagement channels	Stakeholder needs and interests
• Website, social media channels, press statements and awareness campaigns. • Partnerships, sponsorships and CSI (CSI is implemented through the FNB Botswana Foundation). • Staff Volunteer Programme.	• Access to expert financial advice, products and solutions. • Financial literacy. • Employment opportunities and economic inclusion. • Corporate social responsibility and investment. • Active contribution to society and the environment.

Our tailored approach

We contribute to a future of shared prosperity through our commitments to sustainable finance, financial literacy and awareness, financial inclusion, SME development, and human and social development. We support economic transformation by providing tailored financial solutions to SMEs and contributing to private-sector growth through engagement, collaboration and dialogue across a range of platforms.

FNB Botswana's sponsorships create opportunities that drive national development, foster meaningful stakeholder engagement and contribute to sustainable social and economic impact.

Read more about our shared prosperity agenda on page 71.

Suppliers

Engagement channels	Stakeholder needs and interests
• Contracts, service level agreements and other formal correspondence. • Face-to-face interactions, including product, service and project review meetings, and relationship management meetings and visits.	• Contractual roles and responsibilities. • Transparency and equitable treatment. • Fair payment terms and timely payment. • Opportunities to collaborate and co-create.

Our tailored approach

We are intentional about sourcing from local businesses, and 90.5% of our procurement spend was allocated to local enterprises in FY2026. See page 77 for more information.

Government and regulators

Engagement channels	Stakeholder needs and interests
• Annual and interim reporting communications, roadshows, seminars and presentations. • Annual bilateral engagement with primary regulator. • Strategic one-on-one or targeted engagements. • Panel discussions, tradeshows, exhibitions and conferences. • Collaboration with industry experts. • Contributions to policymaking and regulatory developments.	• Sound corporate governance practices. • Proactive adherence to regulatory requirements. • Positive societal contribution and environmental stewardship. • Contribution to national development plans and priorities.

Our tailored approach

We maintain effective governance structures and processes, comply with applicable regulations and protect citizens through our anti-fraud initiatives. We contribute to national priorities and are committed to supporting Botswana's economic transformation. See page 5 for more information. We contribute to the development of the local financial services sector through employee training.

Managing the risks

Effective risk management is a strategic differentiator that enables us to navigate uncertainty, preserve value and deliver sustainable growth. By embedding risk management across our decisions and operations, we strengthen our ability to respond to uncertainty, safeguard stakeholders and position the Bank to pursue opportunities and deliver long-term growth.



Lindiwe Mogotsi
Chief Risk Officer

Risk management approach

Risk is inherent in our business and can arise from any factor that could prevent us from achieving our objectives or result in adverse outcomes, including reputational harm. Effective risk management enables us to identify, assess, monitor and manage these risks proactively. While risk-taking is fundamental to our ability to create value, we aim to maintain an appropriate balance between risk and reward to generate sustainable returns and support long-term value creation.

Our risk management process provides the governance, oversight and controls to support informed decision-making, capture opportunities and mitigate adverse outcomes. Risk management is embedded across the Bank's strategic and tactical decision-making processes and integrated into management activities and business segments. Our ability to proactively identify, assess and manage risk effectively is a key enabler of sustainable growth and a source of competitive advantage.

For more information on risk management and compliance, refer to our strategic pillar of value preservation on page 69.

Board of Directors

The Board is ultimately responsible for risk management and:

- Governs risk in a way that supports the Bank in setting and achieving our strategic objectives, while ensuring independent thought and governance.
- Promotes a culture of accountability and a strong risk management discipline throughout the business.
- Approves and oversees risk-related frameworks, policies and processes.
- Approves the Bank's risk appetite and monitors performance relative to limits and thresholds.
- Actively monitors the Bank's risk profile and emerging risks to ensure resilience in a changing environment.

The Board is supported by its Committees, particularly the RCC, the BCRC and the BCCC.

Enterprise Risk Management Framework

This Board-approved framework establishes a consistent and integrated approach to how risks are identified, assessed, measured, monitored, controlled and appropriately mitigated. The framework:

- Articulates and gives effect to our risk management approach.
- Establishes an integrated approach to risk management across the Bank.
- Outlines the Bank's key risk management principles and guidelines.
- Supports a framework for risk management policies, standards, processes and methodologies.
- Defines clear accountability and ownership of risk through the three lines of defence model.

Our robust and comprehensive risk reporting process provides the Board and ExCo with timely and forward-looking insights into the Bank's risk profile and outlook to support strategic and business decisions, enabling the Bank to pursue growth opportunities while maintaining prudent risk management discipline.

Risk appetite

The Bank's risk appetite defines the amount and type of risk it is willing to accept in pursuit of its strategic objectives. Approved annually by the Board, risk appetite aims to strike an appropriate balance between risk and reward to support the achievement of sustainable growth while preserving financial strength and stakeholder confidence.

The Bank's risk appetite is geared towards:

- Creating long-term value for stakeholders.
- Delivering superior and sustainable economic returns to shareholders within acceptable levels of risk and earnings volatility.
- Maintaining balance sheet resilience through capital and liquidity positions.
- Protect franchise value.
- Ensure compliance with applicable laws, regulations and governance standards.

Lines of risk defence

The Bank's risk controls are encapsulated in three primary lines of risk defence to ensure clear accountability for risk ownership, oversight and independent assurance.



Risk inherent in business activities – risk identification, measurement and control.

Executive managers, deployed risk and compliance managers, and Treasury (for support)

Establish frameworks and policies, monitor compliance with risk appetite, independent oversight, and monitoring.

Chief Risk Officer, Risk Heads in the Risk Office, Chief Compliance Officer, Credit Executive and Company Secretary and Chief Legal Officer

Adequacy and effectiveness of internal controls, governance and risk management. Provide independent reasonable assurance to the Board.

Internal Audit, Group Internal Audit and External Audit

Understanding our sustainability-related risks

This year, we strengthened our understanding and management of sustainability-related risks as an integral component of our overall risk profile and integrated them into our broader Enterprise Risk Management Framework. We integrated the Environmental and Social Risk Assessment (ESRA) capability into the Risk function, strengthening oversight and the consistent application of environmental, social and climate-related risk considerations. This enables consistent embedding and decision-making across the Bank.

Our focus is now extending beyond assessing risks at the point of financing to strengthening ongoing monitoring of financed activities and understanding of how climate-related risks may affect our clients, portfolios and operations. This will support more forward-looking risk management and ensure that we are better positioned to respond appropriately to emerging physical and transition risks, while supporting long-term value creation.

Principal risks and mitigating actions

These risks are monitored through our Enterprise Risk Framework and assessed against our Board-approved risk appetite. Risk ratings are indicated relative to our risk appetite and reflect the residual risk after considering the effectiveness of existing controls. The outlook, a projection of future trends, considers both internal and external factors, the Bank's influence, and its ability to respond to internal and external environmental changes. We constantly scan our environment for emerging trends, evaluate and implement proactive measures in response to the changing environment, and ensure we strengthen our resilience.

Risk movements in FY2026

The Bank's risk profile remained resilient in FY2026, despite a challenging environment. The outlook for several key risks remained elevated; however, the Bank operated largely within its approved risk appetite and regulatory limits, reflecting the Bank's risk maturity and agility. The changing environment also provided an opportunity to strengthen the Bank's risk response awareness and capabilities across the lines of defence, enhancing resilience. Through disciplined risk management and proactive monitoring of emerging risks, the Bank remains well-positioned to respond to future challenges and opportunities.

- The strategy risk increased as economic uncertainty and disruption to traditional business models heightened the complexity of strategic decision-making and execution.
- Capital and asset and liability management remained constrained as economic pressures and higher liquidity costs affected funding conditions and growth, while credit risk came under increased pressure.
- Traded market risk also increased following changes to the Government's foreign exchange policy in response to the ongoing pressures on foreign exchange reserves and continued uncertainty about future policy direction.
- Cyber risk increased as digital fraud and cyber incidents were exacerbated by the rapid adoption of digital technologies in the banking sector, heightening the importance of monitoring the control environment and client education.
- People risk was elevated to be a principal risk for FY2026 in recognition of intensifying competition for talent and specialist skills, reflecting the importance of people in supporting the execution of the Bank's strategy.

The following principal risks inform our risk management priorities and are unpacked in the pages that follow:

1. **Strategy** (2025: 1)
2. **Capital** (2024: 2)
3. **Asset and liability management** (2024: 3)
4. **Traded market** (2024: 4)
5. **Reputation** (2024: 5)
6. **Data** (2024: 6)
7. **Operational** (2024: 7)
8. **ICT** (2024: 8)
9. **Cyber** (2024: 9)
10. **Legal** (2024: 10)
11. **Compliance** (2025: 11)
12. **Credit** (2025: 12)
13. **Climate** (2025: 13)
14. **People**

Risk outlook
- Increasing
- Stable
- Decreasing

Risk rating
- Risk within appetite
- Risk close to appetite
- Risk outside of appetite
- Risk significantly outside of appetite

1. Strategy

Strategy risk is the risk that the Bank cannot achieve its strategic objectives due to ineffective decisions, failure to execute, and inability to respond effectively to internal and external factors, changing market dynamics and emerging opportunities and threats.

These include failures in business strategy or planning related to:

- Internal forces or events, such as poor communication, inadequate cash flow, an unsuccessful merger or a change in senior management.
- External forces or events, such as changes in consumer demand, new technologies and new market entrants.

The operating environment is increasingly complex, heightening strategic risk, especially execution risk, as economic uncertainty, evolving client expectations and technological change challenge traditional banking models. The pace of change makes strategic decision-making more difficult. Decisions made today may have different implications in the future, requiring continuous monitoring and agility as market conditions and business models evolve. This, combined with increased competition from both traditional and non-traditional players, further intensifies the need for innovation and a swift response to an evolving environment and client needs. The war for specialised talent and skills must be proactively managed to ensure successful execution of our 2030 Strategy.

Our response

The effective management of strategy risk enables the Bank to respond to market disruption, capitalise on growth opportunities and deliver sustainable value for stakeholders over the long term. The Bank is strengthening strategic execution through sharper accountability, disciplined delivery and better alignment of resources and capabilities. This is supported by stronger cross-functional collaboration to improve execution effectiveness; data-driven responses to support decision-making, identify growth opportunities and meet market and client needs; and monitoring of the 2030 Strategy to ensure priorities remain responsive to changing market conditions.

2. Capital risk

Banks must maintain adequate capital buffers to absorb potential losses, support financial stability and sustain their operations during periods of stress. A strong capital base enables banks to continue serving clients and pursue strategic opportunities, while insufficient capital can undermine stakeholder confidence, constrain growth, expose client deposits and investments to risk, and broadly weaken the stability and resilience of the financial system and economy.

The Bank of Botswana requires banks to have a minimum CAR of 12.5%. This ratio measures a Bank's capital relative to its risk-weighted assets.

Our response

The Bank actively monitors capital within a comprehensive capital management framework that considers strategic growth objectives, risk appetite, regulatory requirements and macro-economic conditions. The Bank closely monitors the macro-economic environment to ensure capital is managed within risk appetite, particularly given fiscal challenges and the potential for reduced earnings growth to create broader contagion risks.

The Bank remains well capitalised, with its CAR above both internal and regulatory requirements. The Bank regularly stress tests capital adequacy against a range of scenarios to assess its ability to absorb unforeseen losses, while deploying surplus capital to enhance returns.

See page 22 for more performance-related information.

3. Asset and liability management

Banks routinely manage mismatches between assets and liabilities, including liquidity and funding risks, interest rate risk in the banking book, and net open foreign exchange position risk. Effective management of these risks is essential to maintaining financial resilience, protecting earnings and ensuring that the Bank can execute on its strategic objectives under varying conditions. Each of these risks has set risk appetites which must be carefully monitored and maintained within manageable levels. Ineffective management of these mismatches can increase interest rate and liquidity risks, potentially impairing the Bank's ability to meet its obligations, particularly during periods of stress. In extreme circumstances, this could result in significant financial distress and, ultimately, threaten the Bank's viability.

In addition to the minimum 10% LAR, the Bank of Botswana issued LCR guidelines in May 2025, requiring banks to maintain sufficient high-quality liquid assets to withstand short-term liquidity shocks. The enhanced requirements strengthen the Bank's resilience to liquidity stress.

Our response

The Bank maintains a comprehensive Asset and Liability Management Framework, supported by a Board-approved Risk Appetite Statement that considers business strategy and growth objectives, with balance sheet resilience in the short and long term. In FY2026, management and the Board, through the Asset, Liabilities and Capital Committee and RCC respectively, heightened oversight in response to the constrained macro-economic environment. The Bank operated within its approved risk appetite, with some adjustments to remain agile in response to the evolving short-term environment, ensuring client flows and regulatory requirements were met at all material times while balancing risk accumulation. FNB Botswana's LAR remains above the regulatory threshold. Our net surplus demonstrates that the Bank maintains sufficient high-quality liquid assets to withstand both institution-specific and market-wide liquidity pressures. The ratio remains above the Basel-recommended 100% minimum and is compliant with the Bank of Botswana's LCR requirements.
See page 22 for more performance-related information.

The Bank strengthened its management of asset, liability and liquidity risks, including implementing enhancements informed by regulatory feedback. The Bank's experience in managing liquidity pressures during the year also provides valuable insights to further strengthen its recovery and response plans.

The Bank deferred a planned liquidity simulation exercise during FY2026 as management navigated liquidity pressures in real time. The experience provided valuable insights into the effectiveness of existing contingency arrangements and will enhance its recovery planning, stress testing and resilience enhancement initiatives.

The Bank will implement the LAR requirements in phases, with a minimum LCR requirement of 60% by December 2025, increasing by 10 percentage points annually to reach 100% by December 2029.

4. Traded market

Traded market risk is the risk of losses arising from adverse movements in market prices affecting the Bank's trading book positions. For FNB Botswana, the primary traded market risks are interest rate risk and foreign exchange risk, with foreign exchange representing the most significant exposure.

The risk outlook increased in FY2026 due to heightened global and domestic uncertainty. Geopolitical tensions, including the escalation of conflict in the Middle East, shifting trade policies and increased volatility across financial markets, made markets less predictable. Locally, issues include lower Government revenues and declining foreign exchange reserves, which led to protective interventions that increased volatility and the risk outlook.

The Bank of Botswana adjusted Botswana Exchange Rate Policy parameters during the year, in July and at the end of December 2025, to preserve foreign exchange reserves and support economic stability. The changes increased uncertainty about the exchange rate outlook and heightened short-term foreign exchange risk.

Our response

The Bank actively monitors these risks to ensure they remain within approved limits. The Bank manages this risk through a Board-approved stress-loss limit, which is reviewed annually to reflect the Bank's strategy, market conditions and client transaction flows. In response to regulatory changes, the Risk function strengthened risk management frameworks and oversight to maintain control over its foreign exchange exposures. Managing foreign exchange risk was a key focus area for the Bank throughout the year.

5. Reputation

Reputational risk is the risk that an event, action or employee's behaviour could adversely affect how the Bank is perceived by shareholders, employees, clients and other stakeholders. This can undermine stakeholder trust and potentially affect the Bank's growth, financial performance and long-term sustainability. Reputation is one of the Bank's most valuable intangible assets and a key contributor to brand value. A trusted brand strengthens client relationships, supports business growth, attracts and retains talent, facilitates constructive regulatory engagement, and enhances shareholder value. Protecting and enhancing stakeholder trust remains fundamental to sustaining our franchise and delivering long-term value creation.

Reputational risk is evolving as the rapid spread of information, social media and emerging technologies creates new channels through which the Bank's reputation can be affected. The adoption of AI presents both opportunities and risks in an increasingly digital world; AI-enabled fraud, including deepfakes and social engineering scams, and misinformation heighten the risk of reputational damage across the financial services industry. Effective monitoring and response capabilities are essential to ensure the Bank adopts AI and emerging technologies responsibly.

Our response

We safeguard and strengthen our reputation through proactive, responsive stakeholder engagement and timely communication. The External Communications and Disclosure Policy establishes the governance framework and clearly defines responsibilities for stakeholder engagement and reputation management across the organisation.

The Bank maintains comprehensive crisis management and communication frameworks and processes designed to support a coordinated and effective response to incidents. Established policies and processes support an effective crisis response. The Bank periodically tests crisis response plans through simulations to ensure they remain current, effective and fit for the evolving environment. Where required, a dedicated Crisis Committee is convened to oversee incident management, stakeholder communication and remediation activities.

The Bank maintains constructive relationships with the media, clients, regulators and other stakeholders. Media enquiries are addressed promptly with accurate, transparent information to keep stakeholders appropriately informed during periods of uncertainty or heightened negative attention.

Read more about stakeholder engagement on page 40.

6. Data

Data risk is the potential for financial, reputational or operational harm arising from the collection, handling, storage, processing or use of data. It encompasses risks related to data quality, privacy and protection, governance, regulatory and compliance requirements and ethical use, particularly with AI and other emerging technologies.

Data is a strategic asset that underpins decision-making, client experience, operational efficiency, regulatory compliance, and innovation. As the Bank continues to advance its digital transformation agenda, leverage data-driven insights and explore the use of AI, the importance of effective data governance continues to increase. The growing volume of data, evolving regulatory requirements, heightened stakeholder expectations and reliance on automated decision-making introduce new dimensions of data-related risk that require robust oversight and governance.

Our response

We have established data governance frameworks and standards designed to guide and ensure data governance, data quality, privacy and protection and regulatory compliance across the organisation. These policies, along with ongoing communication and training of employees and clients, help mitigate data-related risks. The Bank has a Board-approved risk appetite statement, and the RCC oversees performance against appetite and standards and reports to the Board quarterly.

The Bank is focused on increasing maturity, strengthening governance and ensuring responsible and ethical application of AI. In FY2026, the BCCC approved the Ethical Use of Data Framework, providing a formalised structure to ensure data is collected and used responsibly, transparently, fairly, securely and in line with legal and ethical standards. In addition, the Bank has adopted and is localising the FirstRand Group's AI Policy. We are establishing the appropriate local governance structures, accountability and capabilities to support effective implementation of the policy and oversight as part of the maturity journey.

To build a data-driven culture, the Bank has established a Data Academy. In addition, business units have appointed data champions who reinforce good data practices and provide targeted training. All 1,660 Bank employees completed a comprehensive Data Protection Act training programme (FY2025: 1,620 employees). The training covered data protection and privacy, the legal basis for data processing, protection activities throughout the data life cycle, and our Data Privacy Management Programme. These initiatives support improved data quality, reinforce accountability and strengthen employees' ability to leverage data effectively while maintaining appropriate governance standards.

The Bank is guided by the Bankers Association's Data Protection Act Technical Sub-Committee and engages with the Data Commissioner on compliance efforts and emerging compliance risks. No data breaches or regulatory penalties for non-compliance were recorded, and the Bank received no complaints about breaches of client privacy in FY2026.

Compliance with the Data Protection Act

The Botswana Data Protection Act (33 of 2022) establishes requirements for the privacy and protection of individuals' personal data. In FY2026, the Bank made significant progress in strengthening its compliance with the Act and embedding data protection principles across its operations. Localising client data helps ensure data privacy, regulatory compliance and access to data for analytics and data-driven decision-making.

Key initiatives included enhancing data governance frameworks and internal controls, and integrating data protection considerations throughout the development and life cycle of products and services. The Bank also invested in enterprise-wide awareness and training programmes to strengthen employees' understanding of their data protection responsibilities and foster a culture of accountability.

The Data Protection and Privacy Office works closely with business units to embed privacy-by-design principles into operations, ensuring proactive identification and management of data privacy risks. This contributes to a stronger control environment, supporting the Bank's digital transformation journey, sustainable growth, stakeholder confidence and long-term resilience.

The Localisation Steering Committee, an ExCo sub-committee, oversees implementation and reports to the Board on progress and emerging risks.

In FY2025, the Bank focused on self-monitoring and self-reporting its compliance. In FY2026, we conducted an independent review and validation of compliance levels. The review identified some areas for improvement.

7. Operational

Operational risk is the risk of loss arising from inadequate or failed internal processes, people or systems, or from external events. Greater digitalisation and automation will improve efficiencies, reduce manual intervention and strengthen the control environment. However, the Bank recognises that increased reliance on technology also elevates other risks, including operational resilience, third-party and cyber risks. The ability to respond, recover and adapt to operational disruptions is fundamental to maintaining client trust, service continuity and business performance.

Our response

The Bank continues to strengthen its resilience capabilities in response to evolving technology, cyber threats and regulatory expectations. We maintain a Board-approved Operational Risk Management Framework and a Risk Appetite Statement that guides risk management. The risk appetite considers the operating environment and our risk maturity, and the RCC monitors and oversees it quarterly. The Bank's operational risk strategy focuses on strengthening risk maturity, embedding proactive risk management and fostering a strong risk culture. A risk maturity scorecard provides risk owners and executives with timely information to monitor and proactively address concerns, supporting the right risk response and culture.

The Bank is shifting from reactive monitoring to a proactive, data-enabled risk management approach. By improving data quality, automating processes, and applying advanced analytics, the Bank has improved fraud detection and enabled earlier incident identification. This has supported proactive client engagement to reduce related incidents. The model is reviewed regularly to improve efficacy. The plan for FY2027 is to continue proactive monitoring and expand it to other processes beyond fraud. In addition, we are compiling the critical controls inventory, which we will review more regularly to increase oversight of controls for the Bank's highest risks.

We conducted a risk culture survey in FY2026, which demonstrated maturity levels across the organisation. The survey showed high maturity at the managerial level and above. However, at the non-managerial level, there were opportunities to strengthen maturity. Areas include process management, organisational learning, risk ownership and incident reporting. Some interventions had already commenced, such as capacity training. These will be supported by other Bank initiatives, such as the High Performance Culture Initiative and accountability drive, training and awareness, and operational efficiency and digitalisation.

8. ICT

ICT risk is the potential for adverse impacts arising from the use, management or failure of technology systems, infrastructure and services. It encompasses a range of threats, including hardware or software failures, system disruptions and human error, which can interrupt business operations, result in financial losses and reputational damage. Reliable and resilient technology is fundamental to the Bank's ability to deliver products and services, support digital transformation and meet the evolving client expectations.

Our response

The Bank maintains a continuous focus on ICT system availability, stability and resilience to minimise disruptions and ensure seamless access to services for clients. The Main Risk Committee measures technology performance against established infrastructure availability and resilience thresholds, monitors key metrics and reports them quarterly to the RCC. Our overall uptime and infrastructure and system availability remained within approved thresholds during FY2026, demonstrating the resilience of the Bank's technology environment. By maintaining resilient technology platforms and continuously strengthening operational capabilities, the Bank is well positioned to support its digital strategy, improve client experiences and maintain reliable service delivery.

9. Cyber

FNB Botswana's operations depend on a resilient ICT infrastructure that may be exposed to cyber threats. Cyberattacks can disrupt systems and service delivery, compromise sensitive client information and result in financial, operational and reputational impacts.

The cyber threat landscape continues to evolve rapidly, with cybercriminals employing increasingly sophisticated techniques, including ransomware, social engineering attacks, identity fraud, deepfakes and AI-enabled cyber threats. In addition, greater digital connectivity and increased integration and reliance on third-party technology providers have heightened the complexity of the cybersecurity environment.

The enactment of Botswana's Cybersecurity Act introduced additional governance, oversight, and resilience and response expectations for organisations operating critical information infrastructure. These developments reinforce the importance of maintaining a robust cybersecurity framework and continuously enhancing cyber resilience capabilities.

Our response

The Bank maintains a comprehensive cybersecurity programme designed to identify, prevent, detect, respond to and recover from cyber threats. The Bank continually reviews and enhances cybersecurity controls, monitoring capabilities and governance frameworks to address the evolving threat landscape.

The Bank's cybersecurity framework largely aligns with the Bank of Botswana's Guidelines on Cybersecurity and Resilience and the requirements of the Cybersecurity Act. The Bank reviews this at least annually to ensure it remains current and applicable to the evolving landscape.

The Bank has a defined Board-approved cyber risk appetite, and key risk indicators provide a structured framework for monitoring cyber exposures and ensuring risks remain within approved tolerance levels. Management regularly reviews performance against these measures through the Technology and Cybersecurity Committee and Main Risk Committee, and reports quarterly to the RCC.

The Bank experienced no significant cybersecurity incidents during FY2026. The Bank recognises that security controls alone are not sufficient to manage cybersecurity, and the employees remain a critical control. The Bank also varies its training and awareness programmes in response to evolving threats. These include regular phishing simulations and targeted training programmes to reinforce a security-conscious culture. The Bank also undertook a range of client-focused digital fraud awareness initiatives, using radio and television engagements and social media content to help clients recognise and respond to emerging fraud threats. Particular emphasis was placed on smishing and social engineering to strengthen client vigilance and protect clients from financial loss.

10. Legal

The Bank is exposed to the risk of financial loss, reputational damage or operational disruption arising from legal action, contractual disputes, non-compliance with applicable laws and regulations, or intellectual property infringements. Legal risk is managed under an approved risk appetite statement, which remained within appetite throughout the year. However, the outlook is increasing, primarily due to an evolving legislative environment.

Our response

The Bank manages this through proactive monitoring of legislative developments and stakeholder engagement through the regulatory teams. The Bank continuously assesses emerging legal and regulatory changes to support timely implementation and mitigate potential business impacts. The Bank implemented various measures in FY2026, including rigorous training for frontline employees and regular engagements with affected stakeholders on key legal issues, to maintain a proactive approach to legal risk.

11. Compliance

As a regulated financial institution, FNB Botswana operates within an increasingly complex legislative, regulatory and supervisory environment. Compliance risk is the risk of legal or regulatory sanctions, financial loss, reputational damage or restrictions on business activities arising from failure to comply with applicable laws, regulations, industry standards or supervisory expectations.

Our response

Maintaining a strong culture of compliance is fundamental to preserving stakeholder trust, protecting the Bank's licence to operate and supporting sustainable long-term growth. As the regulatory landscape evolves, particularly in areas such as cybersecurity, data protection, financial crime, conduct and sustainability, the Bank continues to strengthen its compliance capabilities and foster a culture that upholds both the letter and spirit of applicable requirements. Where requirements are unclear, the Bank assesses the relevant facts, obligations and associated risks and seeks external legal or regulatory advice where appropriate.

The Bank maintains a comprehensive Compliance Risk Management Framework to ensure compliance obligations are identified, assessed, monitored and appropriately managed. The Management Compliance and Conduct Committee and the BCCC provide oversight of compliance risk at management and Board level, respectively. These Committees monitor the effectiveness of compliance management practices and oversee emerging regulatory developments.

The Bank did not record any major compliance breaches or material regulatory failures during FY2026, reflecting the effectiveness of its compliance framework and strong culture of accountability.

Financial crime

The financial crime environment continues to evolve with increasingly sophisticated and technology-enabled criminal activity. The Bank maintains enhanced monitoring and detection capabilities to identify unusual and suspicious activity and ensure compliance with anti-money laundering and counter-terrorist financing obligations, in line with current and anticipated legislation.

ESG-related incidents

We confirm that in FY2026:

- There were no significant ESG-related incidents (FY2025: none).
- There were no incidents of legal non-compliance (whether under investigation, pending finalisation or finalised), directives, compliance notices, warnings or investigations, or any public controversies.

FNB Botswana did not pay any fines, settlements, penalties or suffer other monetary losses related to ESG incidents or breaches.

Market conduct and business conduct

Reimagining help means ensuring that every client, whether navigating financial hardship, a language barrier or a difficult conversation, is met with the same dignity, fairness and care.

The Bank has a well-established Market Conduct Framework and Policy that sets out the standards and principles to guide employees in managing conduct risk and ensuring fair treatment of clients. The framework's key objectives promote responsible and ethical business practices, ensuring all employees act in ways that uphold consumer trust and align with leading practices and local regulatory requirements.

Fair treatment: Ensuring that clients are treated fairly, consistently, and transparently in all interactions with the Bank.

Regulatory requirements adherence: Compliance with applicable laws, regulations, and industry standards to maintain financial market integrity.

Effective complaints management: Establishing robust processes for handling and resolving client complaints in a fair and timely manner.

Risk management: Identifying, monitoring and mitigating conduct risks to protect clients and the Bank.

Client-centric solutions: Ensuring our products and services are designed, marketed, and delivered in a manner that meets clients' needs and expectations.

Governance and accountability: Through conduct governance forums, the Bank regularly reviews key performance indicators for its market conduct practices.

Ultimately, the framework upholds the Bank's commitment to integrity, professionalism, and sustainable business practices while fostering trust and confidence among clients and other stakeholders. In addition, all employees commit to adhering to the Bank's Code of Ethics, which provides clear guidelines on our values, principles and our Bank's promises.

Practices

The Bank operationalises the Market Conduct Framework through day-to-day practices, including:

- Executing market conduct policies, frameworks, standards and procedures, systems and programmes.
- Ensuring appropriate actions if there is a violation of market conduct legislation or regulation or non-compliance, by monitoring client complaints, service failures and client feedback to identify and address systemic issues.
- Identifying and escalating areas of material market conduct risk and ineffective or inadequate controls.
- Implementing client satisfaction and service quality monitoring initiatives.
- Creating a culture of compliance and client-centricity through communication and training employees on TCF principles and conduct.

Addressing client concerns and complaints

Our Complaints Management Policy incorporates TCF principles and establishes minimum standards for investigating, resolving, monitoring and reporting client complaints in a fair, consistent and transparent manner.

Our well-established client complaints management processes ensure we track, investigate, resolve, and analyse all complaints for underlying themes and trends. The Bank monitors client outcomes through complaints management, service quality reviews, client feedback, regulatory compliance oversight and conduct risk management. This includes our incident management process, which is overseen by the Risk and Compliance Forum.

When client fairness concerns are identified, we escalate them through the appropriate governance channels, including the Compliance and Conduct Committee, which oversees market conduct matters. Client feedback and emerging concerns are discussed in client service forums, enabling proactive identification of conduct risks and opportunities to improve client outcomes. This Committee oversees adherence to market conduct standards and TCF principles, and monitors key conduct indicators and regulatory obligations.

Protecting vulnerable clients

Client vulnerability may arise from a variety of circumstances, including physical or mental disability, financial hardship, language barriers and limited financial literacy. Understanding and responding to these needs is fundamental to ensuring clients are treated fairly and protected from harm or disadvantage.

In July 2026, the Bank introduced a Vulnerable Clients Policy to provide frontline teams with clear guidance on supporting clients who may be disadvantaged, differently abled or experiencing financial hardship. This was complemented by empathy training to reinforce the principles of Botho and ensure that all clients are treated with dignity, respect and fairness.

Market conduct and business conduct continued

Preventing over-indebtedness

The Bank supports responsible lending through affordability assessments, credit bureau checks, and robust risk management controls to confirm that clients can sustainably meet their financial obligations. The business continuously reviews the advances portfolio's performance to identify early signs of stress and proactively engage with clients to offer help.

The Bank regularly reviews its credit appetite to address emerging risks, informed by employer- or industry-specific challenges. This approach ensures clients are served responsibly while maintaining a sustainable lending portfolio. Through its integrated advice programme, the Bank works with employers to offer free money management education on the various forms of debt, responsible borrowing practices and maintaining a positive credit history.

Business conduct

FNB Botswana upholds the highest standards of ethical conduct, guided by the principles of honesty, integrity, fairness, equality, diversity, accountability, transparency and respect for individual rights. These principles are embedded in the Bank's Code of Ethics and reflected in its human capital policies. Employees, Directors and suppliers must comply with the Bank Code of Ethics, which sets clear expectations for ethical behaviour and guides sound, ethical decision-making.

Employees are encouraged to raise concerns about unethical conduct through a range of channels. The Bank maintains a robust, anonymous and independently managed whistleblowing process for reporting unethical conduct. The Ethics Line Policy reinforces the Bank's commitment to ethical conduct, transparency and an environment where employees can report without fear. Confidential, partially anonymous, and anonymous disclosures help ensure safe reporting. Ongoing in-person and online training raises awareness of the process.

The Bank thoroughly investigates all reported cases and takes appropriate disciplinary action when breaches are substantiated, reinforcing a culture of accountability and transparency. In FY2026, the Bank received 28 whistleblowing reports (FY2025: 26; FY2024: 24). The Bank completed all cases and referred them to the Group for quality assurance and closure. No bribery and corruption allegations were reported through the whistleblowing channel.

Anti-corruption and bribery

The Bank's strong control environment is supported by established policies, employee awareness initiatives, governance oversight, risk assessments, and incident management processes. The Bank has a zero-tolerance approach to bribery and corruption and is strengthening mechanisms to protect its reputation and stakeholders. By year-end, 98% of employees had completed online anti-bribery and corruption training. The Bank provided additional in-depth training to employees in higher-risk areas, including procurement, marketing, human capital and the FNB Botswana Foundation. The training strengthened understanding of the Anti-Bribery and Corruption Policy and employees' responsibilities towards stakeholders.

The Bank is committed to political neutrality. No financial or in-kind contributions to any political party, political organisation, or individual politician were made. This approach reinforces the Bank's commitment to good corporate governance, integrity, and compliance with Bank policies and ethical standards.

The Bank's most recent engagement with the Directorate on Corruption and Economic Crime was held in July 2024 as part of its commitment to collaborating with key regulatory and law enforcement stakeholders.

12. Credit

Credit risk is the risk that a client or counterparty fails to meet its contractual financial obligations as they fall due. Because lending is central to the Bank's operations, credit risk is a significant area of exposure. During FY2026, continued economic pressures, constrained liquidity conditions and slower growth across key sectors of the economy heightened credit risk considerations. These conditions could affect client affordability, repayment capacity and demand for credit.

Our response

The Bank maintains a comprehensive Credit Risk Management Framework that governs the identification, assessment, measurement, monitoring and management of credit risk across all lending activities. The framework is supported by robust policies and risk appetite.

The Credit Risk Management Committee and the BCRC provide oversight at management and Board level and ensure adherence to regulatory and Board-approved limits. The Committees regularly review portfolio performance, risk appetite metrics, concentration risks, stress-testing outcomes and appetite limits, governance structures and independent oversight to ensure that credit risks are managed prudently throughout the credit life cycle.

The Bank uses data, analytics, and predictive monitoring techniques to identify risks and support proactive portfolio management. Enhanced early warning capabilities enable management to identify deteriorating risk trends earlier and implement mitigating actions before material losses occur.

Approved prudential limits were maintained, reflecting disciplined portfolio management and the resilience of the Bank's credit risk framework. The Bank reviewed its risk appetite more frequently in FY2026 to remain responsive to the operating environment. We remained within our approved credit risk appetite, reflecting disciplined portfolio management and the resilience of the Bank's credit risk framework.

Read more about credit risk management on page 109.

13. Climate

Climate risk refers to the risks arising from climate change. These risks are broadly categorised as physical risks and transition risks:

- Physical risks arise from the increasing severity and frequency of extreme weather events and longer-term environmental changes. These may expose the Bank to operational and credit risks. For example, prolonged drought could affect farmers' ability to generate income and repay their loans.
- Transition risks arise from changes in client behaviour, regulatory interventions, technology and investor preferences as economies transition towards lower-carbon and sustainable business models. These changes may expose the Bank to market, reputational and legal risks.
- Climate risk may influence credit, operational, market, legal and reputational risks, making it an increasingly important consideration in decision-making.

Our response

The Bank is strengthening its climate risk management capabilities through its Environmental Risk Management Framework, which provides a structured approach for identifying, assessing, monitoring and managing environmental risks, including climate, across its operations. The Bank's Board-approved climate risk appetite defines its tolerance for climate-related risks and guides exposure monitoring and decision-making in support of its long-term sustainability ambitions.

The Sustainability Committee oversees the implementation of the Bank's Climate Management Programme at a management level and reports to the DAGC at a Board level. To strengthen climate risk management, the Bank assessed its financed emissions in FY2025, covering emissions attributable to its lending and activities. The Bank has targets in place to reduce its financing exposure to the coal, oil and gas sectors. The Bank's Climate Change and Energy and Fossil Fuels Financing Policies guide financing across the oil and gas, coal and renewable energy sectors and support the transition to more sustainable energy.

The Bank is also strengthening ongoing monitoring of clients following the initial assessment, recognising the need to ensure that environmental and social risks remain appropriately managed throughout the financing life cycle. The Bank also strengthened the reliability of its emissions data and baselines, supported by internal and external assurance, to inform future climate targets and risk management. In FY2026, the Bank further enhanced integration of the Sustainable Finance Framework into operations.

Read more about our approach to climate on page 84.

14. People

Employee engagement, talent management and wellbeing are critical to achieving our 2030 Strategy and other commitments. To remain sustainable, we must ensure that the right people are in the right roles at the right time. This requires effective talent acquisition, management and retention, supported by career development and succession planning.

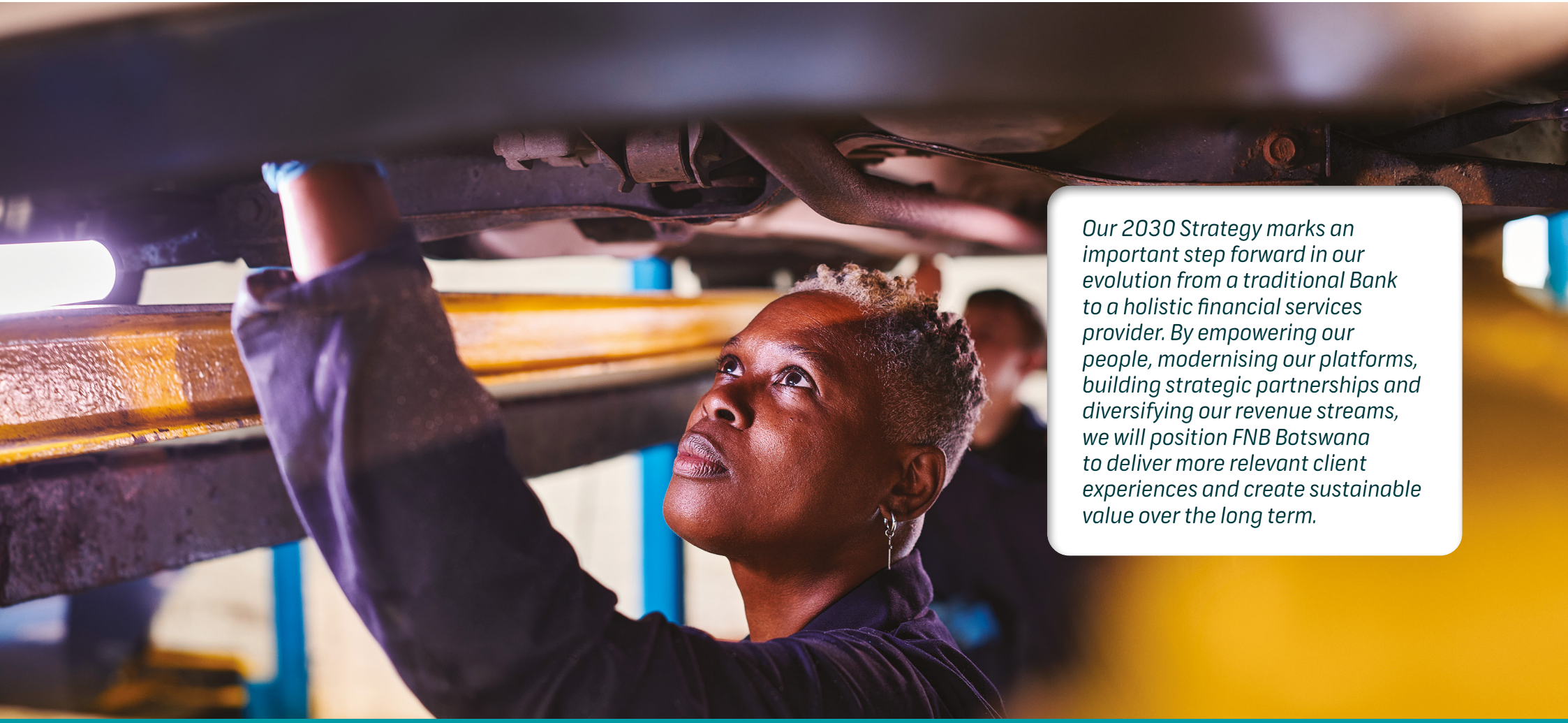
In FY2026, we elevated our people risk to a principal risk, as the Bank faces skills shortages and competition for specialised talent, particularly in data, cybersecurity, AI and risk and compliance.

Our response

FNB Botswana is attracting, developing and retaining the skills required to support the Bank's evolving strategy. The Bank is also strengthening its understanding of changing workforce needs to adapt to the future world of work and retain critical capabilities. Employee wellbeing is another focus area, with attention to the financial and mental pressures affecting employees. These measures support the Bank's ability to retain critical skills, maintain employee resilience and ensure it has the capabilities needed to execute its strategy.

Read more about our human capital strategy on page 59.





Our 2030 Strategy marks an important step forward in our evolution from a traditional Bank to a holistic financial services provider. By empowering our people, modernising our platforms, building strategic partnerships and diversifying our revenue streams, we will position FNB Botswana to deliver more relevant client experiences and create sustainable value over the long term.

Positioning for **sustainable growth**

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The 2030 strategy overview

Our 2030 Strategy will enable us to deepen our role as a financial solutionist of choice, combining empowered people, technology and partnerships to deliver exceptional client experiences and sustainable value for our stakeholders.

The Board approved the 2030 Strategy in April 2025, which continues many of our strategic initiatives but sets a new, ambitious direction to build FNB Botswana into a holistic financial services provider. FY2026 was the first year of executing the strategy, and we measured execution against Board-approved annual targets and strategic focus areas for each strategic pillar and shared prosperity. We reviewed these quarterly to ensure we remain on track to achieve our long-term objectives while staying responsive to changes in the operating environment.

Vision

We are a financial solutionist of choice, delivering exceptional stakeholder experiences

Strategic pillars

Agile and empowered people

Future-proof and empower people with the ability to adapt to changes in the market, technologies and environment

Transform and disrupt

Leveraging agile methodology to stay ahead of the curve in the face of innovative, disruptive technologies

Sustainable growth

Develop partnerships and collaborations to support expansion to become a leading financial services company

Simplified and personalised experiences

Simplified, hyper-personalised client experiences to improve client loyalty, retention and growth

Value preservation

Safeguarding of overall value through ensuring adherence to laws and risk management efforts

Shared prosperity

Our commitment to shared prosperity is anchored in an inclusive balance sheet that empowers all stakeholders. We aim to foster diverse sustainable finance solutions and champion SME development.

Our strategic priorities

Short term (FY2026)

- Optimise platforms to support self-service.
- Partner with Government to support key sectors and infrastructure funding and economic growth.

Medium term (FY2027-FY2028)

- Scale into a financial services company with diversified revenues.
- Enhance technology and platform investments to improve efficiencies, client attraction and client retention.

Long term (FY2029 to FY2030)

- Entrench innovation and research and development for constant improvement.
- Integrate sustainability and shared prosperity practices for societal impact.
- Value preservation through robust risk and compliance frameworks that adapt to evolving regulation.

Explaining our strategy evolution

Success in this new era requires more than investment in technology. It requires us to evolve our culture, build stronger digital capabilities, foster greater collaboration and embrace continuous innovation.



Dr Mbako Mbo
Deputy Chief Executive Officer

How is FNB Botswana evolving beyond traditional banking?

FNB Botswana is evolving from a traditional bank into a broader financial services platform that meets clients' financial and adjacent needs. Our 2030 ambition is centred on simplifying clients' lives through personalised, experience-led solutions, enabled by a 360-degree view of the client and supported by emerging technologies such as AI and machine learning. We are enhancing how clients interact with the Bank, making the experience simpler and more intuitive.

Our evolution extends beyond technology into new business models and partnerships. The future financial services ecosystem will comprise platforms that bring together financial and non-financial products and services. We see growing opportunities for collaboration with fintechs, MNOs and insurers, using shared platforms, integrations and data capabilities to reach clients more effectively through personalised solutions.

Our evolution beyond traditional banking is about becoming a platform that connects clients to a broader ecosystem of financial and adjacent services, enabled through technology, data and partnerships.

How will the Bank use technology to advance financial inclusion?

Technology allows us to expand access to financial services without leaving clients behind. We are modernising how clients access our services by introducing digital capabilities while retaining traditional channels. These are important for clients who may not yet be comfortable with or have access to newer technologies.

Financial inclusion is also expanding access to finance through digital, data-driven micro-lending models that enable faster, more accessible small loans, particularly for clients with limited access to traditional bank lending. We support this best through our micro-lending proposition while exploring fintech partnerships to extend finance via digital channels. This will enable us to reach clients through new, data- and technology-informed channels, developing more relevant solutions while maintaining responsible lending practices.

Inclusion is also about building trust and digital confidence. Some clients remain hesitant to use digital channels, particularly given the prevalence of fraudulent messages that mimic legitimate bank communications. We invested significantly in financial literacy and fraud awareness initiatives, including face-to-face engagements and roadshows, to help clients identify fraudulent communications and use digital services safely.

Where can the Bank best support Botswana's economic diversification?

FNB Botswana seeks to play a meaningful role in supporting Botswana's economic transformation. Government has identified priority sectors and is creating platforms and incentives to attract investment, and the private sector can catalyse these opportunities into sustainable economic activity.

Agriculture is a strong example. Botswana has fertile land and is well-positioned within an important regional trade corridor, creating opportunities to expand local production and reduce reliance on imports. We are engaging with stakeholders to understand where we can contribute, including bringing together investors, promoters, funders and Government to develop appropriate funding solutions for viable projects.

We see similar opportunities in manufacturing, tourism and SMEs. These sectors align closely with our Commercial Banking growth strategy, and we are already developing propositions and capabilities to support clients operating in these areas.

Our ambition is also to gradually diversify our lending portfolio, increasing our exposure to sectors such as agriculture and manufacturing alongside our traditional lending base.

Ultimately, our role is not simply to provide capital. It is to connect the different participants in the ecosystem and help unlock opportunities that can contribute to a more diversified and sustainable economy.

Dr Mbako Mbo
Deputy Chief Executive Officer

Agile and empowered people

A future-ready Bank is built by future-ready people. We are investing in the skills, culture and capabilities our employees need to deliver meaningful help to clients.

Performance against our human capital strategy

FNB Botswana has integrated human capital into the execution of its broader business strategy, positioning talent management, leadership development and employee engagement as key business enablers. Our 1,660 employees (FY2025: 1,628) play a central role in supporting innovation, strengthening client-centricity and driving operational excellence across the Bank.

Our human capital strategy is structured around five key focus areas:

1. Best-in-class talent
2. Capability
3. Operational excellence
4. Employee experience
5. Enabling culture

Progress against FY2026 strategic focus areas

FY2026 targets	Actual performance
Conduct biannual pulse reviews to monitor progress in employee engagement.	We conducted two pulse reviews to monitor employee engagement. This included a culture-focused survey and a learning and development-focused survey. Read more on page 61.
Identify critical and future skills.	We have strengthened our focus on building a future-ready workforce by introducing a Future Skills Framework designed to identify, develop and nurture the critical capabilities required for long-term success. Read more on page 60.
Develop retention interventions for top talent.	We strengthened targeted retention strategies for key talent and critical skills, focusing on career development, succession readiness, leadership growth, and employee engagement.
Establish academies for people, relationship management, and data and analytics.	We made significant progress in establishing our three capability-building academies, including selecting strategic learning and development partners to design the curricula and support programme implementation.

A detailed breakdown of our workforce profile is on page 264.

1 Best-in-class talent

We seek to create an environment where our people can thrive, grow their careers and build the capabilities needed to shape the future of FNB Botswana. The Bank has a well-defined Talent Management Framework and related policies that guide the business in attracting and retaining best-in-class talent.

We have interventions in place to develop future banking skills in the areas of:

- Data analytics.
- AI and digital technologies proficiency.
- Cybersecurity.
- Risk and compliance.

Read more about career development initiatives on page 60.

Employee retention and hiring

The overall employee turnover rate was 4%, of which 3.5% was voluntary. We hired 188 new employees, including employees in critical areas to ensure alignment with our strategic ambition.

We track performance through our Home-Grown Index, which measures the proportion of leadership and critical roles filled through internal promotions compared to external hires. For ExCo roles, we achieved a Home-Grown Index of 60%, within the target range of 40% to 60%.

The Bank is strengthening internal talent mobility and leadership continuity by building a diverse pipeline of capable, ready talent. Through our succession planning and leadership development processes, we aim to minimise business disruption by ensuring that internal successors are equipped and prepared to take on new, broader, and more complex responsibilities. This approach supports organisational resilience, preserves institutional knowledge, and reinforces our commitment to growing talent from within.

We continued to focus on diversity and inclusion to attract a more diverse talent pool and strengthen our EVP. The Bank engaged with the Botswana Council for People with Disabilities and its affiliated organisations, reviewed and enhanced its Diversity, Equity and Inclusion Policy, and conducted a comprehensive disability-access audit of its facilities.

P982 million spent on employee remuneration (FY2025: P942 million)

60% Home-Grown Index for ExCo members (FY2025: 69%)

188 new hires (FY2025: 189 new hires)

4% overall turnover (FY2025: 7%)

2 Capability

The Bank takes an inclusive approach to learning and development, focused on addressing current business needs while building the future capabilities needed to support its long-term ambitions. Employees are empowered to continuously develop their skills, enhance their career prospects and remain relevant.

In alignment with this framework, the Bank's Bursary Policy was repositioned to prioritise the development of future-focused capabilities, with an emphasis on AI, robotics, data and analytics, digital transformation, and other emerging disciplines. To date, 17 employees have graduated with postgraduate qualifications in business intelligence and data analytics, business analytics, digital transformation, innovation, and financial engineering. The Bank is also proactively preparing its workforce for emerging technologies and new ways of working through targeted investments in digital skills development, innovation capabilities and technology enablement.

To promote continuous learning, employees have access to Udemy, a self-directed online learning platform offering a diverse range of development opportunities. Through this platform, employees can build critical skills at their own pace and according to their individual development needs. In FY2026, 1,209 employees were allocated Udemy licences and collectively completed 8,493 learning hours across 1,704 courses.

An agile, client-focused workforce does not happen by chance. It is built deliberately through continuous learning, real experience and the kind of leadership that brings people along.

P12.4 million invested in employee training and skills development (FY2025: P10.2 million)

P95,148 invested in coaching and mentoring programmes (FY2025: P78,102)

P406,000 disbursed in bursaries* (FY2025: P456,595)

171% training budget utilised (FY2025: 126.7%)

Leadership development

We are investing in developing future leaders at every level, strengthening our leadership pipeline and equipping high-potential talent and managers with the capabilities and experience to lead the Bank into the future.

Young Talent Development Programme (YTDP)

The YTDP is a structured 24-month experiential learning and capability-building programme to develop high-potential graduate talent. Launched in April 2024, the programme combines targeted learning interventions, cross-functional job rotations, coaching, mentorship, and mobility opportunities to equip participants with the skills, exposure, and experience required to succeed in critical business roles.

The programme attracts high-achieving graduates from leading universities and is strategically aligned to address identified critical skills shortages and emerging capability requirements. In addition, the YTDP is an important feeder programme for future specialist and leadership roles, supporting the Bank's commitment to develop internal talent. FNB Botswana currently has 10 graduate trainees enrolled in the programme. The recruitment process for the third cohort is underway.

Junior ExCo Programme

The Junior ExCo Programme is a structured 24-month leadership acceleration programme that fast-tracks the development of high-potential employees with the capacity to assume greater leadership responsibilities. In FY2026, 16 participants were selected for the programme, which will run from FY2026 to FY2028.

Through targeted development interventions, psychometric assessments, personalised feedback, executive exposure, mentoring, and structured individual development plans, participants gain the skills, experience and insights needed to accelerate leadership readiness.

By creating clear career pathways into key roles, the programme supports the Bank's commitment to developing internal talent, strengthening the bench, and retaining high-performing, high-potential employees critical to our long-term success.

World-Class Manager Programme

Designed to build confident, capable, and people-centric leaders, the programme equips managers with the skills and tools to lead teams effectively, drive performance, and foster a high-performance culture. This year, 22 line managers participated in the programme.

Through a structured development journey, participants engage in targeted learning interventions focused on key leadership competencies, including people management, coaching and feedback, performance enablement, employee engagement, change leadership, and decision-making. The programme also provides opportunities for peer learning, practical application, and reflection, enabling managers to translate learning into meaningful workplace impact.

* *Bursaries awarded cumulatively from FY2015 to FY2026 amount to P9.6 million and the annual disclosure amounts are based on invoices paid during the financial year.*

ExCo succession management

In FY2026, we strengthened our ExCo succession pipeline with a more structured, data-driven approach to talent identification and development. A key component of the process has been psychometric assessments, providing objective insights into leadership potential, behavioural preferences, cognitive capability and readiness for greater responsibility.

Identified successors received comprehensive psychometric feedback, participated in focused development discussions with their managers, and completed tailored individual development plans aligned to their career aspirations, development needs, and future role requirements. This has enabled a more targeted and personalised approach to leadership development.

Talent mobility

Talent mobility is a key enabler of leadership development, succession readiness, and talent retention. In FY2026, six employees (FY2025: 13) participated in short- and long-term assignments across the FirstRand Group, supporting cross-border knowledge transfer, regional collaboration, and capability development.

Mobility opportunities have given employees valuable experiential learning through secondments, stretch assignments, and broader leadership exposure, helping accelerate readiness for critical and future leadership roles. Talent mobility is also integrated into the YTDP, where graduate trainees gain exposure to different business areas and the wider FirstRand network.

We will strengthen mobility opportunities across the Bank and the broader Group as an important component of our talent, succession and retention strategy.

3 Employee experience

Our EVP aims to position FNB Botswana as an employer of choice, providing an environment where employees are supported in their financial, emotional and physical wellbeing. This strengthens our position as a Top Employer that values its people, enables growth and fosters a strong sense of belonging.

FNB Botswana was recognised as a Top Employer in FY2026, achieving a score of 91.6%, up 2.4 percentage points from 89.2% in FY2025.

This progress reflects our continued focus on creating an engaging, inclusive and high-performing workplace, underpinned by a strong EVP and a culture of listening. Employee feedback remains central to this approach, with insights from our engagement and career and development surveys informing targeted actions across the Bank.

In FY2026, we evolved our EVP in response to employee expectations and organisational priorities, focusing on career growth, future-fit skills, competitive rewards, wellbeing, inclusion and a high-performance culture. This was supported by enhanced internal communication, ongoing efforts to align performance and reward practices with the EVP, and regular use of employee feedback to keep the proposition relevant and responsive to workforce needs.

Listening to our employees

Employee feedback is a critical input to developing and refining our human capital strategy. To better understand employee experiences and priorities, the Bank continues to leverage employee listening mechanisms, including the Group Engagement Survey and targeted pulse surveys.

In September 2025, the Bank conducted a culture-focused employee experience survey, achieving a 94% response rate and receiving 4,469 employee comments. The results reflected positive momentum in our culture journey, with improvements across 13 measured areas and only one area declining. These results show progress in strengthening the employee experience and embedding a more positive, high-performing workplace culture.

To understand employee development needs, the Bank conducted a Career and Development Listening Survey in March 2026. The survey achieved a 96% response rate with 2,619 employee comments. Results were highly encouraging: all 12 measured areas improved, and none declined, highlighting continued progress in supporting career growth, learning opportunities, and capability development across the organisation.

The consistently high participation rates across both surveys demonstrate employees' strong trust in the Bank and willingness to contribute to our culture and people agenda.

Insights from the surveys have informed targeted action plans across business units, enabling leaders to respond to employee concerns, strengthen engagement and enhance the overall employee experience. These efforts support improved retention, productivity and organisational performance and reinforce our position as an employer of choice.

Working at FNB Botswana

We cannot help others well if we do not treat each other well first. Our commitment to ethics, fairness and human dignity is the thread that runs through everything we do.

Our Group Code of Ethics

The code provides a clear framework for the ethical conduct and decision-making expected of all employees. It reinforces our commitment to acting with integrity, accountability and fairness; complying with applicable laws and regulations; protecting confidential information; and safeguarding the Bank's reputation.

It establishes consistent standards for behaviour and provides guidance when employees face ethical dilemmas, helping build trust with our clients, colleagues and other stakeholders. It further supports a culture in which doing the right thing is integral to how we conduct our business.

Our human capital policies

Our human capital policies aim to provide a consistent framework for attracting, developing, supporting and retaining employees, while promoting fair and inclusive employment practices, ethical conduct, employee wellbeing and high performance. They are intended to enable employees to:

- build the skills and capabilities needed to succeed;
- support effective performance and career development; and
- create an environment in which employees can contribute meaningfully to the Bank's strategic objectives.

Freedom of association

The Bank supports employees' right to freedom of association, in line with the Trade Unions and Employers Organisations Act. This is facilitated through formal engagement structures with the Botswana Financial Institutions and Allied Workers Union (BOFIAWU). As at 30 June 2026, 628 of our 1,206 employees (52%) are union members. The Bank has a Collective Bargaining Agreement with the union that governs the relationship between the two parties.

Human rights and modern slavery

FNB Botswana is committed to respecting human rights and maintaining high standards of ethical conduct across its operations and value chain. Our approach is underpinned by the FirstRand Human Rights Framework and Supplier Code of Conduct, which establish expectations for responsible labour practices and human rights across our value chain. We apply appropriate due diligence and controls to manage human rights risks and provide channels for reporting actual or suspected unethical conduct.

There were no confirmed allegations of discrimination or human rights incidents involving employees or suppliers in FY2026 (FY2025: none).

The Bank does not tolerate any form of modern slavery, human trafficking, forced or child labour and expects its employees, suppliers and business partners to uphold these principles.

Our holistic wellbeing approach

Our Employee Assistance Programme support is available 24/7/365 to employees and their immediate families. The service includes counselling and mental health support, including financial counselling. The main issues our employees experience include relationship problems, mental illness and family issues.

Employees and their immediate family members have convenient access to a range of healthcare services through a network of Bank-appointed medical practitioners. All services are claimable through medical insurance, and employees bear any out-of-pocket expenses. Our healthcare claims ratio for the year is 81%, in line with our 80% threshold.

A Wellness Centre serves employees and their immediate families in Gaborone. This includes an independent physiotherapist, a psychologist, a general practitioner and a medical laboratory that visits twice a week. It also provides ad hoc childminding services at no cost.

We promote preventative healthcare through various initiatives, including an annual employee Wellness Day. We spent P1.5 million in FY2026 supporting employees' access to gym facilities and sporting clubs, as well as their participation in sporting events.

Given the predominantly office-based nature of our work, employees are not exposed to significant work-related health risks. However, employees working in high-risk environments undergo annual medical examinations and receive appropriate personal protective equipment.

Our health and safety performance

We are committed to a "Zero Harm" workplace. Health and safety interventions include sensitising employees and contractors to personal safety and to the timely reporting of safety risks. We recorded:

- 11 cases of minor injuries on duty (FY2025: 14).
- Zero fatalities (FY2025: 0).
- One car accident involving two employees (FY2025: 0).
- No incidents of work-related illnesses or health conditions related to exposure to work-related hazards.

The Bank enhanced its FNB Employee App to improve access to critical support services and facilitate the timely reporting of on-duty injuries. The enhancement provides employees with convenient access to essential health, safety and wellness information, while also enabling them to seek support for colleagues when required.

Ergonomic concerns were the primary health and safety issue identified this year. We are assessing workstations and furniture, and assessments are ongoing, alongside training to promote appropriate ergonomic practices and postures.

4 Enabling culture

The Bank implemented several foundational interventions, including a comprehensive ExCo leadership assessment, the development of a culture blueprint and an organisational design review, to ensure our structures, processes and ways of working support a high-performance environment.

The Bank continues to strengthen its performance management approach through continuous performance conversations, including goal setting, stretch objectives, regular check-ins, employee self-assessments, manager reviews and calibration discussions. This approach promotes accountability, continuous improvement, and meaningful development while ensuring fair and consistent performance outcomes across the Bank.

A key focus for FY2026 was enhancing the quality and frequency of manager-employee conversations. The Bank achieved a 95% manager-direct report check-in completion rate, reinforcing a culture of ongoing feedback, coaching, and performance support. In addition, 100% of performance reviews (FY2025: 98%) were completed through the Workday Performance Enablement platform, demonstrating strong adoption of the Bank's performance management processes.

A significant enabler of our culture journey has been the growth of the High-performance Culture Accelerator Network, a group of employee volunteers who serve as culture ambassadors. By promoting accountability, ownership, collaboration, client-centricity, and continuous improvement, the network embeds the behaviours and mindsets that drive sustainable performance. Over the past year, the network expanded from 15 to nearly 100 employees, reflecting growing employee ownership of the culture agenda and commitment to making high performance a lived experience.

The road ahead for FY2027

We are focused on building a future-ready workforce with the leadership and behavioural, digital and analytical capabilities required to deliver the 2030 Strategy. We will continue to embed a high-performance culture, reinforcing accountability, continuous improvement and differentiated performance. Our priorities include:

- Accelerating internal talent mobility and career development, creating greater opportunities for employees to progress and develop skills, including access to cost-effective learning opportunities. This includes investing in our critical skills.
- Strengthening the leadership and succession pipeline, using the talent development initiatives on page 60.
- Enhancing the EVP and employee experience, informed by employee feedback and listening mechanisms. We will carry on advancing diversity, equity, inclusion and belonging, with a focus on disability inclusion, gender representation and broader diversity initiatives.
- Enhance employee wellbeing, including expanded mindfulness and mental health support to build a healthier and more resilient workforce.
- Strengthen people governance and workforce productivity, including greater awareness of HR policies and improved leave and overtime management. We will leverage people analytics and workforce data to improve talent decisions, workforce planning, attrition management and employee performance.

Transform and disrupt

Technology lets us see needs sooner, reach people further, and free our people to do what only people can do: help.

This year marked significant progress in the Bank's digital transformation journey, with a focus on digitising client and operational processes, modernising technology platforms, strengthening resilience and building the capabilities needed to support future innovation.

Progress against FY2026 strategic focus areas

Annual targets for FY2026	Commentary
Automate 20% of identified critical processes	Automation target of 20% has been achieved and the objective is to reduce manual intervention, improve turnaround times and strengthen controls.

Modernising technology platforms

The Bank continues to modernise its technology architecture to address legacy system constraints and create a more agile, scalable and integrated platform for future growth. The modernisation roadmap focuses on simplifying the technology architecture and reducing dependence on legacy systems.

These initiatives aim to reduce the cost and complexity of serving clients, accelerate product and service delivery, improve scalability and strengthen operational resilience.

Process simplification and records digitisation

The Bank continues to simplify, optimise, and automate its portfolio of more than 2,000 business processes through robotic process automation, workflow solutions, macros, data analytics, and self-service reporting. These capabilities reduce manual effort, improve turnaround times and process accuracy, and enhance operational efficiency, enabling teams to focus on higher-value activities and support timely, data-driven decision-making.

The Bank documents and manages processes through a dedicated process-mapping platform, underpinned by the Bank's Process Management Standard, while automation initiatives are governed by the Robotics Process Automation Standard. Ongoing process reviews, risk assessments, and employee capability-building activities continue to enhance process maturity, strengthen controls, and drive consistent and effective execution across the organisation.

During FY2026, the Bank automated 27% of its identified critical processes out of a targeted 300 processes for the five-year strategy period, driving significant operational efficiencies. This has reduced repetitive manual tasks, improved process consistency and accuracy, and enabled employees to focus on higher-value activities and enhanced overall productivity.

The Bank continues its journey towards a fully digital records environment, progressively transforming physical records into secure, accessible, and easily managed digital assets.

This ongoing initiative is enhancing information governance, strengthening accountability and regulatory compliance. This sustained transformation is reducing remediation turnaround times and enabling faster access to information.

Data analytics and engineering capabilities

Over the past two years, the Bank has invested in in-house data science and engineering capabilities, enabling it to move from building foundational capabilities to embedding advanced analytics and AI into business decisions.

Data analytics is becoming a strategic capability for FNB Botswana. It is improving the quality, speed and relevance of decision-making and enabling the Bank to anticipate client needs, manage risk proactively and deliver more personalised solutions.

Data analytics is moving FNB Botswana from a reactive, intuition-led approach to a proactive, insight-led approach. In FY2026, nine AI-enabled models and tools were deployed. This included 360-degree client models that provide relationship managers with a comprehensive view of individual clients, their balances, transactions, interactions and other relevant information.

The Bank is using predictive analytics to anticipate client needs and behaviours. Models can identify clients at risk of leaving the Bank, enabling relationship managers to intervene proactively. Similarly, predictive analytics can identify when clients are likely to require particular products or services, allowing the Bank to tailor its engagement and recommendations to individual circumstances.

The capability is also being applied beyond client engagement. Trusted data and advanced analytics are supporting credit decisioning, fraud detection, anti-money laundering monitoring, regulatory reporting and early identification of emerging risks. Digitised processes and real-time management insights are further improving operational efficiency and enabling colleagues to focus on higher-value activities.

The road ahead for FY2027

We aim to embed technology more deeply into the business strategy as a strategic enabler of growth, innovation, resilience and competitiveness. Our priorities include expanding the use of AI-enabled tools and agent-based automation, supported by appropriate human oversight and governance. We will scale our records digitisation and retention as part of a broader drive to build a more efficient, data-driven operating model.

Sustainable growth

We are repositioning the Bank toward a more resilient, capital-efficient, transact-led and ecosystem-driven growth model while leveraging opportunities emerging from economic diversification and infrastructure development to help more people.

The sustainable growth pillar focuses on safeguarding shareholder interests through prudent capital and risk management, cost optimisation and revenue diversification. This requires disciplined management of our financial and human resources and effective execution of key initiatives.

We support long-term sustainability and preserve asset value by protecting our market position and the Bank's resilience. Performance against this pillar is measured through key financial indicators and partnerships developed.

Progress against FY2026 strategic focus areas

Annual targets for FY2026	Commentary
Achieve return on equity of 23%–27%	Return on Equity achieved is 33.2% and the objective is to protect shareholder returns through disciplined pricing, selective lending and active capital and funding management.
Maintain a cost-to-income ratio below 50%	Cost to Income achieved is 45.4% and the objective is to strengthen cost discipline through efficiencies and funding optimisation while protecting investment in strategic capabilities.

Protecting our resilience

Ongoing economic headwinds continue to weigh on performance, prompting the Bank to sharpen its focus on sustainable growth around four key priorities.

		Relevant indicator
Cost efficiency	We are focused on optimising headcount, adopting lower-cost business models, prioritising essential expenditure and aligning costs more closely with business performance.	Cost-to-income ratio
Credit discipline	We prioritise responsible and selective lending, maintain margin discipline, improve collections and actively manage impairments.	The NPL-to-gross advances ratio
Growing transaction income	We seek to grow non-interest revenue by increasing transaction volumes, expanding our client base and deepening engagement with existing clients through value-added solutions.	Non-interest revenue and its percentage of total income
Balance sheet management	We take a prudent approach to credit limit adjustments and prioritise working capital facilities, accelerating liability mobilisation and strengthening funding and liquidity management through enhanced governance and pipeline oversight.	Return on equity

Read more about our FY2026 financial performance, including the performance on the above ratios, on page 22.

Partnering in FY2026

Partnerships are becoming an important enabler of the Bank's growth and innovation agenda. FNB Botswana aims to strengthen its collaboration with fintechs, MNOs, insurers and other ecosystem participants to accelerate innovation, expand access to clients and develop more personalised solutions.

The most meaningful help rarely happens in isolation. It happens when the right people, businesses and institutions come together around a shared commitment to doing more.

Retail

Retail Banking established several strategic partnerships to strengthen client engagement and support financial wellbeing:

- A partnership with the Directorate of Public Service Management (DPSM), the central human resources authority for the Botswana Public Service, strengthens the Bank's relationship with Government. It also creates opportunities to expand integrated advice initiatives across the public sector and increase awareness of the Bank's solutions and services.
- A tripartite partnership with PEP Stores Botswana and the FNB Foundation to provide practical support to school-going children and relief for financial pressures. The back-to-school drive targets clients who purchase school supplies worth P350 or more from PEP stores, qualifying them to get a pair of school shoes for 99 thebe.

In FY2026, 2,744 children benefited, and we aim to increase this to 10,000 in FY2027.

RMB

RMB seeks to build long-term relationships by combining its sector expertise, advisory capabilities and financial solutions with the capabilities of clients, Government, DFIs and other stakeholders. This includes pursuing public-private partnerships, strategic client relationships and collaborations that support infrastructure development, economic diversification and sustainable finance.

RMB also uses partnerships and industry engagement to share expertise, build market capacity and support clients through emerging opportunities, particularly in sustainability and the energy transition.

Commercial

Partnerships are part of the broader Commercial Banking growth strategy. We secured three strategic partnerships, exceeding the target. These partnerships in the non-diamond mining and oil and gas sectors provide access to established ecosystems and opportunities to extend financial solutions across value chains.

The partnerships allow the Bank to support suppliers, contractors, distributors and other ecosystem participants with a comprehensive range of banking products and services. It accelerates the implementation of our ecosystem banking approach by enabling the Bank to capture fund flows within these sectors while supporting citizen participation and enterprise development.

The partnerships are expected to:

- strengthen client acquisition;
- increase transaction volumes;
- expand cross-selling opportunities; and
- deepen the Bank's presence in strategically important sectors.

The road ahead for FY2027

The Bank will focus on strengthening the resilience of its growth model. Our priorities include:

- Protecting asset quality through selective lending, stronger collections and proactive portfolio management.
- Growing transaction-led revenues by increasing transaction volumes, deepening client relationships and expanding value-added solutions.
- Strengthening the balance sheet through disciplined capital allocation, liability mobilisation and enhanced funding and liquidity management.
- Scaling strategic partnerships to expand ecosystem participation and new revenue opportunities and support Botswana's economic diversification.

Simplified and personalised experiences

Client expectations are shifting towards faster, simpler and more digitally enabled banking while retaining a preference for trusted relationship-based advice for complex financial needs.

Progress against FY2026 strategic focus areas

Annual targets for FY2026	Commentary
Achieve a client satisfaction score of 85%	Improve service consistency and client journeys across channels and for FY26 we achieved an External Client Satisfaction Score of 75.4%

Key enhancements for FY2026

- **Digitising KYC:** Retail Clients can now complete KYC online or via the app, reducing branch visits and physical documentation. Commercial clients can update administrative information through the Bank's platforms.
- **Improving digital client journeys**: The Bank is making digital processes more intuitive and reducing friction.
- **Enhanced security on digital channels:** Security enhancements were implemented on the FNB App in response to the rise of digital profile takeovers where clients disclose their login credentials to fraudsters.
- **Building trust in digital channels:** Some clients remain uncomfortable with completing transactions digitally, particularly due to the growing threat of fraud. Platform improvements are supported by financial literacy initiatives that help clients distinguish legitimate Bank communications from fraudulent messages.
- **Virtual Branch for SMEs:** The Virtual Branch provides SMEs with digitally enabled human-assisted banking, eliminating the need to visit a branch.

Resolving branch congestion

Decongesting branches benefits both FNB Botswana and its clients. It shifts routine transactions to convenient digital and self-service channels, reduces waiting times and improves service efficiency while allowing branch employees to focus on more complex and advice-led client needs.

We are reducing branch congestion and improving client experience through digital-first KYC, paperless processes, enhanced self-service capabilities, appointment-based branch visits, and greater use of digital channels, including the FNB App, chatbots and online client engagements.

Client 360 dashboard

In FY2026, FNB Botswana delivered its Client 360 platform, a strategic data and analytics capability designed to provide a comprehensive, single view of each client by integrating information across products, accounts, transactions, channels, and demographic data. This capability strengthens the Bank's ability to understand client needs holistically, enabling more personalised, relevant, and timely engagements. The platform also enhances relationship management, improves lead generation effectiveness, and supports the optimisation of liabilities management.

The solution was deployed across both Retail and Commercial Banking, with the latest release incorporating an AI-powered recommendation engine that identifies relevant product and service opportunities based on client behaviour and needs. This enables relationship teams to deliver more targeted solutions, deepen client relationships, and support sustainable revenue growth while enhancing the overall client experience.

To further strengthen client retention capabilities, the Bank embedded predictive attrition models within the Client 360 platform. By analysing transactional behaviour, engagement patterns, and other leading indicators, the models enable earlier identification of clients at risk of attrition, allowing proactive and targeted interventions to preserve relationships and protect long-term franchise value.

Streamlining tax payments

In August 2026, post our reporting period, FNB Botswana successfully launched its integration with the BURS. This enables businesses to seamlessly access and settle their domestic tax obligations through our online banking platform. The solution also simplifies customs invoice payments by automatically presenting outstanding invoices, eliminating the need for clients to manually capture taxpayer identification numbers or invoice values.

By digitising what was previously a manual and time-consuming process, the integration enhances convenience, improves accuracy and reduces processing times for both clients and the BURS.

This innovation reflects our dedication to deeply understanding clients' needs and leveraging technology to develop practical solutions that deliver value while supporting Botswana's digital transformation agenda.

Client retention

FNB Botswana is moving towards a more proactive, data-led approach that uses predictive analytics, Client 360 and client feedback to identify emerging signs of attrition and understand the drivers of dissatisfaction.

Retail

Our objective is to deepen client relationships and become the primary financial partner for individuals, families and their small businesses. This includes:

- Using churn predictive models to identify clients showing signs of attrition. These models trigger proactive engagement to understand why clients may leave and initiate retention interventions.
- Providing frontline teams with a single view of the client's profile to support more meaningful engagement.
- Focusing on process simplification, proactive communication and improved client experience, all of which support retention.

In FY2026, clients moved balances from low- or non-interest-bearing accounts to higher-yielding products and some deposits flowed to money-market and prudential funds. The Bank responded by adjusting deposit pricing to attract and retain deposits. The segment remains committed to providing clients with solutions to help them build, grow and retain their wealth.

Commercial

To strengthen client retention, Commercial implemented a predictive churn model integrated into Client 360 that also analyses broader transaction and engagement patterns and identifies clients at risk of leaving. This allows relationship managers to intervene proactively, while providing insights into key client pain points. Insights from the predictive chun model, alongside client attrition survey informed targeted retention and service enhancement initiatives, including redesigning client journeys and improving engagement across branches, relationship teams and digital platforms. Client 360 is also used to identify unmet client needs and support more relevant, personalised solutions.

Through ecosystem banking, the segment deepens value-chain relationships, identifies new financing opportunities and strengthens client retention.

RMB

RMB's client-centric strategies are designed to understand the unique needs of corporate clients and provide tailor-made solutions. These strategies include:

- Automation and data analytics to provide more personalised client service.
- Industry workshops and advisory updates.
- Differentiated products and expanded transactional banking solutions.

424,000 Clients using the FNB App (FY2025: 384,000)

7,343 Digitally completed KYC processes

The road ahead for FY2027

We will focus on process simplification, digitisation and reducing client effort across key client journeys. This includes accelerating digital and self-service capabilities, such as end-to-end digital onboarding and product acquisition, online account opening and the further migration of client journeys to digital channels.

Value preservation

Safeguarding what we have built is as important as building what comes next. Strong governance and proactive risk management are how we honour the trust placed in us by shareholders, clients and Botswana alike.

Progress against FY2026 strategic focus areas

Annual targets for FY2026	Commentary
Advance risk maturity towards the 2030 ambition of "Risk Managed" across risk disciplines.	IT Risk improved to "Risk Managed", alongside Credit, Market and Asset Liability Management Risk. Operational and Compliance Risk remained "Risk Defined"

Risk maturity and management

FNB Botswana's growth ambitions are firmly anchored in risk-adjusted decision-making. As the Bank expands into new sectors, adopts emerging technologies and pursues new business models, it will not prioritise growth over risk. Instead, we assess opportunities through a risk-adjusted lens, supported by clear risk appetites and governance frameworks that will evolve with the risk environment. This includes enhancing our response to horizon risks such as climate change, cybersecurity and financial crime, while ensuring that innovation, including the use of AI, is ethical and supports our shared prosperity agenda.

The Bank's risk management improvements in FY2026 focused on strengthening the application of its Enterprise Risk Management Framework, capabilities, resilience and risk culture. Key enhancements include:

- **Enhancing liquidity and asset-liability risk management:** Following feedback from the Bank of Botswana's on-site inspection, the Bank implemented enhancements to its approach to asset-liability and liquidity risk. While the existing frameworks remained fit for purpose, the Bank introduced additional capabilities and processes in response to regulatory feedback.
- **Building risk awareness across the first line:** Risk managers embedded within the business improve alignment between the risk function and frontline teams. The Bank also conducted a risk culture survey to identify areas for improvement in risk understanding and maturity, particularly among junior and lower-level employees who are closest to operational processes and can play a vital role in risk mitigation.
- **Improving operational risk and incident reporting:** The risk culture assessment identified process maturity, understanding of processes and psychological safety around reporting incidents as areas requiring attention. The Bank is working to create an environment in which employees feel more comfortable reporting issues promptly. We are investing in automating manual processes to enhance the control environment and improve the efficiency and effectiveness of risk management. We are also enhancing our control environment to reduce repeat audit findings.
- **Strengthening emerging-risk management**: Evolving cyber risk, digital fraud, AI and model risk are important areas of focus. The Bank is developing its capabilities and frameworks to manage AI-related risks, including ensuring appropriate oversight of models, monitoring their relevance as the business evolves, and ensuring that decisions based on model outputs remain appropriate.
- **Implementing AI governance:** The FirstRand Group's AI Policy was adopted for Botswana, with the focus now shifting towards implementing it, and we are putting the appropriate local structures, skills and oversight capabilities in place to implement and govern it effectively.

Read more about our risk management on page 44.

Compliance activities for FY2026

FNB Botswana operates in a stringent regulatory environment, with the most significant areas of exposure relating to:

- regulatory execution and delivery capacity;
- operational resilience, particularly across payments, interoperability, and digital services; and
- enforcement risk, where compliance timelines are missed, or controls are not sufficiently mature.

Also refer to page 33 on regulatory trends and page 51 for compliance risk information.

Directive on Enhancement of the Clearing and Settlement Framework

The Bank of Botswana Directive on Enhancement of the Clearing and Settlement Framework, effective February 2026, introduced a fourth daily clearing session and requires participant banks to credit client accounts within one hour of each clearing and settlement cycle.

FNB Botswana beneficiary accounts continued to be credited within approximately two hours, resulting in non-compliance with the directive. The Bank of Botswana raised concerns regarding the impact on clients, alignment with the objectives of the Botswana Electronic Transfer Policy and the heightened expectations applicable to FNB Botswana given its systemic importance.

An administrative penalty of P250,000 was imposed, representing 10% of the maximum penalty of P2.5 million prescribed under the Bank of Botswana (Amendment) Act. The matter underscores the importance of strengthening execution and delivery capabilities to achieve full and sustained compliance with regulatory requirements.

Botswana Interbank Settlement System penalties

Penalties for rejected customs tax invoice payments increased regulatory risk exposure, with around 30% of rejections caused by incorrect client references or amounts. Each rejection incurred a P1,710 Central Bank penalty. However, management secured a waiver from the Bank of Botswana for March to May 2026.

Cybersecurity Act and Digital Services Act

The enactment of the Cybersecurity Act and the Digital Services Act introduces additional compliance requirements. These developments require ongoing engagement with regulators, careful evaluation of regulatory requirements, and continued investment in people, processes and technology to maintain compliance while supporting operational efficiency.

Increased regulatory supervision

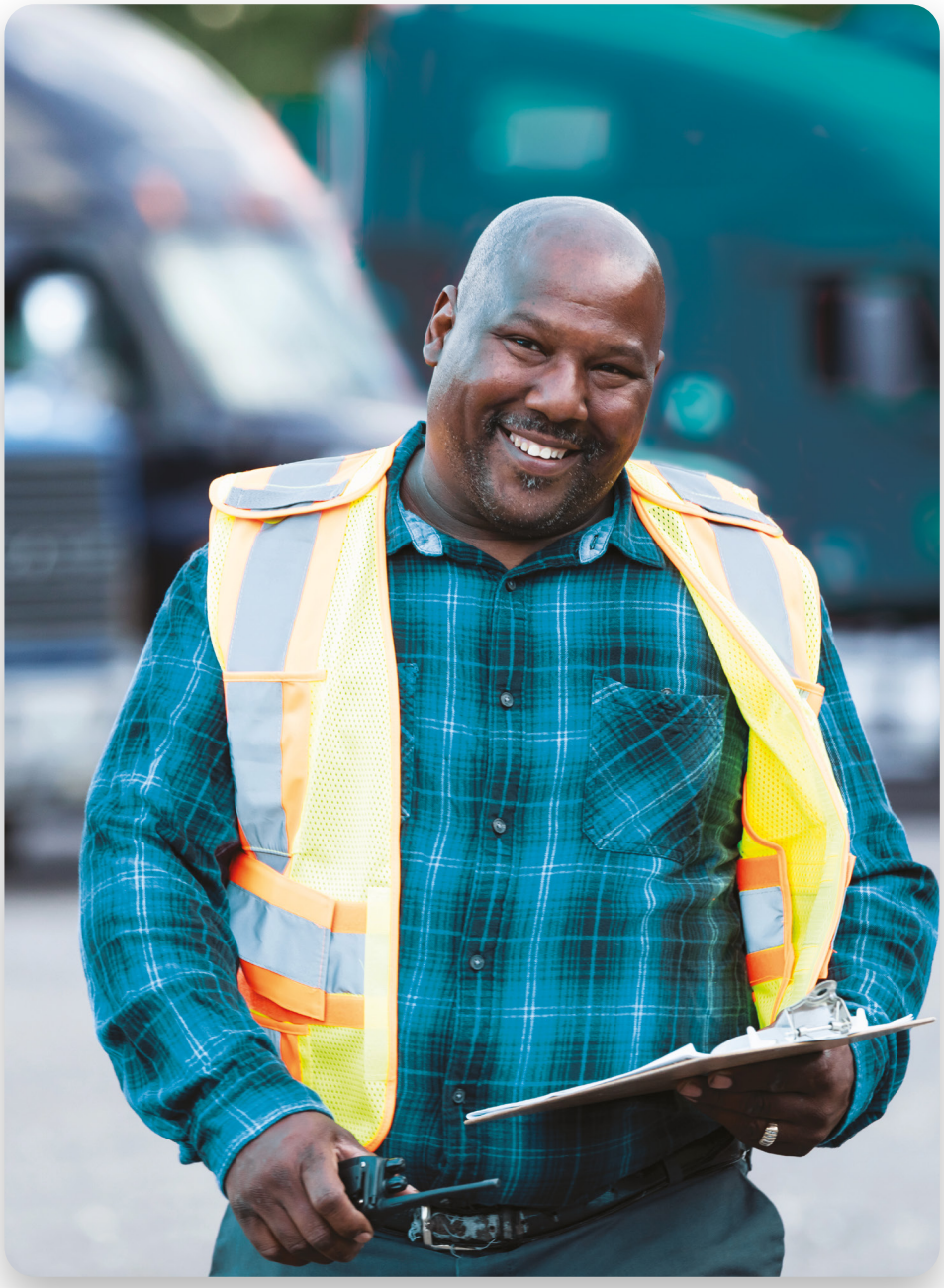
FNB Botswana was subject to increased regulatory supervision during FY2026. The Bank of Botswana conducted a thematic on-site examination of lending interest rate adjustment. The Prudential Authority of the South African Reserve Bank conducted a supervisory examination regarding compliance with the Basel Committee on Banking Supervision's Principles for effective Risk Data Aggregation and Risk Reporting.

The Bank continues to address open findings arising from past and ongoing regulatory inspections. Where final inspection reports were issued, the regulator requires that findings be addressed within 12 months, with quarterly progress updates. FNB Botswana continues to submit these progress reports to the regulator within the required timelines.

The road ahead for FY2027

FNB Botswana will focus on further strengthening its risk management maturity and embedding risk ownership across the Bank. Our priorities include:

- Improving the risk and compliance culture, particularly among frontline employees.
- Enhancing the control environment and risk response capabilities.
- Strengthening liquidity and asset-liability risk management, incorporating lessons from the recent period of market stress into its recovery and resolution planning and liquidity simulations.
- Investing in regulatory programmes, strengthened governance oversight and coordinated enterprise-wide execution to mitigate regulatory, financial, reputational and client-related risks.



Shared prosperity

Under the 2030 Strategy, shared prosperity is the future we are building. Real help is how we build it, one client, one business and one community at a time.

We have well-established governance structures, policies and capabilities to support our shared prosperity agenda. This has enabled the evolution of shared prosperity from a standalone strategic pillar to a foundational principle underpinning the Bank's 2030 Strategy. Rather than being delivered through dedicated initiatives, shared prosperity is becoming embedded across the Bank's business model. This guides how it allocates capital, develops products, manages risk and creates sustainable value for clients, communities and shareholders alike.

To support this evolution, the Bank has developed a comprehensive Shared Prosperity Integration Maturity roadmap. Progress will be assessed annually against eight integration drivers, covering strategy and governance to operational integration and leading up to disclosure. Each area has clear indicators of maturity levels ranging from developing to advanced. The roadmap assists with getting the business to full integration.

This year, FNB Botswana mapped its first Shared Prosperity balance sheet to establish a baseline for shared prosperity activities. Built on the Bank's Sustainable Finance Framework, the Shared Prosperity balance sheet provides a structured view of products, services and financing activities that generate both commercial value and positive social and environmental outcomes.

It enables the Bank to quantify its existing shared prosperity portfolio, identify growth opportunities and support more informed capital allocation, product development and strategic decision-making. The Shared Prosperity balance sheet shifts the focus from reporting at initiative level to managing shared prosperity from a balance sheet perspective, with measurable commercial and societal outcomes.

Shared prosperity focus areas

In FY2026, FNB Botswana refined its shared prosperity focus areas to better align with its 2030 Strategy and Botswana's socio-economic needs. The focus areas evolved from largely programme-based interventions to integrated business priorities that leverage the Bank's core capabilities to deliver measurable commercial and societal value.

The key developments are as follows:

- Diversified sustainable finance implementation with an emphasis on social finance, transition finance and ESG advisory.
- Financial inclusion now encompasses financial literacy, digital innovation and tailored solutions that improve access to financial services, particularly the informal sector.
- Sustainable procurement was elevated as a standalone focus area to strengthen support for citizen-owned, women-owned and youth-owned businesses.
- SME development has broadened its reach to include informal enterprises and ecosystem partnerships.

	1. Sustainable finance	*2. Financial inclusion*	*3. Sustainable procurement*	*4. SME development*	*5. Human and social development*
Why these focus areas matter	Sustainable finance directs capital towards the investments needed to diversify the economy, build resilience and support inclusive growth. This is particularly relevant as Botswana seeks to reduce its dependence on diamonds and build a more diversified economy.	Financial inclusion, supported by strong financial literacy, helps more people participate meaningfully in the formal economy and make sound financial decisions.	Sustainable procurement supports economic transformation by directing spending towards local businesses and domestic value chains. By creating demand for locally supplied goods and services, it supports SME growth, job creation and broader economic participation.	SME development can broaden the sources of growth, create employment and expand the private sector. Supporting SMEs to start, grow and participate in formal value chains diversifies economic activity while creating opportunities for communities.	Investing in education, skills, health, employment, and social inclusion can broaden our nation's capabilities to participate in the economy, while reducing inequality and improving household resilience.

The core business, capabilities and strategic partnerships we leverage

The core business, capabilities and strategic partnerships we leverage

Financial resource management: The way we allocate our financial resources, including capital, funding and liquidity, risk capacity and local procurement.

Platforms: The technology platforms, systems and ICT infrastructure that enable our clients to access products and services.

Networks: Our knowledge, partnerships, and access to clients, ideas and skills.

Operations: The employees, suppliers, operations and infrastructure that help us deliver on our 2030 Strategy.

Social investing: How we deliver on our CSI goals, including leveraging our Staff Volunteer Programme and the FNB Botswana Foundation.

Progress against FY2026 targets

Sustainable finance

Annual targets for FY2026	Actual performance
P480 million disbursed in diversified, sustainable finance (green and social loans).	P168 million disbursed into sustainable finance projects, below our target. This is largely due to challenging economic conditions, which have resulted in a subdued appetite for this type of financing.

Sustainable procurement

Annual targets for FY2026	Actual performance
Total procurement breakdown: • 90% from local suppliers	Total procurement breakdown: • 90.5% (P416 million) from local suppliers.

Financial inclusion

Annual targets for FY2026	Actual performance
800,000 people reached through integrated financial literacy awareness initiatives.	1.3 million people reached through integrated financial literacy awareness initiatives.
Launch the FNB Motshelo account.	FNB Motshelo account launched in February 2026.
45:55 rural/urban ratio for the CashPlus agency network.	Achieved a ratio of 42% rural and 58% urban.
300 CashPlus agents trained on financial literacy.	266 CashPlus agents trained on financial literacy.
70% of total commissions paid to SMEs.	73% of total commissions paid to SMEs.
Diversity of CashPlus agents: • 40% female. • 30% youth participation.	CashPlus agents: • 51% female. • 22% youth participation.

SME development

Annual targets for FY2026	Actual performance
P250 million advanced under CEEP.	CEEP significantly exceeded its financing target, advancing P354 million in CEEP-eligible funding.
P60 million in purchase order finance advanced to SMEs.	P18 million in purchase order finance was advanced to SMEs, reflective of the challenging economic conditions.
SME advances book growth: • 5% of youth-owned businesses. • 5% of women-owned businesses.	SME advances book growth: • 1% to youth-owned businesses. • 5% to women-owned businesses.
FirstPreneur: • Advances of P5 million to the cohort. • 100 jobs created. • 20% of the cohort on scored credit.	FirstPreneur: • Advances of P5.3 million to the cohort. • 129 jobs created. • 10% of the cohort on scored credit.
1,000 Speedee machines rolled out.	1,065 Speedee machines rolled out.

Human and social development

Annual targets for FY2026

Through CSI and sponsorship activities:

- P11 million invested.
- 2,000 jobs created.
- 40,000 lives positively impacted.
- 100 businesses supported.

20 sportsmen or women in national teams or participating in international competitions.

Actual performance

Through CSI and sponsorship activities:

- P37.6 million invested (P9.9 million through the FNB Foundation and P27.7 million through sponsorships)
- 78 jobs created.
- 17,890 lives positively impacted.
- 460 businesses supported.

Over 80 sportsmen and women in football national teams and other athletes participating in international competitions. FNB Botswana invested in the Golden Grand Prix, supporting track and field athletes.

1 Sustainable finance

We put capital to work where it matters most, including backing projects that advance social equity, support a cleaner environment and contribute to Botswana's long-term economic development.

P168 million **disbursed for sustainable finance projects across all business segments**
(FY2025: P851.3 million)

Our sustainable finance solutions address Botswana's most pressing social and economic challenges, including unemployment, job creation, economic diversification and the development of resilient local value chains. In parallel, we support the transition to a more climate-resilient economy by directing funding towards sustainable infrastructure and low-carbon development.

We also support clients in adopting sustainable technologies by providing specialist advice and tailored financing solutions for renewable energy projects. In addition, we offer preferential pricing on personal and home loans for hybrid and off-grid energy and water systems, as well as on hybrid and electric vehicles through WesBank.

The challenging macro-economic environment significantly affected the Bank's sustainable finance performance. High interest rates reduced client demand for sustainable finance products, resulting in muted growth and limited balance sheet activity. We shifted our focus towards non-balance-sheet initiatives, including capacity building, market development, Government engagement and advisory services. These activities are critical to positioning the Bank for future growth once market conditions improve.

As Botswana's sustainability priorities and private-sector investment evolve, partnerships with DFIs will be critical. Our focus is on converting DFI engagements into tangible funding mechanisms. This will enable the Bank to broaden and scale its sustainable finance offering, improve affordability for clients and contribute to our sustainable finance objectives.

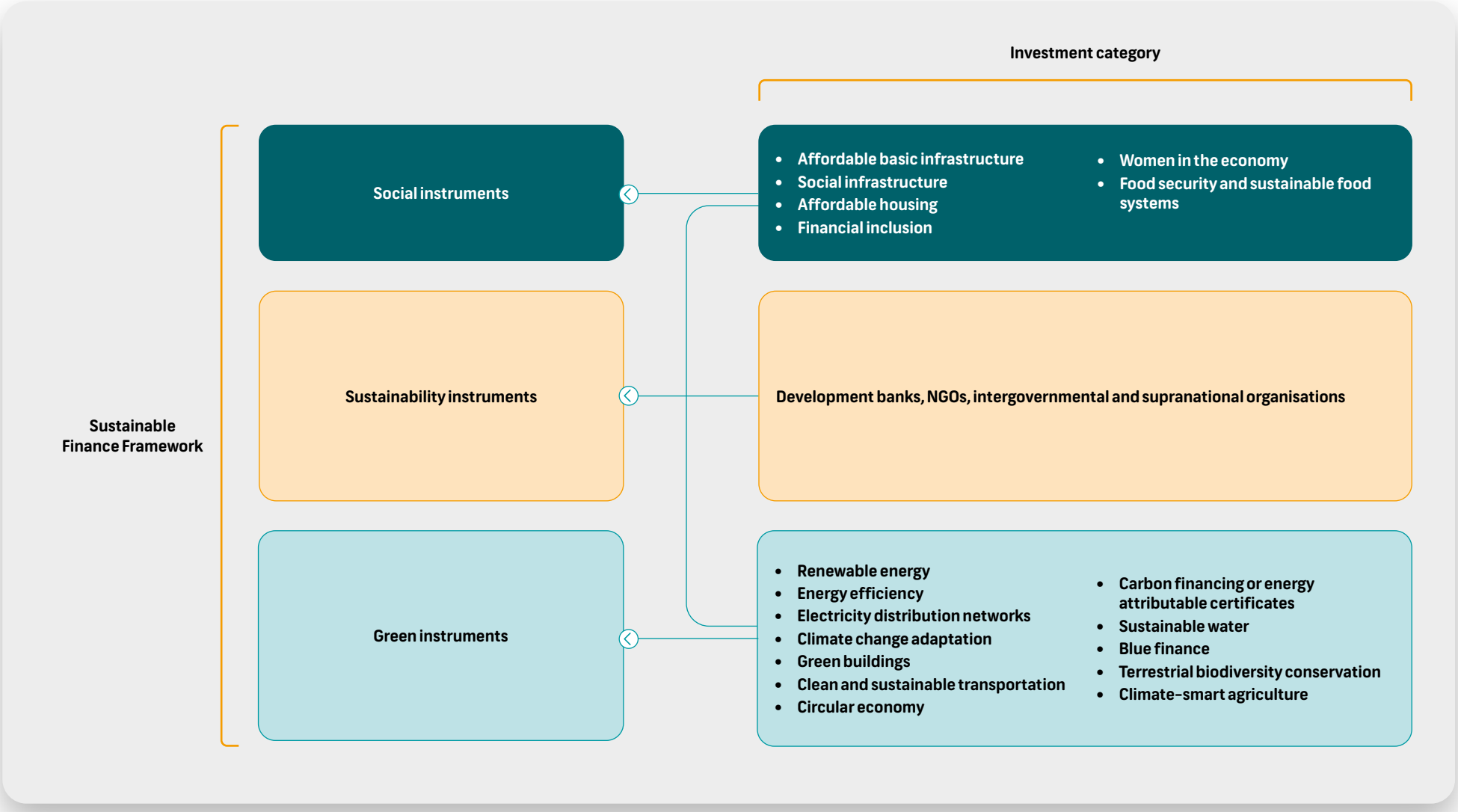
Governance	Our Climate Change Policy and Energy and Fossil Fuels Financing Policy provide the framework for financing activities across the oil and gas, coal and renewable energy sectors. These policies guide our commitment to supporting the clean energy transition through responsible lending and investment practices.
ESG considerations	Environmental and social considerations are embedded throughout our financing activities. All transactions are subject to environmental and social due diligence in accordance with our Environmental and Social Risk Assessment Policy, ensuring alignment with applicable regional, national and international regulations and industry best practice.
Advisory capabilities	RMB positions itself as a strategic advisor that helps clients understand, implement and finance their sustainability journeys. The capability spans sustainable finance advisory, ESG framework development, transition planning, client education, market development and policy engagement.

Sustainable Finance Framework

In FY2025, the Board approved the FNB Botswana Sustainable Finance Framework. The framework supports FNB Botswana's financial resource allocation, enabling the Bank to realise its shared prosperity ambitions. The framework defines capital allocation opportunities to unlock positive impact for the societies in which we operate. S&P Global Ratings issued a second-party opinion confirming that the framework is credible, impactful and aligned with the relevant International Capital Market Association guidelines.

The framework guides the Bank in issuing thematic instruments, such as green, social and sustainability instruments. This primarily includes bonds, loans or derivatives. The proceeds from these instruments will fund projects that advance our shared prosperity agenda.

The diagram below illustrates how the proceeds of instruments determine whether they are classified as green, social and/or sustainable.



Supporting Botswana's transition to a more sustainable economy

RMB did not approve any new sustainable finance transactions in FY2026 due to weak market demand. However, it deployed funding under previously approved facilities, including further drawdowns for the landmark Mmadinare Solar Cluster Project, Botswana's first utility-scale solar development.

RMB cemented its position as a trusted sustainability partner by sharing expertise, building client capability and contributing to the development of the country's emerging ESG ecosystem. This included participating in several high-profile platforms that brought together business leaders, policymakers and sustainability practitioners to address the opportunities and challenges of sustainable finance.

At the launch of De Beers' Building Forever Sustainability Report in August 2025, RMB facilitated a masterclass on financing sustainability. It also participated in a panel discussion on the role of sustainable finance in unlocking Botswana's economic diversification agenda.

RMB hosted its annual CEO Round Table under the theme "Certified sustainability: Leveraging carbon credits and renewable energy certificates." The event convened industry leaders to explore emerging sustainability trends, environmental markets and low-carbon commercial opportunities.

RMB demonstrated regional leadership by delivering the keynote address at the Renpower Renewable Energy Conference held in November 2025. The conference provided a platform to engage with developers, investors, utilities, regulators and policymakers on financing solutions that support the energy transition and the growth of African renewable energy projects.

Our sustainable finance approach remains underpinned by ESRA protocols, internal screening processes and sound governance practices, positioning RMB to support clients as sustainable and transition finance evolve. RMB hosted an ESRA masterclass to improve clients' understanding of the Bank's requirements. The session provided practical guidance on ESG risk monitoring, site assessments and disclosure expectations, reinforcing RMB's commitment to responsible lending, regulatory compliance and proactive client partnerships.

Beyond client engagement, RMB plays an active role in shaping Botswana's sustainability landscape through its participation on the National ESG Planning Committee.

The Bank is helping establish consistent, practical ESG standards by contributing to the development of the National ESG Framework. This will enhance responsible business practices and advance Botswana's long-term sustainable development objectives.



2 Financial inclusion

Access to convenient, affordable financial services is a key enabler of inclusive economic growth.

Our financial inclusion strategy is underpinned by digital innovation. It recognises the important role that mobile and digital technologies play in expanding access to financial services for previously excluded and underserved communities.

We complement our digital banking capabilities by extending our physical reach through specialised banking facilities and our CashPlus agency network, ensuring that clients in rural and remote areas have convenient access to essential banking services. Read about these capabilities on page 10.

In FY2026, we expanded our services by adding one ADT and 280 CashPlus agents to better serve underserved regions. The new FNB Tutume Branch officially opened in July 2026, bringing banking services closer to the local community and reducing the need to travel to Francistown.

Bringing banking closer to communities

Reimagining help means ensuring that access to financial services is not a privilege but a right that every Batswana can exercise, conveniently and affordably.

For many individuals and small businesses in rural areas, the cost and distance of traditional banking channels create barriers to financial participation. FNB Botswana's CashPlus agency banking model addresses this challenge by extending the Bank's reach beyond its branch network and enabling clients to access essential banking services through trusted local merchants.

CashPlus is core to the Bank's financial inclusion strategy, complementing its digital banking platforms and Bank on Wheels initiative to ensure that banking services are available where clients live, work and transact. Through the CashPlus network, clients can complete everyday banking transactions, while CashPlus agents benefit from increased footfall and additional income from commissions. CashPlus reduces transport requirements and associated emissions, supporting the Bank's broader sustainability objectives.

In FY2026, we onboarded 280 agents (FY2025: 146), including 118 in rural areas, expanding our footprint in underserved regions.

Maintaining a trusted agency network is fundamental to the programme's success. In FY2026, the Bank strengthened oversight of the CashPlus network by training 1,600 agents on AML/CFT, KYC requirements, TCF principles and fraud prevention. Client and agent awareness campaigns on phishing, identity verification, social engineering and suspicious transaction reporting further enhanced client protection across the network.

CashPlus experienced some operational challenges this year. Agent network growth was slower than planned because of agent attrition and the need to maintain a high-quality, compliant network. Ensuring consistent service delivery across a rapidly expanding network was a priority, while security risks at certain agent locations required ongoing monitoring and mitigation. In response, the Bank strengthened agent training, enhanced operational oversight and support, and reinforced governance and compliance controls to improve service consistency and client experience across the network.

In FY2027, FNB Botswana will expand the CashPlus platform by rolling out CashPlus 2.0 while growing the agent network. CashPlus 2.0 will integrate the service directly into retailers' till systems, eliminating the need for separate devices and processes and making it easier for clients to access their funds.

The Bank also plans to implement CashPlus cash-in-transit, integrating approved cash-in-transit providers to improve cash availability and liquidity management. In addition, services will be extended to POS devices, and API development will enable greater integration with digital platforms and support future innovation.

These initiatives will be underpinned by investment in agent capability, governance, compliance and operational resilience to ensure the network remains a trusted, scalable and sustainable channel for expanding financial inclusion.

CashPlus in numbers

- **2,074** CashPlus agents (FY2025: 1,794)
- **11 million** transactions (FY2025: 9.3 million)
- **P9.3 billion** value of transactions (FY2025: P7.8 billion)
- **42%** of agents in rural areas (FY2025: 52%)
- **P117 million** in cumulative commissions for CashPlus agents since inception in FY2019
- **73%** of total commissions paid to SMEs (FY2025: 70%)
- **83%** of CashPlus agents are SME businesses (FY2025: 80%)

Connecting more Batswana to the formal economy

The most powerful payment is the one that reaches someone who has never had a bank account. Reimagining help means building the infrastructure to make that possible, at scale.

RMB continues to expand its innovative digital payment solutions, enabling businesses to make secure, convenient and accessible payments while bringing more people into the formal financial system.

In FY2026, eWallet Pro continued its strong growth trajectory, enabling businesses to make instant digital payments to recipients regardless of whether they hold a bank account. The solution is widely used for payroll disbursements, supplier payments, incentives and other business-to-person transactions, providing recipients with immediate access to funds through FNB ATMs, CashPlus agents and other digital channels.

The platform recorded significant growth, with:

- More than 400 new corporate and commercial clients onboarded.
- Over 2,800 new card orders processed.
- 18,614 transactions completed (FY2025: 17,000 transactions).
- Over P100 million in disbursements (FY2025: P92 million).

This reflects growing demand for digital payment solutions that are simple, secure and inclusive.

Financial literacy

Increasing financial capability across society builds financially secure communities, empowers informed financial decision-making and enables clients to better protect themselves against fraud and scams.

1.3 million ***Financial literacy impact*** **people reached** (FY2025: 860,000)

FNB Botswana equips individuals, families and businesses with the knowledge and tools to make informed financial decisions. Financial literacy is embedded within FNB Botswana's strategy and delivered through an integrated approach across multiple business units and client channels.

The Bank provides financial education through mainstream and digital media, personalised guidance from relationship managers, and the Retail Schemes team. These efforts are complemented by face-to-face workshops for schools, SMEs and NGOs delivered through the Employee Volunteer Programme, as well as collaborations with strategic partners to extend the reach and impact of financial education initiatives.

The Bank delivered a multi-channel financial literacy programme to strengthen financial wellbeing, encourage responsible financial behaviour and increase adoption of secure digital banking solutions. The programme addressed a broad range of topics, including fraud awareness and prevention, budgeting and saving, debt management, wealth creation and management, responsible spending, digital banking and the effective use of self-service channels.

Through a combination of traditional media, digital platforms and community-based engagement, the Bank broadened the programme's reach, allowing Batswana to access practical guidance through their preferred channels.

3 Sustainable procurement

Local procurement is a key lever through which FNB Botswana creates shared value. We stimulate local economic activity, support the growth of local enterprises and citizen-owned businesses, create employment opportunities and contribute to national economic diversification.

The Procurement Policy provides the governance framework for the acquisition of goods and services. It promotes fair, transparent and competitive procurement practices, while supporting localisation, supplier development and responsible sourcing. It also incorporates responsible procurement principles, including ESG considerations. The policy establishes clear requirements for supplier due diligence, ethical business conduct and risk management, ensuring procurement decisions deliver value for money while contributing to broader socio-economic outcomes.

Local procurement

The Bank seeks to maximise the economic value of its procurement expenditure by prioritising local suppliers, defined as suppliers registered and operating in Botswana. This includes supporting SMEs and creating opportunities for businesses owned by historically underrepresented groups, including youth and women entrepreneurs.

In FY2026, the Bank strengthened local supplier participation by reserving a significant number of tender opportunities exclusively for 100% citizen-owned companies. We allocated 90.5% (P416 million) towards local suppliers (FY2025: P397 million), above our target of 90%.

Supplier due diligence

Responsible procurement is underpinned by a robust supplier onboarding process. All prospective suppliers undergo Know Your Supplier (KYS) due diligence before onboarding. This year, we enhanced supplier oversight by implementing sanctions screening across our active supplier base to mitigate the risk of transacting with sanctioned entities.

Procurement will further strengthen supplier risk management by implementing continuous KYS monitoring throughout the supplier life cycle, enabling proactive identification and management of supplier-related risks.

Managing conflicts of interest

Strong governance and ethical procurement practices are supported by comprehensive internal controls designed to prevent conflicts of interest and ensure objective decision-making. These include clearly defined approval authorities, competitive sourcing processes, appropriately constituted tender evaluation panels and independent approval Committees.

Employees participating in procurement activities, including members of the Procurement Committee and ExCo, must declare any actual, potential or perceived conflicts of interest and recuse themselves from related procurement decisions. This year, the Procurement function was centralised, further strengthening governance, standardisation, oversight and compliance across the procurement life cycle.

Supply chain automation and reporting

The Bank started automating its tender management process as part of its broader procurement digital transformation programme. The initiative, which will be delivered in FY2027, is intended to improve efficiency, strengthen governance and enhance transparency throughout the procurement process.

We aim to continually enhance our ability to measure the broader economic impact of our procurement activities. The Bank is developing enhanced reporting capabilities to provide more granular insights into local procurement spend and the indirect economic value generated across the supply chain, including support for local enterprises and vulnerable supplier groups.

4 SME development

In Botswana, where economic diversification and youth employment are national priorities, supporting entrepreneurs is essential for building a more resilient and inclusive economy.

SMEs account for P729 million of Commercial Banking's P3.846 billion advances portfolio, 19% of total advances.

In FY2026, the Bank redeveloped its SME banking proposition by implementing a new operating model that segments clients by growth potential and service needs. This enables more proactive relationship management for higher-value businesses while expanding digital and virtual banking capabilities for emerging enterprises.

Through ecosystem banking, value chain finance and CEEP, the Bank is improving access to finance for citizen-owned businesses by connecting them to market opportunities, large corporate value chains and tailored funding solutions. This approach moves beyond traditional collateral-based lending to support entrepreneurship, supplier development and broader economic participation, while helping SMEs build resilient, sustainable businesses that contribute to Botswana's long-term development.

Supporting SMEs with scored credit

Scored credit plays an important role in supporting SMEs by providing fast access to funding through streamlined decision-making and simplified lending processes without lengthy manual underwriting. For smaller businesses in particular, timely access to funding can help manage temporary liquidity pressures and enable them to pursue growth opportunities. These businesses need short-term working capital and liquidity support to manage day-to-day operations, including inventory purchases, cash flow management and business expansion.

This year, SME utilisation levels of scored credit remained consistent year-on-year. Disciplined credit assessment supported sustainable portfolio growth and preserved asset quality. As economic activity and business confidence improve, scored credit can continue to support SME resilience, growth and financial inclusion. Opportunities to extend this support will be enabled through digital origination capabilities, stronger client engagement and targeted propositions aligned to SMEs' evolving funding needs.

Supporting young entrepreneurs

This year, the FNB Botswana Foundation welcomed the ninth cohort of participants into its six-month First Youth Programme, which equips young people aged 18 to 35 with entrepreneurship and essential soft skills.

Read more on page 79.

Driving citizen economic empowerment through CEEP

The CEEP is our initiative to advance citizen economic participation and support Botswana's long-term economic transformation. The programme promotes economic inclusion by expanding opportunities for citizen-owned businesses, creating jobs, and increasing SME participation in formal supply chains.

This strong performance was largely driven by growth within Botswana's oil and gas sector. Here, citizen-owned oil marketing companies increased import volumes by around 9% following the Government of Botswana's Citizen Economic Empowerment policy, which expanded market participation opportunities for local enterprises.

CEEP combines financial solutions with strategic partnerships that create sustainable market access. The programme supports citizen-owned enterprises, youth and women-owned businesses, transport operators and businesses operating within strategic value chains, enabling them to become more competitive, bankable and commercially sustainable. During the year, the programme deepened partnerships with several corporates, creating new procurement opportunities for citizen-owned businesses.

Looking ahead, FNB Botswana will leverage the Botswana Economic Transformation Programme, reinforcing CEEP's role as a catalyst for inclusive economic growth, local enterprise development and citizen economic empowerment.

CEEP significantly exceeded its financing target, advancing P354 million in CEEP-eligible funding against a target of P250 million.

P354 million advanced as part of CEEP (FY2025: P387 million)

98 CEEP clients assisted (FY2025: 78)

P472 million scored credit (FY2025: P460 million)

3,413 jobs supported across CEEP clients (FY2025: 2,879)

FirstPreneur: Building Botswana's next generation of growth businesses

Launched in FY2024, our flagship FirstPreneur Development Programme is building a more resilient and inclusive SME sector. The enterprise development programme has evolved into a two-year business acceleration platform that equips citizen-owned businesses with the capabilities, networks and financial readiness needed to scale sustainably. This year, 143 businesses participated in the programme.

The programme entered its venture acceleration phase in FY2026, focusing on strengthening operational capability, improving commercial performance and increasing investment readiness. FirstPreneur provides entrepreneurs with tailored mentorship, operational diagnostics, leadership development and growth planning. The programme strengthens the entrepreneurial ecosystem by connecting participants with investors, public institutions, industry experts and procurement opportunities and by facilitating access to markets and strategic partnerships.

Targeted interventions helped several businesses achieve significant milestones. Entrepreneurs:

- expanded into new markets;
- secured major commercial contracts;
- strengthened governance structures;
- enhanced digital market access; and
- became suppliers within the FNB Botswana ecosystem.

FNB Botswana's FirstPreneur programme continued to strengthen citizen-owned businesses through tailored diagnostics, mentoring and market access. In FY2026, the cohort recorded 84% year-on-year turnover growth. The programme also helped businesses access new markets, with 20 exhibiting at Global Expo Botswana and several securing supplier contracts with FNB Botswana. The cohort generated P181 million in transactional turnover and created 129 jobs. Only 10% of the cohort was on scored credit, highlighting an opportunity to deepen access to formal funding as businesses scale.

These outcomes demonstrate the programme's evolution from a traditional enterprise development initiative focused on training to a platform that actively accelerates business growth and creates commercial opportunities.

FirstPreneur supports Botswana's economic diversification while developing future Commercial Banking clients.

5 Human and social development

Human and social development is fundamental to building resilient communities, expanding opportunities and fostering inclusive economic growth.

By investing in initiatives that reduce poverty, inequality and vulnerability, FNB Botswana empowers individuals and communities to improve their quality of life and strengthen their long-term resilience. Through its sponsorships, the Bank supports the development of sport by investing in athletes and sporting initiatives that promote healthy lifestyles, social inclusion and community wellbeing.

The FNB Botswana Foundation

Established in 2001, the Foundation is our primary CSI vehicle. FNB Botswana allocates up to 1% of its annual profit after tax to the Foundation to execute its social impact initiatives. With an independent trust and a board of trustees, the Foundation is closely aligned with the Bank's commitment to creating shared prosperity and delivering lasting socio-economic value.

Since its establishment, the Foundation has invested P85 million in initiatives that contribute to a more inclusive and prosperous Botswana. Through sustained investment in education, healthcare, community development and sport, the Foundation empowers communities, expands opportunities and supports the nation's long-term sustainable development.

Vision

Enhancing the lives of Batswana and empowering their youth.

Mission

To uplift the lives of Batswana through sustainable and impactful interventions.

Values

Our values are the guiding behaviours that we follow in the pursuit of our vision and mission. These values shape the Foundation's culture and describe how it should be perceived.

Visibility	Impact	Sustainability	Lasting legacy
Recognising the importance of engaging in projects that leave their footprints.	Focusing on projects that uplift the lives of those in need.	Funding projects that can stand on their own beyond the Foundation's funding.	Funding projects that will be a legacy to society.

Focus areas

1. Youth empowerment
2. Education
3. Social welfare
4. Environmental sustainability
5. Arts and culture preservation and commercialisation
6. Sports development and commercialisation

Strategic goals

These are overarching targets that describe the Foundation's desired outcomes for FY2022 to FY2027:

- Fund or support interventions that help 75,000 Batswana to be financially independent (sustainable jobs created and sustainable businesses established). The Foundation defines financial independence as an individual's ability to meet their own basic needs.[1]
- Fund or support interventions that touch the lives of 50,000 Batswana.

[1] *At the time of setting the targets, the 25,000-target represented 10% of Botswana's unemployed population.*

CSI investment in FY2026

The Foundation invested P10 million in its CSI projects (FY2025: P6.2 million) across its six focal areas.

Focus area	Why it matters	Highlights for FY2026
Youth empowerment *2% of CSI expenditure*	Investing in youth empowerment equips young people with the skills, confidence and opportunities to participate meaningfully in Botswana's economy. Through entrepreneurship development, employability training and enterprise support, the Foundation reduces youth unemployment while fostering the next generation of leaders.	Delivery of the First Youth Programme, in partnership with the Institute of Entrepreneurial Development, providing entrepreneurship and employability training for unemployed youth.
Education *31% of CSI expenditure*	Quality education is fundamental to improving employability, reducing inequality and creating long-term socio-economic stability. The Foundation supports initiatives that improve educational access, learning outcomes and holistic learner development, particularly for vulnerable and underserved communities.	Implementing the Remote Area Dwellers (RADs) Top Achievers Scholarship, supporting academically talented learners from disadvantaged rural communities.
Social welfare *15% of CSI expenditure*	These initiatives support vulnerable individuals and communities by addressing immediate social needs and creating opportunities for long-term dignity and self-sufficiency. We empower employees to identify and address community priorities through our Staff Volunteer Programme.	Support for vulnerable communities through targeted, high-impact social investment initiatives. This included allocating P2 million in flood relief for those affected by the 2025 floods.
Arts and culture preservation and commercialisation *20% of CSI expenditure*	Supporting Botswana's creative economy preserves cultural heritage and creates sustainable commercial opportunities for artists and artisans. Through strategic partnerships, we help creatives access markets, generate income and strengthen the sector's contribution to economic development.	Support for Botswana Arts Online, implemented through Thapong Visual Arts Centre. This included investing P1.48 million to develop and maintain the online marketplace. This investment facilitated the sale of 155 artworks and cultural artefacts, increasing income opportunities for artists while strengthening Botswana's professional creative sector.
Sports development and commercialisation *15% of CSI expenditure*	Sport is an important platform for promoting inclusion, nurturing talent and creating future economic opportunities. Our investments seek to develop young athletes while promoting healthy lifestyles, social cohesion and pathways into the sports economy.	Used sport as a platform to develop talent, promote teamwork and encourage lifelong participation in healthy lifestyles. Hosted the annual Bola Ku Bana volleyball and netball tournament for primary school learners utilising the Francistown Centre for the Deaf netball and volleyball courts. The tournament promoted inclusion by involving learners from the Francistown Centre for the Deaf.

Staff Volunteer Programme

The Staff Volunteer Programme complements the Foundation's work by translating the Bank's purpose into practical community action. By contributing time, skills and resources, employees work alongside local communities to address social needs and create lasting, positive impact. Employees identify projects that respond to the specific needs of their communities, reinforcing the Bank's purpose of building a future of shared prosperity through meaningful partnerships.

During FY2026, employees led a diverse range of community development initiatives focused primarily on education, youth development, healthcare and community wellbeing with a budget of P752,867.00 for FY2026. Projects included:

- Refurbishing classrooms and learning facilities at schools in Mahalapye, Palapye, Maun, Ghanzi, Shakawe, Lobatse and Kanye.
- Refurbishment of special education unit classroom at Segopotso Primary School to create a safe and conducive studying space for children with special needs.
- Improving safety of boarders with sight problems from across the country through the construction of a boundary wall at Lentswe Community Junior Secondary School after it was destroyed by the 2025 floods.
- Creating opportunities for practical learning through a vegetable garden at Kazungula Primary School.
- Motivating and encouraging the culture of reading among learners by turning spaces into libraries, providing conducive furniture and age-appropriate books for improved literacy. SVP Teams created Libraries in Khurutshe and Ramotswa.

Employees supported vulnerable communities through initiatives such as establishing a poultry project and community garden for the I Am Special orphanage in Tlokweng, refurbishing the children's playground at Scottish Hospital in Molepolole and donating a marimba to the Thuto Boswa Rehabilitation Centre in Ramotswa to promote arts, culture and rehabilitation.

Youth empowerment spotlight: Building Botswana's next generation of entrepreneurs

Five youth-owned businesses graduated.
P13 million invested since inception of the partnership.
P2.4 million invested.

Youth entrepreneurship is a powerful catalyst for economic diversification, innovation and job creation. The FNB Botswana Foundation established the First Youth Programme in 2020 to equip aspiring entrepreneurs with the skills, confidence and practical experience needed to build sustainable businesses.

The six-month programme, in partnership with the Institute of Entrepreneurial Development, targets young people aged 18 to 35 and provides entrepreneurship training alongside soft skills such as leadership, communication, financial management and business planning. By combining technical knowledge with personal development, the programme prepares participants to transition from business ideas to commercially viable enterprises.

Through structured mentorship, practical learning and ongoing support, participants strengthen their entrepreneurial capabilities, build resilience and improve their prospects for long-term business success.

In FY2026, 66 youth-owned businesses from a cohort of 110 graduated from the programme, exceeding the annual target of 50 youth businesses. Since its inception, 816 youth have been trained, 32 businesses have been funded, and P2 million has been mobilised for start-ups.

Education spotlight: Empowering future leaders

Five scholarship participants.
A budget allocation of **P1.45 million** for the programme.
85% average grade.

Access to quality education drives social mobility and inclusive growth. Through the RADs Top Achievers Scholarship, FNB Botswana unlocks the potential of gifted high school learners from rural and remote communities who face significant socio-economic barriers to continuing their education.

The scholarship's support extends beyond tuition. It encourages participation in cultural, sporting and leadership development extracurricular activities. These experiences build confidence, critical thinking and teamwork, while exposing learners to a broader range of career opportunities and future aspirations.

By investing in high-potential learners at a critical stage of their education, the programme contributes to greater educational equity while developing the skills and confidence needed to participate meaningfully in Botswana's future economy.

The programme is delivering encouraging outcomes. All five scholarship recipients improved their academic performance, achieving an average grade of 85%. Learners have adapted well to their new school environments, demonstrating resilience and a strong commitment to their education.

Education spotlight: Unlocking opportunity through music

20 programme participants.
P556,800 invested.

Through the FNBB Foundation's partnership with Kingdom Arts Academy, we help talented young people turn their passion for music into opportunities for personal growth, skills development and future livelihoods.

Kingdom Arts Academy provides practical music education and life skills training to learners of all ages. Its mission is to develop musicians who excel artistically and create a positive impact within their communities.

In February 2026, the FNBB Foundation partnered with the Academy to launch a fully sponsored music development programme for young people aged 16 to 25 from the Gaborone communities of Bontleng, White City and New Naledi. Through our donation of musical instruments and programme funding, participants receive structured training in a wide range of instruments, voice, music theory and live performance.

The initiative creates a safe and supportive environment where young people develop confidence, discipline, teamwork and leadership skills. With a personal development focus, the programme equips participants with transferable skills that enhance employability and open pathways into Botswana's creative economy.

Sponsorships

FNB Botswana adopts a strategic approach to sponsorships, ensuring that all investments align with the Bank's business objectives, brand promise and commitment to Botswana's long-term development.

FNB Botswana's sponsorship portfolio reflects our commitment to creating shared value by investing in initiatives that strengthen sport, entrepreneurship, youth development and community wellbeing. We select sponsorships for their ability to generate measurable social impact while strengthening our brand, deepening client relationships and advancing Botswana's economic development agenda.

The Bank's sponsorship activities are governed by our Sponsorships, Donations, Gifts and Entertainment Standard, which provides a robust framework for responsible and value-driven investment. In FY2026, FNB Botswana invested P27.7 million (FY2025: P26 million) in sponsorships across sport, the creative industries and strategic partnerships with organisations operating in higher education, ESG, mining and agriculture sectors.

FY2026 flagship sponsorship portfolio

Sponsorship	Purpose	Impact in FY2026
FNB Premiership (Men's national football league) Our three-year partnership with the Botswana Football League began in 2024 to develop local talent in Botswana's most-followed sport. The FNB Premiership supports 16 clubs.	Develop football, promote youth talent, strengthen communities and grow financial inclusion.	• 200+ players and technical staff supported. • More than 6,000 lives positively impacted. • SMEs engaged for security, medical, branding, catering and event services. • Financial literacy delivered through match-day activations and media and club engagements.
FNB Mares (Senior women's national football team) As part of our partnership with the Botswana Football League, we support the Mares team, aligning with the Bank's diversity and empowerment agenda and providing a national platform for women's football.	Inspire greater participation in women's sport and improve player welfare and visibility.	• Women's national team supported, with greater visibility for women's football. • Financial literacy programme delivered. • Women-owned businesses supported.
FNB Botswana Golden Grand Prix FNB Botswana has supported this global athletics event since 2023. The FNB Botswana Golden Grand Prix, held in April 2026: • attracted athletes from 37 countries; • drew 8,000 in-stadium spectators; and • reached a global TV audience of +500,000.	Position Botswana as a premier destination for athletics, promote youth participation and create job opportunities in event execution.	• 278 athletes supported. • More than 7,000 lives positively impacted. • Youth and women-owned businesses supported through event procurement.
FNB Kazungula Bridge Marathon FNB Botswana has been the headline sponsor of the Kazungula Bridge Marathon since 2022.	Promotes healthy lifestyles, tourism and local enterprise in the Chobe district and provides a platform for SME visibility through SME focused vendor zones.	• More than 5,000 lives positively impacted. • More than 20 local businesses supported. • Strong youth participation. • Tourism value created.

The road ahead for FY2027

Having established the foundations for shared prosperity, our priority is to accelerate implementation and demonstrate measurable impact. Our priorities include:

- Increasing activity across balance sheet (origination) and facilitation.
- Setting growth targets for the shared prosperity portfolio.
- Developing new products that deliver on shared prosperity intention.
- Further embedding shared prosperity into all core business processes.
- Partnering with DFIs through blended-finance structures to unlock sustainable finance opportunities.
- Strengthening transition finance advisory capabilities.
- Expanding successful models such as CEEP into additional sectors.
- Improving reporting and data quality.
- Enhancing the effectiveness of our sponsorship portfolio through stronger impact measurement, stakeholder engagement and alignment with strategic objectives.

ESG performance

Building a sustainable business requires continuous investment in environmental stewardship, positive social impact and strong governance. These principles guide how we reimagine help.

In FY2026, we strengthened our sustainability reporting capabilities in line with the BSE Sustainability Disclosure Guidance by focusing on the governance, systems and data required to support high-quality ESG disclosures.

Our priority was to strengthen the foundations for robust reporting. This included strengthening Board oversight of ESG matters, enhancing climate-related governance and embedding ESG considerations into our risk management and decision-making processes. We also:

- Made progress in improving the quality and consistency of sustainability data.
- Established baseline measurements for operational and financed emissions.
- Strengthened climate data collection processes and enhanced our reporting capabilities to support more comprehensive climate-related disclosures.

These initiatives provide a solid foundation for future reporting and will enable the Bank to progressively expand the scope and maturity of its ESG disclosures. In addition, the Bank strengthened employees' understanding of sustainable finance, climate risk, environmental and social risk management, impact measurement, governance responsibilities and ESG reporting and disclosure requirements. These capabilities will support more consistent decision-making across the Bank.

Our CEO's scorecard includes Shared Prosperity and ESG measures, and these are cascaded into executive and management scorecards. Refer to page 124 for more information on remuneration decisions for FY2026.

Sensitive Industries Policy

The DAGC approved the Consolidated Sensitive Industries Policy. The policy complements the Bank's ESRA process by providing a structured approach to identifying, assessing and managing ESG risks associated with lending and investment decisions. It supports the Bank's commitment to financing activities that contribute to sustainable economic development while managing potential environmental, social, legal and reputational risks in line with its risk appetite and strategic objectives.

The policy adopts a risk-based approach rather than a blanket exclusion of higher-risk sectors. Activities are classified into three categories:

1. Excluded activities which the Bank will not finance under any circumstances.
2. Sensitive industries with restrictions and portfolio limits, where financing may be provided subject to defined exposure limits and enhanced controls.
3. Sensitive industries requiring enhanced due diligence, where transactions are assessed on a case-by-case basis through a strengthened ESRA process. This approach ensures that risks are appropriately identified, assessed and managed.

The policy also reinforces the Bank's commitment to active client engagement. Rather than simply declining transactions in sectors with heightened ESG risks, the Bank works with clients to understand and manage potential environmental and social impacts.

The Bank supports clients on their sustainability and transition journeys while maintaining prudent risk management.

Fossil fuels funding commitments

Our Climate Change Policy and Energy and Fossil Fuels Financing Policy guide our investment in primary activities in the oil and gas, coal and renewable energy sectors. We aim to reduce our exposure to coal projects down to P750 million by FY2030 as we gradually divest. Our policy is aligned with FirstRand Limited's Energy and Fossil Fuels Financing Policy.

Our commitments with respect to fossil fuels are as follows:

- We will no longer finance new thermal coal-fired power stations.
- We will no longer provide direct project financing for new thermal coal mines from 2026.
- Our core focus is to support existing clients with their operational banking requirements and ensure the integrity of the electricity grid is maintained.

Screening for environmental and social risk

Our ESRA transactional due diligence is part of our credit risk governance. It identifies and assesses the environmental, social, regulatory and reputational risks to either FNB Botswana or its clients. This includes risks that can cause severe societal and environmental degradation and negatively affect our clients' ability to meet their credit commitments.

Our ESRA process aligns with accepted best practices, including the United Nations Environment Programme Finance Initiative and the Equator Principles, to which FirstRand Limited is a signatory. Our ESRA processes are supported by our environmental risk management programme, which ensures the integration of climate-related, nature and biodiversity risks at sector, portfolio and Bank level.

We effectively manage the environmental and social risks associated with our lending decisions, product and service offerings, and our own organisational impacts, and promote responsible practices across our value chains. We integrate how we identify, manage and mitigate environmental and social risks into our risk management processes.

Loan screenings begin when an application for debt financing is submitted. FirstRand Limited developed and rolled out an automated tool that FNB Botswana integrated into its credit application processes. It assesses whether environmental and social risks apply to the transaction and whether the activity is categorised as high, medium or low risk.

ESRA is not applied to transactions that are not considered material or where it is not feasible to apply an ESRA assessment. This includes personal and retail loans.

Environmental impacts

Environmental targets for FY2026	Actual performance
Address data quality issues and establish a baseline for measurement	The Bank strengthened its approach to ESG data management by addressing data gaps, mapping relevant processes and improving the quality and integrity of the underlying information. This work enabled the Bank to establish FY2026 baselines for its own and financed emissions, providing a consistent starting point for setting and tracking future targets. While data collection and assessment remain partly manual, the improved foundation supports more reliable measurement and disclosure of performance.

Energy

Solar impact

Our Francistown solar installation avoided 352.16 tonnes of CO_2 emissions, equivalent to planting 58 trees in FY2026 and a total of 458 trees since commissioning.

The Bank consumed 3,159.7MWh of electricity (FY2025: 3,692MWh), 94% of which was supplied by the Botswana Power Corporation, whose electricity generation is predominantly coal-based. All branches have energy-efficient lighting to reduce our environmental footprint. Uninterruptible power supply systems fitted with lithium-ion batteries have reduced reliance on diesel-powered backup generators.

Our grid-tied solar installation at the Francistown building supplies approximately 47.3% of its electricity needs, representing 6% of the total energy requirements across all commercial buildings. We have commenced installing a grid-tied solar photovoltaic system, including solar awnings over the client parking area, at our First Place Head Office in Gaborone. The project will be completed during FY2027 and is expected to reduce the building's grid electricity consumption by approximately 45%.

Emissions

We focused on establishing the foundations for robust GHG emissions reporting by strengthening our climate data, governance and reporting capabilities. This included developing baseline measurements for our operational and financed emissions, enhancing data collection processes and integrating climate reporting into our governance and risk management frameworks. These activities will enable us to improve the quality and scope of our emissions disclosures over time and to support the development of science-informed emissions-reduction targets. As our climate data matures, we will enhance our reporting to provide stakeholders with greater transparency on our climate-related performance and transition journey.

We calculate our GHG emissions data in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (revised edition). Grid emissions conversion factors used in the Scope 2 calculation are sourced from the International Renewable Energy Agency. The remaining emission factors, which are updated annually, are sourced from the United Kingdom Government's Conversion Factors for GHG reporting.

The Bank's total carbon emissions for 2026 are 7,957tCO_2e. The Bank's carbon emissions are classified into three scopes as follows:



Scope 1	Scope 2	Scope 3
160tCO_2e	**7,358tCO_2e**	**439tCO_2e**
Direct GHG emissions from sources that are owned or controlled by the Bank. Scope 1 can include emissions from fossil fuels burned on site, emissions from entity-owned or entity-leased vehicles, and other direct sources. Scope 1 includes the diesel, refrigerant gas and fleet travel categories.	Indirect GHG emissions resulting from the generation of electricity, heating and cooling and steam generated offsite but purchased by the Bank.	Indirect GHG emissions from sources not owned or directly controlled by the Bank but related to the activities of the Bank. Scope 3 includes paper, travel reimbursements, air travel, vehicle rental and car allowances.

Water

We are implementing water conservation initiatives to improve resource efficiency. This includes installing flow-reduction taps, pressure-assisted toilet flushing systems, and sensor-controlled air-conditioning systems at selected branches, with recycled water used to irrigate landscaped areas.

Water consumption across FNB House, the Francistown Branch and First Place totalled 9,084 kilolitres (FY2025: 9,057 kilolitres). Water consumption at leased branch premises is difficult to quantify because utility charges are included in the rental agreements. We are developing a methodology to improve the measurement and reporting of water use across our leased property portfolio.

Waste

Our waste management approach focuses on minimising waste generation through effective waste segregation, recycling and responsible disposal practices. We promote the use of environmentally preferable products, including biodegradable cleaning chemicals and ozone-friendly refrigerants.

In FY2026, the Bank recycled 24.82 tonnes of waste at the First Place (FY2025: 13.34 tonnes).

EDGE Certification

A key environmental priority was progressing the EDGE Certification of the First Place Building. This certification process is currently in progress and awaiting the completion of the site audit by the accreditation body. EDGE is a globally recognised green building certification system developed for emerging markets to encourage the design, construction and operation of resource-efficient buildings.

Unlike broader green building rating systems, EDGE focuses on achieving measurable reductions in resource consumption. Achieving EDGE Certification will enhance the building's energy and water efficiency and overall sustainability.

Social impacts

We create positive social impact through responsible employment practices, investing in the development, wellbeing and fair remuneration of our employees, while contributing to broader societal development through our CSI and sponsorship initiatives. Read more about our human capital strategy on page 59, our CSI activities on page 81 and our sponsorships on page 83.

Social impact targets for FY2026	Actual performance
1% of employees are people living with disabilities.	0.4% of employees are people living with disabilities.
No confirmed discrimination incidents.	There were no confirmed discrimination incidents.
No work-related fatalities or injuries.	There were no work-related fatalities. We had 11 minor work-related injuries.
75% of employees participate in the annual wellness events, including health checks and awareness sessions.	75% of employees participated in annual wellness events.
Provide medical aid cover to all eligible employees.	All eligible employees are covered by medical aid. This excludes ineligible employees.
No employee with a salary below P10,000 per month.	All employees earn above P10,000 per month.
No industrial actions related to contravention of the right to freedom of association.	There was no industrial action related to contravention of the right to freedom of association.
Overall employee turnover below 5%.	At 4%, overall employee turnover level remains within acceptable thresholds.

Impact of governance

We continually refine our governance practices, informed by the findings of annual Board self-assessments and independent evaluations. Read more about our governance from page 95.

The road ahead for FY2027

- We will enhance our ESG performance by improving data quality, strengthening impact measurement and expanding our disclosures as our capabilities mature. Our priorities are: Improving climate risk management by further embedding climate considerations into enterprise risk management, enhancing climate scenario analysis, and strengthening climate-related decision-making and governance.
- Advancing emissions measurement and disclosure by improving the quality and coverage of operational and financed emissions data to support more comprehensive climate reporting and the development of science-informed emissions reduction targets.
- Strengthening data, measurement and reporting, improving the quality of ESG information, impact measurement and disclosures to support better decision-making, greater accountability and enhanced stakeholder transparency. This includes installing smart utility meters to improve the accuracy of monitoring energy and water consumption.
- Enhancing ESG integration into operations through an ESG Integration Maturity roadmap. Progress will be assessed annually against eight integration drivers, covering strategy and governance to operational integration and leading up to disclosure.



Our three business segments respond to distinct client needs and market opportunities. Our focus on tailored financial solutions, strategic partnerships and disciplined portfolio management enables us to respond to changing needs, capture emerging opportunities and contribute to a more diversified and inclusive economy.

The three segments' **performance**

This chapter should be read in conjunction with the insights from the Acting CFO and Treasurer (page 22), where financial performance is discussed, the 2030 Strategy progress (starting on page 59), and the segmental reporting in the financial statements.

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Retail

Our focus remained on helping clients navigate financial challenges while delivering innovative, accessible and digitally enabled solutions that create long-term value.



Monkgogi (Mo) Mogorosi
Retail Executive

Salient features

- We experienced growth in the active client base reflecting the effectiveness of targeted acquisition and retention strategies.
- The business remained resilient despite the increased pressure from macro-economic dynamics.
- There was margin compression on the advances portfolio due to the heightened cost of funding, which translated into higher interest rates for consumers.
- The pivot to promoting digital channels and various payment capabilities delivered a strong non-interest revenue performance and diversified earnings, showing reduced reliance on traditional lending revenues.
- Continued adoption of digital channels and self-service capabilities led to a 7% year-on-year increase in transactional volumes.
- Retail NPL inflows over the period reflect systemic, affordability driven household stress across products and employer sectors. Non scheme lending accounts for most inflows, at approximately 75% of total NPL inflow exposure.
- We paid P45.4 million in CashBack Rewards to clients, recognising their loyalty and rewarding positive financial behaviours.

A synopsis of FY2026

This year we amplified the service promises of Thuto, Thuso and Botho. The Retail strategy helps clients navigate this unprecedented turbulent season, balancing responsible lending and managing client expectations while pursuing market share and protecting shareholder value. The segment chose a deliberate strategy to slow lending to protect both consumers and shareholders. A high-interest environment is not ideal for borrowing, but it is for saving. We focused on promoting savings to protect clients' disposable income and educate them to defer discretionary borrowing until the interest rate environment is more conducive.

TCF principles were elevated, along with financial empowerment, client experience, operational excellence and service quality.

Retail measures client experience through three main metrics. Overall client satisfaction is measured by the External Client Satisfaction Index, client advocacy by NPS and ease of interaction with the Bank by CES. These results confirm that clients value our accessibility, breadth of product offerings, service recovery capabilities and digital banking experience. The findings provided valuable insights into areas for improvement and informed targeted initiatives to simplify client journeys, strengthen service consistency and enhance communication.

We continued to simplify key client journeys. We further streamlined our manual KYC processes to eliminate duplication, reduce administrative complexity and minimise client frustration. New functionality on the FNB App enables clients to receive notifications about outstanding KYC documentation and submit supporting documentation digitally, improving convenience while supporting regulatory compliance.

Aligned with our Thuto (education) pillar, our Integrated Advice and Financial Literacy Programme expanded its reach through kgotla engagements, school outreach initiatives, employer partnerships, community workshops and mass media platforms, including radio, television and social media. These initiatives equipped Batswana with practical financial advice to support informed financial decision-making and long-term financial wellbeing.

Recognising the financial pressures many households face and in keeping with our Thuso (Real Help) pillar, when the Monetary Policy Rate increased by 100 basis points, we extended the tenure for some personal loans to ease pressure on consumers' net take-home pay instead of increasing monthly instalments. We strengthened our Real Help initiative by providing tailored support to clients experiencing financial difficulty, while tightening our credit appetite to slow advances growth in a high-interest-rate environment and protect consumers.

Embedding Botho (Humility) in our ways of working led to refreshed socialisation of the Vulnerable Clients Policy for frontline teams. This provides employees with clear guidance on supporting disadvantaged and differently abled clients. Frontline teams completed empathy training to strengthen respectful, inclusive and client-centred service delivery.

An update on WesBank

WesBank, like other lending solutions, was significantly impacted by the high-interest rate environment. In FY2026, WesBank focused on improving operational efficiency and strengthening dealership relations. The client experience was enhanced through an optimised business model supported by process improvements. However, the high-interest rate environment coupled with the depreciation of the Pula against the Rand resulted in a price increase of between 6% and 9% on vehicles, further making affordability a challenge. Vehicle sales remained under pressure due to higher prices and high cost of borrowing. We continued to explore opportunities to strengthen and expand strategic partnerships to defend and grow market share, and to support the adoption of electric and hybrid vehicle models that align with national sustainability objectives. WesBank will also extend its product offering to other movable assets.

Expanding our digital product ecosystem

We continued to invest in innovative digital solutions that empower clients to manage their finances with greater confidence and flexibility.

FNB Motshelo Account *Launched in February 2026*	This product caters to community savings, or "motshelo," by enabling communities to pool funds while promoting financial empowerment and a culture of saving. Since its launch, the product has enjoyed strong adoption among community savings clubs.
eWallet Plus *Launched in March 2026*	This enhanced digital wallet allows clients to upgrade their existing eWallet accounts and benefit from higher daily transaction limits of up to P20,000, compared with the previous limit of P5,000. It provides greater flexibility and convenience while supporting our strategy to increase digital adoption and enhance client experience.
FNB Nsize Loan *Launched in May 2026*	This short-term unsecured lending solution provides clients with affordable financing to meet immediate short-term cash flow needs. Available through the FNB App, the product offers amounts from P1,000 to P30,000 with repayment terms of up to three months. Clients receive instant access to pre-approved funds to cover unexpected expenses or short-term financial requirements.
FNB ChatPay *Launched in June 2026*	This digital service uses FNB's chat functionality to let clients send and receive payments while chatting with other FNB clients directly on the FNB App. The solution is designed to make everyday payments simpler, more convenient and more secure. It also provides FNB clients with secure chat functionality for everyday use.

Context to the performance

Persistent high inflation and high interest rates have eroded household disposable income. Workforce restructuring, voluntary separation programmes, salary reductions and redundancies across several sectors further increased financial strain on consumers and increased the risk of NPLs.

Market liquidity constraints intensified competition for deposits, resulting in higher deposit pricing as banks sought to attract and retain funding. This increased our cost of funding and further strained consumers with running loan facilities. The Bank of Botswana's 240-basis-point increase in the Monetary Policy Rate, and its directive not to pass the cost to clients, compressed margins on the advances portfolio. In response, we prioritised retaining core transactional deposits, optimised the deposit mix through targeted pricing initiatives where appropriate, and moderated advances growth to protect value.

Despite ongoing economic pressures, we identified significant opportunities to strengthen our market position:

- Educating clients on being digitally savvy and protecting profiles, with notable increases in digital adoption for the FNB App.
- Promoting affordable, digitally-led payment solutions for daily transactions to grow transaction volumes and associated income.
- Enhancing client engagements through innovative, client-centric solutions using insights from the client 360-degree tool.
- Partnering with Government, employers and community organisations to expand integrated advice and extend the Bank's reach into underserved markets.
- Leveraging data, advanced analytics and emerging AI capabilities to deliver hyper-personalised client engagements, improve decision-making and strengthen risk management.
- Growing cheaper deposits through various deposit products and a growing active transaction banking client base.

Digital lead fraud incidents increased in the past financial year, with fraudsters using sophisticated vishing and smishing SMS campaigns. We countered this with client awareness and education.

The road ahead for FY2027

Retail Banking enters FY2027 from a position of resilience, supported by diversified income streams, disciplined balance sheet management and strong client relationships. Our priorities include:

- Deepening client relationships through personalised engagement and tailored value propositions.
- Growing the active transactional client base by providing more solutions and increasing share of wallet across individuals, families and small businesses.
- Leading with integrated advice to help clients manage rising living costs, build financial resilience and achieve their long-term financial goals.
- Offering seamless, digitally enabled client experiences across all touchpoints to improve convenience, efficiency and service quality.
- Defending and growing market share by strengthening existing client relationships, retaining key clients, pursuing strategic partnerships and capturing new growth opportunities.
- Maintaining disciplined growth by balancing commercial objectives with prudent risk management and sustainable value creation.
- Introducing more payment capabilities to provide clients with more reasons to bank with FNB Botswana.

Commercial

We are evolving beyond traditional lending to build deeper client relationships, unlock opportunities across ecosystems and support sustainable, inclusive growth across Botswana.



Valentine Harward
Acting Commercial Executive

Salient features

- Delivered P354 million in CEEP lending, supporting increased economic participation, business growth, and access to finance for citizen-owned enterprises across key sectors of the economy. 3,413 jobs were supported.
- Expanded foreign exchange income by 5%, supported by strategic pricing interventions, targeted client acquisition and client win-back initiatives.
- Onboarded three strategic partners to create opportunities across the mining and oil and gas ecosystems.
- The Virtual Branch will unlock profitable micro-business growth by expanding access, increasing sales and cross-sell opportunities, reducing dormancy and shifting service volumes to a more cost-efficient channel.
- CashPlus advanced financial inclusion in FY2026 by extending convenient banking access through 2,074 agents, including 118 newly onboarded agents in rural communities, while enabling 11 million transactions valued at P9.3 billion.

Client insights and analytics proactively identify opportunities for improvement, supported by conduct dashboards, service recovery interventions, quality assurance and strengthened governance oversight. These efforts aim to improve client outcomes, build trust and strengthen client retention.

A synopsis of FY2026

Commercial implemented a new SME Segment Operating Model to support portfolio growth, deeper client relationships and improved retention. The model serves the diverse SME market with a differentiated, client-centric and more proactive approach. Relationship teams now actively manage higher-value SMEs, enabling more meaningful engagement, faster responsiveness and a deeper understanding of business needs and opportunities.

The model is complemented by Virtual Banking for SME clients, providing dedicated support and convenient remote service channels for emerging SMEs. This improves accessibility and efficiency while providing a more scalable, streamlined experience for SMEs.

Strategic partnerships were an important enabler for our growth and CEEP agenda. The Bank onboarded three strategic partnerships in the mining and oil and gas sectors. These partnerships provided a platform to broaden access to financial solutions across value chains, support citizen-owned businesses and unlock new opportunities for lending, transaction banking and other revenue streams.

The segment's client feedback and complaints analysis identified turnaround times, process inefficiencies, onboarding and lending journeys, repeat complaints, and complaint communication as potential areas for improvement. We responded by using complaints analysis, client journey reviews and client outcome monitoring to identify recurring pain points and address their root causes. Key focus areas include:

- improving service turnaround times;
- simplifying onboarding and lending journeys;
- strengthening complaint communication and resolution; and
- addressing process inefficiencies that contribute to repeat complaints.

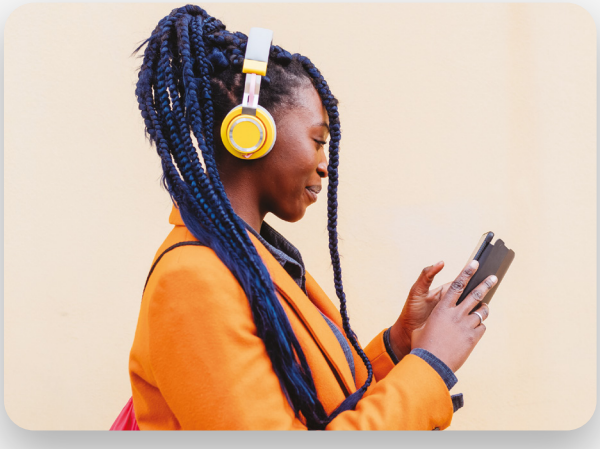
Following the money to unlock value across ecosystems

We are looking beyond individual client relationships to understand how money moves across business ecosystems. Through our Ecosystem Banking pilot, we mapped transactional flows around anchor clients to identify the businesses, suppliers, distributors, contractors and service providers connected to them. This provided a broader view of the ecosystem and highlighted opportunities to deepen relationships and meet more financial needs across the value chain.

The approach moves us beyond a traditional lending-led model towards ecosystem banking, where the Bank supports multiple participants in a value chain through a broader range of solutions. These include financing, payments, collections, treasury, trade finance, asset finance, employee banking, insurance and digital banking.

The model also has an important dimension of resilience and inclusion. By connecting SMEs and citizen-owned businesses to established corporate supply chains, the Bank can facilitate access to procurement, distribution and service opportunities, while supporting larger businesses to build stronger local supply chains.

The pilot has provided a foundation for scaling the approach across priority ecosystems. As we expand our focus on strategic partnerships and sector-specific value propositions, Follow the Money provides a mechanism for identifying where capital, transactional services and other financial solutions can have the greatest impact across Botswana's economy.



Context to the performance

Commercial Banking's performance reflects the successful execution of a disciplined client-centric strategy focused on deepening relationships, strengthening deposit franchises, and expanding participation within key economic sectors. The segment continued to leverage its sector expertise, ecosystem banking approach, and value chain propositions to enhance client engagement, diversify revenue streams, and support sustainable business growth across the portfolio.

Revenue growth was supported by deliberate efforts to optimise balance sheet utilisation, strengthen liquidity gathering capabilities, and enhance the value derived from existing client relationships. Continued focus on transaction banking, foreign exchange solutions and tailored commercial banking propositions enabled the segment to maintain revenue momentum despite a challenging operating environment.

Our sector-specific value propositions support economic diversification and growth in priority industries. They combine deep sector expertise, tailored financing and strategic partnerships to meet the distinct needs of businesses operating in these sectors. The Bank identified agriculture and tourism as priority areas. Our agriculture strategy will support the segment in expanding market participation through targeted engagement, value chain financing and risk-based solutions. The Bank is also deepening its focus on non-diamond mining, retail and grocery, fuel and other priority sectors where strong ecosystem dynamics create opportunities to broaden client relationships, increase transaction volumes and support broader economic participation.

The segment's ongoing investment in digital capabilities and innovative payment solutions continued to drive client adoption of electronic channels and improve service delivery. These initiatives, combined with targeted client acquisition, relationship deepening and strategic partnership programmes, strengthened the Bank's competitive position while supporting broader financial inclusion and economic participation objectives.

Prudent portfolio management, disciplined credit risk practices, and active management of emerging sectoral risks further supported performance. This balanced approach enabled Commercial Banking to remain resilient, sustain earnings growth, and continue supporting clients and key sectors of the Botswana economy while maintaining an appropriate risk-return profile.

The road ahead for FY2027

Commercial priorities are centred on accelerating sustainable growth through SME banking, differentiated sector propositions, ecosystem partnerships and citizen economic empowerment initiatives. These initiatives advance FNB Botswana's 2030 Strategy and position us as the financial partner of choice for local businesses. Our priorities include:

- Accelerating SME Banking growth by embedding a new operating model, strengthening relationship-led engagement for high-value SMEs and expanding digitally enabled service models for emerging businesses.
- Delivering sector-specific value propositions focused on high-growth industries supported by specialised expertise and tailored financial solutions.
- Deepening strategic partnerships with anchor corporates, Government and development partners to unlock new ecosystem opportunities and support Botswana's economic transformation agenda.
- Expanding sustainable finance solutions through the roll out of ESG-aligned lending products, blended-finance structures and green financing solutions that support climate resilience and sustainable economic development.
- Enhancing the client experience through digitally enabled, data-driven banking by simplifying client journeys, expanding self-service capabilities and leveraging analytics and AI to deliver personalised solutions and improve decision-making.
- Growing transaction-led revenue by expanding payments, merchant services, foreign exchange, cash management and treasury solutions, reducing reliance on traditional lending income.
- Developing innovative financing solutions, including credit-risk mitigation guarantees and blended-finance structures, to improve access to finance for underserved sectors while optimising capital allocation.

RMB

We delivered tailored financial solutions that help clients optimise liquidity, improve operational resilience and pursue sustainable growth in a dynamic economic landscape.

Harriet Mlalazi
RMB Executive



Salient features

- Delivered strong financial performance, with profit before tax increasing by 108% year-on-year, supported by diversified earnings, product innovation and disciplined cost management.
- Grew assets by 1%, driven by disciplined capital deployment, and grew deposits by 24% year-on-year, driven by a strong and diverse client franchise.
- Strong expansion in non-interest revenue, driven by growth in foreign exchange, flow trading, structuring activities and merchant services.
- Grew our market leadership position in Global Markets, with a 42% market share (FY2025: 38%).
- Demonstrated prudent risk management by strengthening impairment provisions in response to heightened macro-economic and credit risks.

A synopsis of FY2026

RMB focused on strengthening its market leadership by investing in strategic initiatives to enhance client value, improve operational efficiency and diversify its earnings base. In line with its strategy to improve capital efficiency and diversify income, RMB placed greater emphasis on expanding fee-based, capital-light businesses. The Bank expanded its debt capital markets activities and advisory mandates, leveraging its specialist expertise to generate sustainable revenue growth while reducing reliance on balance-sheet-intensive lending.

To broaden its earnings base, RMB pursued opportunities across strategic client segments, emerging industries, and public-private partnerships, including selected state-owned enterprises. This approach enabled the Bank to align commercial growth with Botswana's national development priorities.

RMB reinforced its position as a trusted advisor to clients and stakeholders through a programme of industry workshops, market insights and advisory engagements. This bolstered client relationships, enhanced brand visibility and reinforced its reputation as a strategic partner capable of helping clients navigate a complex business environment.

The segment embedded a client attrition management model that monitors behavioural indicators and transaction patterns to identify early-stage disengagement risks. These insights enable relationship managers to engage clients proactively with tailored solutions before attrition occurs. RMB also strengthened its relationship intelligence capabilities, equipping teams with deeper client insights to deliver more personalised engagement, anticipate evolving client needs and promote cross-selling.

RMB strengthened its transactional banking capabilities by enhancing its merchant services offering, optimising its eCommerce capabilities and scaling adoption of innovative products, including the 48-Hour Notice Deposit Account and eWallet Pro. These efforts were designed to deepen client relationships, increase transaction volumes and deliver greater value through integrated banking solutions.

The improvement in RMB's External Client Satisfaction Index for FY2026 validates that our relationship-centric service model is effective.

Transforming corporate banking through digital solutions

Corporate clients seek faster, more integrated and data-driven banking solutions. Therefore, RMB is accelerating its migration from manual, paper-based processes to secure digital platforms that enable clients to manage their financial operations more efficiently.

In FY2026, RMB made significant progress in transitioning clients to digital and self-service channels. Through targeted client engagement and platform enhancements, we achieved a 15% year-on-year reduction in manual payment volumes, while online banking utilisation increased to 86%. This reflects growing client confidence in RMB's digital capabilities and a shift towards more efficient transaction management.

The transition strengthens RMB's long-term vision of building a data-driven corporate banking model. By leveraging automation, digital capabilities and analytics, we create opportunities to deliver more personalised solutions, proactive service and enhanced client experiences.



Context to the performance

While current constrained conditions present challenges for clients and the broader economy, they also highlight the value of RMB's specialist advisory capabilities, disciplined risk management and ability to deliver innovative financial solutions.

The operating environment remains challenging, with continued weakness in the diamond sector, slower economic growth and tighter liquidity conditions affecting business activity and credit demand. These conditions reinforce the value of RMB's specialist advisory expertise, disciplined risk management and innovative financing capabilities.

Botswana's economic diversification agenda is expected to create opportunities across manufacturing, healthcare, agriculture, infrastructure and renewable energy. RMB is well positioned to support this growth through integrated financing, advisory and capital markets solutions. At the same time, increasing focus on sustainability and ESG considerations presents a growing opportunity to support clients through sustainable finance and transition-related advisory services, while contributing to Botswana's long-term economic resilience and development.

The road ahead for FY2027

RMB will execute its strategy of building a more diversified, capital-efficient, and technology-enabled corporate and investment banking franchise. This will be supported by our specialist expertise, disciplined execution and strong client relationships. We anticipate muted but growing demand for lending products and steady demand for transactional banking solutions. Strategic priorities include:

- Supporting Botswana's economic development through strategic financing, infrastructure funding and capital allocation aligned with national priorities.
- Growing the transactional banking and foreign exchange offerings.
- Entrenching our sustainable finance leadership by growing sustainable finance and ESG advisory solutions.
- Investing in digital innovation and data analytics to improve operational efficiency, strengthen client insights and enhance the client experience.
- Maintaining disciplined risk and balance sheet management in response to evolving macro-economic, liquidity and foreign exchange conditions.
- Diversifying earnings by expanding fee-based businesses, innovative products and capital-light revenue streams.



Ethical leadership, accountable governance and fair remuneration are fundamental to building trust and protecting long-term value. By embedding how we lead, make decisions and reward performance, we advance our objectives of building a future of shared prosperity.

Governance and **Remuneration**

95 | Diligent governance
124 | Equitable and accountable remuneration

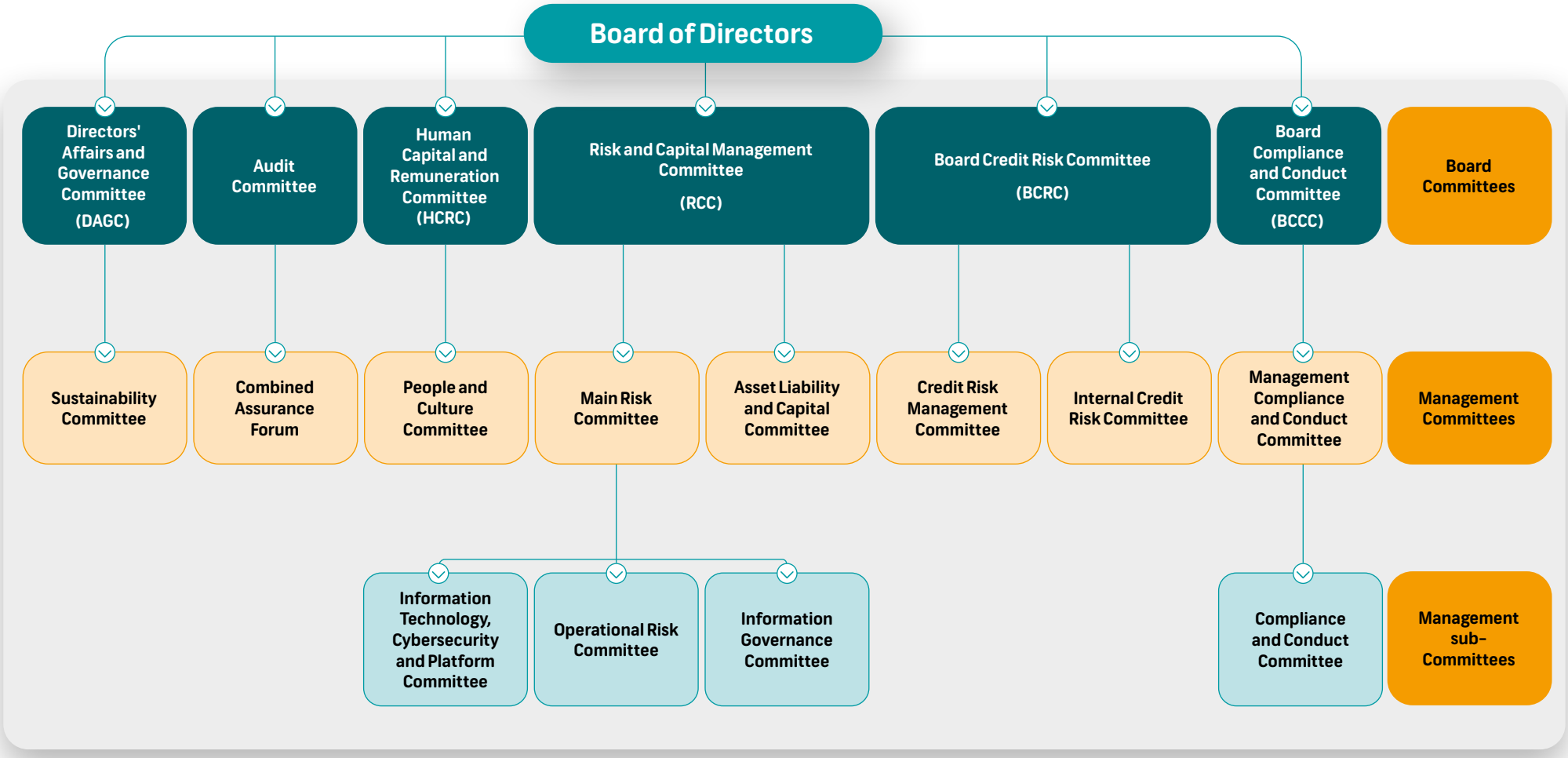
Diligent governance

The Board regards excellence in corporate governance, transparency, fairness, responsibility and accountability as essential for the Bank's long-term business sustainability.

Governance Framework

The Board operates in accordance with the FNB Botswana Constitution and Board Governance Framework, which are informed by relevant applicable laws, guidelines and standards. The framework also considers corporate governance principles and guidelines published by the Bank of Botswana, Basel Committee on Banking Supervision and King IV.

Governance structure



Guidance on corporate governance

The Company Secretary, Gaone Setlhake, plays a pivotal role in helping the Board adhere to corporate governance principles, procedures, statutes and regulations. All Directors are afforded unrestricted access to her guidance.

The Company Secretary's performance undergoes an annual evaluation as part of the Board's assessment process. This evaluation confirms her effectiveness in executing her role, including:

- Demonstrating effective discharge of responsibilities.
- Maintaining a professional and unbiased relationship with the Board and its Directors.
- Possessing the necessary skills, knowledge and experience to provide the Board with sound governance guidance.

For FY2026, the Board is satisfied that the Company Secretary has discharged her duties as required.

Under the FNB Botswana Constitution, Board members are entitled to procure independent advice at the Bank's cost while carrying out their fiduciary obligations. They also have the privilege of direct communication and unrestricted access to the external auditors and ExCo. No independent advisors were consulted during the year.

Governance objectives

The Board is responsible for:

- Steering and setting the Bank's strategic direction, considering the macro-environment, key stakeholder needs and the Bank's business model.
- Enabling strategy delivery by approving policies, frameworks, budgets, plans, structures and procedures.
- Overseeing strategy implementation.
- Demonstrating accountability and transparency through appropriate disclosures.

Governance principle	Description as per FNB Botswana's Governance Framework
Ethical and effective leadership	Effective leadership means directing results-driven performance that achieves strategic goals. It is exemplified by responsibility, accountability, fairness and transparency. Ethical leadership and effective leadership should reinforce one another. Read more about our business conduct initiatives on page 52.
Corporate citizenship and sustainable development	As a corporate citizen, FNB Botswana is an integral part of society and has obligations and responsibilities towards society. Read more about our shared prosperity initiatives on page 71.
Strategy oversight	The Board leads value creation and protection by appreciating that strategy, risk and opportunity, performance and sustainable development are inseparable. When considering strategy, the Board considers: • Risks and opportunities in our operating context. • The legitimate and reasonable needs, interests and expectations of all stakeholders. • Our ability to support strategy through the six capitals, business structures and processes. • The impact of our operations on resources and relationships. • The interconnectivity and interdependence of the above matters. Read more about our strategy on page 57 and performance on page 59.
Risk oversight	The Board must embed a strong risk management culture and oversee frameworks, policies and processes to identify and manage risks. It actively monitors our risk profile relative to risk appetite and seeks to ensure an appropriate balance of return and consistent shareholder value. Read more about risk management on page 44.
Independence	All members of the Board have a duty to act with independence of mind and in the Bank's best interests.
Accountability	The Board is accountable for its decisions and actions. Governance structures and arrangements connect responsibility and accountability.

The Board's overall governance objective is to ensure that an adequate and effective process of corporate governance is established and maintained, consistent with the nature, size, complexity and risk inherent in the Bank's activities, and which is responsive to changes in our operating environment.

Governance features as at 30 June 2026

Board structure

Unitary Board structure

No more than 13 Directors as per the Bank's Constitution

Currently 12 members

Non-Executive Directors are appointed by the majority of shareholders at the AGM

One-third of Non-Executive Directors retire at every AGM, and a retiring Director is eligible for re-election

Automatic retirement at 10 years

Board Committees

Six Board Committees

Audit Committee consists of three Independent Non-Executive Directors

RCC consists of three Independent Non-Executive Directors and one Non-Executive Director

BCCC consists of three Independent Non-Executive Directors and one Non-Executive Director

BCRC consists of three Independent Non-Executive Directors

HCRC consists of three Independent Non-Executive Directors

DAGC consists of four Independent Non-Executive Directors

Separation of Board roles

The Chairperson of the Board is not a member of the Audit Committee

The Audit Committee is separate and distinct from all other Board Committees

The BCCC is separate from the RCC

The BCRC is separate from the RCC

Board diversity

75% are Independent Non-Executive Directors and 25% are related parties (One Non-Executive Director related, employed by the Group and two Executive Directors employed by FNB Botswana)

75% of Directors are citizens and 83% are resident Directors

33% female Directors

17% are aged 30–50

83% are aged over 50

The Board collectively has diverse skills in finance and audit, accounting, business administration, legal, ICT, regulatory, human capital and banking

ExCo

Committee set up as per the CEO-delegated mandate to drive strategy and resource allocation

15 members, including the CEO and Deputy CEO

46.6% female executives

79% are aged 30–50

21% are aged over 50

4 years average experience at an executive level

Delegation of authority

As the custodian of corporate governance, the Board uses a Governance Framework to outline the delegation of authority falling within the Board's jurisdiction and entrusted to Board Committees. Supported by processes and policies, this framework ensures consistent governance, supports the strategic execution needed to meet stakeholder expectations, and fosters role clarity and sound decision-making.

The Board is guided by Charters that define composition, meeting frequency and roles. These Charters are subject to annual review to uphold their relevance. Committee Chairpersons furnish the Board with reports regarding Committee meetings at each Board session. Committee Chairpersons also participate in the AGM to address shareholder inquiries.

FNB Botswana does not have a Lead Independent Director. The Board assessed whether a Lead Independent Director is required and determined that currently the role is not required and that the Board is functioning effectively.

Key governance roles

The following outlines the key roles and responsibilities within the Bank's governance ecosystem.

Board Chairperson	The Chairperson provides leadership to the Board and ensures that it operates effectively, independently and in the best interests of the Bank. The Chairperson does not manage the Bank; rather, he facilitates effective oversight and constructively challenges management. The Chairperson oversees formal Board succession, manages conflicts of interest and acts as a link between the Board and management.
CEO	The CEO leads the Bank's executive management, translating the Board-approved strategy into action and ensuring the Bank delivers on its strategic objectives and creates sustainable value. He serves as the chief link between management and the Board.
Company Secretary	The Company Secretary plays an essential role in FNB Botswana's corporate governance and ensuring the Board operates effectively. She supports the Board and ensures the Board and management have access to professional services and advice on corporate governance principles and practices.
Board Committees	The Bank's six Board Committees support the Board in fulfilling its governance responsibilities by providing focused oversight, detailed consideration and specialist expertise in specific areas. They assist the Board by examining matters in greater depth, challenging management where appropriate, making recommendations to the Board and monitoring performance against agreed objectives and policies.

The Board is satisfied that the delegation of authorities as set out in the Board Governance Framework contributes to role clarity and the effective exercise of authority.

Ethical behaviour

The King IV Code emphasises ethics as a core component of good governance and sustainable business practices, with an ethical culture being a good governance outcome. Specifically, King IV provides the following ethics-related principles:

- **Principle 1:** The governing body should lead ethically and effectively.
- **Principle 2:** The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.
- **Principle 3:** The governing body should ensure that the organisation is, and is seen to be, a responsible corporate citizen.

The Board's role

In line with King IV, the FNB Botswana Board is collectively responsible for carrying out its duties with integrity and due diligence and for establishing an ethical culture within the Bank. The Board delegates to the BCCC responsibility for oversight, strategic direction and decision-making on ethics at the Board level.

Management's role

At the ExCo level, Management Compliance and Conduct (MCCC) implements the ethics strategy, standards and policies the Board adopts. Refer to the governance structure on page 95.

Our ethics obligations

As a minimum, the Bank is required to align with the following:

Leadership should individually and collectively cultivate integrity, competence, responsibility, accountability, fairness and transparency.	The Board individually and collectively pledges to uphold the Code of Ethics on an annual basis.
The tone for an ethical organisation must be set from the top, and that conduct should go beyond compliance with law to embrace the purpose and spirit of the law, together with defined ethical standards.	The Board's annual effectiveness survey, including the peer review, tests whether each Director leads with integrity, responsibility, and accountability.
The governing body of the organisation must set the direction for how ethics should be approached and managed within the organisation and must exercise appropriate levels of oversight concerning ethics management.	The Board has approved an Ethics Framework, which provides guidelines for managing ethics. In addition, all Directors and employees must adhere to FNB Botswana's Code of Ethics.
The organisation's purpose, values, strategy and conduct should be in line with the expectations of being a responsible corporate citizen.	One of the pillars of the Bank's strategy is value preservation, and the Compliance and Conduct function oversees that value is preserved. The Bank must adhere to the highest level of ethics and ensure no ethics breaches erode its value.
The governing body must adopt appropriate codes, frameworks, policies and standards to effectively manage ethics and ethics-related risks.	The Board and BCCC have approved the following ethics frameworks and policies: • Ethics Framework. • Code of Ethics. • Supplier Code of Conduct. • Ethical Use of Data Framework. • Conflict of Interest Management Policy. • Ethics Line Policy. • Anti-Bribery and Corruption Policy. • Gifts and Entertainment Standard. • FNB Botswana Human Rights Framework. • Personal Account Trading Policy.

How we embed ethics in our culture

FNB Botswana upholds ethical principles, including honesty, integrity, fairness, equality, diversity, accountability, transparency and individual rights. These principles are ingrained in our culture and incorporated into our human capital policies. FNB Botswana employees, Directors and suppliers must adhere to our Group Code of Ethics. This Code establishes a clear and universally understood description of acceptable and ethical behaviour. It guides ethical decision-making and promotes ethical conduct.

Employees are advised to report minor incidents of unethical conduct (where the conduct is not illegal or does not pose potential damage to the Bank or any of its stakeholders) by approaching the offending colleague or their direct line manager. Employees can also approach any manager or senior manager in the Bank whom they trust, as well as a human capital business partner, risk or compliance functionary, or ethics officer.

Whistleblowing

We have a robust, anonymous and independently managed whistleblowing process for reporting unethical conduct. We continuously conduct in-person and online training to raise awareness of the process. We thoroughly investigate all reported cases and take appropriate disciplinary action if we find a breach. This supports a culture of accountability and transparency throughout the Bank.

Anti-bribery and corruption training

The anti-bribery and corruption online training completion rate is 98% of the employee base. Targeted training has been conducted in high-risk areas, including procurement, marketing, FNBB Foundation and human capital. The training aimed to ensure understanding of the Anti-Bribery and Corruption Policy and stakeholder obligations.

Read more about our anti-bribery and corruption initiatives and our whistleblowing process on page 53.

Key Board activities in FY2026

In FY2026, the Board maintained close oversight of the external environment and the Bank's progress in executing its strategic priorities. The Board oversaw macro-economic and regulatory developments, financial performance, funding and liquidity, credit quality, cybersecurity and the effectiveness of the control environment. As the Bank implemented its 2030 Strategy, the Board also focused on the capabilities, investments and governance arrangements required to support resilience, sustainable growth and long-term value creation.

Strategy execution and delivery discipline

With the 2030 Strategy approved in FY2025, the Board intensified the oversight of its execution and delivery against strategic priorities. It regularly reviewed progress, monitored key initiatives and challenged management to strengthen accountability, prioritisation and execution discipline. The Board placed particular emphasis on ensuring that strategic investments delivered measurable financial, client and operational benefits.

Read more about our strategy on page 56.

Financial resilience and sustainable growth

The Board closely monitored financial performance, capital adequacy, liquidity, funding and credit quality in a constrained economic and competitive environment. The Board supported a prudent approach to balance sheet growth and capital management, while challenging management to diversify funding allocation and pursue additional, sustainable revenue sources. Focus areas included transactional income, digital channels, client-led solutions and selected growth opportunities aligned with the Bank's risk appetite.

Technology, data and digital transformation

The Board oversaw the Bank's technology modernisation and digital transformation agenda. It monitored initiatives to improve client experience, operational efficiency, data capability and technology infrastructure resilience. This included overseeing cybersecurity, data governance, data localisation, regulatory responsiveness and ensuring that technology investments align with strategic priorities.

Read more about our technology initiatives on page 64.

Succession planning and leadership readiness

The Board prioritised leadership continuity through structured succession planning for the Board, the CEO and other critical leadership positions. Through the DAGC, it monitored succession pipelines, leadership readiness and initiatives to strengthen internal capability. The focus remained on ensuring orderly leadership transitions, institutional continuity and skills availability to deliver the Bank's strategy.

Read more about our leadership development initiatives on page 60.

Culture, capability and employee engagement

Recognising the importance of organisational culture to ensure strategy execution, the Board focused on employee engagement, leadership effectiveness and organisational capability. It monitored engagement outcomes and management's response to identified improvement areas, including accountability, communication, employee experience and leadership visibility. The Board also prioritised capabilities in client relationship management, technology, data and analytics.

Read more about our employee engagement focus areas on page 63.

Risk, compliance and assurance

The Board oversaw the Bank's risk management, compliance and assurance functions. Through its Committees, it monitored the Bank's risk profile, emerging regulations, control effectiveness, audit outcomes and the remediation of identified findings. Key areas of focus included liquidity and credit risk, cybersecurity, operational resilience, conduct, data management and regulatory reporting.

The Board oversaw credit risk, including monitoring credit quality, significant exposures and portfolio performance. The Bank maintained a prudent approach to lending and provisioning in response to household and business affordability pressures. At the same time, the Board supported selective growth in sectors aligned with the Bank's risk appetite, strategic priorities and return expectations.

Read more about our credit risk management on page 109.

Board effectiveness

The Board strengthened its governance arrangements and effectiveness. It considered the outcomes of the external Board evaluation and monitored actions to enhance strategic oversight, stakeholder engagement, succession planning and integrated thinking. The Board also reviewed its governance structures to ensure they remained appropriate considering the increasing importance of technology, data and digital transformation.

Sustainability and shared prosperity

The Board oversaw the continued integration of sustainability, climate risk and shared prosperity into the Bank's strategy and business model. It monitored sustainable finance, climate-related exposures, financial inclusion and initiatives supporting broader economic participation. The Board encouraged clearer measures to demonstrate the financial, social and environmental value created through these activities.

Read more about how we are embedding shared prosperity on page 71.

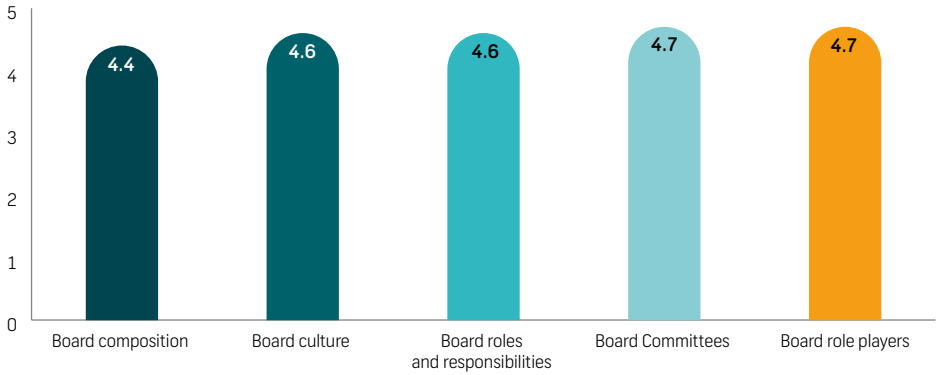
Areas of continued focus

- Strategy execution and long-term value creation.
- Financial resilience and prudent risk management.
- Digital transformation and technology governance.
- Board and executive succession planning.
- Culture, talent and leadership development.
- Sustainability and climate resilience.
- Governance effectiveness and regulatory preparedness.

Board evaluation, development and skills

The Board is required to evaluate its effectiveness and that of its Committees on an annual basis. The Board must self-assess annually and engage an external assessor every other year, which confirmed that the Board is performing at an "Excellent" level (4.6/5.0). Of the areas evaluated, the Board performed best in Board Committees and Board role players.

Average Board effectiveness scores per category



Governance area	Rating (out of five)	Key finding
Board composition	**4.4** Good	The Board is diverse, independent and appropriately balanced, with a strong mix of skills and experience and continues to improve gender representation. The Board has established governance processes for appointments, succession and the management of conflicts of interest. The Board should prioritise strengthening technology, digital and AI expertise, while continuing to enhance Director development and maintain alignment with the Bank's strategy and regulatory requirements.
Board culture	**4.6** Excellent	The Board demonstrates a strong culture founded on integrity, accountability and responsibility. The Chairperson promotes inclusive participation, constructive engagement and effective decision-making, supported by well-managed meetings and quality discussions. The Board is committed to strengthening its evaluation processes and ensuring that outcomes inform Director development, attendance expectations and re-election considerations.
Board roles and responsibilities	**4.6** Excellent	The Board provides effective oversight of strategy, risk, compliance, performance and ethical leadership. Key priorities include accelerating digitisation, maintaining strong banking expertise and supporting the Bank's long-term competitiveness.
Board Committees	**4.7** Excellent	The Board Committees operate effectively and provide strong support to the Board in fulfilling its responsibilities. Opportunities were identified to strengthen coordination between Committees, minimise overlap and enhance the quality of reporting to the Board.
Board role players	**4.7** Excellent	The Board maintains a clear delegation framework and a constructive relationship with management. The Chairperson provides strong and inclusive leadership, while the CEO and executive team support effective execution and engagement with the Board. The Company Secretary provides diligent and effective governance support to the Board and its Committees. The Board will continue to focus on leadership succession, management accountability, communication and appropriate governance capacity.

Director onboarding

Newly appointed Directors complete a comprehensive onboarding programme centred on the Bank's culture and operational intricacies. They also receive documents and training on governance, ethics, financial and risk management.

Annual training programme

The Board develops a bespoke training programme each year, based on input from the Chairperson, Board members and management. The programme aims to maintain a well-rounded board capable of addressing diverse challenges and adding value. In FY2026, the Board's training programme focused on strengthening Directors' knowledge and oversight across key regulatory, risk management, governance and operational areas.

Training covered regulatory and conduct risk (AML, business conduct and market conduct), as well as climate risk management and data protection. Further focus areas included data analytics and AI, process management, the Banking Act 2023, the Bank of Botswana's Corporate Governance Guidelines for Banks and Financial Institutions and Islamic banking finance.

The DAGC conducts an annual review of the Board's skills composition against factors such as industry needs, regulatory changes and the Bank's long-term strategy.

The Board is satisfied that the evaluation process improves its performance and effectiveness and that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.

Skills (number of Board members)

Banking (6)
Experience and understanding of the banking industry, including its operating environment, business models, regulatory landscape, financial products, risk considerations and emerging trends.

Finance and accounting (8)
Expertise in financial management, accounting, financial reporting, audit, financial controls, capital management and interpreting financial information to support sound decision-making.

Governance (12)
Expertise in corporate governance, board and committee oversight, governance frameworks, regulatory requirements, ethical leadership and effective governance practices.

Human capital (10)
Expertise in people strategy, talent management, leadership development, succession planning, employee engagement and organisational culture.

ICT (1)
Expertise in ICT, including digital transformation, technology strategy, IT infrastructure, cybersecurity, data management, technology governance and emerging technologies.

Large corporates (10)
Experience working with large corporate organisations, including understanding complex operating environments and organisational structures.

Legal (1)
Expertise in legal matters, including corporate and commercial law, regulatory compliance, contractual matters, legal risk management and advising on complex legal issues.

Remuneration (8)
Expertise in remuneration strategy and governance, including alignment of remuneration with business strategy and shareholder interests.

Risk management (12)
Expertise in enterprise risk management, risk governance, risk identification and assessment, risk appetite, mitigation strategies, monitoring and oversight of key and emerging risks.

Strategy (12)
Expertise in developing and executing corporate strategy, including strategic planning, business model development and aligning resources and capabilities with long-term objectives.

Board changes

	Director	Date
Appointments	BM Bonyongo (re-appointed as Chairperson)	February 2026

* *Director retired by rotation after serving the prescribed maximum of 10 years.*

Retirement by rotation

Ephraim Letebele, Keneilwe Mere, Pinkie Mothopeng-Makepe and Lee-Anne van Zyl are due to retire by rotation at the upcoming AGM. All the Directors will seek re-election.

Board meeting attendance

Directors	Board	Audit Committee	BCCC	BCRC	DAGC	HCRC	RCC
Independent Non-Executive Directors							
BM Bonyongo*	4/4				4/4	4/4	4/4
LF Jordaan	4/4			12/12		4/4	4/4
NB Lahri	4/4	4/4					
ED Letebele	4/4			12/12	4/4		
M Marinelli	4/4	4/4					
MD Pelaelo	4/4		4/4	12/12	4/4		
A Petkar	4/4		4/4				4/4
KP Mere	4/4		4/4		4/4	4/4	
PA Mothopeng-Makepe	4/4	4/4					
Non-Executive Directors							
L Van Zyl	3/4		3/4				4/4
Executive Directors							
SL Bogatsu	4/4	4/4	4/4	10/12	4/4	4/4	4/4
M Mbo	4/4	4/4	4/4	12/12	4/4	4/4	4/4

* *Chairperson.*

Board of Directors

Independent Non-Executive Directors

FNB Botswana has an independent Board supported by a highly experienced ExCo.



Balisi Mohumi Bonyongo (58)
Board Chairperson

BEng (Hons) Mineral Engineering (Leeds), MBA (Cape Town), Senior Executive Programme (London Business School)

Appointed to Board: 2019
Tenure: 7 years
Strengths:

1. Managing large and complex corporates.
2. Strong strategic, risk and ethical oversight.
3. Strong management accountability oversight.

Other governing bodies and professional positions:

- Founder of ZAWL.
- Director in Mine-Ex Consulting.
- Director in Fraser McGill.

Balisi was the Managing Director of Debswana Diamond Company, the world's leading diamond producer by value and volume. During his distinguished 26-year career with Debswana, he held various senior management and executive roles, including Corporate Strategy Manager, Jwaneng Mine General Manager and Debswana COO.



Louis Frans Jordaan (56)
Chairperson of the HCRC

BCompt Programme in Mathematical Modelling of Derivatives (Unisa), Executive Development Programme (Duke)

Appointed to Board: 2022
Tenure: 4 years
Strengths:

1. Extensive banking experience.
2. Leadership and strategic formulation and execution.
3. Strong risk management oversight.

Other governing bodies and professional positions:

- Director of Gigiri Investments.

Louis has 30 years of banking experience in credit, risk, governance and strategy. His roles include being a senior executive of various divisions within the FirstRand Group. Louis retired from the FirstRand Group in 2020. He served as a Director and Chairperson of several subsidiary banks within the FirstRand Group.



Naseem Banu Lahri (50)

MSc Strategic Management (Derby), BCom (University of Botswana), ACCA (Botswana Accountancy College)

Appointed to Board: 2019
Tenure: 7 years
Strengths:

1. Leading a multi-jurisdictional, large and complex corporate.
2. Extensive experience in finance and audit.
3. Strategy formulation and oversight.

Other governing bodies and professional positions:

- Lucara Botswana CEO.

Naseem was appointed CEO of Lucara Botswana in 2018, the first female to lead a diamond mining company in Botswana. She has over 20 years of experience in mining in various finance roles.



Ephraim Dichopase Letebele (66)
Chairperson of the BCRC

BCom (University of Botswana), MSc Strategic Management (Derby), Chartered Secretary (Associate of the Chartered Governance Institute of Southern Africa, CGISA)

Appointed to Board: 2017
Tenure: 9 years
Strengths:

1. Extensive experience in government and corporates.
2. Strong governance oversight.
3. Strong risk management oversight.

Other governing bodies and professional positions:

- Founder of Ramokoroga.

Ephraim has 26 years of experience in Government as well as corporate experience. He served as CEO of the Botswana Public Officers Pension Fund for eight years. He has valuable insight into international investment drivers and the importance of risk and return. In 2010, he established Ramokoroga, a property development and sub-letting business. In 2018, Ephraim was appointed Chief Executive Director of Prescient Fund Services in Botswana until January 2020. Ephraim has served on several boards in the telecommunication, education, pension and banking sectors.



Massimo Marinelli (69)
Chairperson of the Audit Committee

BCompt (Unisa), BCompt (Hons) (Unisa), Certified Chartered Accountant, Botswana and South Africa

Appointed to Board: 2021
Tenure: 5 years
Strengths:

1. Strong finance and audit background.
2. Leadership in a large corporate.
3. Strong governance and risk management oversight.

Other governing bodies and professional positions:

- Member of the Disciplinary Committee of the Botswana Institute of Chartered Accountants.
- Director Barclays House.
- Lead independent director PrimeTime Property Holdings.
- Director of Camomile.
- Director of Delhurst Properties.

Massimo is the former Country Managing Partner of Deloitte Botswana, with a career spanning over 40 years. During his tenure at Deloitte, he served in South Africa and Botswana and spent 31 years as a Partner in Botswana until his retirement in 2020. Massimo also served as a Council Member and President of the Botswana Institute of Chartered Accountants. He remains an active member of the Institute, currently serving on the Disciplinary Committee.

Board Compliance and Conduct Committee (BCCC) | Board Credit Risk Committee (BCRC) | Directors' Affairs and Governance Committee (DAGC) | Human Capital and Remuneration Committee (HCRC) | Risk and Capital Management Committee (RCC) | Audit Committee



Keneilwe Patricia Mere (54)
Chairperson of the DAGC

Bachelor of Laws (University of Botswana)

Appointed to Board: 2024
Tenure: 2 years
Strengths:

1. Experienced legal expert in multiple sectors.
2. Extensive compliance experience.
3. Strong risk management oversight.

Other governing bodies and professional positions:

- Co-Founder Moribame Matthews.
- Member of the Botswana Institute of Arbitrators.
- Registered BSE Legal Advisor.
- Chairperson of the BFA Arbitration Tribunal.

Keneilwe has over 22 years of experience as a legal practitioner, traversing various industries and jurisdictions. Her key areas of expertise include compliance and regulation, drafting and reviewing complex banking agreements and instruments, reviewing legislation and policies, and providing transactional advisory services. Keneilwe has held numerous board positions in financial services, FMCG, non-profit organisations, and the legal industry. She is a Co-Founding Partner at Moribame Matthews, a law firm established 17 years ago, where she serves as the Head of Service Lines: Commercial, Employment and Civil Litigation.



Asad Petkar (53)
Chairperson of the RCC

BCom (Information Systems and Economics) (University of Cape Town), BCom (Honours in Information Systems) (University of Cape Town), MCom (Information Systems) (University of Cape Town)

Appointed to Board: 2021
Tenure: 5 years
Strengths:

1. ICT and cyber expert.
2. Strategy formulation.
3. Strong risk management oversight.

Other governing bodies and professional positions:

- Director in EOH Consulting Botswana.
- Director in EOH Consulting Namibia.
- Director in Flocash Gateway Botswana.
- Director in Exponential Investments.
- Director in Knight Consulting Services Australia.
- Circumference Investments.
- Rainbow School.

Asad is a seasoned management consultant whose career commenced with KPMG Consulting in 2001. He is the co-owner of a new-generation management consultancy firm that has a presence in Botswana, Namibia and Australia. His areas of expertise include corporate strategy development, deployment of strategic information technology that supports 4IR practices, organisational transformation, digitalisation, organisational restructuring, talent management, finance and audit, performance management and SME growth. Asad serves on several boards in various industries, including property, real estate and education.



Pinkie Mothopeng-Makepe (63)

Associate of the Chartered Institute of Management Accountants (CIMA)

Appointed to Board: 2024
Tenure: 2 years
Strengths:

1. Strong finance and audit background.
2. Risk management.
3. Strategy formulation.

Other governing body and professional positions:

- Mothopeng Consultancy.

Pinkie's experience over 30 years as an accounting professional spans various industries. Pinkie's key areas of expertise include financial management and reporting, strategic and financial planning, corporate governance, risk management and leadership.

Pinkie has held numerous leadership positions in the mining industry, the most notable being the CFO of Diamond Trading Company from 2016 to 2023. Additionally, she has held numerous board positions within the financial services and aviation industries.



Moses Dinekere Pelaelo (68)
Chairperson of the BCCC

BCom (University of Botswana and Swaziland), MBA (University of Miami), Macro-economic Policy and Management Programme (Harvard University)

Appointed to Board: 2025
Tenure: 1 year
Strengths:

1. Extensive banking supervision experience.
2. Financial sector regulation.
3. Risk management.

Other governing bodies and professional positions:

None

Moses has over 33 years of experience in financial sector regulation, supervision, and public policymaking, having served in various capacities at the Bank of Botswana and the Financial Stability Institute of the Bank for International Settlements, Basel, Switzerland. He was appointed Deputy Governor in 2006 and Governor of the Bank of Botswana in 2016 until his retirement in 2023.

Before joining the Bank of Botswana, Moses was a lecturer at the School of Accounting and Management Studies at the University of Botswana and the Institute of Administration and Commerce. Moses has served in intergovernmental agencies and committees, including the Minerals Policy Committee and the Financial Sector Coordinating Committee.

Board Compliance and Conduct Committee (BCCC) | Board Credit Risk Committee (BCRC) | Directors' Affairs and Governance Committee (DAGC) | Human Capital and Remuneration Committee (HCRC) | Risk and Capital Management Committee (RCC) | Audit Committee

Non-Executive Director

Executive Directors



Lee-Anne van Zyl (60)

BCom (Business Economics and Industrial Psychology), Certified Director (Institute of Directors South Africa)

Appointed to Board: 2024
Tenure: 2 years
Strengths:
1. Experienced banker.
2. Strong governance and risk oversight.
3. Leadership and strategy formulation.

Other governing bodies and professional positions:
- Slow Lounges.
- FirstRand Staff Assistance Trust Board.
- Johannesburg Inner City Partnership Board.

Lee-Anne's experience gained over 23 years in financial services spans various businesses, customer segments, and disciplines across the FirstRand Group. This includes corporate, digital, retail, operations, real estate management, strategy, marketing, fintech, and client service. Her leadership positions within the FirstRand Group include being the CEO of FNB South Africa Points of Presence and the CEO of Real Estate Management Services FirstRand. She is the COO for FNB South Africa's Personal and Private segment.



Steven Lefentse Bogatsu (54)
CEO

ACCA, MSc Strategic Management (Derby)

Appointed to Board: 2015
Tenure: 11 years
Strengths:
1. Experienced commercial banker.
2. Leadership and strategy execution.
3. Finance and audit experience.

Committee membership:
Standing invitee on all Board Committees

Other governing body and professional positions:
None

Steven became CEO of FNB Botswana in 2015. Before this, he spent two years as CEO of FNB Eswatini and held previous positions as CFO and Director of Product Houses at FNB Botswana, responsible for property finance, WesBank, credit card, International trade and custody. Alongside his banking career, Steven has held directorships on several boards, including the Local Enterprise Authority and Botswana Medical Aid and Med Rescue International.



Dr Mbako Mbo (46)
Deputy CEO[1]

BAcc (University of Botswana), BSc (Hons) Applied Accounting, AMCT, MBA, FCCA, PhD (Business Management and Administration), Harvard Executive Education

Appointed to Board: 2023
Tenure: 3 years
Strengths:
1. Finance and audit experience.
2. Experienced commercial and development banker.
3. Strategy formulation.

Committee membership:
Standing invitee on all Board Committees

Other governing body and professional positions:
None

Mbo joined the Bank in 2023 from Standard Chartered in Singapore, where he was a Global CFO for personal, business banking, and digital, having previously served as CFO for its local operations. Before joining Standard Chartered, Mbo worked for Botswana Development Corporation as its CFO. He also worked for the African Development Bank, based in South Africa, as a fiduciary specialist for a portfolio spanning several African countries. During his 19-year career, Mbo has served on various boards of corporates and non-profit organisations.

1 *Dr. Mbako Mbo was appointed Deputy CEO of FNB Botswana on 1 July 2025. He previously held the CFO position.*

Board Compliance and Conduct Committee (BCCC) | Board Credit Risk Committee (BCRC) | Directors' Affairs and Governance Committee (DAGC) | Human Capital and Remuneration Committee (HCRC) | Risk and Capital Management Committee (RCC) | Audit Committee

Board of Directors

Independence

FNB Botswana adheres to the Guidelines on Corporate Governance for Banks/Financial Institutions Licensed and Supervised by the Bank of Botswana, which stipulates that Non-Executive Directors shall not serve for a cumulative term exceeding 10 years.

The Board has adopted King IV principles and Guidelines for Corporate Governance for Banks/Licensed Institutions by the Bank of Botswana to assess the independence of Directors and ensure that no Director wields unfettered power over the Board or is likely to unduly influence or cause bias in decision-making, when judged from the perspective of a reasonable and informed outside party. The Board Charter clearly defines the roles of the Chairperson and CEO, demonstrating a balance of power and authority at the Board level to ensure no single Director has unfettered decision-making power.

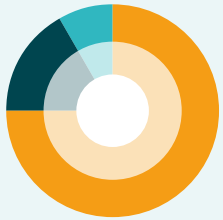
The Board is satisfied that all Directors act independently, free of undue influence and in the best interests of the Bank.

The Conflict of Interest Policy is in place to manage any potential conflicts of interest. Directors sign quarterly declarations stating that they are not aware of any undeclared conflicts of interest that may exist due to their financial interests in, or association with, any other company. In addition, Directors disclose interests in contracts and related-party transactions for the Board to assess whether such transactions are on arm's length commercial terms. In instances that they are conflicted, Directors will recuse themselves from the relevant deliberations.

Our Board composition

12 members

Director independence



- Independent Non-Executive Directors - **9**
- Executive Directors - **2**
- Non-Executive Directors - **1**

75% Independence

Director age diversity (years)



- 51-60 years - **6**
- 61-70 years - **4**
- 40-50 years - **2**

58 Average age

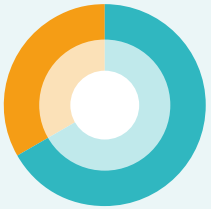
Director tenure (years)



- >4 years - **6**
- 5-7 years - **4**
- 8-10 years - **2**

4.8 Average tenure

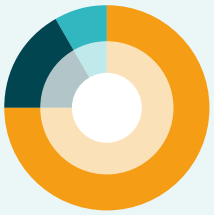
Gender



- Female - **4**
- Male - **8**

33% Female representation

Nationality



- Batswana - **9**
- South African - **2**
- Italian - **1**

75% Local representation

98.6% **Board and Board Committee attendance** (FY2025: 98.9%)

Board Committees

Six Committees support the Board in fulfilling its oversight duties and identifying and managing risks and opportunities.

Each Committee operates according to a Board-approved Charter, and the Committee Chairperson reports to the Board on Committee discussions and decisions. The CEO and Deputy CEO are standing invitees to all Committees. The Board is satisfied that each Committee effectively discharged its responsibilities during the financial year.

Audit Committee

The Audit Committee assists the Board in fulfilling its oversight responsibilities in internal and external audits, financial reporting, financial risk management, regulatory compliance and internal control systems.

The Audit Committee is supported by the following:

- **Internal Audit:** The Internal Audit function provides risk-based and objective assurance, advice and insight to assess and enhance the Bank's risk management, internal controls and governance processes, as well as the integrity of financial reporting systems. The Internal Audit function presents quarterly reports to the Audit Committee on potential control deficiencies.
- **External Audit:** The Audit Committee is satisfied with the performance and independence of the external auditors, and they have been appointed in line with applicable legislation. The Audit Committee Chairperson holds private sessions with the external auditors to obtain feedback on the Bank's Finance Department's performance, including strengths and areas for improvement.
- **Combined Assurance Forum:** The Combined Assurance Forum convenes quarterly and includes representatives from management and internal and external auditors. It synchronises risk management and assurance endeavours across the Bank. The Forum's consolidated perspective on key risks and control themes is reported to the Audit Committee every quarter.

In line with King IV, the Audit Committee conducted the annual assessment of the CFO, Head of Internal Audit and External Audit.

The Committee was satisfied with the qualifications, experience, competency, and quality of work delivered by the Acting CFO (and the entire Finance function), the Head of Internal Audit (and the entire Internal Audit function), and the External Auditors.

Members at 30 June 2026

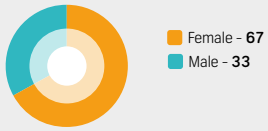
M Marinelli (Chairperson)
NB Lahri
PA Mothopeng-Makepe

Number of meetings: 4

Composition

Independent members: 100%

Gender diversity



Associated capitals

Key focus areas of the Audit Committee in FY2026

The Audit Committee oversaw the integrity of financial reporting, the adequacy of internal controls, the effectiveness of internal and external audit, and the Bank's combined assurance arrangements. The Committee also paid particular attention to financial resilience, impairment provisioning, repeat audit findings, technology controls and the sustainability of earnings in a challenging operating environment.

1. Financial performance, forecasting and budgeting

- Reviewed the Bank's quarterly and interim financial performance, including profitability, revenue, expenses, impairments, funding costs and key financial ratios.
- Considered the sustainability of earnings, particularly the reliance on foreign exchange income and temporary cost savings, and continued to monitor pressure arising from higher funding costs and credit impairments.
- Reviewed the FY2026 forecast and the FY2027 budget, including the underlying assumptions and base, downside and stress scenarios. The Committee was satisfied that the budget was supported by a credible analytical framework, while emphasising disciplined execution, cost management and sustainable revenue growth.

2. Financial reporting, capital and going concern

- Reviewed the interim and final financial results and related market announcements.
- Assessed the Bank's capital adequacy and confirmed that capital levels remained comfortably above regulatory and internal requirements.
- Reviewed the going-concern assessment and was satisfied that the Bank remained a going concern under the scenarios considered.
- Reviewed and recommended interim and final dividends of 15 thebe and 30 thebe per ordinary share, respectively, after assessing the Bank's capital, liquidity, solvency and prevailing economic conditions.

3. Internal financial controls

- Monitored the adequacy and effectiveness of internal financial controls, balance sheet reconciliations, revenue assurance and accounts of concern.
- Noted improvement in the control environment, including a reduction in accounts of concern from 18 to 4.
- Continued to monitor control weaknesses relating to payroll processing, general ledger management and technology-dependent processes.
- Directed management to strengthen root-cause analysis, accountability and the sustainable execution of key controls.

Audit Committee continued

4. Internal audit and remediation of findings

- Reviewed progress against the Internal Audit Plan and approved revisions to the plan and the Internal Audit Charter.
- Considered the results of the external quality assessment of Internal Audit, which confirmed general compliance with professional standards while identifying opportunities to strengthen digital capability, succession planning, reporting and future skills.
- Monitored the closure of audit findings, with particular attention to significant repeat findings and findings arising from process, people and accountability weaknesses.
- Noted improvement in the number of repeat findings but maintained focus on stronger execution, timely remediation and addressing underlying root causes rather than symptoms.

5. External audit and auditor oversight

- Reviewed the external audit strategy and areas of audit focus, particularly advances, impairments, provisioning models and management overlays.
- Monitored discussions between management and the external auditors to support the timely resolution of technical accounting and impairment matters ahead of year-end.
- Reviewed the proposed external audit and agreed-upon fees and recommended these for Board approval.
- Monitored the development of the dynamic provisioning model, which is expected to improve impairment calculations and reduce reliance on post-model adjustments and management overlays.

6. Combined assurance and integrated risk oversight

- Reviewed reports from the Combined Assurance Forum covering areas such as third-party risk, regulatory risk, transaction-processing risk, data privacy and financial crime risk.
- Identified the need for a more integrated view of the Bank's principal risks and the assurance provided by Internal Audit, Risk, Compliance and External Audit.
- Requested the development of a consolidated and dynamic risk register, supported by clear ownership, mitigation actions, timelines and risk-movement indicators.
- Requested that future combined assurance reporting map assurance coverage against the Bank's principal risks to identify gaps and reduce duplication.

7. Regulatory governance and Committee effectiveness

- Reviewed the Audit Committee's South African Reserve Bank's (SARB's) Regulation 39 self-assessment and recommended it to the Board for approval.
- Reviewed relevant regulatory returns and governance submissions.
- Continued to oversee compliance with the Committee's mandate and applicable governance requirements.

8. Tax, procurement and other significant matters

- Considered the transfer-pricing assessment issued by BURS relating to IT services received from the Group and requested further analysis of the available options, risks and financial implications before a final decision.
- Monitored the remediation arising from the solar-system tender control breakdown and the progress of the re-tendering process.
- Approved or reviewed key governance documents and policies within its mandate, including the Procurement Policy and related addendum.

Ongoing focus areas

The Audit Committee will continue to focus on:

- The Bank's financial resilience, going-concern status, capital adequacy and key financial ratios.
- The sustainability of earnings in a challenging economic environment.
- The adequacy and effectiveness of internal financial and technology controls.
- Timely remediation of internal and external audit findings, particularly significant repeat findings.
- Strengthening accountability and addressing the root causes of control failures.
- The effectiveness of combined assurance and alignment of assurance coverage to the Bank's principal risks.
- Credit impairments, management overlays and implementation of the dynamic provisioning model.
- Emerging financial reporting, tax, regulatory and technology-related risks.

Board Credit Risk Committee

The BCRC ensures sound credit risk management and approves credit applications within a mandate approved and delegated by the Board.

The BCRC is guided by the Credit Risk Management Framework. It approves credit applications ranging from P100 million to 10% of the Bank's unimpaired capital. For applications exceeding this threshold, the BCRC reviews applications and makes approval recommendations to the Board.

The BCRC:

- Ensures that all credit activities relating to large exposures are conducted within the Board-approved risk strategy, policies and tolerance levels.
- Ensures that exposures are sufficiently backed by counterparty collateral and that applicable agreements and contracts are adhered to.
- Provides oversight of the balance between advanced non-performing loans and impairment provisioning.
- Monitors large exposures as part of an annual review of facilities.

Members at 30 June 2026

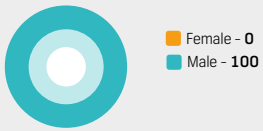
ED Letebele (Chairperson)
D Ncube*
LF Jordaan
MD Pelaelo**

Number of meetings: 12

Composition

Independent members: 100%

Gender diversity



Associated capitals

* *Retired in September 2025.*
** *Joined on 1 September 2025.*

Key focus areas of the BCRC in FY2026

The BCRC discharged its mandate by overseeing the Bank's credit risk profile and ensuring that credit exposures were managed within the Board-approved risk appetite, policies and prudential limits.

1. Credit portfolio performance and asset quality

- Monitored the performance and quality of the Bank's credit portfolio, including advances growth, non-performing loans, impairments and credit loss ratios.
- Oversaw the Bank's cautious lending approach in response to weak economic conditions, liquidity constraints and reduced credit demand.
- Continued to monitor emerging portfolio stress, particularly within retail unsecured lending, Government scheme loans and the SME portfolio.

2. Retail credit risk and client affordability

- Monitored the increase in non-performing loans within the retail non-deduction-at-source portfolio, driven by rising interest rates, reduced disposable income and affordability pressures.
- Supported management's tightening of lending criteria, including lower affordability limits, increased minimum-income requirements and the removal of higher-risk product features.
- Maintained close oversight of vulnerable client segments and early indicators of financial stress.

3. Commercial, SME and large exposures

- Reviewed the performance of the commercial and RMB portfolios, including large exposures, debtor finance facilities and annual facility reviews.
- Noted improvement in commercial non-performing loans but maintained a cautious approach to the SME portfolio, which remained affected by the weak economic environment.
- Monitored large exposures to ensure that facilities remained appropriately structured, adequately secured and supported by acceptable risk-return outcomes.
- Considered significant Government and institutional funding transactions, including the Bank's participation in a USD30 million Government funding facility.

4. Impairments, provisioning and credit overlays

- Reviewed impairment levels and the adequacy of provisions across performing and non-performing portfolios.
- Monitored management overlays maintained for forward-looking risks, particularly within Government Scheme, retail and SME portfolios.
- Supported management's prudent provisioning approach in response to the uncertain economic environment and increasing affordability pressures.
- Continued to monitor discussions with the external auditors on provisioning assumptions and the appropriateness of credit overlays.

Board Credit Risk Committee continued

5. Credit risk appetite and prudential limits

- Monitored compliance with the Board-approved credit risk appetite and prudential limits, with no material breaches reported during the year.
- Reviewed the Credit Risk Appetite Statement and recommended it to the Board for approval.
- Approved the Credit Risk Management Framework and the Credit Prudential Framework for single-obligor exposures.
- Continued to strengthen early-warning indicators to support the timely identification and management of emerging credit risks.

6. Credit governance, mandates and frameworks

- Reviewed the BCRC Charter and relevant credit mandates and frameworks to ensure that these remained appropriate and aligned with the Bank's risk appetite.
- Approved the Commercial, Corporate and Investment Banking (CCIB) Judgemental Credit Framework, Credit Risk Management Committee Terms of Reference, Credit Risk Management Framework and Prudential Limit Framework.
- Reviewed the CCIB, Debtor Finance and Retail Mandate Frameworks and recommended relevant amendments to the Board for approval.
- Conducted the Committee's SARB Regulation 39 self-governance assessment and recommended it to the Board for approval.

7. Credit applications and delegated lending authority

- Considered and approved credit applications falling within the Committee's delegated mandate.
- Reviewed material applications exceeding the Committee's authority and recommended them to the Board for approval.
- Ensured that credit applications were assessed against the Bank's risk appetite, affordability requirements, collateral arrangements, covenant compliance and expected risk-adjusted returns.
- Material transactions involving Government, local authorities and financial-services counterparties were reviewed and escalated for Board approval where required.

8. Credit reporting and portfolio insights

- Reviewed quarterly credit reports covering credit appetite and outlook, provisions and impairments, prudential limit governance, asset growth, portfolio performance, non-performing loans and credit governance.
- Requested improved visibility of write-offs, recoveries and the principal drivers of credit losses.
- Emphasised the importance of forward-looking reporting, early-warning indicators and timely identification of portfolio deterioration.

Ongoing focus areas

The BCRC will monitor credit quality, non-performing loans, impairments and emerging client affordability pressures. Particular focus will remain on retail unsecured lending, Government scheme loans, SMEs and large exposures, together with the adequacy of provisioning, collateral and covenant compliance. The Committee will also continue to strengthen early-warning indicators and oversight of write-offs, recoveries and the key drivers of credit losses.

Risk and Capital Management Committee

The RCC assists the Board by overseeing risk management across the Bank and ensuring that risks are managed per the Risk Appetite Framework.

Since November 2023, compliance and credit risk were separated from the RCC and allocated to the BCCC and BCRC, respectively. However, the RCC retains overall responsibility for monitoring risk appetite and ensuring that the Bank's capital is safeguarded and managed prudently.

The RCC:

- Monitors the Bank's overall risk profile against approved risk appetite.
- Considers high and emerging risk types and escalates these to the Board where appropriate.
- Considers the operational control environment, the appropriateness of management actions and the assurance provided by the second line of defence.
- Monitors the risk maturity of each risk type.
- Ensures that systems and resources needed to combat cybercrime and fraud are continually assessed and amended as necessary, particularly within the context of AI.

Members at 30 June 2026

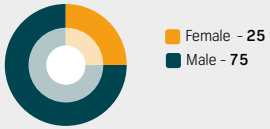
A Petkar (Chairperson)
BM Bonyongo
LF Jordaan
L Van Zyl

Number of meetings: 4

Composition

Independent members: 75%

Gender diversity



Associated capitals

Key focus areas of the RCC in FY2026

The RCC continued to oversee the Bank's overall risk profile, capital position and resilience against the Board-approved risk appetite.

1. Risk profile and emerging risks

- Monitored the Bank's overall risk profile against the approved risk appetite, including strategic, financial, operational, technology, cyber, data and people risks.
- Considered the impact of economic uncertainty, regulatory developments, technology change and increasing competition on the Bank's risk profile.
- Maintained particular focus on risks approaching appetite and encouraged greater use of forward-looking indicators and scenario analysis.

2. Capital, liquidity and financial resilience

- Oversaw the Bank's capital and liquidity position and reviewed the capital management, stress testing and recovery and resolution arrangements.
- Monitored funding costs, deposit concentration and the balance between assets and liabilities.
- Considered initiatives to diversify the Bank's funding sources and strengthen balance sheet resilience.
- Remained satisfied that the Bank maintained adequate capital buffers.

3. Macro-economic and stress testing oversight

- Reviewed the macro-economic forecasts and scenarios used for budgeting, capital planning and impairment modelling.
- Considered the effects of subdued economic growth, fiscal pressures, inflation, liquidity constraints and interest-rate movements.
- Ensured that appropriate base, downside and stress scenarios informed the Bank's strategic and financial planning.

4. Technology, cyber and data risk

- Monitored technology, cyber, data and information governance risks, including reliance on shared systems and infrastructure.
- Oversaw implementation of the Bank's data localisation programme and related regulatory requirements.
- Continued to assess the adequacy of systems, controls and resources required to address cybercrime, fraud and risks associated with AI.

Risk and Capital Management Committee continued

5. Operational resilience and control effectiveness

- Reviewed the operational control environment, material incidents and the adequacy of management's remediation actions.
- Monitored the effectiveness of controls implemented to address audit findings, with emphasis on accountability, root-cause analysis and sustainable remediation.
- Continued to strengthen operational resilience, process discipline and the maturity of the Bank's risk management practices.

6. Risk governance and reporting

- Reviewed and approved key risk policies, frameworks and governance documents within the Committee's mandate.
- Monitored implementation of the Risk Appetite Framework and relevant capital, market and liquidity risk limits.
- Supported improvements in risk reporting, including greater use of trend analysis, risk heat maps, scenario analysis and predictive indicators.
- Conducted the Committee's annual self-governance assessment in accordance with applicable regulatory requirements.

Ongoing focus areas

The RCC will monitor the Bank's overall risk profile, with particular focus on risks approaching appetite, capital and liquidity resilience, technology, cyber and data risk, operational resilience and emerging regulatory requirements. The Committee will also oversee improvements in forward-looking risk reporting, control effectiveness and sustainable remediation of risk and audit findings.

Directors' Affairs and Governance Committee

The DAGC ensures the appropriateness of the Bank's corporate governance practices. This includes Board and Committee structures, Board continuity and effectiveness, succession planning, and the Bank's ambition to deliver shared prosperity.

Members at 30 June 2026

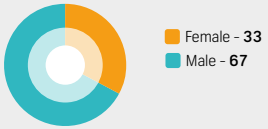
BM Bonyongo
ED Letebele
KP Mere (Chairperson)
MD Pelaelo*

Number of meetings: 4

Composition

Independent members: 100%

Gender diversity



Associated capitals

Key focus areas of the DAGC in FY2026

The DAGC continued to oversee the Bank's corporate governance arrangements, Board effectiveness, leadership succession and sustainability oversight.

1. Board and executive succession

- Reviewed Board and ExCo succession plans to support leadership continuity.
- Oversaw the appointment and onboarding of new Directors and executives.
- Considered succession arrangements for critical leadership roles and oversaw the annual election of the Board Chairperson.

2. Board composition and effectiveness

- Reviewed the composition of the Board and its Committees, considering the appropriate balance of skills, experience, independence and diversity.
- Oversaw the external evaluation of the Board, its Committees, individual Directors and the Company Secretary.
- Considered the evaluation outcomes and monitored implementation of the resulting improvement actions.

3. Governance Framework and regulatory oversight

- Reviewed the Governance Framework, Board Charter and DAGC Charter and recommended these to the Board for approval.
- Continued to clarify the respective roles of the Board, its Committees and management to strengthen accountability and reduce mandate overlaps.
- Monitored compliance with applicable governance and regulatory requirements and conducted the Committee's annual self-governance assessment.
- Oversaw the annual pledging of the Bank's Code of Ethics by Directors.

4. Board skills and development

- Oversaw the implementation of the Board training plan, informed by the Board skills matrix, regulatory developments and evaluation outcomes.
- Focused development on areas relevant to the Bank's operating environment, including technology, cyber risk, sustainability and emerging governance responsibilities.
- Continued to assess the Board's collective capability to oversee the Bank's strategy and principal risks.

5. Sustainability and shared prosperity

- Oversaw the Bank's sustainability and shared prosperity priorities, targets and performance.
- Monitored the integration of sustainability into the Bank's strategy, governance arrangements and business activities.
- Considered the Bank's contribution to national development and its responsibilities as a corporate citizen.
- Continued to strengthen accountability and reporting for sustainability and shared prosperity initiatives.

Ongoing focus areas

The DAGC will oversee Board and executive succession planning, Board composition and implementation of the external Board evaluation actions. The Committee will also focus on Board development, governance of technology and emerging risks, and integrating sustainability and shared prosperity into the Bank's strategy, governance and performance reporting.

* *Joined the Committee in February 2026.*

Human Capital and Remuneration Committee

The HCRC oversees the Bank's human capital practices, including culture, recruitment, talent management, learning and development, wellness, performance enablement and remuneration.

The HCRC ensures that the Bank's remuneration policies consider the welfare of both employees and shareholders. The Committee actively promotes fairness in remuneration practices and implements the principle of equal pay for work of equal value. It also ensures that remuneration practices align with market standards and are sustainable over time.

Members at 30 June 2026

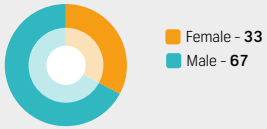
LF Jordaan (Chairperson)
BM Bonyongo
KP Mere

Number of meetings: 4

Composition

Independent members: 100%

Gender diversity



Associated capitals

Key focus areas of the HCRC in FY2026

The HCRC oversaw the Bank's people strategy, organisational health, remuneration practices and key human capital risks.

1. Employee engagement and culture

- Monitored employee engagement, organisational culture, leadership behaviour, workload and employee wellbeing.
- Reviewed actions aimed at improving employee experience, leadership visibility, communication and engagement across the Bank.

2. Human capital strategy and people risks

- Oversaw the implementation of the Bank's human capital strategy and monitored key people risks, including talent retention, succession, leadership capability and reward.
- Reviewed the Bank's workforce profile, headcount, productivity and capability requirements.

3. Remuneration and pay equity

- Reviewed remuneration against the market and considered the outcomes of the Bank-wide job grading and remuneration benchmarking exercises.
- Monitored pay equity and the development of appropriate interventions to address material remuneration gaps, taking affordability and retention into account.
- Considered salary adjustments, variable remuneration, executive remuneration and staff-cost scenarios in the context of the Bank's performance and operating environment.

4. Performance and capability development

- Monitored the effectiveness of performance management and related accountability processes.
- Oversaw leadership, technical and professional development programmes to build the capabilities required to support the Bank's strategy.

5. Organisational effectiveness

- Reviewed the Bank's organisational structure, management layers and spans of control, with a focus on improving accountability, productivity and execution.
- Monitored workforce requirements to ensure alignment with the Bank's digitalisation, automation and strategic priorities.

6. Employee wellbeing and human capital controls

- Monitored employee health and wellbeing, including workload, sick leave and mental-health indicators.
- Oversaw improvements to human capital systems and controls, including payroll, overtime, leave administration, employee records and performance management.
- Monitored the remediation of human capital audit findings and continued strengthening of the human capital control environment.

7. Governance and regulatory oversight

- Reviewed key human capital policies and governance documents within the Committee's mandate.
- Reviewed the HCRC Charter and conducted the Committee's annual self-governance assessment in accordance with applicable regulatory requirements.

Ongoing focus areas

The HCRC will continue to focus on employee engagement, organisational culture, leadership capability, talent retention and employee wellbeing. The Committee will also oversee remuneration fairness, pay equity, organisational effectiveness, workforce productivity and continued improvement of the human capital control environment.

Board Compliance and Conduct Committee

The BCCC assists the Board in ensuring effective management of the Bank's compliance risk – particularly risks relating to financial crime, business conduct (ethics) and market conduct.

The BCCC:

- Monitors the consolidated compliance risk profile relative to the regulatory landscape.
- Ensures that compliance management policies, frameworks, approaches and processes are approved in terms of the Compliance Management Framework.
- Oversees the implementation of measures to comply with requirements relating to AML and combating the financing of terrorism.
- Oversees the implementation of ethics and market conduct policies.

Members at 30 June 2026

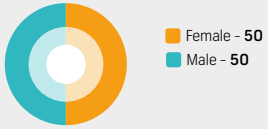
MD Pelaelo (Chairperson)
A Petkar
KP Mere
L Van Zyl

Number of meetings: 4

Composition

Independent members: 100%

Gender diversity



Associated capitals

Key focus areas of the BCCC in FY2026

The Committee oversaw the Bank's compliance and conduct risk environment, focusing on maintaining effective frameworks, strengthening financial crime controls and supporting a culture of ethical and responsible conduct.

1. Compliance and conduct risk

- Monitored the Bank's compliance and conduct risk profile against the approved risk appetite and evolving regulatory requirements.
- Oversaw the effectiveness of compliance frameworks, monitoring plans and assurance activities.
- Continued to monitor emerging regulatory developments and the Bank's preparedness to meet new requirements.

2. Financial crime compliance

- Oversaw the Bank's management of financial crime risks, including anti-money laundering, counter-terrorist financing and enhanced due diligence requirements.
- Reviewed the Bank's financial crime risk assessment and related compliance programme.
- Monitored measures relating to depositor identification, politically exposed persons and financial services provided to political parties.

3. Ethics and responsible conduct

- Oversaw implementation of the Bank's ethics and market conduct arrangements.
- Reviewed frameworks and policies relating to whistleblowing, human rights, modern slavery, political-party activities and anti-bribery and corruption.
- Monitored the continued development of an ethical culture and responsible business practices across the Bank.

4. Data privacy and protection

- Reviewed the Bank's data privacy and protection arrangements.
- Monitored preparations for and implementation of applicable data-protection requirements.
- Continued to oversee the strengthening of data governance, privacy and information-handling practices.

5. Regulatory governance and reporting

- Reviewed and approved key compliance policies, frameworks and governance documents within the Committee's mandate.
- Monitored the Bank's regulatory universe and compliance-monitoring plan.
- Conducted the Committee's annual SARB Regulation 39 assessment and reviewed its Charter in accordance with applicable regulatory requirements.

Ongoing focus areas

The BCCC will continue to monitor the Bank's compliance and conduct risk profile, with particular focus on financial crime, market and business conduct, ethics and data protection. The Committee will also oversee emerging regulatory requirements and the continued strengthening of compliance monitoring and assurance.

Application of King IV

The King IV principles aim to promote and harness ethical culture, good governance, effective control and legitimate business practices.

The following broadly highlights how the Board applied all the principles.

Application of the King IV Principles Statement

The Board endorses and applies the King IV™ principles as part of its commitment to ethical leadership, effective governance and sustainable value creation. The Board is satisfied that the Bank has applied the King IV principles during the reporting period and provides the following statement on the application of each principle.

Leadership, ethics and corporate citizenship

✓ Applied	Our response
Principle 1: Ethical and effective leadership The governing body should lead ethically and effectively	The Board promotes ethical leadership through declarations of interests, Code of Ethics attestations, independence and fitness assessments, Board evaluations and ongoing Director development. Refer to the governance report, Board evaluation and Director profiles on pages 107 to 115.
✓ Applied	Our response
Principle 2: Governance of ethics The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The Board, supported by the BCCC, oversees the Bank's ethical culture, whistleblowing, market conduct, human rights and anti-bribery and corruption arrangements. Refer to the BCCC report on page 115 and the ethics and conduct section on page 99.
✓ Applied	Our response
Principle 3: Responsible corporate citizenship The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The Board oversees the Bank's sustainability, shared prosperity and corporate citizenship priorities, including its contribution to national development and the work of the FNB Botswana Foundation. Refer to the shared prosperity, ESG and Foundation sections on pages 71 to 86.

Strategy, performance and reporting

✓ Applied	Our response
Principle 4: Strategy and sustainable value creation The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	The Board considers the Bank's purpose, strategy, business model, performance, risks, opportunities and sustainability as interconnected elements of value creation. Forward-looking risk information and scenario analysis support its decision-making. Refer to our strategy on page 57, business model on page 29, material matters on page 31, risk management on page 44 and financial performance on page 22.
✓ Applied	Our response
Principle 5: Reporting The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short-, medium- and long-term prospects.	The Board, supported by the Audit Committee, oversees the integrity of the Bank's financial and non-financial reporting, including key judgements, going concern and assurance over reported information. Refer to the Audit Committee report on page 133, annual financial statements on page 132 and the basis of preparation on page 142.

Governing structures and delegation

✓ Applied	Our response
Principle 6: The Board as custodian of governance The governing body should serve as the focal point and custodian of corporate governance in the organisation.	The Board provides governance oversight through the Governance Framework, Board Charter, reserved matters and appropriately mandated Committees. The Board reviewed these governance documents during FY2026. Refer to the Governance Framework on page 95 and Board responsibilities on page 96.
✓ Applied	Our response
Principle 7: Board composition The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The DAGC oversees Board composition, succession, independence and skills to maintain an appropriate balance of experience, diversity, capability and continuity. Refer to the Board composition on page 106, Director profiles on page 103 and DAGC report on page 113.

Governing structures and delegation continued

✓ Applied	Our response
Principle 8: Delegation and balance of power The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and effective discharge of its duties.	Responsibilities are delegated through approved Committee Charters, executive mandates and delegations of authority. These arrangements support role clarity, accountability, independent judgement and an appropriate balance of power. Refer to the governance structure on page 95 and Board Committees sections on pages 107 to 115.
✓ **Applied**	**Our response**
Principle 9: Board evaluation The governing body should ensure that the evaluation of its own performance and that of its Committees, its chair and its individual members support continued improvement in its performance and effectiveness.	An external evaluation assessed the effectiveness of the Board, its Committees, the Chairperson, individual Non-Executive Directors and the Company Secretary. The Board approved and monitored improvement actions arising from the evaluation. Refer to the Board evaluation section on page 100.
✓ **Applied**	**Our response**
Principle 10: Appointment and delegation to management The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and the effective exercise of authority and responsibilities.	The Board oversees executive appointments, succession, performance, remuneration and delegated authority, with continued focus on leadership capability, accountability and organisational effectiveness. Refer to the DAGC report on page 113, the HCRC report on page 114 and executive leadership sections on page 119.

Governance functional areas

✓ Applied	Our response
Principle 11: Risk governance The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The Board and its Committees oversee the Bank's principal and emerging risks against the approved risk appetite. The Bank remained adequately capitalised, with heightened oversight of risks approaching appetite. Refer to the RCC report on page 111 and risk management on page 44.
✓ **Applied**	**Our response**
Principle 12: Technology and information governance The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	The Board oversees technology, cyber, data and information risks, including cyber resilience, data localisation, system dependencies, digital transformation and emerging artificial intelligence risks. Refer to the technology, cybersecurity and data governance on page 49 and the RCC report on page 111.
✓ **Applied**	**Our response**
Principle 13: Compliance governance The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	The BCCC oversees compliance with applicable laws and standards. Key focus areas included financial crime, ethics, market conduct, data protection, human rights and emerging regulatory requirements. Refer to the BCCC report on page 115 and compliance on page 51.
✓ **Applied**	**Our response**
Principle 14: Remuneration governance The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long term.	The HCRC oversees fair, responsible and transparent remuneration aligned with performance and sustainable value creation. Considerations include market competitiveness, pay equity, affordability, retention and shareholder outcomes. Refer to the remuneration report on page 124 and the HCRC report on page 114.

Governance functional areas

✓ Applied	Our response
Principle 15: Assurance The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	The Audit Committee oversees combined assurance and the control environment. During FY2026, we focused on assurance coverage, control effectiveness, recurring findings, root-cause analysis, and sustainable remediation. Refer to the Audit Committee report on page 133.

Stakeholder relationships

✓ Applied	Our response
Principle 16: Stakeholder-inclusive governance In the execution of its governance role and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	The Board considers the interests of clients, employees, shareholders, regulators, Government, suppliers and communities in its decisions and in overseeing the Bank's long-term sustainability. Refer to the stakeholder engagement section on page 40.
× Not applicable	**Our response**
Principle 17: Responsible investment	The Bank is not an institutional investor; therefore, this principle is not applicable. Its financing activities are governed through relevant credit, risk and treasury frameworks.



Leadership team

Executive Team



Steven Lefentse Bogatsu (54)
CEO

ACCA, MSc Strategic Management (Derby)

Experience: 32 years (24 in banking)
Tenure in FNB Botswana: 11 years (11 years on ExCo)



Dr Mbako Mbo (46)
Deputy CEO

BAcc (University of Botswana), BSc (Hons) Applied Accounting, AMCT, MBA, FCCA, PhD (Business Management and Administration), Harvard Executive Education

Experience: 22 years (16 in banking)
Tenure in FNB Botswana: 3 years all on ExCo



Moses McGeoff (54)
Chief Information Officer

BSc Computer Science (University of Botswana), MBA (Maryland Global Campus), certified in ITIL, COBIT 5, PRINCE 2 and RESILIA Cybersecurity Management

Experience: 27 years (7 in banking)
Tenure in FNB Botswana: 8 years (4 years on ExCo)



Lindiwe Mogotsi (46)
Chief Risk Officer

BCom (Melbourne), member of ACCA and CPA Australia

Experience: 22 years (19 in banking)
Tenure in FNB Botswana: 4 years all on ExCo



Matthews Phetogo (55)*
Chief Operating Officer

BSc Computer Science (Technical University of Nova Scotia), Certificate in Banking (BIOB), MBA (De Montfort University), Leading with Finance (Harvard University)

Experience: 24 years (8 in banking)
Tenure in FNB Botswana: 11 years (2 years on ExCo)



Gaone Setlhake (42)
Company Secretary and Chief Legal Officer

Bachelor of Laws (University of Botswana), MS Leadership and Change Management (Leeds Metropolitan), Postgraduate Degree in Enterprise Risk Management (Botswana Accountancy College)

Experience: 18 years (13 in banking)
Tenure in FNB Botswana: 13 years (6 years on ExCo)



Tshepiso Mokgethi-Magapa (44)
Treasurer

Bachelor of Business Management (University of Botswana), Associate Diploma in Banking (Institute of Bankers Botswana), ACI dealing certificate, Senior Management Development Programme

Experience: 21 years (all in banking)
Tenure in FNB Botswana: 3 years all on ExCo



Jennifer Makgabenyana (61)**
Former Commercial Banking Executive

MBA (Management College of Southern Africa), Diploma in Accounting and Business Studies, Associate Diploma in Banking, Management Development Programme (Stellenbosch), RMB Lead (Lapin International), Coaching for Development (Cape Town)

Experience: 33 years (all in banking)
Tenure in FNB Botswana: 16 years (5 seconded to FNB Mozambique and FNB Ghana and 3 years on FNB Botswana ExCo)

* *Left the Bank on 1 September 2026.*
** *Passed away in June 2026.*



Sethunya Molodi (43)
Chief Compliance Officer

Bachelor of Laws (University of Botswana), Diploma in Trial Advocacy (National Institute for Trial Advocacy, US), ACIS (CGISA)

Experience: 19 years (15 in banking)
Tenure in FNB Botswana: 10 years (8 years on ExCo)



Carlo Testi (35)
Credit Executive

Bachelor of Business Management, Masters in International Management (University of Essex)

Experience: 13 years (all in banking)
Tenure in FNB Botswana: 4 years (1 year on ExCo)



Mlungisi Jackalas (50)
Chief People Officer

BA Economics (Cape Town), MComm Organisational Psychology (University of South Africa (Unisa))

Experience: 25 years (3 in banking)
Tenure in FNB Botswana: 4 years all on ExCo



Duncan Gareatshela (40)
Chief Data and Analytics Officer

MSc in Information Technology Management, BSc in Computer Science (University of Botswana), Certified Data Management Professional

Experience: 16 years (11 years in banking)
Tenure in FNB Botswana: 3 years (one year on ExCo)



Peo Porogo (42)
Chief Marketing Officer

Member of the Chartered Institute of Marketing (CIM, UK), BA Business Administration (University of Botswana), Marketing Management Development Programme (Cape Town and Stellenbosch)

Experience: 19 years (13 in banking)
Tenure in FNB Botswana: 10 years (4 years on ExCo)



Monkgogi (Mo) Mogorosi (44)
Retail Executive

BSc Finance (Virginia Commonwealth), MSc Strategic Management (Derby), Digital Business Strategy Certificate (MIT), Management Development Programme Certificate (Stellenbosch)

Experience: 21 years (19 years in banking)
Tenure in FNB Botswana: 4 years all on ExCo



Harriet Mlalazi (46)
RMB Executive

MBA (Gordon Institute of Business Science), BA (Admin) (University of Botswana), ACI Dealing Certificate, Senior Manager Development Programme, University of Stellenbosch

Experience: 22 years (all in banking)
Tenure in FNB Botswana: 12 years (2 years on ExCo)



Orapeleng Senwelo (46)
Acting CFO

MBA in Leadership and Sustainability (University of Cumbria), Bachelor of Accounting, (University of Botswana), ACCA

Experience: 22 years (2 years in banking)
Tenure in FNB Botswana: 3 years

Incoming Commercial Executive



Kabanda Lilanda (47)
Incoming Commercial Executive

MBA International Business (Edith Cowan University)

Experience: Over 20 years in banking, with 15 years in senior management across Africa.
Tenure in FNB Botswana: Appointed on 1 September 2026.

Standing invitee to ExCo meetings



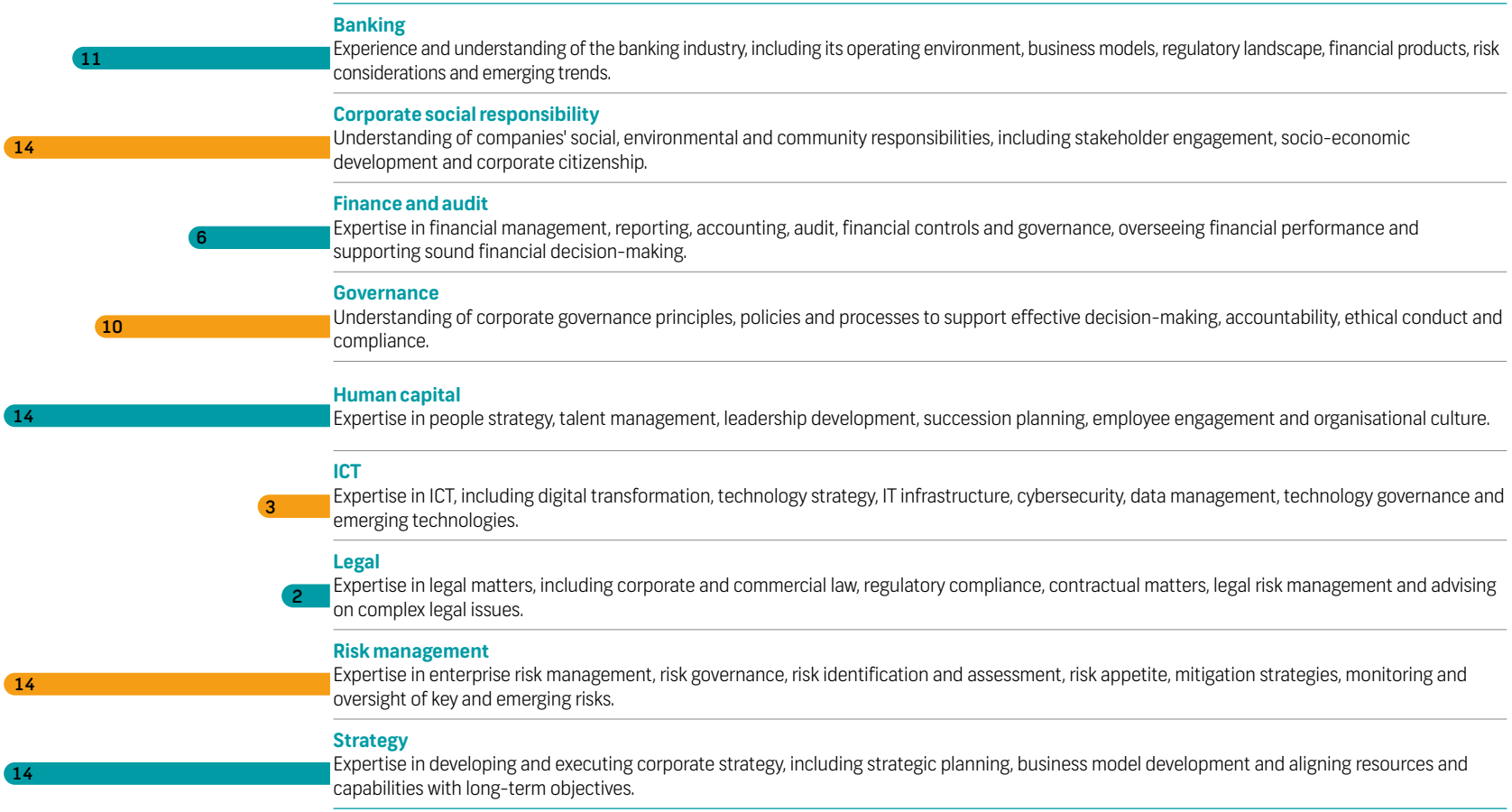
Theetso Nkwe (47)
Internal Audit Executive

Bachelor of Accountancy (University of Botswana), ACCA (Botswana Accountancy College), Certified Internal Auditor (Institute of Internal Auditors)

Experience: 24 years (20 years in banking)
Tenure in FNB Botswana: 14 years

The Board is satisfied with the ExCo's collective experience and skills.

Skills (number of ExCo members)



4 years average tenure in FNB Botswana (FY2025: 4)

47 average age (FY2025: 46)

86% Batswana (FY2025: 93%)

46.6% Female (FY2025: 58%)

Tax governance and transparency

We are committed to being a responsible corporate citizen by positively impacting Botswana's economic development through tax contributions.

Tax revenue funds the Government's spending on infrastructure, social welfare, education, and other public services. This includes tax collected from large entities such as FNB Botswana. In FY2026, FNB Botswana contributed P973 million (FY2025: P998 million) in taxes to the BURS. Our continued business growth has enabled us to increase our tax contribution, supporting key social and public services.

Tax borne by FNB Botswana per tax type

Tax type	FY2026 P'000	FY2025 P'000	FY2024 P'000	FY2023 P'000	FY2022 P'000	FY2021 P'000
Corporate tax	452,480	467,238	390,800	309,000	291,350	255,600
Pay as you earn (PAYE)	147,409	146,027	125,734	102,924	98,750	86,177
Other withholding tax	176,325	191,597	166,740	142,136	215,899	64,682
VAT on imported services	19,424	16,303	20,035	15,576	17,691	11,965
Value-added tax (VAT)	173,788	172,333	154,566	127,954	136,715	117,601
Vocational training levy	3,986	4,170	3,941	3,360	2,911	1,785
Total	**973,415**	**997,668**	**861,816**	**700,950**	**763,316**	**537,810**

Our approach to tax

The tax strategy is approved and owned by the FirstRand Limited Board, which governs the management of tax risks across the Group. The Group's tax strategy considers the economic and social impacts of its approach to tax, including the sustainable economic development of the countries in which it operates. The Group's tax strategy aligns with FNB Botswana's shared prosperity strategic pillar.

FirstRand Limited is committed to:

- Complying with the spirit and the letter of all applicable taxation laws in the jurisdictions in which it operates; influencing tax policy and legislation.
- Developing and implementing value-adding initiatives responsibly.
- Maintaining effective relationships with all stakeholders.
- Full compliance with its statutory obligations.

The FirstRand Limited Board executes its duties through the FirstRand Risk, Capital Management, and Compliance Committee. The FirstRand Limited Tax Risk Committee is a sub-committee of the Risk, Capital Management, and Compliance Committee. It is responsible for monitoring and managing tax risk exposures and the effectiveness of tax risk management across the Group.

FirstRand Group Tax is tasked by the FirstRand Tax Risk Committee with managing the Group's tax risks, in conjunction with the various FirstRand Limited subsidiaries.

The Board's role

FNB Botswana's Board is accountable to all stakeholders by ensuring appropriate corporate governance practices. The Board is responsible for the Bank's business tax strategies and outcomes. The RCC is responsible for overseeing all tax-related risks. It assists the Board in discharging its custodial and corporate governance duties in relation to the management of tax risks.

The Bank manages tax strategy, tax compliance, and tax risks across all the Bank's entities and operating divisions, including all transactions and products and the tax charge, and identifies tax-saving opportunities.

The ExCo's role

FNB Botswana's CFO is responsible for managing all tax risk categories in the various entities and operating divisions and keeping these risks at acceptable levels. The Bank may not enter a transaction, structure, or product which exceeds the Bank's tax risk appetite.

The Head of Finance: Tax and Subsidiaries is responsible for reporting tax process breakdowns to the relevant risk Committees, such as the Operational Risk Committee and Main Risk Committee, and to the CFO, and ensuring that timely corrective action is taken. He is also responsible for referring all FNB Botswana's tax issues to FirstRand Limited. The tax risks are raised at the Finance Department Risk and Compliance Forum and escalated to the Operational Risk Committee. The Committee will advise if the item will be escalated to the Management Compliance and Conduct Committee and, when necessary, to the RCC.

Tax Risk Management and Compliance Framework

The Tax Risk Management and Compliance Framework guides the Bank in how to address the risk of non-compliance with tax laws. The framework specifically focuses on what should be implemented from a tax risk management, tax risk reporting, and compliance perspective.

The tax risk management process ensures that tax risks are identified, evaluated, and mitigated, while allowing for all opportunities to be explored and communicated within the Corporate Governance Framework. The CFO is required to communicate the framework to all employees responsible for administering tax compliance and processes.

The Tax Risk Management and Compliance Framework encompasses the following policies and procedures:

- Tax Compliance Policy
- Automatic Exchange of Information Policy
- Tax Administration Policy
- Income Policy
- VAT Policy
- PAYE Policy
- Other Withholding Tax Policy
- Transfer Pricing Policy

The following are tax risks:

- Financial loss due to the final determination of the tax treatment of a transaction by revenue authorities being different from the implemented tax consequences of such a transaction, combined with the imposition of penalties.
- The sanction or reputational damage due to non-compliance with the various tax acts.
- The inefficient use of available mechanisms to benefit from tax dispensations.

We consider both external and internal tax risks. External tax risk refers to risk arising from legislative and regulatory changes and new case law giving rise to changes in the application and interpretation of current and past tax laws. External tax risk can affect the Bank and its shareholders' interests. Within internal tax risk, we consider operational, compliance, transactional, financial accounting, reputational, and portfolio-related tax risks.

We report quarterly on key tax risks and mitigation actions. When needed, we escalate risks to the relevant management and Board Committees. The tax compliance risk management process is reviewed annually and updated regularly to ensure that it remains dynamic and relevant.

Promoting a tax compliance culture

The CFO, the Head of Finance: Tax and Subsidiaries, and the Board are all responsible for establishing a tax compliance culture. This requires a high level of risk awareness, which is promoted through specific and general training, training materials, manuals, and advice.

The tax manager must develop specific tax technical training on high-risk legislation for CFO approval to meet the requirements of the various segments. Tax training interventions are scheduled as and when required.

FNB Botswana's segments develop specific tax compliance risk management plans based on the high-risk legislation list, the Tax Risk Management and Compliance Framework, etc. The segments establish a tax compliance culture and ensure employees understand the tax compliance risks affecting their segment.

Employees must understand the relevant requirements through ad hoc tax compliance awareness workshops and road shows. Employees must engage with and seek assistance, advice, and training from the tax manager on specific tax technical issues as required, as well as on a general basis to promote a tax compliance culture in the business.



Equitable and accountable remuneration

Our people bring our strategy to life. Their commitment, expertise and passion for serving our clients enable us to build trusted relationships, create lasting partnerships and deliver sustainable value.

Background statement

The HCRC oversees the implementation of FNB Botswana's human capital strategy and ensures that our people are appropriately resourced, developed, engaged and retained. As part of its role, this Committee also oversees the implementation of the Bank's Remuneration Policy and practices to ensure alignment between employees and shareholders. The Committee promotes fairness in remuneration by ensuring that the principle of equal pay for work of equal value is applied and that remuneration is market-related.

The HCRC operates independently of management and makes recommendations to the Board for consideration and approval. The Committee is chaired by an Independent Non-Executive Director who is supported by two additional Independent Non-Executive Directors, one of whom is the Chairperson of the Board. The CEO and the Deputy CEO are standing invitees to Committee meetings.

The HCRC met four times in FY2026. See page 114 for more information on the Committee and its focus areas for the year. The Bank's remuneration philosophy is based on shareholders' long-held view that remuneration must align with shareholder value. This ethos has shaped the philosophy anchored in the performance management framework through which performance is managed at the individual, team, business unit and Bank levels.

FNB Botswana has a total reward remuneration approach designed to attract and retain talent in line with the current and future requirements of the role. The total reward comprises a guaranteed package, a short-term incentive (STI), and a long-term incentive (LTI).

FNB Botswana recognises the BOFIAWU as the exclusive consultative and negotiating agent for permanent non-managerial employees. The Bank negotiates salary increases with this union annually, as provided under the Collective Bargaining Agreement. Salary negotiations and resulting agreements are influenced by prevailing macro-economic factors, as well as individual, business segment and Bank performance. The HCRC reviews and approves all remuneration increases.

The Bank's performance management process begins with an annual performance planning process, whereby an annual operating business plan is developed, informed by the Bank's long-term strategic direction. The Board sets strategic priority areas and targets for the financial year, aligned with the overall risk appetite. FNB Botswana engages independent service providers to benchmark remuneration data. Emergence Growth is the service provider, and it benchmarks against metrics in the banking and financial services sector.

FNB Botswana conducted a comprehensive remuneration benchmarking analysis in FY2026 to compare its pay with the market. The HCRC is satisfied that the data used was appropriate and comparable, that the service provider acted independently and objectively, and that the service provider has sufficient remuneration experience.

Looking ahead, the HCRC will continue to review and benchmark the Bank's Remuneration Policy to ensure it remains competitive, fair and understood by all stakeholders. We also aim to improve remuneration disclosures in line with King IV.

To strengthen reward governance and reinforce a performance-driven culture, the Bank facilitated a Rewards Policy Roadshow in FY2026. The programme improved employee understanding of performance-linked remuneration while promoting transparency and consistency in reward decisions. The positive employee response highlighted the value of increased communication and education on reward practices, supporting trust and engagement. The roadshow will be extended into FY2027 to further embed these principles and enhance EVP outcomes.

The HCRC believes the Remuneration Policy achieved its stated objectives. No significant changes were made to the Policy or practices during the year, but they are subject to continual review to ensure responsiveness and adherence to best practices.

Remuneration Policy

We believe that remuneration must align with shareholder value. This ethos has influenced our outcomes-based remuneration philosophy and performance management framework.

Our Remuneration Policy aims to:

- Contribute to attracting and retaining talented and high-performing employees.
- Inspire and motivate people to outperform the business strategy, targets and objectives.
- Reward and recognise innovation and performance.

Our approach to remuneration is founded on the following principles:

- **Talent attraction and retention:** We aim to attract and retain the best talent in the market through competitive reward packages, broadly targeted at the market median for the role.
- **Pay for performance:** Variable pay (STIs and LTIs) is subject to financial and non-financial performance criteria aligned to the Bank's strategic objectives.

Our remuneration mix is deliberately weighted towards variable pay to reinforce a culture of sustainable performance.

- **Alignment with shareholder value:** Management should not do better than shareholders. The Bank's key performance measure, NIACC, ensures that employees only receive variable pay after all obligations have been met, including paying shareholders for their equity first. The growth in variable remuneration should not exceed the compound annual growth rate in NIACC over an economic cycle (currently six years).
- **Sustainability:** Management also has a responsibility to other stakeholders: regulators, clients, deposit holders, employees and broader society. In determining remuneration, the HCRC aims to ensure the Bank delivers sustainable, long-term value for all stakeholders.
- **Fair and responsible remuneration:** We promote equal pay for work of equal value and do not tolerate discrimination based on gender or any other arbitrary characteristic.

Ensuring fair and responsible remuneration

In a performance-based culture, remuneration should recognise differences in performance, skills and experience, while ensuring that pay differences are fair, objective and free from discrimination. FNB Botswana applies equal pay for work of equal value and uses role evaluations, market benchmarks and individual performance to determine remuneration. Annual reviews assess remuneration outcomes and identify unjustifiable income differentials, including gender-based pay gaps, for corrective action where required.

Fair	Responsible
• Equal pay for work of equal value across all roles. • Remuneration decisions are impartial and free from prejudice or discrimination, including on the basis of gender. • Pay is differentiated appropriately based on performance, skills, experience and expertise. • Gender-based pay gaps and unjustifiable income differentials are continually monitored and addressed.	• Remuneration outcomes are aligned with the Bank's strategy and sustainable value creation. • Incentives are based on both individual and corporate performance criteria. • Incentive schemes do not promote excessive risk-taking. HCRC, in consultation with RCC, ensures that actions outside risk appetite are not rewarded and that incentive pools are appropriately adjusted for risk. • Variable remuneration is subject to malus and claw-back.

Our fair and responsible remuneration approach is supported by:

- Compliance with applicable remuneration and benefits legislation.
- Salary ranges established through role evaluation and market benchmarking.
- Placement of new employees within the relevant salary range based on their skills, qualifications and experience.
- Annual remuneration reviews considering performance, skills, experience and market benchmarks.
- Regular review of internal income differentials and gender-based pay gaps, with corrective action where required.
- Monitoring minimum salary bands to ensure remuneration remains competitive and supports a decent standard of living.

Benchmarking of remuneration

The Bank conducts annual external benchmarking to ensure fair, competitive remuneration across all employee levels. The Bank also conducts ad hoc surveys if market practices shift significantly. Using market data points, the Bank determines a pay range for each role and anchors it to the market median. Employee positioning in the pay range is based on:

- Employee experience and competence.
- Scarcity of skill.
- Employee performance in the role.

For strategic reasons, pay for specific roles or role families may be set at higher target pay levels across the three remuneration elements: guaranteed package, STIs and LTIs.

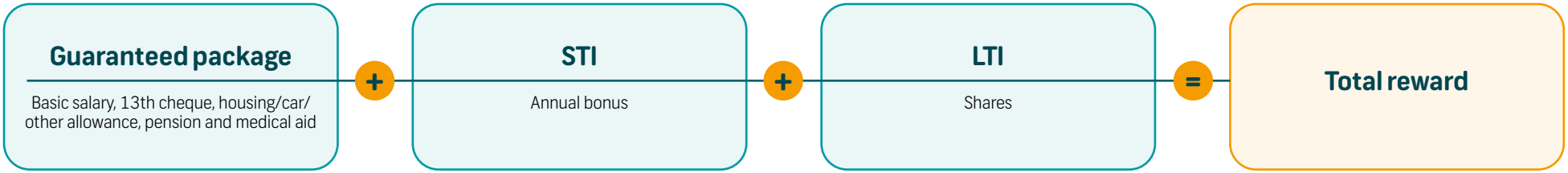
Remuneration structure

We believe that each employee should be able to influence their earnings through the value they contribute.

Remuneration components

The Bank's remuneration structure consists of:

- **Fixed pay:** A guaranteed package that is competitive in the market, reflecting the role, skills and experience of the individual employee.
- **Variable pay:** This includes STIs based on Group[1], segment and individual performance, and LTIs are calibrated to three-year forward-looking Group performance conditions. The greater the individual's influence on the Bank's overall risk and returns, the higher the proportion of LTIs awarded. LTIs and deferred STI payments also act as retention mechanisms.



Guaranteed package

The guaranteed package is competitive in the market and reflects the individual's role, skills and experience. FNB Botswana participates in annual benchmark exercises against market information. This is also done at the position level during annual salary surveys. This approach ensures that guaranteed packages are competitive and allows the Bank to attract and retain talent and critical skills. When pay for certain skills has fluctuated rapidly (due to factors such as skill scarcity), the HCRC or ExCo may commission a targeted, customised benchmark.

The HCRC has taken deliberate steps to address any arbitrary internal pay inequalities. These processes compare like-for-like objective criteria across the employee base. When unjustified income differentials are identified, adjustments are made as part of the annual reward review exercise, to the extent they can be accommodated within the employee cost budget.

The comparative ratio averaged 104% and 100% for the guaranteed package and total reward, respectively. This indicates that all non-managerial salary bands in the Bank fall comfortably within the sector's market median, which typically ranges between the 80th and 120th percentiles for guaranteed packages and total rewards.

Retirement contribution

All permanent and pensionable employees are contractually obliged to contribute to the FNB pension fund. An independent Board of Trustees manages this fund and must improve retirement outcomes by maximising investment returns and minimising costs. Employer and employee representatives constitute the Board.

Medical aid contribution

All permanent and pensionable employees are contractually obliged to belong to a medical aid scheme. The Bank contributes 100% of the cost of medical aid cover for employees and their immediate family members.

Short-term incentives (STI) Scheme

The STI is awarded based on Bank, business segment and individual performance achieved during the year. STI pool determination is anchored to a multi-year budget process that considers strategy, risk appetite and financial resource allocation (such as increases in guaranteed packages and changes in headcount). The HCRC determines the STI pool for managerial and non-managerial employees using a combination of financial and non-financial performance measures.

- **Financial measures:** The STI pool considers performance measures such as return on equity, normalised earnings and NIACC for the year. STIs that exceed a certain threshold are deferred into cash and share awards to be paid in the future.
- **Non-financial measures:** The HCRC will adjust the STI pool downwards for material risk and conduct-related events.

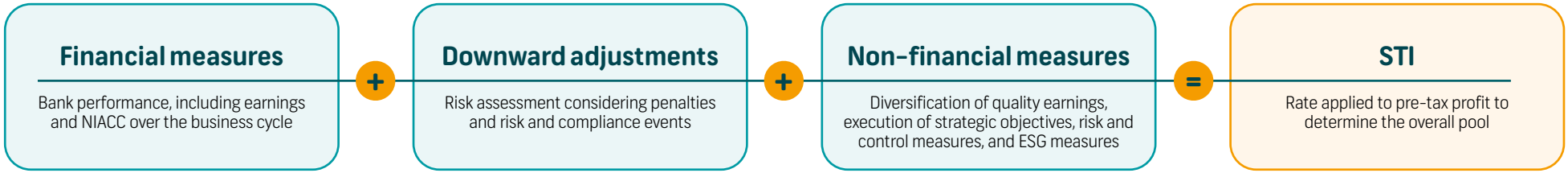
This involves consideration of the control environment, internal and external audit results, compliance with risk policies and processes, regulatory compliance, platform maturity, and employee, client, business and financial market conduct.

Individual STIs less than P800,000 are paid out in full in August each year, while those between P800,000 and P1.6 million are paid out in three tranches, providing for a six- and 12-month deferral, respectively. Interest accrues on the second and third tranches and is included in these payments.

STIs above P1.6 million are also paid in three tranches, but a component of the bonus is deferred as a share-linked award that vests two years later (based on continued employment and good standing). Should an employee resign or leave the employ of the Bank for any reason before the date on which any tranche is payable, any outstanding tranche will no longer be payable and is forfeited.

[1] *Group refers to the FirstRand Group.*

STI calculation



Long-term incentive (LTI) Scheme

LTIs are granted to eligible executives and senior managers (where HCRC determines such awards are appropriate), with conditions tied to the Group's compound performance over three years. Those who are in decision-making positions that affect the Group's overall performance and delivery of value to shareholders are eligible. LTIs are settled in cash or, at the participant's election, with shares purchased in the open market. Awards granted from FY2026 will only be settled in shares that will be purchased in the open market.

FNB Botswana operates an LTI Scheme that seeks to ensure employees are aligned with shareholder requirements for sustainable earnings growth, sustainable and superior returns, and the creation of long-term franchise value. LTIs also support the long-term retention of critical management-level employees.

The FirstRand Conditional Incentive Plan in South Africa is used to achieve these objectives.

FirstRand Conditional Incentive Plan

The Conditional Incentive Plan is denominated in South African Rands. To align with the FirstRand Group's overall strategic intent, the plan is linked to the performance of the FirstRand SA share price (for qualifying employees).

For all qualifying employees, 100% of the award is based on the FirstRand share price as the underlying factor.

The award vests three years from the award date if performance and employment conditions have been met.

At the date of vesting, the employee will receive the vesting value, based on the share price at that time. Settlement of the vesting value will either be in cash or by acquiring settlement shares (if so chosen by the employee). Shares required for settlement are purchased in the open market rather than issued to avoid shareholder dilution. There is no accrual of dividends over the vesting period, and participating employees remain exposed to fluctuations in the Group's share price over the vesting period. This further supports alignment between employee and shareholder value.

A distinction has been made between professionals, senior leadership and executives.

- The award for professionals is 100% de-risked, and individual performance is required to be rated as meeting expectations or above.
- For senior leadership, 50% Bank and individual performance conditions apply.
- For executives (Chief Executives), 100% of vesting is subject to Bank and individual performance.

The HCRC approves the total LTI award pool for the Bank annually, taking into account overall headcount growth and salary inflation. The allocation of this pool is determined by the value created and the sustainability of the Group's contribution to shareholder value.

The LTI is granted with conditions tied to the Group's forward-looking compound performance over three years and is linked to the FirstRand share price. Segments put through their LTI requests for the year, and these are consolidated for submission to FirstRand as a country request.

The allocation to individuals is driven by eligibility criteria with guidance on the quantum linked to the individual's guaranteed package. Performance conditions for the LTI plans include targets for return on equity and earnings growth and are deeply embedded in the Bank's performance culture.

Performance conditions should support motivation and retention. Therefore, the HCRC considers several factors, including:

- The outcomes of the three-year budget process, as well as scenario analyses on the budgets that incorporate risk and stressed views.
- The macro-economic outlook and probabilities assigned to various scenarios and the required investment in platforms and new business development for future growth strategies. This investment is expensed, not capitalised.
- The opportunity to grow more than the economy, given the Bank's relative market share.
- The requirement to protect the return profile, as opposed to incentivising earnings growth at the expense of return on equity.

Return on equity and earnings growth

FNB Botswana does not assign weightings to the return on equity and earnings growth conditions, as we believe this practice creates two separate instruments that could drive behaviour where one condition is favoured at the expense of the other. The Bank requires that both the return on equity and earnings growth conditions be met.

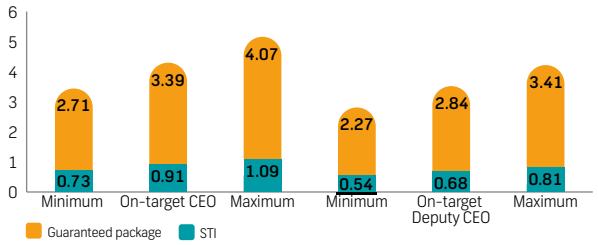
- Return on equity is a prerequisite and must be achieved before earnings growth is assessed.
- The earnings growth target is measured over a three-year rolling period on a cumulative basis.
- The return on equity target is measured as the average return on equity over the three-year vesting period, and positive NIACC is required in line with the Group's performance philosophy.
- The return on equity is based on net asset value rather than tangible net asset value and, as such, includes goodwill.

Total reward

We recognise that employee motivation goes beyond financial compensation. As such, FNB Botswana emphasises the concept of "total reward", which includes intangible rewards such as a positive work environment, support for colleagues, an empowering culture, opportunities for growth and development, innovation and recognition.

Our total reward approach improves employees' performance, engagement and delivery in support of the purpose of shared prosperity. In turn, the Bank benefits from increased efficiencies and innovation.

Potential remuneration for Executive Directors (P'million)



Executive contracts

- There are no contractual entitlements to payments on termination, and no special termination arrangements or golden-parachute agreements are in place.
- Contractual notice and accrued leave are paid out where legally required.
- Unvested deferred STI awards or unvested LTI awards are dealt with in accordance with the rules of the applicable scheme.
- Malus and clawback provisions apply to STI and LTI awards.

Termination, malus and clawback provisions

Malus applies to awards that have not yet vested; these will be cancelled where necessary. Clawback applies once an award has vested and an event occurs that triggers repayment of the award.

A trigger may include:

- The discovery of a material misstatement of performance that resulted in a variable award, which the Board is satisfied the employee contributed to and is responsible for.
- The discovery that the assessment of any metrics upon which the award was made was based on erroneous, inaccurate or misleading information.
- Any action or conduct which, in the reasonable opinion of the Board, amounts to dishonesty, fraud or misconduct.
- The discovery of a material failure in risk management to which the employee had contributed and is responsible for.
- The discovery that performance related to financial or non-financial targets was misrepresented and that such misstatement led to the overpayment of incentives.

The clawback applies for three years after the discretionary payment is made or, in the case of share schemes, three years after the award vested. If an employee resigns or is dismissed, unpaid bonus tranches are forfeited.

Performance enablement

Following the Bank's transition from an Oracle-based performance management system to Workday's performance enablement platform in FY2024, the Bank has made notable progress in effectively managing employee performance. In FY2026, the Bank achieved a commendable 100% completion rate for performance appraisals.

This reflects strong capability in administering performance reviews, ensuring timely appraisals, and facilitating meaningful feedback conversations. Furthermore, the Bank continues to recognise and reward employees based on their annual performance, with clear evidence of performance-based recognition practices.

The overall outcome of individual performance ratings in line with performance enablement is shown alongside.

The performance enablement principles are as follows:

- Enable accountability, ownership and differentiation, while keeping it simple.
- Promote frequent, purposeful conversations between employees and managers.
- Accelerate personal growth and development.
- "What" is delivered is as important as the behaviours displayed in the "how" of delivery (aligned to the FirstRand promises, page 8).
- Align to business needs and objectives that help drive FNB Botswana's success.

Remuneration

The table below shows the average percentage salary increase for employees, based on their performance ratings.

Rating	ExCo	Management	Non-management
Significant improvement required	0.0%	0.0%	0.0%
Improvement required	3.0%	3.0%	3.0%
Meets expectations	4.0%	4.0%	8.0%
Exceeds expectations	4.5%	4.5%	9.0%
Exceptional	5.0%	5.0%	10.0%

The graph below shows a breakdown of our annual increases across the Bank.

Remuneration and performance



The HCRC believes that FNB Botswana has effectively met the objectives outlined in our Remuneration Charter and fulfilled our commitment to establish equitable and accountable remuneration practices as defined in our Remuneration Policy.

Remuneration implementation

Executive Directors

The corporate scorecard incorporates various measures into the main scorecard, which the Board of Directors approves and focuses on financial, strategic, risk and control, sustainability, ESG and talent management. The scorecard is for STI and is Board-approved.

Aspect	Category	Measure	Metrics
Financial	FirstRand Group earnings and returns	Growth in normalised profit before tax • FNB Botswana • Retail • Commercial – In-country head office residual, insurance, and other – Vehicle asset finance • RMB – Banking – Markets • Group Treasury • FirstRand Corporate Centre	Normalised profit before tax
		Normalised earnings measured against budget/business case	Normalised earnings
		Year-on-year NIACC growth	NIACC
Strategic	Protect and grow banking business	Growth in active clients	Active clients
		Increase cross-selling	Vertical Sales Index
		Increase number of primary Bank relationships	Primary banking relationships
		Grow deposit franchise	Closing deposits
		Targeted origination strategies in line with risk appetite	Closing advances
		Cost management (good cost control)	Operational expenses
	FirstRand platform Journey	Digitising operations and client relationships aligned with the FirstRand platform journey and work item process	Delivery in line with Roadmap
	Sustainable earnings	Diversify our offering and approach – sustainable earnings delinked from macros	Non-interest revenue
	Client focus	Client retention, enhanced client service level and reduced attrition rates	Client complaints and attrition rate
	Disciplined management of financial resources	Adherence to financial resource management guidelines	Assessment based on financial resource management guidelines

Aspect	Category	Metrics
Risk and control	Control environment	Pre-2026: Audit issues per risk maturity scorecards
		Post-2026: Percentage of repeat unacceptable and significant improvement required audit findings of open issues
	Market conduct	Pre-2026: Regulatory, including conduct rating per risk scorecards
		Post-2026: Market conduct (first-line ownership)
	Business conduct	Pre-2026: Regulatory, including conduct rating per risk scorecards
		Post-2026: Business conduct: Declaration of interests and whistle-blowing
	Risk appetite and volatility	Pre-2026: Risk maturity rating per risk scorecards
		Post-2026: Risk appetite and volatility
	Credit loss/impairments	Credit loss ratio
	Reduce the NPL ratio over time	NPL ratio
	Operational, market and investment risks (excluding compliance and conduct)	Pre-2026: Operations losses per risk maturity scorecards
		Post-2026: Risk maturity
	Complaints	Complaints management
	Compliance and conduct	Pre-2026: AML scored based on high-risk enhanced due diligence, overall programme status
		Post-2026: Residual compliance based on risk appetite
Sustainability	Ensuring the health of organisational culture and good corporate governance	Engagement survey
	Health of key relationships	Health of regulatory relationship, feedback from Board and Audit Committee Chairpersons
	Shared prosperity	Varying targets per shared prosperity scorecard covering sustainable finance, financial inclusion, SME development, financial literacy and awareness, and human and social development
	Climate	At the inception stage, where policy adoption and implementation are a key priority, quantitative measures are undefined yet
People	Talent management and succession planning	Pipeline utilisation, bench strength and succession planning, development activities to close skills gap, talent retention (risk and impact of loss of key skills) and talent mobility

Overall performance rating

Management was appraised on the above scorecard and in line with the new performance enablement rating methodology. Management was awarded an overall rating of Meets Expectations.

Performance on key metrics

	Return on equity	Profit before tax	NIACC	Client number	Advances
Target	23% - 27%	P2 billion	P1.01 billion - P1.07 billion	788,452	P22 billion
Actual	33.2%	P2.1 billion	P1.06 billion	780,722	P21 billion

Remuneration reward for FY2026 performance

	Guaranteed package		Bonus		Shares		Total	
Executive Directors	FY2026	FY2025*	FY2026	FY2025*	FY2026	FY2025*	FY2026	FY2025*
SL Bogatsu	4,258,291	4,102,400	3,500,000	2,970,000	3,432,618	3,286,030	11,190,909	10,358,430
M Mbo	3,647,338	3,330,409	2,500,000	2,100,000	1,580,403	1,278,195	7,727,742	6,708,604

Executive management's remuneration reward for FY2026: Guaranteed package, STI and LTI

Below is an illustration of total remuneration for executive management (excluding CEO and Deputy CEO) (based on a single, total figure):

ExCo	FY2026*	FY2025**
Employee number	12	12
Annual total base pay	21,189,432	19,368,301
Annual total gross package (guaranteed package)	28,106,243	26,683,390
STI	13,775,000	11,990,500
LTI	6,914,263	6,600,752
Total reward	48,795,506	45,274,642

Managerial remuneration reward for FY2026: Guaranteed package, STI and LTI

Below is an illustration of total remuneration for other management (excluding CEO, CFO and executive management) (based on a single, total figure):

Managerial	FY2026	FY2025**
Total number of managerial members	421	395
Annual total base pay	273,986,587	244,832,897
Annual total gross package (guaranteed package)	380,034,458	352,563,808
STI	61,929,908	53,219,379
LTI	7,190,834	5,178,878
Total reward	449,155,200	410,962,066

* *This table excludes the Internal Audit Executive.*

** *2025 remuneration figures are for FY2025 performance.*

Non-management's remuneration reward for FY2026: Guaranteed package, STI and LTI

Below is an illustration of total remuneration for non-management employees (based on a single, total figure):

Non-managerial	FY2026	FY2025*
Total number of non-managerial members	1,012	977
Annual total base pay	251,709,462	208,625,362
Annual total gross package (guaranteed package)	341,017,975	291,075,283
STI	15,110,313	14,131,352
LTI	-	-
Total reward	356,128,288	305,206,635

Independent Non-Executive Director Fees

According to the Board Governance Framework, Directors' fees are benchmarked externally every other year. In the intervening year, the Board applies an inflationary adjustment. In FY2025, and following an external benchmark, the Board approved a 5% increase and recommended it to the AGM for final approval. 95.96% (2024 AGM: 100%) of shareholders voted in favour of the proposed Non-Executive Directors' fees. The approved fees are currently being implemented (from January 2026 to December 2026), and the following principles are being applied:

- Executive Directors and Non-Executive Directors employed by the FirstRand Group do not receive fees.
- Board and Committee meeting fees are paid at a flat rate, with a premium rate for Chairpersons. Meeting fees cover preparation and actual meetings.
- All members of the Board are paid a retainer, with the Chairperson of the Board earning a premium retainer. All Committee Chairpersons are paid a retainer relative to the complexity of each Committee. Only Audit Committee members are paid a retainer. The retainer covers retention for skill and expertise, round-robin applications, ad hoc and special meetings, training, attendance of Bank events, and engagement with Bank stakeholders.
- The retainer is paid quarterly in advance.

In FY2026, the HCRC proposed an inflationary increase of 4.8% in Directors' remuneration for calendar year 2027. The proposal will be approved at the upcoming AGM on 18 November 2026. For a full breakdown of the proposed fees, refer to the AGM notice on page 267. For the year ended June 2026, a total of P6,726,359 was paid to Independent Non-Executive Directors.

Non-Executive Directors	FY2026	FY2025#
BM Bonyongo*	P1,008,508	P838,910
LF Jordaan	P844,693	P752,660
NB Lahri	P584,869	P494,280
ED Letebele	P825,015	P709,850
JK Macaskill**	-	P252,208
M Marinelli	P736,784	P626,880
D Ncube	P126,100	P632,850
A Petkar	P670,471	P583,020
KP Mere	P634,435	P477,200
PA Mothopeng-Makepe	P584,869	P494,280
MD Pelaelo	P710,615	-
Total	P6,726,359	P5,862,138

* *Board Chairperson.*
\# *The increased fees and retainers approved at the November 2025 AGM were only implemented in January 2026 and will be in force until December 2026.*

Directors' fees amounted to P6.4 million for the year under review, net of a reversal of prior-year retainer fee accruals of P289,000. On a gross basis, Directors' fees amounted to P6.7 million (2025: P5.9 million) and represent the actual fees paid to Directors during the year under review.



Our financial statements and supporting disclosures provide a transparent account of our performance, financial position and stewardship of the resources entrusted to us.

Consolidated and Separate **Financial Statements**

for the year ended 30 June 2026

First National Bank of Botswana Limited
(Registration number BW00000790476)

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Report of the Audit Committee

The Group's Audit Committee comprises only non-executive Directors, in accordance with Section 52 of the Banking Act, 2023. The external and internal auditors attend Audit Committee meetings by invitation. The Committee meets at least four times a year and assists the Board in discharging its responsibilities for ensuring that the Group's financial and accounting systems provide accurate and up-to-date information on its current financial position and performance, and that the Group's and Company's published financial statements present a fair reflection of this position and performance.

It also ensures that appropriate accounting policies, control and compliance procedures are in place.

The objectives of the Committee are:

- To assist the Board of Directors in its evaluation of the adequacy and efficiency of the internal control systems, accounting practices, information systems and auditing processes applied in the day-to-day management of the business;
- To provide a forum for communication between the Board of Directors, Management, and the internal and external auditors; and
- To introduce such measures as, in the opinion of the Committee, may serve to enhance the credibility and objectivity of the financial statements and affairs of the Group and Company.

The Committee has met its objectives and has found no material weaknesses in internal controls. The Committee is satisfied that the consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards and in compliance with the Banking Act, 2023.

On behalf of the Audit Committee



Massimo Marinelli
Chairperson

Directors' responsibility statement

The Directors of First National Bank of Botswana Limited ("the Company" or "the Bank") are responsible for the preparation of the consolidated and separate financial statements in accordance with IFRS® Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in compliance with the Banking Act, 2023.

The Directors are also responsible for the Group and Company's system of internal financial controls. These are designed to provide reasonable, but not absolute assurance as to the reliability of the consolidated and separate financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and to prevent and detect misstatement and loss. Nothing has come to the attention of the Directors to indicate that any material breakdown in the functioning of these controls, procedures and systems has occurred during the year under review.

The consolidated and separate financial statements have been audited by an independent auditor, Ernst & Young, who was given unrestricted access to all financial records and related data, including minutes of the meetings of the Board of Directors and committees of the Board. The Directors believe that all representations made to the independent auditor during their audit are valid and appropriate. The independent auditor's report is presented on pages 136 to 141 of these Annual Financial Statements.

The Directors have reviewed the Group's budgets and flow of funds forecasts and have considered the Group's ability to continue as a going concern in light of current and anticipated economic conditions. On the basis of this review, and in light of the current financial position and profitable trading history, the Directors are satisfied that the Group 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.

Approval of financial statements

Against this background, the Directors accept responsibility for the consolidated and separate financial statements presented on pages 167 to 259 of these Annual Financial Statements, which were approved on 20 August 2026 and were signed on their behalf by:



Balisi Bonyongo
Chairperson



Steven L. Bogatsu
Chief Executive Officer

Directors' report

The Directors have pleasure in submitting their report together with the consolidated and separate financial statements of First National Bank of Botswana Limited ("FNBB" or "the Company"), and its subsidiaries, together referred to as ("the Group") for the year ended 30 June 2026.

The consolidated and separate financial statements are prepared in accordance with IFRS Accounting Standards and in compliance with the Banking Act, 2023.

The Group maintains systems of internal control which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of the Group's assets. The Directors are also responsible for the design, implementation, maintenance and monitoring of these systems of internal financial controls. Nothing has come to the attention of the Directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

Nature of business

The Group is a licensed financial institution which offers a wide range of banking and related services through its branches, divisions, automated teller machines, point of sale, and electronic banking (including online banking and the FNB app). The Group has one operating subsidiary which comprises of a property-owning company. The property owned by the subsidiary is used primarily for branch and office accommodation.

Trading results

The Group consolidated income after tax attributable to ordinary shareholders of P1.647 billion (2025: P 1.443 billion) increased by 14% compared to the results for the year ended 30 June 2025. The Company income after tax of P1.662 billion (2025: P 1.444 billion) increased by 15%, compared to the results for the year ended 30 June 2025.

Stated capital

The Company's stated capital consists of 2,543,700,000 (2025: 2,543,700,000) ordinary shares, of which First National Bank Holdings (Botswana) Limited holds 1,780,590,000 (2025: 1,780,590,000) representing 70.00% (2025: 70.00%), and the balance is traded on the Botswana Stock Exchange.

Directors' interests

The aggregate number of First National Bank of Botswana Limited shares held directly or indirectly by Directors of the Company amounts to 6,389 (2025: 14,319), which represents approximately 0.0003% (2025: 0.0006%) of the stated capital of the Company.

Dividends

The Directors have adopted a balanced approach to ensuring an efficient capital position with the need to retain sufficient capital for unexpected fluctuations in earnings volatility.

The Directors propose a final dividend of 30.00 thebe per share (2025:15.00 thebe). An interim dividend of 15.00 thebe per share (2025: 18.00 thebe) for the year ended 30 June 2026 has been paid to holders of ordinary shares.

The post-dividend capital adequacy ratio at the end of June 2026 is 21.71% well above the regulatory minimum of 12.5%.

Going concern

The Directors have reviewed the Group's funding position and available sources of funding and conclude that these are adequate to support the Group's funding requirements. The going concern basis has been adopted in preparing the consolidated and separate financial statements. In line with the standard annual procedures, the Directors have carefully reviewed the qualitative and quantitative assumptions underpinning the going concern assessment.

The Directors have no reason to believe that the Group and Company will not be a going concern in the foreseeable future based on forecasts and available cash resources. All budget indications are that the Bank is expected to improve its trading income in the foreseeable future. The forward-looking assumptions on macros have been used for the stress testing process and cover a 3-year horizon. The Directors are confident that the Group and Company's operations will continue to remain uninterrupted for the foreseeable future.

Based on this review, and in light of the current financial position and profitable trading history, the going concern basis, therefore, continues to apply and has been adopted in the preparation of the consolidated and separate financial statements.

Events after the reporting period

In the current dynamic economic context, 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 of 30.00 thebe (2025: 15.00 thebe) per share.

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.

Directors' report (continued)

Directorate

The composition of the Board during the year up to the date of approval of the consolidated and separate financial statements was as follows:

Directors	Office	Nationality	Appointed	Retired
Balisi Bonyongo	Chairperson	Motswana		
Steven L. Bogatsu	Chief Executive Officer	Motswana		
Massimo Marinelli	Independent Non-Executive Director	Italian		
Doreen Ncube	Independent Non-Executive Director	Motswana		2025/09/01
Asad Petkar	Independent Non-Executive Director	Motswana		
Ephraim Letebele	Independent Non-Executive Director	Motswana		
Naseem B. Lahri	Independent Non-Executive Director	Motswana		
Louis F Jordaan	Independent Non-Executive Director	South African		
Keneilwe P Mere	Independent Non-Executive Director	Motswana		
Lee-Anne Van Zyl	Non-Executive Director	South African		
Mbako Mbo	Deputy Chief Executive Officer	Motswana		
Pinkie Mothopeng-Makepe	Independent Non-Executive Director	Motswana		
Moses Dinekere Pelaelo	Independent Non-Executive Director	Motswana	2025/09/03	

Transfer Secretaries

Central Securities Depository Botswana

Business address
Plot 70667
4th Floor, Fairscape Precinct
Fairgrounds
Gaborone

Postal address
Private Bag 00417
Gaborone

Auditor

Ernst & Young

Postal address
P.O Box 41015
Gaborone

Business address
2nd Floor, Plot 22
Khama Crescent
Gaborone

Company address

Registered office
PricewaterhouseCoopers
Plot 64289
Tlokweng Road
Gaborone

Principal place of business
First Place, Central Business District
Gaborone, Botswana
Plot No 54362

Independent auditor's report

To the Shareholders of First National Bank of Botswana Limited

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of First National Bank of Botswana Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 142 to 259 which comprise the Group and Company's statements of financial position as at 30 June 2026, and the Group and Company's income statements, statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting information.

In our opinion, the Group and Company's financial statements give a true and fair view of the consolidated and separate financial position of the Group and Company as at 30 June 2026, and of their consolidated and separate financial performance and their consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and the requirements of the Banking Act, 2023.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), as applicable to audits of financial statements of public interest entities, and other independence requirements applicable to performing the audits of the Group and the Company and in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing the audit of the Group and Company and in Botswana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated and separate financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated and separate financial statements.

The Key Audit Matter applies to both the audit of the consolidated and separate financial statements.

Independent auditor's report (continued)

Key Audit Matter	How the matter was addressed in the audit
Expected credit losses on advances to customers	

Significant macroeconomic uncertainty persists in the environment in which the Group operates.

During the current year, the Group continued to operate in an environment characterised by elevated economic uncertainty. Economic conditions in Botswana were influenced by continued weakness in the diamond sector, subdued economic growth and varying levels of performance across key industries. These conditions increased the uncertainty associated with forecasting future economic conditions and assessing the impact on borrowers' ability to meet their contractual obligations

Consequently, management was required to exercise significant judgement in determining the expected credit losses ("ECL") recognised in accordance with IFRS 9. Significant judgement was applied in the development and weighting of forward-looking macroeconomic scenarios, the selection of key economic assumptions, the assessment of whether a significant increase in credit risk ("SICR") had occurred, and the determination of post-model adjustments where emerging risks were not fully reflected in the underlying impairment model.

The estimation of ECL remains highly sensitive to changes in macroeconomic assumptions and management judgement. Given the materiality of advances to customers to the consolidated and separate financial statements and the degree of estimation uncertainty involved in measuring ECL, this matter was of most significance in our audit.

The Group's advances fall into three broad customer segments for which significant auditor attention was required:

- Retail;
- Commercial; and
- Corporate

The credit impairment models, which outline the Group's macroeconomic forecasting principles, are subject to formal governance and approval processes.

Retail and commercial advances

Retail and commercial advances comprise a high volume of individually low values and, therefore, a significant portion of credit impairments are calculated on a portfolio basis. This requires the use of statistical models incorporating data and assumptions which are not always observable.

Our audit of expected credit loss (ECL) of advances to customers included the following procedures to address the key areas of significant judgement and estimation uncertainty in determining the ECL.

We performed these procedures with the assistance of our economic and credit specialists:

- Across all significant portfolios, assessed the advances impairment policies and practice applied by inspecting the Group's policies and comparing them against the requirement of IFRS 9.
- Assessed the Group's probability-weighted macroeconomic scenario estimates and evaluated the methodology, scenario view and associated probabilities against the principles of IFRS 9.
- Assessed the forecasts for appropriateness against the Group's macroeconomic forecasts against the principles of IFRS 9 by reviewing approvals by appropriate governance structures, discussing the forecasts with management, inspecting supporting documentation and comparing them to our independently benchmarked economic forecasts and market data.
- Evaluated whether the forward-looking macroeconomic assumptions incorporated into the ECL models appropriately reflected prevailing Botswana economic conditions and emerging sector-specific risks by benchmarking management's forecasts against independently sourced economic forecasts and market data.

Retail and commercial advances

We performed the following procedures on the ECL for all material retail and commercial advances portfolios with the assistance of our economics and credit specialists:

Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement:

- Obtained an understanding of the inputs, methodologies and assumptions used by management in the various ECL model components (PD, EAD, LGD) through inspection, inquiry and assessed these against the requirements of IFRS 9.
- Assessed the accurate implementation of the documented methodologies as well as the appropriateness of assumptions made by management in applying the macroeconomic inputs, EADs, PDs, LGDs and valuation of collateral in the current economic climate against recent actual experience and the modelled outcomes per our own independent model.
- Assessed the appropriateness of the component inputs used by management by independently recalculating the ECL, applying our own independent assessment and comparing our independent results to management's results.

Evaluation of SICR:

- Evaluated the appropriateness of the SICR triggers adopted by management and tested whether these were correctly and consistently applied in the models by performing an independent SICR efficacy assessment to confirm the appropriateness of the implemented PD thresholds and that the required SICR adjustment has been recognised.

Independent auditor's report (continued)

Key Audit Matter	How the matter was addressed in the audit
Expected credit losses on advances to customers	
The areas of significant judgement and estimation uncertainty relating to the retail and commercial advances customer segment include: **Determination of input assumptions applied to estimate PD, EAD and LGD within the ECL measurement** • The input, assumptions and methodologies applied to estimate the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD). **Evaluation of SICR:** • The evaluation of whether there has been a Significant Increase in Credit Risk (SICR) event since origination date of the exposure to the reporting date (i.e. a trigger event that caused a significant deterioration in credit risk results in migration of the loan from Stage 1 to Stage 2). **Incorporation of macro-economic inputs and FLI into the ECL measurement:** • The incorporation of unbiased probability weighted forward-looking information (FLI) and consideration of the appropriate macroeconomic inputs into the ECL calculation. **Assessment of post model adjustments** • Assessing the appropriateness and impact of the macroeconomic uncertainty assumptions on the forward-looking economic information not incorporated into the respective models but rather in post model adjustments. • Assessing the completeness of the post model adjustments. **Corporate advances** The ECL on corporate advances customer segment is assessed on an individual exposure basis, unlike retail and commercial advances which are assessed on a portfolio basis. This also requires the use of statistical models incorporating data and assumptions which are not always observable. The areas of significant judgement and estimation uncertainty relating to the corporate advances customer segment include: **Determination of input assumptions applied to estimate PD, EAD and LGD within the ECL measurement:** • The input, assumptions and methodologies applied to estimate the Probability of Default (PD), Exposure at Default (EAD) and Loss Given Default (LGD).	**Incorporation of macro-economic inputs and FLI into the ECL measurement:** • Assessed the application of forward-looking information (FLI) in the ECL calculation by building our own independent model which incorporated the probability-weighted FLI information and included a selection of relevant independently sourced macro-economic variables such as Gross Domestic Product (GDP) and central bank rates, and assessed whether these variables were appropriate indicators of future losses by benchmarking these against external evidence and stress testing the assumptions used. • Performed an independent FLI assessment at an industry level to evaluate whether the recent experience and economic outlook per industry were appropriately incorporated. • Assessed the Group's probability-weighted macroeconomic scenario reports and compared the outlined methodology, scenario views and associated probabilities against the principles of IFRS 9. **Assessment of post model adjustments:** • Performed industry analysis and assessed individual counterparties using publicly available information to evaluate the appropriateness of the macroeconomic assumptions applied in the post-model adjustments recognised. • Assessed the inherent limitations of the ECL models within the banking portfolios, including the limitation of past performance, emerging industry risks which are not yet present in the current data, macroeconomic forecast challenges and sectoral stresses, by benchmarking against our own economic forecasts and building our own independent model which incorporates our own point estimates and inputs. • Assessed the completeness of the post model adjustments against our own research and publicly available information including country, sector and portfolio specific risk factors. **Corporate advances** We performed the following procedures on the ECL for all material corporate advances with the assistance of our economic and credit specialists: **Determination of input assumptions applied to estimate the PD, EAD and LGD within the ECL measurement:** • Obtained an understanding of the inputs, methodologies and assumptions used by management in the various ECL model components (PD, EAD, LGD) through inspection and inquiry and assessed these against the requirements of IFRS 9. • Assessed the accurate implementation of the documented methodologies as well as the appropriateness of assumptions made by management in applying the macroeconomic inputs, credit risk grades, EADs, PDs, LGDs and valuation of collateral in the current economic climate against recent actual experience and the modelled outcomes per our own independent model. • Assessed the appropriateness of the component inputs used by management by independently recalculating the ECL applying our own independent assessment and comparing our independent results to management's results.

Independent auditor's report (continued)

Key Audit Matter	How the matter was addressed in the audit
Expected credit losses on advances to customers	
Evaluation of SICR: • The evaluation of whether there has been a Significant Increase in Credit Risk (SICR) event since origination date of the exposure to the reporting date (i.e. a trigger event that caused a significant deterioration in credit risk results in migration of the loan from Stage 1 to Stage 2). **Incorporation of macro-economic inputs and FLI into the ECL measurement:** • Assessing the appropriateness and impact of probability-weighted macroeconomic uncertainty on the forward-looking economic information incorporated into the respective models. **Assessment of ECL raised for stage 3 exposures:** • Assumptions used to estimate the realisable values and timing of future cashflows of individual exposures, which have been classified as non-performing. The related disclosures associated with the key audit matter are set out in the consolidated and separate financial statements in the following notes: • Note 1.4 – Financial instruments • Note 1.8 – Significant judgements and sources of estimation uncertainty • Note 13 – Advances to customers • Note 15 – Impairment of advances • Note 40 - Financial risk management	**Evaluation of SICR:** • Selected a sample of performing advances and assessed if the application of the SICR trigger was reasonable by forming an independent view based on publicly available information and management's periodic credit reviews. **Incorporation of macro-economic inputs and FLI into the ECL measurement:** • Assessed the application of forward-looking information (FLI) in the ECL calculation by building our own independent model which incorporated the probability-weighted FLI information and included a selection of relevant independently sourced macro-economic variables such as Gross Domestic Product (GDP) and the central bank rates, and assessed whether these variables were appropriate indicators of future losses by benchmarking these against external evidence and stress testing the assumptions used. • Performed an independent FLI assessment at an industry level to evaluate whether the recent experience and economic outlook per industry were appropriately incorporated. • Assessed the Group's probability-weighted macroeconomic scenario reports and compared the outlined methodology, scenario views and associated probabilities against the principles of IFRS 9. **Assessment of ECL raised for Stage 3 exposures:** Assessed the Stage 3 LGD, EAD and PD assumptions used by management by inspecting the methodology used for providing for non-performing loans and comparing these against the requirements of IFRS 9. We assessed the adequacy and completeness of the financial statement disclosures included in the Group and Company's financial statements relating to the expected credit losses on advances per the above-mentioned notes to determine compliance with IFRS 9.

Independent auditor's report (continued)

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 271-page document titled "FNB Botswana Integrated Report 2026" which includes the Report of the Audit Committee, Directors' Responsibility Statement, Directors' Report and Note 28 on page 218 of the consolidated and separate financial statements obtained prior to the date of this report and the Integrated Report which is expected to be made available to us after that date.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and the requirements of the Banking Act, 2023, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent auditor's report (continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



Ernst & Young
Practicing member: Francois Roos (Partner)
Certified Auditor
Membership number: CAP 0013 2026
Gaborone

09 September 2026

Material accounting policies

1. Introduction

First National Bank of Botswana Limited is a public company incorporated and domiciled in Botswana. The Group and Company's registered office is PricewaterhouseCoopers, Plot 64289, Tlokweng Road, Gaborone, Botswana and the principal place of business is First Place, Plot No 54362, Central Business District, Gaborone, Botswana.

The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards, including IFRIC interpretations issued by the International Accounting Standards Board, and the requirements of the Banking Act, 2023.

These financial statements comprise the consolidated and separate statements of financial position as at 30 June 2026, the consolidated and separate income statements, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, as well as the notes, which comprise a summary of material accounting policies and other explanatory notes.

1.1 Basis of preparation

The consolidated and separate financial statements have been prepared on the historical cost basis except where otherwise stated.

The Group prepares consolidated financial statements which include the assets, liabilities and results of the operations of First National Bank of Botswana Limited and its subsidiaries. To compile the consolidated financial statements, information about the financial position and results of operations as at 30 June each year for all significant subsidiaries in the Group are compiled, consolidated and used in the preparation and presentation of the Group's financial statements.

Accounting policies of subsidiaries have been changed at acquisition, where necessary, to ensure consistency with the accounting policies adopted by the Group.

The segmental analysis included in the segment report is based on the information reported to the Chief Operating Decision Maker (CODM) for the respective segments under the current operating business management structures. The information is prepared in terms of IFRS Accounting Standards and certain adjustments are made to the segment results in order to eliminate the effect of segment specific items that impact certain key ratios reviewed by the CODM when assessing the operating segments' performance.

Use of judgements and estimates

The preparation of financial statements in conformity with IFRS Accounting Standards requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are outlined in section 1.8.

Presentation of financial statements, functional and foreign currency

Items included in the financial statements of the Group and Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The functional and presentation currency is the Botswana Pula (P) and all amounts are presented in thousands of Pula. The Group has a policy of rounding in increments of P500. Amounts less than P500 will therefore round down to P nil and are presented as a dash. Foreign currency transactions of the Group are translated into the functional currency using the exchange rates as the quoted rate supplied by the market on translation date (referred to as the spot rate).

Balances are translated at the relevant exchange rates, depending on whether they are monetary items in which case the closing spot rate is applied. Non–monetary items that are measured at historical cost in a foreign currency are translated to Botswana Pula using the spot exchange rates as at the date of recognition.

Foreign exchange gains or losses are recognised in non-interest income through profit and loss.

From December 2025, the Group updated its methodology for determining the foreign exchange mid-rate used in the translation of foreign currency-denominated monetary assets and liabilities. The change was necessitated by the Bank of Botswana's revision of the foreign exchange regulatory framework from a symmetric margin structure to an asymmetric margin structure.

Under the previous framework, buy and sell rates were set at equal margins around the central parity, making the midpoint between the bid and offer rates an appropriate basis for determining the mid-rate. Following the regulatory change, the buy-side margin was reduced while the sell-side margin remained unchanged, resulting in an asymmetric pricing structure.

Material accounting policies (continued)

1.1 Basis of preparation (continued)

Presentation of financial statements, functional and foreign currency (continued)

Accordingly, the Bank revised its rate determination methodology to ensure that the exchange rate applied for foreign currency translation appropriately reflects the revised regulatory framework and prevailing market pricing conventions. The revised methodology has been applied consistently to the revaluation of foreign currency positions and monetary balances.

This change represents an update to the methodology used in determining the applicable exchange rate in response to a regulatory market structure change and does not constitute a change in the underlying accounting principle for foreign currency translation.

The Group presents its statement of financial position in order of liquidity. Where permitted or required under IFRS Accounting Standards, the Group offsets assets and liabilities or income and expenses and presents the net amount in the statement of financial position or in the statement of comprehensive income and in the statement of profit and loss.

Application of the going concern principle

The Directors reviewed the Group and Company's budgets and flow of funds forecasts for the next three years and considered the Group and Company's ability to continue as a going concern. These budgets and flow of funds forecasts considered projections of the Group's capital, funding and liquidity requirements, all of which are projected to remain within internal targets and above regulatory requirements.

As part of this assessment, the Directors considered the sufficiency of the Group's financial resources. The management of the Group's financial resources, which it defines as capital, funding and liquidity, and risk capacity, is a critical enabler of the achievement of the Group's stated growth and return targets and is driven by the Group's overall risk appetite. Forecast growth in earnings and balance sheet risk weighted assets (RWA) is based on the Group's macroeconomic outlook and its strategy and is evaluated against available financial resources, considering the requirements of capital providers and regulators. The expected outcomes and constraints are then stress tested, and the Group sets targets through different business cycles and scenarios.

On the basis of this review, and in light of the current financial position and profitable trading history, the Directors are satisfied that the Group 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.

The Group has adopted the following material accounting policies in preparing its financial statements and these policies have been consistently applied to all years presented.

Summary of material accounting policies				
1.2	Subsidiaries	Basis of Consolidation (Section 1.2.1)	Related party transactions (Section 1.2.2)	
1.3	Income, expenses and taxation	Income and expenses (Section 1.3.1)	Income tax expenses (Section 1.3.2)	
1.4	Financial instruments	Classification and Measurement (Section 1.4.1)	Impairment of financial assets and off-balance sheet exposure subject to impairment (Section 1.4.2)	Transfers, modifications and derecognition (Section 1.4.3)
		Off-setting of financial instruments and collateral (Section 1.4.4)		
1.5	Other assets and liabilities	Intangible assets (Section 1.5.1)	Other non-financial assets (Section 1.5.2)	Leases (Section 1.5.3)
		Property and equipment (Owned and Right of Use) (Section 1.5.4)		
1.6	Stated capital and equity	Shares issued and issue costs (Section 1.6.1)	Dividends paid/declared (Section 1.6.2)	
1.7	Transactions with employees	Employee Benefits (Section 1.7.1)		

New standards adopted in the current year

Refer to note 42 for new standards adopted during the year.

Material accounting policies (continued)

1.2 Subsidiaries

1.2.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all subsidiaries as disclosed in note 18. Subsidiaries are entities which are controlled by the Group. Typical shareholding in the assessment of entities is based on a shareholding of 50% and above. The Group measures investments in these entities in its separate financial statements at cost less impairment.

Consolidated financial statements

Initial recognition in the consolidated financial statements.

Subsidiaries acquired are accounted for by applying the acquisition method of accounting to business combinations. The excess/(shortage) of the sum of the consideration transferred, the value of non-controlling interest, the fair value of any existing interest, and the fair value of identifiable net assets, is recognised as goodwill or a gain on bargain purchase. Transaction costs are included in operating expenses within profit or loss when incurred.

Intercompany transactions and balances with consolidated entities

Intercompany transactions are all eliminated on consolidation, including unrealised gains. Unrealised losses on transactions between Group entities are also eliminated unless the transaction provides evidence of impairment of the transferred asset, in which case the transferred asset will be tested for impairment in accordance with the Group's impairment policies.

Impairment

In the consolidated financial statements either the cash generating unit (CGU) is tested i.e. a grouping of assets no higher than an operating segment of the Group; or if the entity is not part of a CGU, the individual assets of the subsidiary and goodwill are tested for impairment in terms of IAS 36.

Goodwill

Goodwill on the acquisition of businesses and subsidiaries represents excess consideration transferred and is recognised as an intangible asset at cost less accumulated impairment losses.

If this amount is negative, as in the case of a bargain purchase, the difference is immediately recognised in other non-interest income.

Goodwill is tested annually for impairment by the Group in March or earlier if there are objective indicators of impairment. For subsidiaries acquired between March and June a goodwill impairment test is performed in June in the year of acquisition and thereafter annually in March. For testing purposes, goodwill is allocated to a suitable CGU.

Impairment losses in respect of goodwill are not subsequently reversed.

1.2.2 Related party transactions

Related parties of the Group, as defined, include:

- subsidiaries of the Group and the entities that have significant influence over the Group, including subsidiaries of these entities;
- Key Management Personnel (KMP), entities controlled, jointly controlled or significantly influenced by KMP or their close family members.

The principal shareholder of the First National Bank of Botswana Limited Group is First National Bank Holdings (Botswana) Limited, incorporated in Botswana. The ultimate parent of the Company is FirstRand Limited, incorporated in South Africa.

Key Management Personnel of the Group are the First National Bank of Botswana Board of Directors and prescribed officers, including those of any entities which provide key management personnel services to the Group.

Transactions with related parties occur in the ordinary course of business and on substantially the same terms, including interest rates and collateral, as those for comparable transactions with other external parties. These transactions do not involve more than the normal risk of collectability or present other unfavourable features. The amounts advanced to KMP consist of mortgages, instalment finance agreements, credit cards and other loans. The amounts deposited by KMP are held in cheque and current accounts, savings accounts and other term accounts. Refer to other accounting policies for income, expenses 1.3 and financial assets and liabilities 1.4.

Material accounting policies (continued)

1.3 Income, expenses and taxation

1.3.1 Income and expenses

Interest income includes:

- Interest on financial instruments measured at amortised cost; and
- Interest on debt instruments measured at fair value through profit and loss.

Interest income is calculated using the effective interest rate, which includes origination fees. The original effective interest rate is applied to:

- the gross carrying amount of financial assets; and
- the amortised cost of financial assets which represents the net carrying amount, from the month after the assets become credit-impaired (refer to policy 1.4 on the impairment of financial assets).

Modified advances (derecognition not achieved) - The unamortised portion of origination fees and capitalised transaction costs on financial assets are included as part of interest income. The interest income on the modified financial asset (refer to policy 1.4) is calculated by applying the original effective interest rate to the asset's modified gross carrying amount.

Modified advances (derecognition is achieved) – The unamortised portion of origination fees and capitalised transaction costs on financial assets are included as part of interest income. New fees or costs charged on the new advance which are integral to the new asset recognised are capitalised to the new loan.

Interest and similar expense includes:

- Interest on debt instruments measured at fair value through profit or loss;
- interest on debt instruments measured at amortised cost;
- the difference between the purchase and resale price in repurchase agreements where the related deposit is measured at amortised cost;
- Depositors Insurance Scheme premiums at amortised cost.

Interest expense on deposits is accrued daily based on individual customer rates.

The total interest expense excludes the amount incurred in respect of liabilities used to fund the Group's fair value activities. This amount is reported in fair value income within non-interest revenue.

Deposit Insurance Scheme of Botswana (DISB) is a public scheme established under section 43A of the Bank of Botswana Act and operationalised through the Bank of Botswana (Deposit Insurance Scheme) Regulations (2023), that came into effect on July 21, 2023.

The scheme is a guarantee that all or a limited amount of the principal and interest accrued on qualifying deposit accounts will be paid if a financial institution fails. The annual premium is calculated at 0.1% of 12-month average deposits.

Material accounting policies (continued)

1.3 Income, expenses and taxation (continued)

1.3.1 Income and expenses (continued)

Non-interest revenue recognised in profit or loss

Non-interest revenue from contracts with customers

The Group assesses contracts and determines whether the fees identified in the contract relate to revenue as defined in IFRS 15 *Revenue from Contracts with Customers*. The revenue is recognised only if the Group can identify the contract, the performance obligation (i.e., the different services) and can determine the transaction price which is allocated to the identifiable performance obligations. Unless specifically stated otherwise, the Group is the principal in its revenue arrangements as the Group controls the goods and services before transferring them to the customer.

Fee and commission income

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

Fee and commission income is earned by the Group by providing customers with a range of services and products, consists of the following main categories:

- banking fee and commission income;
- knowledge-based fee and commission income;
- management, trust and fiduciary fees;
- fee and commission income from service providers; and
- other non-banking fees and commission income.

The major portion of fee and commission income is earned on the execution of a single performance obligation and as such, significant judgement is not required when allocating the transaction price to the performance obligation. Fee and commission income which typically includes transactional banking fees, such as bank charges, interchange fees, point-of-sale fees, exchange commissions, cash deposit fees and knowledge-based fee and commission income, are recognised at a point in time when the performance obligation is fulfilled.

Where the distinct performance obligation is satisfied over a period of time, the fees are recognised as follows:

- fees for services rendered are recognised on an accrual basis as the service is rendered and the Group's performance obligation is satisfied, e.g. Annual card fees and asset management and related fees; and
- commission income on bills and promissory notes endorsed is credited to profit or loss over the life of the relevant instrument on a time apportionment basis.

Commitment fees for unutilised funds made available to customers in the past, are recognised as revenue over the period the facility remains unutilised. Commitment fees paid upfront for a future facility, where it is not probable that a specific lending arrangement will be entered into by the Group, are recognised as revenue on a straight-line basis over the period for which the funds are committed.

Other non-banking fee and commission income relates to fees and commissions earned for rendering services to customers other than those related to the banking, insurance and asset management operations from the sale of prepaid airtime, electricity and data vouchers paid through the Group's channels. This includes fee and commission income earned from providing services on behalf of third-party service providers, in effect acting as an agent. The revenue is recognised at a point in time and includes commission earned at the point when a sale has been executed.

Fee and commission expenses

Fee and commission expenses are expenses that are incremental and directly attributable to the generation of fee and commission income and are recognised as part of fee and commission expense. These include transaction and service fees, which are expensed as the services are received.

Material accounting policies (continued)

1.3 Income, expenses and taxation (continued)

1.3.1 Income and expenses (continued)

Non-interest revenue recognised in profit or loss (continued)

Fair value gains or losses

Fair value gains or losses of the Group recognised in non-interest revenue includes the following:

- fair value adjustments and interest on financial instruments at fair value through profit or loss including derivative instruments that do not qualify for hedge accounting;
- a component of interest expense that relates to interest paid on liabilities which fund the Group's fair value operations;
- fair value adjustments on financial instruments designated at fair value through profit or loss in order to eliminate an accounting mismatch, except for such instruments relating to the Group's funding operations for which the interest component is recognised in interest income; and
- fair value gains or losses resulting from buying and selling foreign currencies, whose fair value measurement in terms of IFRS 13 includes an adjustment for the specified bid/offer spread currently quoted by the Bank of Botswana.

Expenses

Expenses of the Group, apart from certain fee and commission expenses included in net fee and commission income, are recognised and measured in terms of the accrual principle and presented as operating expenses or employee benefits in profit or loss.

Indirect tax expense

Indirect tax includes other taxes paid to central and local governments including non-claimable value added tax. Indirect tax is disclosed separately from income tax and operating expenses in the income statement.

1.3.2 Income tax expenses (Direct taxation)

Current income tax

The current income tax expense is calculated by adjusting the profit before direct taxation for items that are non-taxable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred income tax

Recognition

Deferred tax is recognised on temporary differences arising between the tax base of assets and liabilities and their carrying amount in the financial statements except for:

- Where a deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

An entity shall recognise deferred tax relating to assets and liabilities arising from a single transaction.

The liability method under IAS 12 is used, which means applying tax rates and laws that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

For temporary differences arising from the fair value adjustments on investment properties, deferred income tax is provided at the rate that would apply on the sale of the property i.e. the capital gains tax rate.

Deferred income tax is recognised in profit or loss unless it relates to items recognised directly in equity or other comprehensive income.

Material accounting policies (continued)

1.3 Income, expenses and taxation (continued)

1.3.2 Income tax expenses (Direct taxation) (continued)

Deferred income tax (continued)

Deferred tax assets

The Group recognises deferred income tax assets only if it is probable that future taxable income will be available against which the unused tax losses can be utilised, based on management's review of the Group's budget and forecast information.

The Group reviews the carrying amount of deferred income tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

The Group only offsets its deferred tax assets against liabilities when there is both a legal right to offset its current tax assets and liabilities and it is the Group's intention to settle on a net basis.

1.4 Financial instruments

1.4.1 Classification and measurement

Initial measurement

All financial instruments are initially measured at fair value including transaction costs, except for those classified as fair value through profit or loss in which case the transaction costs are expensed upfront in profit or loss, usually as part of operating expenses. Any upfront income earned on financial instruments is recognised as is detailed under policy 1.3, depending on the underlying nature of the income.

Immediately after initial recognition, an expected credit loss (ECL) allowance is recognised for newly originated financial assets measured at amortised cost.

Classification and subsequent measurement of financial assets

Management determines the classification of its financial assets at initial recognition, based on:

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

Business model

The Group distinguishes three main business models for managing financial assets:

- holding financial assets to collect contractual cash flows;
- managing financial assets and liabilities on a fair value basis or selling financial assets; and
- a mixed business model of collecting contractual cash flows and selling financial assets.

The business model assessment is not performed on an instrument-by-instrument basis, but at a level that reflects how groups of financial assets are managed together to achieve a particular business objective.

The main consideration in determining the different business models is whether the objectives of the business model are met primarily through holding the financial assets to collect contractual cash flows, through the sale of these financial assets, by managing assets and liabilities on a fair value basis, or through a combination of these activities.

Material accounting policies (continued)

1.4 Financial instruments (continued)

1.4.1 Classification and measurement (continued)

Classification and subsequent measurement of financial assets (continued)

Business model (continued)

In considering whether the business objective of holding a group of financial assets is achieved primarily through collecting contractual cash flows, amongst other considerations, management monitors the frequency and significance of sales of financial assets out of these portfolios for purposes other than managing credit risk. For the purposes of performing the business model assessment, the Group only considers a transaction a sale if the asset is derecognised for accounting purposes. For example, a repurchase transaction where a financial asset is sold with the commitment to buy back the asset at a fixed price at a future date is not considered a sale transaction as substantially all the risks and rewards relating to the ownership of the asset have not been transferred and the asset is not derecognised from an accounting perspective.

If sales of financial assets are infrequent, the significance of these sales is determined by comparing the carrying amounts of assets sold during the period and cumulatively to the total carrying amount of assets held in the business model. If sales are either infrequent or insignificant, these will not impact the conclusion that the business model is to collect contractual cash flows. In addition, where the issuer initiates a repurchase of the financial assets which was not anticipated in the terms of the financial asset, the repurchase is not seen as a sale for the purposes of assessing the business model of that group of financial assets.

Determining whether sales are to be considered as not significant or frequent requires management to use their judgement. The significance and frequency of sales is assessed on a case-by-case basis at the business model level. The frequency is assessed on an annual basis and sales of assets that take place once or less per annum are considered to be infrequent. If sales take place more than once per annum it does not mean that the business models are not to collect contractual cash flows but rather the reasons for the sales need to be more carefully considered. Management will consider both the volume and value of sales relative to the total assets in the business model to determine whether it is significant.

A change in business model only occurs on the rare occasion when the Group genuinely changes the way in which it manages financial assets. Any changes in business model would result in a reclassification of the relevant financial assets from the beginning of the next reporting period.

Cashflow characteristics

In order for a debt instrument to be measured at amortised cost or fair value through other comprehensive income (FVOCI), the cash flows on the asset have to be solely payments of principal and interest (SPPI), consistent with those of a basic lending agreement.

The SPPI test is applied on a portfolio basis for Retail advances, as the cash flow characteristics of these assets are standardised.

For Corporate and Commercial advances, the SPPI test is applied to individual advances at initial recognition, based on the cash flow characteristics of the asset.

Amortised cost

Financial assets are measured at amortised cost using the effective interest rate method, when they are held to collect contractual cash flows which are solely payments of principal and interest, and sales of such assets are not significant or frequent. These include the majority of the Retail, Corporate and Commercial advances of the Group as well as certain investment securities utilised for liquidity risk management of the Group. For purchased or originated credit-impaired financial assets, the Group applies the credit-adjusted effective interest rate. This interest rate is determined based on the amortised cost and not the gross carrying amount of the financial asset and incorporates the impact of expected credit losses in the estimated future cash flows of the financial asset.

Cash and cash equivalents comprise coins and bank notes, money at call and short notice and balances with central banks. All balances included in cash and cash equivalents have a maturity date of less than three months from the date of placement. Money at call and short notice constitutes amounts withdrawable in 30 days or less. Cash and cash equivalents are measured at amortised cost.

Material accounting policies (continued)

1.4 Financial instruments (continued)

1.4.1 Classification and measurement (continued)

Classification and subsequent measurement of financial assets (continued)

Amortised cost (continued)

The FNB Retail business holds retail advances to collect contractual cash flows. The business model focuses on growing advances within acceptable credit appetite limits and maintaining robust collection practices. The products included under this business model include:

- residential mortgages;
- vehicle and asset finance; and
- personal loans, credit cards and other retail products such as overdrafts.

The business models of Commercial and Corporate Segments are also focused on collecting contractual cash flows on advances and growing these advances within acceptable credit appetite limits. The products included under these business models include:

- trade and working capital finance;
- specialised finance;
- commercial property finance; and
- vehicle and asset-backed finance.

These advances are held primarily to realise the related contractual cash flows over the life of the instruments and earn a lending margin in return.

The cashflows on these Retail, Commercial and Corporate advances are solely payments of principal and interest. Interest charged to customers compensates the Group for the time value of money, credit risk and administrative costs (including a profit margin). Penalties on the prepayment of advances are limited to reasonable compensation for early termination of the contract and therefore would not cause these assets to fail the SPPI test.

Advances also include marketable advances representing corporate bonds and certain debt investment securities qualifying as high-quality liquid assets.

The Group holds investment securities with lower credit risk (typically government bonds and treasury bills). These investment securities are held in a business model with the objective of collecting contractual cash flows.

The cash flows on these investment securities are solely payments of principal and interest.

Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash. These assets are held to collect contractual cash flows. The cash flows on these assets are solely payments of principal and interest.

Other financial assets are short-term financial assets that are held to collect contractual cash flows. The cash flows on these assets are solely payments of principal and interest.

Mandatory at fair value through profit or loss

Financial assets of the Group are mandatorily measured at fair value through profit or loss when they are held for trading, managed on a fair value basis, held to sell/distribute, or are held to collect contractual cash flows which are not solely payments of principal and interest.

The Group holds portfolios of investment securities (including corporate and government bonds) to hedge risks or for short-term profit realisation. These securities are managed on a fair value basis.

Derivatives are either held for trading or to hedge risk. These instruments are measured at FVTPL.

Material accounting policies (continued)

1.4 Financial instruments (continued)

1.4.1 Classification and measurement (continued)

Classification and subsequent measurement of financial liabilities and compound instruments

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

Financial liabilities measured at amortised cost

The following liabilities are measured at amortised cost using the effective interest rate method, unless they have been designated as measured at fair value through profit or loss:

- deposits;
- payables; and
- other funding liabilities.

Other funding liabilities refer to a category of bank's obligations that are used to fund its operations but do not fall under the primary categories of deposits (e.g. savings, or time deposits) of core borrowings (e.g. interbank loans or bonds). These liabilities represent alternative sources of funding that a bank relies on to meet its liquidity needs, financial lending activities or support other operations.

Financial liabilities measured mandatory at fair value through profit or loss

The following held for trading liabilities are measured at fair value through profit or loss:

- derivative liabilities; and
- short trading positions

A short trading position refers to a trading strategy where a bank or financial institution sells a security, asset, or derivatives it does not own with the expectation that its price will decline, allowing the bank to buy back at a lower price to realise profit.

These liabilities are measured at fair value at reporting date as determined under IFRS 13 Fair Value Measurement, with fair value gains or losses recognised in profit or loss.

Financial liabilities designated at fair value through profit or loss

A financial liability other than a financial liability held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a Group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IFRS 9 permits the entire hybrid (combined) contract to be designated as at FVTPL.

The liabilities that Group is designating at fair value through profit or loss are the following:

- other funding liabilities

These financial liabilities are measured at fair value at reporting date as determined under IFRS 13, with any gains/losses arising on re-measurement recognised in profit or loss to the extent that they are not part of a designated hedging relationship. The net gain/loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'net income from other financial instruments at FVTPL' line item in profit or loss.

Material accounting policies (continued)

1.4 Financial instruments (continued)

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

This policy applies to:

- financial assets, measured at amortised cost including other financial assets and cash;
- loan commitments;
- financial guarantees; and
- finance lease debtors where the Group is the lessor.

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

Expected credit losses			
Loss Allowance on financial assets			
Credit risk has not increased significantly since initial recognition (Stage 1)	Credit risk has increased significantly since initial recognition, but asset is not credit-impaired (Stage 2)	Asset has become credit-impaired since initial recognition (Stage 3)	Purchased or originated credit-impaired
12-month expected credit losses	Lifetime expected credit losses (LECL)	Lifetime expected credit losses (LECL)	Movement in LECL since initial recognition

Advances

Significant increase in credit risk since initial recognition (SICR)

To determine whether an advance has experienced a significant increase in credit risk (SICR), the probability of default (PD) of the asset calculated at the origination date is compared to that calculated at the reporting date. The origination date is defined to be the most recent date at which the Group re-prices an advance/facility. Where a change in terms is significant and is deemed to be a substantial modification, it results in derecognition of the original advance/facility and recognition of a new advance/facility. SICR test thresholds are reassessed and, if necessary, updated, on at least an annual basis.

Any facility that is more than 30 days past due, or in the case of instalment-based products one instalment past due, is automatically considered to have experienced a significant increase in credit risk.

In addition to the quantitative assessment based on PDs, qualitative considerations are applied when determining whether individual exposures have experienced a SICR. One such qualitative consideration is the appearance of Corporate and Commercial facilities on a credit watchlist.

Any up-to-date facility that has undergone a distressed restructure (i.e. modification of contractual cash flows to prevent a client from going into arrears) will be considered to have experienced a significant increase in credit risk and will be disclosed within stage 2 at a minimum.

The credit risk on an exposure is no longer considered to be significantly higher than at origination if no qualitative indicators of a significant increase in credit risk are triggered, and if comparison of the reporting date PD to the origination date PD no longer indicates that a significant increase in credit risk has occurred. No minimum period for transition from stage 2 back to stage 1 is applied, with the exception of distressed restructured exposures that are required to remain in stage 2 for a minimum period of 6 months before re-entering stage 1.

Material accounting policies (continued)

1.4 Financial instruments (continued)

1.4.2 Impairment of financial assets and off-balance sheet exposures subject to impairment (continued)

Advances (continued)

Low credit risk

The Group does not use the low credit risk assumption.

Credit-impaired financial assets

Advances are considered credit impaired if they meet the definition of default.

The Group's definition of default applied for calculating provisions under IFRS 9 is aligned to the definition applied for regulatory capital calculations across all portfolios, as well as those applied in operational management of credit and for internal risk management purposes.

Exposures are considered to be in default when they are more than 90 days past due or, in the case of amortising products, have three or more unpaid instalments.

In addition, an exposure is considered to have defaulted when there are qualitative indicators that the borrower is unlikely to pay their credit obligations in full without any recourse by the Group to actions such as the realisation of security. Indicators of the unlikeliness to pay include examples such as the application for bankruptcy or obligor insolvency.

Any distressed restructures of accounts that have experienced a SICR since initial recognition are defined as default events.

Retail accounts are considered to no longer be in default if they meet the stringent cure definition which has been determined at a portfolio level based on an analysis of pre-defined rates. The curing period from stage 3 to 1 for retail is 12 months. Curing from default within Corporate and Commercial for stage 3 to 2 is 6 months and from stage 2 to 1 is 6 months.

Write-offs

Write-off must occur when it is not economical to pursue further recoveries i.e. There is no reasonable expectation of recovering the carrying amount of the asset (gross amount less specific impairments raised):

- By implication for secured as well as unsecured exposures, write-offs cannot occur if there is evidence of recent payment behaviour. Each credit portfolio has an articulated write-off policy that aligns with the principles of IFRS 9 while taking the business context of that portfolio into account.
- Within the Retail portfolios, write-off definitions have been determined with reference to analysis of the materiality of post write-off recoveries. The result of this is that retail secured loans are written off on either the sale or the material impairment of collateral and retail unsecured loans are written off when observation of post-default payment behaviour indicates that further material recoveries are unlikely. Write-off points within retail unsecured portfolios are defined on a per-portfolio basis with reference to cumulative delinquency and/or payment recency, with write-offs typically occurring when the equivalent of 9 cumulative payments have been missed.
- Within Commercial and Corporate exposures, a judgemental approach to write-off is followed based on a case-by-case assessment by a credit committee.

Partial write-offs are not performed within credit portfolios.

Collection and enforcement activities post write-off

The Group continues to enforce its legal right to collect on outstanding debt following the write-off process. Post write-off collection strategies include outsourcing of the account to external debt collectors and in-house collection agents.

Material accounting policies (continued)

1.4 Financial instruments (continued)

1.4.2 Impairment of financial assets and off-balance sheet exposures subject to impairment (continued)

Other financial assets

Cash and cash equivalents

Cash and cash equivalents other than physical cash is classified as stage 1 unless specific evidence of impairment exists, in which case, due to the nature of these assets, are classified immediately as stage 3. ECL for physical cash is zero. ECL for cash equivalents is calculated using the loss rate approach.

Other assets

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

Investment securities

Impairment parameters for investment securities (PDs, LGDs and EADs) are determined using appropriate models, with the models to be applied determined with reference to the issuer of the security and the nature of the debt instrument.

The tests for a significant increase in credit risk and default definitions are then applied and the ECL calculated in the same method as for advances. The SICR thresholds applied for investment securities are the same as those applied within the Corporate and Commercial credit portfolio to ensure consistency in the way that a SICR is identified for a particular counterparty and for similar exposures.

The Group does not use the low credit risk assumption for investment securities, including government bonds.

1.4.3 Transfers, modifications and derecognition

Financial instruments are derecognised when:

- the contractual rights and obligations expire or are extinguished, discharged or cancelled, for example an outright sale or settlement;
- they are transferred and the derecognition criteria of IFRS 9 are met; or
- the contractual terms of the instrument are substantially modified and the derecognition criteria of IFRS 9 are met.

Financial assets are derecognised when the Group has either transferred the contractual right to receive cash flows from the asset or it has assumed an obligation to pay over all the cash flows from the asset to another entity (i.e. a pass-through arrangement under IFRS 9).

If the contractual cash flows of a financial asset measured at amortised cost are modified (changed or restructured, including distressed restructures), the Group determines whether this is a substantial modification, following which, results in the derecognition of the existing asset, and the recognition of a new asset, or whether the change is simply a non-substantial modification of the existing terms which does not result in derecognition.

A modification of a financial asset is substantial, and will thus result in derecognition of the original financial asset, where the modified contractual terms are priced to reflect current conditions on the date of modification. Where the modification does not result in an accounting derecognition the original asset continues to be recognised.

Derecognition of financial liabilities includes when there is a substantial modification to the terms and conditions of an existing financial liability. A substantial modification to the terms occurs where the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

Material accounting policies (continued)

1.4 Financial instruments (continued)

1.4.3 Transfers, modifications and derecognition (continued)

The following transactions are entered into by the Group in the normal course of business in terms of which it transfers financial assets directly to third parties or structured entities, or modifies the contractual terms of the asset and either achieves derecognition or continues to recognise the asset:

Repurchase agreements

Investment securities and advances are sold to an external counterparty in exchange for cash and the Group agrees to repurchase the assets at a specified price at a specified future date.

The counterparty's only recourse is to the transferred investment securities and advances that are subject to the repurchase agreement. The Group remains exposed to all the underlying risks on the assets including counterparty, interest rate, currency, prepayment and other price risks. The transferred assets continue to be recognised by the Group in full. Such advances and investment securities are disclosed separately in the relevant notes. The Group recognises an associated liability for the obligation for the cash received as a separate category of deposits.

Modification without derecognition

The existing asset is not derecognised. The gross carrying amount of the financial asset is recalculated as the present value of the estimated future cash receipts through the expected life of the renegotiated or modified financial asset, discounted at the financial asset's original effective interest rate.

1.4.4 Offsetting of financial instruments and collateral

Where the requirements of IFRS are met, the Group offsets financial assets and financial liabilities and presents the net amount. Financial assets and financial liabilities subject to master netting arrangements (MNA) or similar agreements are not offset, if the right of set-off under these agreements is only enforceable in the event of default, insolvency and bankruptcy.

Details of the offsetting and collateral arrangements of the Group are set out below:

Derivative financial instruments

The Group's derivative transactions that are not transacted on an exchange are entered into under International Swaps and Derivatives Association (ISDA) MNA. Generally, under such agreements the amounts owed by each counterparty that are due on a single day in respect of all transactions outstanding in the same currency under the agreement are aggregated into a single net amount payable by one party to the other. In certain circumstances, e.g. When a credit event such as default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is due or payable in settlement of all transactions (close-out netting).

Financial collateral (mostly cash) is also obtained, often daily, for the net exposure between counterparties to mitigate credit risk.

Repurchase and reverse repurchase agreements, and securities lending and borrowing transactions

These transactions by the Group are covered by master agreements with netting terms similar to those of the ISDA MNA. Where the Group has entered into a repurchase and reverse repurchase or securities borrowing and lending transaction, with the same counterparty, the advance and liability balances are set-off in the statement of financial position only if they are due on a single day, denominated in the same currency and the Group has the intention to settle these amounts on a net basis. The Group receives and accepts collateral for these transactions in the form of cash and other investments and securities.

Other advances and deposits

The advances and deposits that are offset relate to transactions where the Group has a legally enforceable right to offset the amounts and the Group has the intention to settle the net amount.

It is the Group's policy that all items of collateral are valued at the inception of a transaction and at various points throughout the life of a transaction, through physical inspection. For Corporate and Commercial portfolios, the value of collateral is reviewed as part of the annual facility review. However, in the event of default, more detailed reviews and valuations of collateral are performed, which yields a more accurate financial effect. For vehicle asset finance, the total security reflected represents only the realisation value estimates of the vehicles repossessed. Where the repossession has not yet occurred, the realisation value of the vehicle is estimated using internal models and is included as part of total recoveries.

Material accounting policies (continued)

1.5 Other assets and liabilities

Classification and measurement

1.5.1 Intangible assets

Goodwill arising from business combinations is recognised as an intangible asset. For measurement of goodwill refer to policy 1.2. All other costs related to intangible assets are expensed in the financial period incurred.

1.5.2 Other non-financial assets

Other non-financial assets and intangible assets other than goodwill acquired as part of a business combination (refer to accounting policy 1.2) are reviewed for impairment whenever objective evidence of impairment exists. Impairment losses are recognised in profit or loss as part of operating expenses. The assets are impaired if the carrying amount is more than the recoverable amount, which is the higher of the assets' value in use and its fair value less cost to sell. The impairment loss is calculated as the difference between the assets' carrying amount and its recoverable amount.

Other non-financial assets including property & equipment are derecognised when they are disposed of or, in the case of intangible assets, when no future economic benefits are expected from its use. Gains or losses arising on derecognition are determined as the difference between the carrying amount of the asset and the net proceeds received, and are recorded in profit or loss as part of non-interest revenue.

1.5.3 Leases

The Group leases a variety of properties and equipment. Rental agreements typically include fixed periods over which the items are leased, which are individually negotiated and contain a wide range of different terms and conditions. The Group assesses whether a contract contains a lease at inception of the contract.

Qualifying leases are recognised as right of use assets (ROUA) and a corresponding liability is recognised at the date at which the leased asset is made available for use by the Group.

Group as the lessee

At inception the Group recognises a ROUA and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (defined as lease assets with a value of P100 000 or less at the inception of the lease).

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group's own internal borrowing rate is applied.

The ROUAs are initially recognised at the cost comprising of the amount of the initial measurement of the lease liability plus any initial direct costs and restoration costs. Where applicable, any lease payments made at or before the commencement date less any lease incentives received is deducted from the cost. Post initial recognition, ROUAs are measured in line with the policy for other property and equipment.

Variable payments that do not depend on an index or rate are not included in the measurement of the lease liability and the ROUA.

The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line operating expenses in the consolidated income statement.

Over the life of the lease, each lease payment is allocated between the lease liability and interest expense. The interest expense is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The ROUA is subsequently measured at cost less accumulated depreciation and impairment losses.

The asset is depreciated over the lease term on a straight-line basis, where ownership is not transferred at the end of the lease term. If ownership is transferred at the end of the lease term, the asset is depreciated over the shorter of the lease term or useful life.

The Group applies IAS 36 to determine whether a ROUA is impaired and accounts for any identified impairment loss.

Presentation

The lease liability is presented in other liabilities in the consolidated statement of financial position.

The ROUAs are not presented as a separate line in the consolidated statement of financial position, but rather disclosed as ROUA under property and equipment note.

Material accounting policies (continued)

1.5 Other assets and liabilities (continued)

Classification and measurement (continued)

1.5.3 Leases (continued)

Group or Company as the lessor

Assets held under operating leases are included in property and equipment and depreciated.

Rental income is recognised as other non-interest revenue on an accrual basis over the lease term.

The Group regards finance leases (including hire purchase agreements) as financial transactions and includes the total rentals and instalments receivable, less unearned finance charges, in advances. The Group calculates finance charges using the effective interest rates as detailed in the contracts and credits finance charges to interest revenue in proportion to capital balances outstanding.

1.5.4 Property and equipment (owned and Right of Use)

Property and equipment of the Group includes:

- assets utilised by the Group in the normal course of operations to provide services including freehold property and leasehold premises and leasehold improvements (owner occupied properties);
- assets which are owned by the Group and leased to third parties under operating leases as part of the Group's revenue generating operations;
- capitalised leased assets (Right of use assets); and
- other assets utilised in the normal course of operations including computer and office equipment, motor vehicles and furniture and fittings.

Property and equipment is measured at historical cost less accumulated depreciation and impairment losses, except for land which is not depreciated.

Depreciation is recognised on a straight-line basis over the useful life of the assets, except for right of use of assets, in which case depreciation is calculated as set out in the accounting policy for leases. The useful lives of the Group and Company's assets are disclosed below.

Leasehold land and buildings are recognised in the statements of financial position at cost less any subsequent accumulated depreciation.

The useful lives of items of property and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Freehold buildings and leasehold property	Straight line	Shorter of 50 years or the leasehold period
Furniture and equipment	Straight line	Varies between 3 to 10 years
Motor vehicles	Straight line	5 years
Leasehold improvements	Straight line	Shorter of estimated life or lease period
Capitalised leased assets (ROU)	Straight line	Period of the lease

The Directors have assumed that all assets have nil residual value. It is the Group's policy to fully depreciate assets under P2,000 within the first month of use.

Material accounting policies (continued)

1.6 Stated capital and equity

1.6.1 Shares issued and issue costs

Ordinary shares are recognised as equity. Any incremental costs directly related to the issue of new shares or options, net of any related tax benefit, are deducted from the issue price.

1.6.2 Dividends paid/declared

Dividends on ordinary shares are recognised against equity.

A corresponding liability is recognised when the dividends have been approved by the Company's shareholders and distribution is no longer at the discretion of the entity. A dividend reserve is maintained as at the reporting date for dividends that will be paid out of retained earnings pending approval by the Board of Directors.

1.7 Transactions with employees

1.7.1 Employee benefits

The Group operates a defined contribution scheme, the assets of which are held in separate trustee administered funds. These funds are registered in terms of the Retirement Funds Act, and membership of the pension fund is compulsory for all Group employees except for employees on fixed term contracts.

Defined contribution plans

Contributions are recognised as an expense to the Group, included in employee benefit expenses, as membership to the pension fund is a condition of employment.

Termination benefits

The Group recognises termination benefits in profit or loss when it has a present obligation relating to termination. The Group has a present obligation at the earlier of when the Group can no longer withdraw the offer of the termination benefit or when the Group recognises any related restructuring costs.

Liability for short term employee benefits

Leave pay

The Group recognises a liability for the employees' rights to annual leave in respect of past service. The amount recognised by the Group is based on the current salary of employees and the contractual terms between the employee and the Group. The expense is included in employee benefit expenses.

Bonuses

The Group recognises an accrual when it has a present legal or constructive obligation to pay bonuses due to past service provided by employees and the obligation can be estimated reliably. The expense is included in employee benefit expenses.

Material accounting policies (continued)

1.8 Significant judgements and sources of estimation uncertainty

1.8.1 Introduction

In preparing the financial statements, the Directors make estimates and assumptions that affect the reported amounts of assets and liabilities. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Unless stated otherwise the judgements applied by management in applying the accounting policies are consistent with the prior year. Included below are all the critical accounting estimates, assumptions and judgements made by the Group, except those related to fair value measurement which are disclosed in note 40.

1.8.2 Impairment of financial assets

In determining whether an impairment loss should be recognised, the Group makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a portfolio of advances. The objective of the measurement of an impairment loss is to produce an approximate quantitative measure of the Group's credit risk exposure.

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. Judgemental factors may result in the client being added to the watch list through the Group'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 Group 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.

1.8.3 Computation of Expected Credit Loss (ECL)

Computation of the Expected Credit Loss (ECL): the PD, LGD and EAD approach

The Group has adopted the Probability of Default (PD) and Loss Given Default (LGD) approach, applied to the Exposure at Default (EAD), for the calculation of Expected Credit Loss (ECL) for advances. The ECL also takes into account forward looking information (FLI). ECLs are computed at a portfolio level (where accounts with similar characteristics are clustered together) except for high value Corporate exposures that are assessed at a counterparty level.

Retail parameters are determined on a pooled basis, with exposures pooled on a portfolio level at a minimum. Where appropriate, more granular pooling is applied. The inputs used to determine parameter values include historically observed behaviour as well as behavioural and demographic information related to individual exposures currently on book. The statistical models applied implicitly assume that risk drivers that influence default risk, payment behaviour and recovery expectations within the historical data will continue to be relevant in the future.

Commercial parameters are determined based on the application of statistical models that produce estimates based on counterparty-specific financial information and transaction characteristics including the nature of available collateral. Due to the specialised nature of these exposures, parameters produced by models are subject to a robust review process before being applied to calculate expected credit losses. This is overseen by a committee of Corporate and Commercial credit experts and motivations for any proposed adjustments to modelled parameters are carefully reviewed by this committee.

Regression modelling techniques are used to determine which borrower and transaction characteristics are predictive of certain behaviours, based on relationships observed in historical data related to the Group of accounts to which the model will be applied. This results in the production of models that are used to predict impairment parameters based on the predictive characteristics identified through the regression process.

PDs are measurements of the estimated likelihood that a borrowing client will default within a specified period. In line with IFRS 9, a 12-month PD is applied to the stage 1 advances portfolio and a lifetime PD applied to the stage 2 advances portfolio. PDs are calibrated on a periodic basis using regression modelling applying historic default data. Forward-Looking Indicators (FLIs) are applied to the PD computation through a credit index model using an average of three macroeconomic scenarios incorporating a base scenario, upside scenario and downside scenario, weighted by the probability of occurrence.

Material accounting policies (continued)

1.8 Significant judgements and sources of estimation uncertainty (continued)

1.8.3 Computation of Expected Credit Loss (ECL) (continued)

Computation of the Expected Credit Loss (ECL): the PD, LGD and EAD approach (continued)

Parameters are calibrated for the calculation of 12-month and life-time expected credit loss (LECL) using term structures that consider account age, historical behaviour, transaction characteristics and correlations between parameters. Term structures have been developed over the entire remaining contractual lifetime of an instrument. The remaining lifetime is limited to the contractual term of instruments in the portfolio, except for instruments with an undrawn commitment such as credit cards, where there is not a contractual expiry date. In such instances the remaining term is determined with reference to the change in client requirements that would trigger a review of the contractual terms, for example a change in limit.

LGDs are present value measurements of the expected loss that the Group will incur if a borrowing client were to default (i.e. A PD of 100%). LGDs are determined through regression modelling by estimating expected future cash flows, including costs and proceeds from sale of collateral, based on historically observed outcomes. Data points include; the expected net recovered value of collateral, the probability of recovery of that collateral, the period taken to recover that collateral, the amortisation of the outstanding advance balance while in default and an estimation of the likelihood that a stage 3 account will migrate to stage 2. Present value discount rates applied are the asset's original effective interest rate or a reasonable approximation thereof.

EAD is the estimated exposure of a borrowing client at the point of default. EAD parameters are estimated based on product characteristics and historical draw-down and payment behaviour.

Approach to Incorporate Forward-Looking Indicators (FLI)

Forward-looking macroeconomic indicators (FLI) have 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, judgemental 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.

Material accounting policies (continued)

1.8 Significant judgements and sources of estimation uncertainty (continued)

1.8.3 Computation of Expected Credit Loss (ECL) (continued)

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

Economic Scenarios Applied in June 2026 ECL computation (continued)

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.

	FLIs: Applied in ECL models		
Gross domestic product	**Upside**	**Baseline**	**Downside**
Scenario - 2026			
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%

Material accounting policies (continued)

1.8 Significant judgements and sources of estimation uncertainty (continued)

1.8.3 Computation of Expected Credit Loss (ECL) (continued)

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

Economic Scenarios Applied in June 2026 ECL computation (continued)

	FLIs: Applied in ECL models		
Gross domestic product	**Upside**	**Baseline**	**Downside**
Scenario – 2025			
2026	5.10	1.85	(1.70)
2027	5.75	2.70	(0.50)
2028	5.30	2.90	0.40
Weighting	15%	66%	19%

	FLIs: Applied in ECL models		
Monetary policy	**Upside**	**Baseline**	**Downside**
Scenario – 2026			
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%

	FLIs: Applied in ECL models		
Monetary policy	**Upside**	**Baseline**	**Downside**
Scenario – 2025			
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%

Material accounting policies (continued)

1.8 Significant judgements and sources of estimation uncertainty (continued)

1.8.3 Computation of Expected Credit Loss (ECL) (continued)

Considerations for the Computation of ECL

Limitations in the ECL models were addressed via a post-model adjustment (PMA) process. The Group undertook a thorough review of the appropriateness of two key ECL parameters (PD and LGD).

PDs are calibrated on a periodic basis using regression modelling applying historic default data. To incorporate the increase in PDs that the historic default data does not include, the Group computed an appropriate scalar to apply to the PDs. The application to the portfolio was performed via an industry risk assessment.

The industry risk assessment process involved the classifying of loans into low, medium and high risk categories. Each category weighted average PD was then computed and the PD was stressed using a Vasicek portfolio loss model, where the stress assumption is based on economic downturn frequencies (1-in-x years). The PMA was then computed as the differential between the ECL based on the stressed PD and the ECL based on the through-the-cycle PD.

LGDs are determined through regression modelling by estimating expected future cash flows, including costs and proceeds from sale of collateral, based on historically observed outcomes.

1.8.4 Impairment of Financial Assets Sensitivity Analysis

Due to the uncertainties existing in the economic environment, the extensive post-model adjustment process (described above) and the level of judgement applied; assumptions underpinning key estimates have been tested for sensitivities. As IFRS 9 is embedded in the Group's reporting process, additional disclosure is included.

Sensitivity staging: Application of SICR

When there is a SICR subsequent to the initial recognition of an exposure, the exposure is migrated from stage 1 to stage 2 and the ECL is calculated based on lifetime expected credit losses.

The table below sets out the impact of a 5% increase in the total gross exposure classified as stage 2 due to SICR and the subsequent increase in the ECL based on the difference between the Stage 2 and Stage 1 coverage ratios.

30 June 2026	Exposure P'000	ECL Impact P'000
Total	745,396	62,901

30 June 2025	Exposure P'000	ECL Impact P'000
Total	763,508	63,265

Material accounting policies (continued)

1.8 Significant judgements and sources of estimation uncertainty (continued)

1.8.4 Impairment of Financial Assets Sensitivity Analysis (continued)

FLI and PD Industry Scalar Sensitivity Analysis

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.

To incorporate the increase in PDs that the historic default data does not include, the Group computed an appropriate scalar to apply to the PDs.

The sensitivity shown indicates the ECL impact of an upward shift in the 1-in-x year Vasicek PD stress in June 2026:

Industry Overlay Sensitivity Analysis

Scenarios	Current factor	Sensitivity factor	ECL Impact P'000
Low	3	5	9,474
Medium	8	10	17
High	15	17	508
Total			**9,999**

The sensitivity shown indicates the ECL impact of an upward shift in the industry risks resulting in an increase in the scalars applied in June 2025.

Increased Probability of Default

	Current factor	Sensitivity factor	ECL impact P'000
Low	3	5	31,578
Medium	8	10	61
High	15	17	749
Total			**32,388**

Material accounting policies (continued)

1.8 Significant judgements and sources of estimation uncertainty (continued)

1.8.4 Impairment of Financial Assets Sensitivity Analysis (continued)

Bank-wide advances post-model adjustment: Sensitivity analysis

The Group 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 Group'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 Group'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.

For purposes of this sensitivity analysis, the reported ECL includes both the modelled expected credit loss and the post-model adjustment recognised on the underlying advances portfolio.

The sensitivity therefore reflects the impact on the total ECL balance, inclusive of the post-model adjustment, arising from a 5% increase in exposure at risk.

P'000	Exposure	ECL Impact
Exposure at risk	7,234,017	206,769
Exposure at risk after 5% increase	7,595,718	217,107
Impact	**361,701**	**10,338**

Retrenchment Risk: Sensitivity Analysis

The Group has applied a post-model adjustment to the retail scheme loan portfolio to account for elevated credit risk associated with potential retrenchments among identified employers.

For purposes of this sensitivity analysis, the reported ECL includes both the modelled expected credit loss and the post-model adjustment recognised on the underlying advances portfolio.

The sensitivity therefore reflects the impact on the total ECL balance, inclusive of the post-model adjustment, arising from a 5% increase in exposure at risk.

P'000	Exposure	ECL Impact
Exposure at risk	151,195	14,246
Exposure at risk after 5% increase	158,755	14,958
Impact	**7,560**	**712**

The June 2026 sensitivity shown indicates the ECL impact of a further 5% increase on the Gross Carrying Amount (GCA) for the affected Schemes.

P'000	Exposure	ECL Impact
Exposure at risk	968,289	36,045
Exposure at risk after 5% increase	1,016,794	37,847
Impact	**48,505**	**1,802**

1.8 Significant judgements and sources of estimation uncertainty (continued)

1.8.5 Taxation

The Group recognises liabilities for uncertain tax positions in accordance with the criteria defined within IAS 12 and IFRIC 23, based on objective estimates of the amount of tax that may be due, which is calculated, where relevant, with reference to expert advice received. Where payment is determined to be possible but not probable, the tax exposure is disclosed as a contingent liability. When there is uncertainty over income-tax treatments and, if it is probable that the tax authorities will accept the uncertain tax treatment, then all tax related items are measured according to the planned tax treatment. If it is not probable that the tax authorities will accept the uncertain tax treatment, then the tax related items are measured on the basis of probabilities to reflect the uncertainty in accordance with IFRIC 23 principles.

The Group recognises probable liabilities based on objective estimates of the amount of tax that may be due. Where the final tax determination is different from the amounts that were initially recorded, the difference will impact the income tax and deferred income tax provisions in the period in which such determination is made.

Furthermore, deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. The most significant management assumption is the forecasts that are used to support the probability assessment that sufficient taxable profits will be generated by the entities in the Group in order to utilise the deferred tax assets.

Income statements
as at 30 June 2026

	Note(s)	Group 2026 P'000	Group 2025 P'000	Company 2026 P'000	Company 2025 P'000
Interest income calculated using effective interest rate and similar income	2	2,893,037	2,484,466	2,893,037	2,484,466
Interest expenses and similar charges	3	(980,978)	(533,299)	(980,973)	(533,426)
Net interest income before impairment of advances		**1,912,059**	**1,951,167**	**1,912,064**	**1,951,040**
Net impairment loss of advances	15	(190,991)	(73,647)	(190,991)	(73,647)
Net interest income after impairment of advances		**1,721,068**	**1,877,520**	**1,721,073**	**1,877,393**
Non-interest income and expense					
Fee and commission income	4	1,673,610	1,662,303	1,673,675	1,662,352
Fee and commission expense	4	(338,375)	(361,852)	(338,375)	(361,852)
Other income	4	978,451	480,002	987,346	480,009
		2,313,686	**1,780,453**	**2,322,646**	**1,780,509**
Income from operations before operating expenditure		**4,034,754**	**3,657,973**	**4,043,719**	**3,657,902**
Operating expenses	5	(906,903)	(813,776)	(901,728)	(812,879)
Employee benefits expenses	6	(982,153)	(934,262)	(982,153)	(934,262)
Income before taxation		**2,145,698**	**1,909,935**	**2,159,838**	**1,910,761**
Indirect taxation	7	(29,183)	(25,864)	(29,183)	(25,864)
Profit before direct taxation		**2,116,515**	**1,884,071**	**2,130,655**	**1,884,897**
Direct taxation	7	(469,442)	(440,673)	(468,404)	(440,787)
Profit for the year attributable to owners of the company		**1,647,073**	**1,443,398**	**1,662,251**	**1,444,110**
Earnings per share					
Basic earnings per share (thebe)	8	64.75	56.74		
Diluted earnings per share (thebe)	8	64.75	56.74		

Statements of comprehensive income
for the year ended 30 June 2026

	Note(s)	Group		Company	
		2026 P'000	2025 P'000	2026 P'000	2025 P'000
Profit for the year		**1,647,073**	**1,443,398**	**1,662,251**	**1,444,110**
Other comprehensive income		–	–	–	–
Total comprehensive income for the year attributable to owners of the company		**1,647,073**	**1,443,398**	**1,662,251**	**1,444,110**

Statements of financial position
as at 30 June 2026

	Note(s)	Group 2026 P'000	Group 2025 P'000	Company 2026 P'000	Company 2025 P'000
Assets					
Cash and short-term funds	10	2,219,905	2,095,051	2,219,905	2,095,051
Derivative financial instruments	11	50,651	19,000	50,651	19,000
Investment securities	12	12,455,555	10,876,931	12,455,555	10,876,931
Advances to customers	13	19,684,707	20,618,041	19,684,707	20,618,041
Current taxation	14	–	392	–	–
Due from related parties	16	63,386	19,288	63,386	24,391
Other assets	17	550,805	521,393	550,458	513,155
Investments in subsidiaries	18	–	–	13,530	13,530
Property and equipment	19	578,997	600,236	567,086	586,471
Goodwill	20	26,589	26,963	26,589	26,589
Deferred taxation	21	23,921	28,211	23,520	28,076
Total assets		**35,654,516**	**34,805,506**	**35,655,387**	**34,801,235**
Equity and Liabilities					
Liabilities					
Deposits – other	25	–	1,738,081	–	1,738,081
Derivative financial instruments	11	45,313	10,578	45,313	10,578
Accrued interest payable		49,255	31,898	49,255	31,898
Due to related parties	16	62,873	35,067	66,527	48,379
Other liabilities	22	606,162	806,767	605,337	805,934
Deposits from banks	23	819,910	352,411	819,910	352,411
Deposits from customers	24	28,321,836	26,492,471	28,321,836	26,492,471
Employee benefits liabilities	26	150,612	139,258	150,612	139,258
Borrowings	27	183,190	695,971	183,190	695,971
Current taxation	14	35,035	6,637	34,649	6,637
Total liabilities		**30,274,186**	**30,309,139**	**30,276,629**	**30,321,618**
Capital and reserves attributable to ordinary equity holders					
Share capital	30	51,088	51,088	51,088	51,088
Reserves	31	4,566,132	4,063,724	4,564,560	4,046,974
Dividend reserve	31	763,110	381,555	763,110	381,555
Total equity		**5,380,330**	**4,496,367**	**5,378,758**	**4,479,617**
Total Equity and Liabilities		**35,654,516**	**34,805,506**	**35,655,387**	**34,801,235**

Statements of changes in equity
for the year ended 30 June 2026

	Stated capital P'000	Dividend reserve P'000	Retained earnings P'000	Total equity P'000
Group				
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 year	**–**	**–**	**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**
Note	30	31	31	

Statements of changes in equity (continued)
for the year ended 30 June 2026

	Stated capital P'000	Dividend reserve P'000	Retained earnings P'000	Total equity P'000
Company				
Balance at 30 June 2024	**51,088**	**686,799**	**3,442,285**	**4,180,172**
Profit for the year	**–**	**–**	**1,444,110**	**1,444,110**
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**	**4,046,974**	**4,479,617**
Profit for the year	**–**	**–**	**1,662,251**	**1,662,251**
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**	**4,564,560**	**5,378,758**
Note	30	31	31	

Statements of cash flows
for the year ended 30 June 2026

	Note(s)	Group 2026 P'000	Group 2025 P'000	Company 2026 P'000	Company 2025 P'000
Cash flows from operating activities					
Cash from/(used in) operations before taxation and working capital changes	32	499,236	102,269	510,930	102,711
Interest and similar income received		2,922,418	2,461,119	2,922,418	2,461,119
Interest and similar expense paid		(926,444)	(454,372)	(926,439)	(454,499)
Taxation paid	33	(436,362)	(450,165)	(435,836)	(451,775)
		2,058,848	**1,658,851**	**2,071,073**	**1,657,556**
Movement in operating assets and liabilities					
Movement in deposits due to other banks		442,831	(149,038)	442,831	(149,038)
Movement in deposits from customers	34	1,829,365	(3,528,573)	1,829,365	(3,528,573)
Movement in deposits – other	34	(1,738,081)	1,738,081	(1,738,081)	1,738,081
Movement in amounts due to related parties		27,806	(3,820)	18,148	(14,222)
Movement in accrued interest payable		(308)	451	(308)	451
Movement in other liabilities		(190,945)	142,251	(190,937)	142,343
Movement in employee benefits liabilities		11,354	8,053	11,354	8,053
Movement in investments – fair value through profit or loss		(34,234)	59,835	(34,234)	59,835
Movement in investments – amortised cost		(445,949)	(3,232,538)	(445,949)	(3,232,538)
Movement in advances to customers	35	712,962	(2,174,339)	712,962	(2,174,339)
Movement in other assets		(29,412)	(73,568)	(37,303)	(65,276)
Movement in amounts due from related companies		(44,098)	(9,350)	(38,995)	(6,039)
Cash flows generated from/(used in) operating activities		**2,600,139**	**(5,563,704)**	**2,599,926**	**(5,563,706)**
Cash flows used in investing activities					
Acquisition of property and equipment	19	(67,065)	(60,107)	(66,852)	(60,105)
Proceeds on disposal of property and equipment		786	2,446	786	2,446
Cash utilised in investing activities		**(66,279)**	**(57,661)**	**(66,066)**	**(57,659)**
Cash flows used in financing activities					
Repayment of borrowings	27	(258,500)	(373,152)	(258,500)	(373,152)
Interest paid on borrowings	27	(285,225)	(25,979)	(285,225)	(25,979)
Lease liability interest	3	(8,741)	(4,059)	(8,741)	(4,059)
Lease liability payments	22	(32,601)	(33,390)	(32,601)	(33,390)
Dividends paid	36	(763,110)	(1,144,665)	(763,110)	(1,144,665)
Net cash used in financing activities		**(1,348,177)**	**(1,581,245)**	**(1,348,177)**	**(1,581,245)**
Cash movement for the year		**1,185,683**	**(7,202,610)**	**1,185,683**	**(7,202,610)**
Cash and cash equivalents at the beginning of the year		2,495,030	9,689,902	2,495,030	9,689,902
Effect of exchange rate movement on cash balances		12,944	7,738	12,944	7,738
Total cash and cash equivalents at end of the year	37	**3,693,657**	**2,495,030**	**3,693,657**	**2,495,030**

Notes to the consolidated and separate financial statements

for the year ended 30 June 2026

	Note(s)	Group 2026 P'000	Group 2025 P'000	Company 2026 P'000	Company 2025 P'000
2. Interest income calculated using effective interest rate and similar income					
Instruments at amortised cost					
Advances		2,079,750	1,787,150	2,079,750	1,787,150
Cash and short-term funds		46,621	37,925	46,621	37,925
Related parties	16	128,171	153,583	128,171	153,583
Investment securities		609,159	478,542	609,159	478,542
Unwinding of discounted present value of off-market staff loans		29,336	27,266	29,336	27,266
		2,893,037	**2,484,466**	**2,893,037**	**2,484,466**
3. Interest expenses and similar charges					
Financial Liabilities at amortised cost					
Term deposits		740,701	305,555	740,545	305,682
Current and call accounts		80,741	95,502	80,741	95,502
Savings deposits		17,541	16,875	17,541	16,875
Deposits from banks and other financial institutions		33,925	30,904	34,076	30,904
Related parties	16	52,576	15,148	52,576	15,148
Borrowings		28,128	64,150	28,128	64,150
Lease liabilities		8,741	4,059	8,741	4,059
Depositor insurance scheme premiums		18,625	1,106	18,625	1,106
		980,978	**533,299**	**980,973**	**533,426**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
4. Non-interest income and expense				
Fee and commission income				
Card commissions	672,445	666,147	672,445	666,147
Facility fees	28,951	37,962	28,951	37,962
Commissions – guarantees and letters of credit	9,314	11,409	9,314	11,409
Cash deposit fees	58,894	58,392	58,894	58,392
Commissions – bills, drafts and cheques	131,047	122,256	131,047	122,256
Service fees	655,175	629,033	655,175	629,033
Commissions – customer service	117,784	137,104	117,849	137,153
Total fee and commission income	**1,673,610**	**1,662,303**	**1,673,675**	**1,662,352**
Fee and commission expense				
Card commissions	239,041	267,820	239,041	267,820
Cash deposit fees	15,196	14,128	15,196	14,128
Service fees	40,569	29,418	40,569	29,418
Commissions – customer service	43,569	50,486	43,569	50,486
Total fee and commission expense	**338,375**	**361,852**	**338,375**	**361,852**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
4. Non-interest income and expense (continued)				
Other income				
Fair value gains or losses and foreign exchange trading income:				
Net gain/(loss) on bond trading	4,026	(900)	4,026	(900)
Net loss on financial instruments at fair value	(8,985)	(1,729)	(8,985)	(1,729)
Foreign exchange trading income**	970,052	456,062	970,052	456,062
Total fair value gains or losses and foreign exchange trading income	**965,093**	**453,433**	**965,093**	**453,433**
Non-financial assets and liabilities				
Gain/(loss) on sale of property and equipment	279	(43)	279	(43)
Dividend received from subsidiaries	–	–	8,889	–
Other*	13,079	26,612	13,085	26,619
Total from non-financial assets and liabilities	**13,358**	**26,569**	**22,253**	**26,576**
Total other income	**978,451**	**480,002**	**987,346**	**480,009**
Total non-interest revenue	**2,313,686**	**1,780,453**	**2,322,646**	**1,780,509**

* *Other includes commission from non-banking product sales via various platforms including online banking.*

** *Foreign exchange trading income increased significantly during the year following the regulator's widening of foreign exchange trading margins. This growth was achieved despite a challenging operating environment characterised by sovereign downgrade pressures, constrained market liquidity, regulatory changes, heightened competition and the continued strength of the US dollar.*

The increase was primarily driven by disciplined margin management, strategic pricing initiatives and a focus on selective, high-quality client flows, rather than higher transaction volumes. Foreign exchange trading margins began to normalise during the second half of the year as market conditions stabilised and customer trading behaviour gradually returned to more typical levels.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
5. Operating expenses				
Audit fees				
Current year	8,895	8,237	8,820	8,237
Prior year under-provision	369	–	369	–
	9,264	**8,237**	**9,189**	**8,237**
Depreciation				
Freehold and leasehold land and buildings	10,027	14,257	8,137	14,121
Leasehold improvements	7,703	7,316	7,700	7,314
Motor vehicles	2,658	2,172	2,658	2,172
Furniture and equipment	58,508	48,077	58,334	47,704
Capitalised leased assets (ROUA)	25,355	25,345	25,355	25,345
	104,251	**97,167**	**102,184**	**96,656**
Directors' remuneration				
For service as executive directors	16,857	15,083	16,857	15,083
For services as non-executive directors	6,438	6,139	6,438	6,139
	23,295	**21,222**	**23,295**	**21,222**
Operating lease charges				
Non-capitalised lease charges				
Short-term lease charge	**10,938**	**12,409**	**10,938**	**12,409**
Service fee paid to related company				
Systems	223,180	203,037	223,180	203,037
Services	147,044	145,615	147,044	145,615
Products	63,846	26,571	63,846	26,571
	434,070	**375,223**	**434,070**	**375,223**
Professional fees	**8,103**	**12,590**	**8,102**	**12,590**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
5. Operating expenses (continued)				
Other operating expenses				
Advertising and marketing	51,209	43,351	51,209	43,351
Communication	52,229	55,953	52,229	55,953
Repairs and maintenance of computers	11,165	13,237	11,153	13,230
Property maintenance	85,958	69,675	89,773	73,164
Stationery, storage and postage	20,172	20,308	20,172	20,308
Service fees	18,275	15,907	18,275	15,907
Other*	77,974	68,497	71,139	64,629
Other operating costs	**316,982**	**286,928**	**313,950**	**286,542**
Total operating expenses	**906,903**	**813,776**	**901,728**	**812,879**

* *Other is inclusive of various expenses comprising mainly of travel, staff functions and entertainment, membership fees, motor vehicle cost, insurance, donations and credit checks.*

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
Service fee paid to related parties – Group cost classification				
Specialised IT services	211,918	175,953	211,918	175,953
Credit risk management	51,592	33,308	51,592	33,308
Management support	170,560	165,962	170,560	165,962
	434,070	**375,223**	**434,070**	**375,223**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
6. Employee benefits expenses				
Direct employee costs				
Salaries, wages and allowances	822,225	793,809	822,225	793,809
Defined pension contributions	69,432	66,065	69,432	66,065
Leave pay	9,691	12,921	9,691	12,921
Other*	80,805	61,467	80,805	61,467
	982,153	**934,262**	**982,153**	**934,262**

* *Other is inclusive of various staff related costs including training, subsistence & meal allowances, recruitment costs and off-market staff loan subsidy adjustment. In addition, Other includes a prepaid share-based payment asset relating to a Liability-settled share scheme, the associated expense of which is recognised over a three-year vesting period. The expense recognised in respect of the share based payment arrangement was P10.3 million (2025: P5.9 million). The increase from the prior year is primarily attributable to the September 2024 vesting cycle where during the prior financial year, a significant number of awards were allocated to employees who had exited the Bank before vesting, resulting in those awards not vesting and a partial reversal of the related liability. Consequently, the comparative year balance was lower, contributing to the increase in the current year's expense.*

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
7. Taxation				
Indirect taxation				
Value added tax	**29,183**	**25,864**	**29,183**	**25,864**
Direct taxation				
Current taxation				
Local income tax – current period	466,880	436,140	465,576	435,577
Local income tax – prior year (over)/under provision	(1,728)	25,269	(1,728)	25,034
	465,152	**461,409**	**463,848**	**460,611**
Deferred taxation				
Originating and reversing temporary differences	4,290	(20,150)	4,556	(19,824)
Deferred tax – prior year overprovision	–	(586)	–	–
	4,290	**(20,736)**	**4,556**	**(19,824)**
Total direct taxation expense per income statements	**469,442**	**440,673**	**468,404**	**440,787**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
7. Taxation (continued)				
Reconciliation of the taxation charge				
Reconciliation between accounting profit and tax expense:				
Profit before direct taxation	2,116,515	1,884,071	2,130,655	1,884,897
Tax at the applicable tax rate of 22% (2025: 22%)	465,633	414,496	468,744	414,677
Tax effect of adjustments on taxable income				
(Over)/under provision of current tax in prior years	(1,728)	25,269	(1,728)	25,034
Overprovision of deferred tax in prior years	–	(586)	–	–
Dividend	–	–	(1,955)	–
Donations	1,979	708	1,979	708
Other	3,558	786	1,364	368
Total tax expense per income statements	**469,442**	**440,673**	**468,404**	**440,787**
Effective tax rate	**22.18%**	**23.39%**	**21.98%**	**23.39%**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

8. Earnings per share

Basic earnings per share

Earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the year.

	Group	
	2026 P'000	2025 P'000
Earnings attributable to ordinary equity holders	1,647,073	1,443,398
Weighted average number of ordinary shares in issue (thousands)	2,543,700	2,543,700
Basic earnings per share (thebe)	64.75	56.74

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue by the share options in force assuming conversion of all dilutable potential ordinary shares. There are no dilutive instruments in the financial statements.

	Group	
	2026 P'000	2025 P'000
Earnings attributable to ordinary equity holders	1,647,073	1,443,398
Weighted average number of ordinary shares in issue (thousands)	2,543,700	2,543,700
Diluted earnings per share (thebe)	64.75	56.74

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

9. Analysis of assets and liabilities by category

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. Refer to policy section 1.4 for the principal accounting policies describing how the classes of financial instruments are measured and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the financial assets and liabilities in the statements of financial position per category of financial instrument to which they are assigned and therefore by measurement basis:

		At fair value through profit or loss					
Group – 2026 P'000	**Amortised cost**	**Mandatory**	**Designated**	**Non-financial instruments**	**Total carrying value**	**Current**	**Non-current**
ASSETS							
Cash and short-term funds	2,219,905	–	–	–	2,219,905	2,219,905	–
Advances to customers	19,684,707	–	–	–	19,684,707	5,945,327	13,739,380
Due from related parties	63,386	–	–	–	63,386	63,386	–
Other assets	233,155	–	–	317,650	550,805	281,584	269,221
Investment securities	12,398,822	56,733	–	–	12,455,555	8,957,022	3,498,533
Derivative financial instruments	–	50,651	–	–	50,651	50,651	–
Deferred tax asset	–	–	–	23,921	23,921	–	23,921
Property and equipment	–	–	–	578,997	578,997	–	578,997
Goodwill	–	–	–	26,589	26,589	–	26,589
Total assets	**34,599,975**	**107,384**	**–**	**947,157**	**35,654,516**	**17,517,875**	**18,136,641**
LIABILITIES							
Deposits from banks	819,910	–	–	–	819,910	819,910	–
Deposits from customers	28,321,836	–	–	–	28,321,836	27,522,437	799,399
Borrowings	183,190	–	–	–	183,190	–	183,190
Accrued interest payable	49,255	–	–	–	49,255	49,255	–
Due to related parties	62,873	–	–	–	62,873	62,873	–
Employee benefits liabilities	–	–	–	150,612	150,612	–	150,612
Other liabilities	583,963	–	–	22,199	606,162	483,601	122,561
Derivative financial instruments	–	45,313	–	–	45,313	45,313	–
Current tax payable	–	–	–	35,035	35,035	35,035	–
Total liabilities	**30,021,027**	**45,313**	**–**	**207,846**	**30,274,186**	**29,018,424**	**1,255,762**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

9. Analysis of assets and liabilities by category (continued)

Group – 2025 P'000	Amortised cost	At fair value through profit or loss: Mandatory	At fair value through profit or loss: Designated	Non-financial instruments	Total carrying value	Current	Non-current
ASSETS							
Cash and short-term funds	2,095,051	–	–	–	2,095,051	2,095,051	–
Advances to customers	20,618,041	–	–	–	20,618,041	5,530,651	15,087,390
Due from related parties	19,288	–	–	–	19,288	19,288	–
Other assets	232,679	–	–	288,714	521,393	255,179	266,214
Investment securities	10,854,432	22,499	–	–	10,876,931	5,288,219	5,588,712
Derivative financial instruments	–	19,000	–	–	19,000	19,000	–
Current taxation	–	–	–	392	392	392	–
Deferred tax asset	–	–	–	28,211	28,211	–	28,211
Property and equipment	–	–	–	600,236	600,236	–	600,236
Goodwill	–	–	–	26,963	26,963	–	26,963
Total assets	**33,819,491**	**41,499**	**–**	**944,516**	**34,805,506**	**13,207,780**	**21,597,726**
LIABILITIES							
Deposit from banks	352,411	–	–	–	352,411	352,411	–
Deposits from customers	26,492,471	–	–	–	26,492,471	26,394,000	98,471
Deposits – other	1,738,081	–	–	–	1,738,081	1,738,081	–
Borrowings	648,787	–	47,184	–	695,971	512,781	183,190
Accrued interest payable	31,898	–	–	–	31,898	31,898	–
Due to related parties	35,067	–	–	–	35,067	35,067	–
Employee benefits liabilities	–	–	–	139,258	139,258	139,258	–
Other liabilities	772,906	–	–	33,861	806,767	677,966	128,801
Derivative financial instruments	–	10,578	–	–	10,578	10,578	–
Current tax payable	–	–	–	6,637	6,637	6,637	–
Total liabilities	**30,071,621**	**10,578**	**47,184**	**179,756**	**30,309,139**	**29,898,677**	**410,462**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

9. Analysis of assets and liabilities by category (continued)

Company - 2026 P'000	Amortised cost	At fair value through profit or loss: Mandatory	At fair value through profit or loss: Designated	Non-financial instruments	Total carrying value	Current	Non-current
ASSETS							
Cash and short-term funds	2,219,905	–	–	–	2,219,905	2,219,905	–
Advances to customers	19,684,707	–	–	–	19,684,707	5,945,327	13,739,380
Due from related parties	63,386	–	–	–	63,386	63,386	–
Other assets	232,808	–	–	317,650	550,458	281,237	269,221
Investment securities	12,398,822	56,733	–	–	12,455,555	8,957,022	3,498,533
Derivative financial instruments	–	50,651	–	–	50,651	50,651	–
Investments in subsidiaries	–	–	–	13,530	13,530	–	13,530
Deferred tax asset	–	–	–	23,520	23,520	–	23,520
Property and equipment	–	–	–	567,086	567,086	–	567,086
Goodwill	–	–	–	26,589	26,589	–	26,589
Total assets	**34,599,628**	**107,384**	**–**	**948,375**	**35,655,387**	**17,517,528**	**18,137,859**
LIABILITIES							
Deposit from banks	819,910	–	–	–	819,910	819,910	–
Deposits from customers	28,321,836	–	–	–	28,321,836	27,522,437	799,399
Borrowings	183,190	–	–	–	183,190	–	183,190
Accrued interest payable	49,255	–	–	–	49,255	49,255	–
Due to related parties	66,527	–	–	–	66,527	66,527	–
Employee benefits liabilities	–	–	–	150,612	150,612	–	150,612
Other liabilities	583,138	–	–	22,199	605,337	482,776	122,561
Derivative financial instruments	–	45,313	–	–	45,313	45,313	–
Current tax payable	–	–	–	34,649	34,649	34,649	–
Total liabilities	**30,023,856**	**45,313**	**–**	**207,460**	**30,276,629**	**29,020,867**	**1,255,762**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

9. Analysis of assets and liabilities by category (continued)

Company - 2025 P'000	Amortised cost	At fair value through profit or loss: Mandatory	At fair value through profit or loss: Designated	Non-financial instruments	Total carrying value	Current	Non-current
ASSETS							
Cash and short-term funds	2,095,051	–	–	–	2,095,051	2,095,051	–
Advances to customers	20,618,041	–	–	–	20,618,041	5,530,651	15,087,390
Due from related parties	24,391	–	–	–	24,391	24,391	–
Other assets	224,441	–	–	288,714	513,155	246,941	266,214
Investment securities	10,854,432	22,499	–	–	10,876,931	5,288,219	5,588,712
Derivative financial instruments	–	19,000	–	–	19,000	19,000	–
Investments in subsidiaries	–	–	–	13,530	13,530	–	13,530
Deferred tax asset	–	–	–	28,076	28,076	–	28,076
Property and equipment	–	–	–	586,471	586,471	–	586,471
Goodwill	–	–	–	26,589	26,589	–	26,589
Total assets	**33,816,356**	**41,499**	**–**	**943,380**	**34,801,235**	**13,204,253**	**21,596,982**
LIABILITIES							
Deposit from banks	352,411	–	–	–	352,411	352,411	–
Deposits from customers	26,492,471	–	–	–	26,492,471	26,394,000	98,471
Deposits – other	1,738,081	–	–	–	1,738,081	–	1,738,081
Borrowings	648,787	–	47,184	–	695,971	512,781	183,190
Accrued interest payable	31,898	–	–	–	31,898	31,898	–
Due to related parties	48,379	–	–	–	48,379	48,379	–
Employee benefits liabilities	–	–	–	139,258	139,258	139,258	–
Other liabilities	772,073	–	–	33,861	805,934	677,133	128,801
Derivative financial instruments	–	10,578	–	–	10,578	10,578	–
Current tax payable	–	–	–	6,637	6,637	6,637	–
Total liabilities	**30,084,100**	**10,578**	**47,184**	**179,756**	**30,321,618**	**28,173,075**	**2,148,543**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

	Note(s)	Group 2026 P'000	Group 2025 P'000	Company 2026 P'000	Company 2025 P'000
10. Cash and short-term funds					
Coins and cash notes		487,915	385,733	487,915	385,733
Money at call and short notice – related parties	16	–	67,349	–	67,349
Money at call and short notice – other banks		533,550	626,554	533,550	626,554
Balances with Bank of Botswana – Statutory account balance		45,046	37,744	45,046	37,744
Standing deposit facility (SDF)		330,000	80,002	330,000	80,002
Balances with other banks – related parties	16	823,394	764,424	823,394	764,424
Balances with other banks – other banks		–	133,245	–	133,245
		2,219,905	**2,095,051**	**2,219,905**	**2,095,051**
Amounts denominated in foreign currencies included in above balances		**1,416,990**	**1,643,417**	**1,416,990**	**1,643,417**

Money at short notice constitutes amounts withdrawable in 30 days or less.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

11. Derivative financial instruments

Strategy in using derivatives:

The Group transacts in derivatives for two purposes: to create risk management solutions for clients and to manage and hedge the Group's own risk. The Group's derivative activities give rise to open positions in portfolios of derivatives. These positions are managed to ensure that they remain within acceptable risk levels, with offsetting deals being utilised to achieve this where necessary.

Interest rate derivatives comprising mainly of interest rate swaps and forward rate agreements are utilised for economic hedging purposes to eliminate uncertainty and reduce the risk that the Group faces due to volatile interest rates.

Interest rate swaps

The Group accepts deposits at variable rates and uses fixed interest rate derivatives as economic hedges of future interest payments, effectively converting borrowings from floating to fixed rates. The Group also has assets at fixed rates and uses variable interest rate derivatives as economic hedges of future interest receipts.

The notional amounts of the derivative instruments do not necessarily indicate the amounts of future cash flows involved or the current fair value of the instruments, and therefore, do not present the Group's exposure to credit or pricing risk. Derivative instruments become favourable (assets) or unfavourable (liabilities) based on changes in market interest rates. The aggregate notional amount of derivative financial instruments, which is the extent to which the instruments are favourable or unfavourable, and thus the aggregate fair value can fluctuate significantly, over time.

Trading derivatives

The Group's derivative transactions relate to all spot, forward exchange contracts and swaps (both currency and interest rates). Sales activities include the structuring and marketing of derivative products to customers to enable them to take, transfer, modify or reduce current or expected risks. Trading activities in derivatives are entered into principally for the purpose of generating profits from short term fluctuations in price or margin. Positions may be traded actively or be held over a period of time to benefit from expected changes in currency rates, interest rates or other market parameters. Trading includes market making and positioning activities. Market making entails quoting bid and offer prices to other market participants for the purpose of generating revenues based on spread and volume; positioning entails managing market risk positions in the expectation of benefiting from favourable movements in prices, rates or indices. The trading derivatives relate to all spot and forward foreign exchange contracts which were unsettled as at year end. Further information pertaining to the risk management strategy of the Group is set out in note 40.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

11. Derivative financial instruments (continued)

Strategy in using derivatives (continued)

Trading derivatives (continued)

Group and Company

	Assets		Liabilities	
2026	Notional P'000	Fair value P'000	Notional P'000	Fair value P'000
Currency derivatives				
Trading derivatives	1,286,970	49,504	809,100	45,021
Currency swaps	223,484	1,147	50,101	292
Interest rate derivatives				
	1,510,454	**50,651**	**859,201**	**45,313**
Related party (FirstRand Bank Limited) derivatives included in above balances				
Trading derivatives	684,198	2,267	216,553	1,000
Currency swaps	223,484	1,148	50,101	292
	907,682	**3,415**	**266,654**	**1,292**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

11. Derivative financial instruments (continued)

Strategy in using derivatives (continued)

Trading derivatives (continued)

Group and Company (continued)

	Assets		Liabilities	
2025	Notional P'000	Fair value P'000	Notional P'000	Fair value P'000
Currency derivatives				
Trading derivatives	691,876	6,605	573,891	3,788
Currency swaps	472,901	7,819	233,531	3,470
Interest rate derivatives				
Interest rate swaps	359,168	4,576	251,294	3,320
	1,523,945	**19,000**	**1,058,716**	**10,578**
Related party (FirstRand Bank Limited) derivatives included in above balances				
Trading derivatives	311,119	1,441	181,835	876
Interest rate swaps	107,874	1,256	251,294	3,320
Currency swaps	172,901	3,253	233,531	3,470
	591,894	**5,950**	**666,660**	**7,666**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

12. Investment securities

Group and Company – 2026

	Fair value through profit or loss P'000	Amortised cost P'000	Total P'000
Bank of Botswana Certificates	–	1,498,420	1,498,420
Government Bonds	–	5,617,010	5,617,010
Government and Parastatal Bonds	8,790	–	8,790
Placements	–	1,180,734	1,180,734
Treasury Bills	47,943	4,102,658	4,150,601
	56,733	**12,398,822**	**12,455,555**

Group and Company – 2025

	Fair value through profit or loss P'000	Amortised cost P'000	Total P'000
Bank of Botswana Certificates	–	399,979	399,979
Government Bonds	–	5,566,213	5,566,213
Government and Parastatal Bonds	22,499	–	22,499
Placements	–	1,431,740	1,431,740
Treasury Bills	–	3,456,500	3,456,500
	22,499	**10,854,432**	**10,876,931**

P1,498,420,000 (2025: P 399,979,000) of the Bank of Botswana Certificates form part of the Group's liquid assets portfolio in terms of section 16 (5) of the Banking Act, 2023 which was repealed and replaced effective August 2025.

The Bank of Botswana Certificates have a seven day maturity period (2025: seven day and twenty eight days maturity period).

Bank of Botswana securities amounting to P1,650,000,000 (2025: P 1,450,000,000) have been pledged as collateral of the secured intra-day trading facilities with Bank of Botswana.

There is an increase in investment securities primarily BOBC's as the bank's excess liquidity has increased owing to the current liquidity improvements in the market.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

12. Investment securities (continued)

	2026 P'000	2025 P'000
Loss allowance on investment securities		
Stage 1	1,229	1,262
	1,229	**1,262**
Total Investment securities		
Analysis of Investment securities		
Amortised cost	1,229	1,262
Total Investment securities	**1,229**	**1,262**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

	Note(s)	Group 2026 P'000	Group 2025 P'000	Company 2026 P'000	Company 2025 P'000
13. Advances to customers					
Sector analysis					
Agriculture		428,982	388,410	428,982	388,410
Building and property development		308,008	371,203	308,008	371,203
Individuals		11,744,129	12,395,048	11,744,129	12,395,048
Manufacturing and commerce		465,363	537,988	465,363	537,988
Transport and communication		392,673	413,870	392,673	413,870
Other advances*		7,240,747	7,350,185	7,240,747	7,350,185
Gross advances		**20,579,902**	**21,456,704**	**20,579,902**	**21,456,704**
Less: impairment of advances	15	(895,195)	(838,663)	(895,195)	(838,663)
Net advances		**19,684,707**	**20,618,041**	**19,684,707**	**20,618,041**
Category analysis					
Term loans		10,364,923	10,408,076	10,364,923	10,408,076
Instalment sales		2,018,059	2,343,749	2,018,059	2,343,749
Property loans		6,286,048	6,612,731	6,286,048	6,612,731
Overdraft and managed accounts		1,606,860	1,786,139	1,606,860	1,786,139
Other		304,012	306,009	304,012	306,009
Total customer advances		20,579,902	21,456,704	20,579,902	21,456,704
Gross value of advances		**20,579,902**	**21,456,704**	**20,579,902**	**21,456,704**
Less: impairment of advances	15	(895,195)	(838,663)	(895,195)	(838,663)
Net advances		**19,684,707**	**20,618,041**	**19,684,707**	**20,618,041**
Maturity analysis					
Maturity within one year		9,230,819	5,530,651	9,230,819	5,530,651
Maturity between one and five years		8,870,980	10,332,301	8,870,980	10,332,301
Maturity more than five years		2,478,103	5,593,752	2,478,103	5,593,752
		20,579,902	**21,456,704**	**20,579,902**	**21,456,704**

* *Other advances include commercial real estate, business services, electricity, tourism, trade, restaurants and hotels.*

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

	Gross carrying amount	Loss allowance	Total
13. Advances to customers (continued)			
Analysis of advances per category – 2026 P'000			
Group and Company			
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**
Segmental analysis P'000			
Retail	11,725,242	(451,511)	11,273,731
Commercial	3,816,379	(259,826)	3,556,553
Corporate	5,038,281	(79,890)	4,958,391
Treasury and other*	–	(103,968)	(103,968)
Total	**20,579,902**	**(895,195)**	**19,684,707**
Analysis of advances per category – 2025 P'000			
Group and Company			
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**
Segmental analysis P'000			
Retail	12,353,510	(481,181)	11,872,329
Commercial	4,114,615	(282,897)	3,831,718
Corporate	4,988,579	(74,585)	4,913,994
Total	**21,456,704**	**(838,663)**	**20,618,041**

* *Refer to note 41 segmental reporting for further details on the ECL balance.*

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
14. Current taxation				
Balance at the beginning of the year	(6,245)	4,999	(6,637)	2,199
Charged to the income statement	(465,152)	(461,409)	(463,848)	(460,611)
Cash amounts paid net of refunds received	436,362	450,165	435,836	451,775
Balance at the end of the year	**(35,035)**	**(6,245)**	**(34,649)**	**(6,637)**
Closing asset	–	392	–	–
Closing liability	(35,035)	(6,637)	(34,649)	(6,637)
	(35,035)	**(6,245)**	**(34,649)**	**(6,637)**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

15. Impairment of advances

Advances are monitored by the Credit Division and impaired according to the Group's impairment policy when an indication of impairment is observed.

Analysis of the gross advances and loss allowance on total advances as at 30 June 2026 – P'000

	Gross advances				Loss allowance			
Group and Company	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Amortised cost	18,049,901	2,789,151	617,652	21,456,704	110,986	295,173	432,504	838,663
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**
Transfers								
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 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**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

15. Impairment of advances (continued)

Analysis of the gross advances and loss allowance on total advances as at 30 June 2025 – P'000

	Gross advances				Loss allowance			
Group and Company	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Amortised cost	16,449,539	2,179,677	776,873	19,406,089	147,295	228,280	536,512	912,087
Amount as at 01 July 2024	16,449,539	2,179,677	776,873	19,406,089	147,295	228,280	536,512	912,087
Transfer								
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**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

15. Impairment of advances (continued)

- The reconciliation of the gross advances (gross carrying amount) and loss allowance (ECL) has been prepared using a year-to-date view. This means that the Group reports exposures based on the impairment stage at the end of the reporting period. The reconciliation distinguishes between the back book and new business as this provides meaningful information to the user in gaining an understanding of the performance of advances overall. The current year movement in ECL is split between new business and back book and the temporary stress scenario.
- The Group transfers opening balances (back book) at the value as at 1 July, based on the impairment stage at the end of the reporting period. Any change in exposure and additional ECL raised or released is included in the impairment stage as at the end of the reporting period. Exposures that are in the back book can move directly from stage 3 to stage 1 if the curing requirements have been met in a reporting period. The opening balances as at 1 July are transferred to the impairment stage at 30 June in the transfers section. The current year movement of the back book is included in changes in exposure and net movement on gross carrying amount (GCA) and ECL provided/(released) are reflected separately in the reconciliation. The current year movement in the ECL for stage 2 advances is split between exposure where there has been a change in the measurement basis from 12 months to lifetime ECL and other changes.
  - The movement on GCA is the net amount of additional amounts advanced on the back book and any settlements. Transfers on the back book are reflected separately and new business originated during the financial year, the transfers between stages of the new origination and any settlements.
- Current year impairment charge/(release) recognised in profit or loss relates to:
  - Performing portfolio impairment (Stage 1 and Stage 2): changes in expected credit losses associated with all performing advances at the reporting date arising from changes in credit risk, forward-looking assumptions, repayments and settlements. The net performing portfolio release amounted to P2,734,000 (2025: P17,806,000 release).
  - Credit-impaired portfolio impairment (Stage 3): changes in loss allowances on all defaulted advances at the reporting date, including movements in interest in suspense ("ISP"), repayments, cures and settlements and write offs. The net credit-impaired portfolio charge amounted to P216,344,000 (2025: P109,695,000 charge).
  - Recoveries on previously written-off advances: recoveries and other collections received on exposures that were written off in prior periods. These recoveries reduce the net credit-impaired (Stage 3) impairment charge recognised in the current year and amounted to P64,454,000 (2025: P66,820,000).
  - Management overlays: changes in management overlays recognised to reflect risks not fully captured by the IFRS 9 models. The total overlay recognised at year-end amounted to P203,972,000 (2025: P162,104,000), resulting in a year-on-year impairment charge of P41,868,000 (2025: P48,583,000 charge)
- The decrease in the advance as a result of a write-off is equal to the decrease in the ECL (bad debts written off), as exposures are 100% provided for before being written off.
- The total contractual amount outstanding on financial assets that were written off during the period and are still subject to enforcement activity is P217,622,000 (2025: P 223,721,000).
- The ECL allowance at the reporting date included P15,805,000 (2025: P 1,945,000) relating to off balance sheet exposures which comprise undrawn commitments of P2,532,864,000 (2025: P2,254,552,000) and LCs and guarantees (please refer to note 38 where LCs and guarantees have been disclosed separately). The undrawn commitments of P2,532,864,000 relates to Retail and Commercial and excludes Corporate.

For more information on the computation of ECL, refer to accounting policy 1.4, 1.8 and note 40.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

15. Impairment of advances (continued)

Analysis of the gross advances and loss allowance on total advances per class as at 30 June 2026 – P'000

	Gross advances				Loss allowance			
Group and Company	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Residential mortgages	3,023,191	346,098	206,902	3,576,191	14,836	16,798	97,776	129,410
Instalment sales	814,659	330,304	98,179	1,243,142	142	19,376	86,380	105,898
Overdrafts	6,688	7,778	6,804	21,270	88	4,202	7,288	11,578
Term loans	5,746,921	856,145	92,912	6,695,978	46,734	53,393	89,509	189,636
Other	147,698	33,774	11,308	192,780	476	6,558	7,974	15,008
Total Retail	**9,739,157**	**1,574,099**	**416,105**	**11,729,361**	**62,276**	**100,327**	**288,927**	**451,530**
Property mortgages	964,489	153,462	57,873	1,175,824	5,544	2,552	28,511	36,607
Instalment sales	530,382	212,617	33,818	776,817	6,362	7,004	28,603	41,969
Overdrafts	598,541	285,525	54,873	938,939	18,780	31,054	52,009	101,843
Term loans	718,836	52,638	45,016	816,490	3,973	18,060	39,218	61,251
Other	71,338	22,196	10,655	104,189	117	3,062	14,958	18,137
Total Commercial	**2,883,586**	**726,438**	**202,235**	**3,812,259**	**34,776**	**61,732**	**163,299**	**259,807**
Corporate business banking	508,823	137,575	–	646,398	1,444	–	–	1,444
Investment banking	3,877,854	513,815	215	4,391,884	16,165	62,066	215	78,446
Total Corporate	**4,386,677**	**651,390**	**215**	**5,038,282**	**17,609**	**62,066**	**215**	**79,890**
Segment agnostic overlay*	–	–	–	–	103,968	–	–	103,968
Total Segment agnostic overlay	**–**	**–**	**–**	**–**	**103,968**	**–**	**–**	**103,968**
Total advances	**17,009,420**	**2,951,927**	**618,555**	**20,579,902**	**218,629**	**224,125**	**452,441**	**895,195**

* *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.*

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

15. Impairment of advances (continued)

Analysis of the gross advances and loss allowance on total advances per class as at 30 June 2025 – P'000

	Gross advances				Loss allowance			
Group and Company	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Residential mortgages	3,301,199	91,146	200,064	3,592,409	18,606	26,479	97,177	142,262
Instalment sales	1,061,759	284,743	70,511	1,417,013	18,437	31,717	59,001	109,155
Overdrafts	9,065	4,576	11,527	25,168	150	6,897	11,946	18,993
Term loans	5,948,151	1,106,888	89,245	7,144,284	38,726	76,672	76,868	192,266
Other	165,881	5,983	2,773	174,637	3,037	7,313	8,156	18,506
Total Retail	**10,486,055**	**1,493,336**	**374,120**	**12,353,511**	**78,956**	**149,078**	**253,148**	**481,182**
Property mortgages	1,031,024	186,168	90,067	1,307,259	1,394	2,167	45,692	49,253
Instalment sales	757,116	142,644	26,975	926,735	10,212	10,512	22,727	43,451
Overdraft	583,790	232,284	61,225	877,299	7,926	46,619	53,835	108,380
Term loans	502,555	316,923	56,973	876,451	3,152	21,049	47,956	72,157
Other	114,669	4,179	8,023	126,871	94	684	8,877	9,655
Total Commercial	**2,989,154**	**882,198**	**243,263**	**4,114,615**	**22,778**	**81,031**	**179,087**	**282,896**
Corporate business banking	734,586	388,698	269	1,123,553	3,248	59,251	269	62,768
Investment banking	3,840,106	24,919	–	3,865,025	6,004	5,813	–	11,817
Total Corporate	**4,574,692**	**413,617**	**269**	**4,988,578**	**9,252**	**65,064**	**269**	**74,585**
Total advances	**18,049,901**	**2,789,151**	**617,652**	**21,456,704**	**110,986**	**295,173**	**432,504**	**838,663**

For more information on the computation of ECL refer to accounting policies 1.4, 1.8 and note 40.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

15. Impairment of advances (continued)

	Loss allowance P'000			
Group and Company	**Stage 1**	**Stage 2**	**Stage 3**	**Total**
Amount as at 30 June 2026	218,629	224,125	452,441	895,195
Significant components of total loss allowance				
- Forward looking information	12,103	32,676	–	44,779
- Model driven and Post model Adjustments	206,526	191,449	452,441	850,416
Amount as at 30 June 2025	110,986	295,173	432,504	838,663
Significant components of total loss allowance				
- Forward looking information	9,259	29,677	291	39,227
- Model driven including watchlist	101,727	265,496	432,213	799,436

A credit watchlist is used to monitor counterparties with early indicators of credit risk. The inclusion of a counterparty on the watchlist is considered a SICR event and such, a combination of a model driven and specific provision is applied.

Breakdown of impairment charge recognised in the income statement

	2026		2025	
Group and Company	**Amortised cost**	**Total**	**Amortised cost**	**Total**
Increase in loss allowance	255,428	255,428	140,455	140,455
Recoveries of bad debts	(64,437)	(64,437)	(66,808)	(66,808)
Impairment of advances recognised during the period	**190,991**	**190,991**	**73,647**	**73,647**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

15. Impairment of advances (continued)

Breakdown of impairment charge recognised in the income statement (continued)

Group and Company	Security held P'000	Specific impairment P'000	Total P'000
Non-performing advances – amortised cost:			
Sector analysis – 2026			
Agriculture	337	5,379	5,716
Building and property development	3,319	13,257	16,576
Individuals	124,359	293,040	417,399
Manufacturing and commerce	2,821	12,160	14,981
Transport and communication	4,678	22,109	26,787
Other advances	29,052	108,044	137,096
Total non-performing advances – 30 June 2026	**164,566**	**453,989**	**618,555**
Sector analysis – 2025			
Agriculture	5,175	5,265	10,440
Building and property development	3,563	15,222	18,785
Individuals	111,326	239,414	350,740
Manufacturing and commerce	4,027	11,502	15,529
Transport and communication	5,246	16,573	21,819
Other advances	55,811	144,528	200,339
Total non-performing advances – 30 June 2025	**185,148**	**432,504**	**617,652**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

15. Impairment of advances (continued)

Breakdown of impairment charge recognised in the income statement (continued)

Group and Company	Security held P'000	Specific impairment P'000	Total P'000
Category analysis – 2026			
Overdrafts and managed accounts	4,746	59,296	64,042
Term loans	9,025	128,728	137,753
Instalment sales	16,726	114,966	131,692
Property loans	135,617	126,287	261,904
Other advances	–	23,164	23,164
Total non-performing advances – 30 June 2026	**166,114**	**452,441**	**618,555**
Retail	124,359	293,040	417,399
Commercial	41,755	159,186	200,941
Corporate	–	215	215
Credit-impaired advances	**166,114**	**452,441**	**618,555**
Category analysis – 2025			
Overdrafts and managed accounts	7,522	65,686	73,208
Term loans	12,135	124,824	136,959
Instalment sales	16,548	81,531	98,079
Property loans	147,946	142,869	290,815
Other advances	997	17,594	18,591
Total non-performing advances – 30 June 2025	**185,148**	**432,504**	**617,652**
Retail	125,437	254,703	380,140
Commercial	59,711	177,532	237,243
Corporate	–	269	269
Credit-impaired advances	**185,148**	**432,504**	**617,652**

Advances expose the Group to concentration risk in various industry sectors. The table above sets out the group's exposure to the various industry sectors for total advances and credit-impaired advances.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

16. Related parties

Relationships

Ultimate holding company	FirstRand Limited - South Africa
Holding company	First National Bank Holdings (Botswana) Limited
Subsidiaries	Refer to note 18
Common management/Common control	FNB Insurance Brokers (Botswana) Proprietary Limited, FirstRand Bank Limited, FNBB Foundation, FNB Botswana Nominees Proprietary Limited, RMB International Mauritius Ltd

Key management personnel comprise Non-executive Directors, the Chief Executive Officer, Deputy Chief Executive Officer, the Chief Risk Officer, the Chief Operating Officer, the Chief Financial Officer, the Director of Human Resources, the Treasurer and the Director of Credit.

		Group		Company	
	Note(s)	2026 P'000	2025 P'000	2026 P'000	2025 P'000
Related party balances					
Due from related parties					
FirstRand Bank Limited		1,878,752	2,084,798	1,878,752	2,084,748
FirstRand Limited – South Africa		5,095	12,925	5,095	12,975
RMB International Mauritius Ltd	12	177,131	178,715	177,131	178,715
First National Bank Holdings (Botswana) Limited		6,536	6,363	6,536	6,363
Financial Services Company of Botswana Proprietary Limited		–	–	–	5,103
		2,067,514	2,282,801	2,067,514	2,287,904
Less investment securities and money at call and short notice					
FirstRand Bank Limited – nostro balances	10	–	(67,349)	–	(67,349)
FirstRand Bank Limited – Placements	10	(823,394)	(764,424)	(823,394)	(764,424)
FirstRand Bank Limited – placements	12	(1,003,603)	(1,253,025)	(1,003,603)	(1,253,025)
RMB International Mauritius Ltd – placements	12	(177,131)	(178,715)	(177,131)	(178,715)
		63,386	**19,288**	**63,386**	**24,391**
Due to related companies – current liabilities					
Financial Services Properties Proprietary Limited		–	–	2,654	–
First National Insurance Agency Proprietary Limited		–	–	–	8,919
FNB Insurance Brokers (Botswana) Proprietary Limited		9,051	–	9,051	–
First Funding Proprietary Limited		–	–	1,000	4,393
FirstRand Limited – South Africa		53,822	35,067	53,822	35,067
Due to related companies – other liabilities		**62,873**	**35,067**	**66,527**	**48,379**

Refer to Note 24 for amounts included in deposits from customers, refer to Note 23 for amounts included in deposits from banks and refer to Note 11 for amounts included in derivatives.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

16. Related parties (continued)

Related party transactions

Transactions were carried out in the ordinary course of business, were not secured, and are detailed as below:

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
Interest income				
FirstRand Bank Limited	**128,171**	**153,583**	**128,171**	**153,583**
Non-interest income				
Dividends received – First National Insurance Agency Proprietary Limited	–	–	8,889	–
Non-interest expense				
Dividend to First National Bank Holdings (Botswana) Limited	534,177	801,266	534,177	801,266
Interest expenditure				
FirstRand Limited - South Africa	52,576	15,148	52,576	15,148
FNB Insurance Brokers (Botswana) Proprietary Limited	3,285	462	3,285	462
First National Bank Holdings (Proprietary) Limited	367	279	367	279
	56,228	**15,889**	**56,228**	**15,889**
Operating expenses				
Service fees – FirstRand Limited (Note 5)	434,070	375,223	434,070	375,223
Rent expense – Financial Services Company of Botswana Proprietary Limited	–	–	3,821	3,604
Management fees – FNB Insurance Brokers (Botswana) Proprietary Limited	(3,204)	(5,274)	(3,204)	(5,609)
Management fees – Financial Services Company of Botswana Proprietary Limited	–	–	(65)	(169)
Bank Guarantee – FNB Insurance Brokers (Botswana) Pty Ltd	(490)	–	(490)	–
	430,376	**369,949**	**434,132**	**373,049**
Contingencies and commitments				
Guarantees - FNB Insurance Brokers (Botswana) Proprietary Limited	42,765	42,534	42,765	42,534
Guarantees – FirstRand Limited	243,887	295,512	243,886	295,512
	286,652	**338,046**	**286,651**	**338,046**

The FNBIB guarantee is with FNB Bank in favour of the Non-Banking Financial Institution (Insurance industry Act, 2015), whilst the remaining guarantees are with FirstRand Limited across various products.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

16. Related parties (continued)

Transactions with key management personnel

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
Compensation paid to key management personnel				
Share-based payments	4,594	6,799	4,594	6,799
Short-term employee benefits	27,761	29,519	27,761	29,519
	32,355	**36,318**	**32,355**	**36,318**
Post employment benefits				
Pension	**1,376**	**1,152**	**1,376**	**1,152**
Advances				
Personal loans	1,289	1,585	1,289	1,585
Credit card	421	455	421	455
Instalment finance	2,954	3,400	2,954	3,400
Property loans	9,132	12,000	9,132	12,000
Total advances	**13,796**	**17,440**	**13,796**	**17,440**

For all the above facilities, standard credit checks are performed.

Personal loans and instalment finance loans are repayable up to 7 years and 8 years respectively. Property loans are repayable monthly over periods up to 20 years.

Property loans are collateralised by properties with a total fair value of P21,661,000 (2025: P30,321,000). Personal loans, overdrafts and credit card balances are unsecured.

Directors' Interests

The aggregate number of First National Bank of Botswana Limited shares held directly or indirectly by Directors of the Company amounts to 6,389 (2025: 14,319), which represents approximately 0.0003% (2025: 0.0006%) of the stated capital of the Company.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
17. Other assets				
Financial instruments				
Other sundry debtors	82,892	95,998	82,892	95,563
Items in transit*	150,263	136,681	149,916	128,878
Total financial instruments	**233,155**	**232,679**	**232,808**	**224,441**
Non-financial instruments:				
Prepayments	25,470	22,500	25,470	22,500
Prepayment for staff share scheme**	22,959	20,082	22,959	20,082
Deferred staff costs – off market loans	269,221	246,132	269,221	246,132
Total non-financial instruments	**317,650**	**288,714**	**317,650**	**288,714**
Total carrying amount of other assets	**550,805**	**521,393**	**550,458**	**513,155**

* *Items in transit primarily consist of VISA settlement transactions. The year-on-year increase reflects higher customer transaction volumes towards the reporting date.*

** *The prepaid fund is managed by RMB Morgan Stanley. Share based payments allocated to employees are accumulated in advance through the fund. No liability is recognised for the conditional share plan scheme, as the liability is prepaid.*

18. Investments in subsidiary companies

The following table lists the entities controlled by the Group, either directly or through subsidiaries. All of these subsidiaries are domiciled in Botswana.

Company

Name of company	Nature of business	% holding	Carrying amount 2026 P'000	Carrying amount 2025 P'000
Financial Services Company of Botswana Limited	Property owning company	100.00%	12,500	12,500
First Funding Proprietary Limited	Dormant	100.00%	1,000	1,000
First National Insurance Agency Proprietary Limited	Dormant	100.00%	30	30
			13,530	**13,530**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

19. Property and equipment

	2026			2025		
Group	Cost P'000	Accumulated depreciation P'000	Carrying value P'000	Cost P'000	Accumulated depreciation P'000	Carrying value P'000
Freehold and leasehold land and buildings	402,963	(128,991)	273,972	390,854	(119,526)	271,328
Furniture and equipment	302,660	(195,313)	107,347	267,075	(136,678)	130,397
Motor vehicles	25,826	(17,241)	8,585	21,338	(14,964)	6,374
Leasehold improvements	96,274	(64,267)	32,007	93,490	(57,659)	35,831
Right of use asset – property	207,196	(61,949)	145,247	220,874	(66,726)	154,148
Capital work in progress	11,839	–	11,839	2,158	–	2,158
Total	**1,046,758**	**(467,761)**	**578,997**	**995,789**	**(395,553)**	**600,236**

	2026			2025		
Company	Cost P'000	Accumulated depreciation P'000	Carrying value P'000	Cost P'000	Accumulated depreciation P'000	Carrying value P'000
Freehold and leasehold land and buildings	366,821	(103,940)	262,881	354,705	(96,157)	258,548
Furniture and equipment	298,833	(192,297)	106,536	263,495	(134,083)	129,412
Motor vehicles	25,826	(17,241)	8,585	21,338	(14,964)	6,374
Leasehold improvements	96,249	(64,251)	31,998	93,490	(57,659)	35,831
Right of use asset – property	207,196	(61,949)	145,247	220,874	(66,726)	154,148
Capital work in progress	11,839	–	11,839	2,158	–	2,158
Total	**1,006,764**	**(439,678)**	**567,086**	**956,060**	**(369,589)**	**586,471**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

19. Property and equipment (continued)

Reconciliation of property and equipment – Group – 2026

	Opening balance P'000	Additions P'000	Disposals P'000	IFRS 16 lease adjustment P'000	Depreciation P'000	Total P'000
Freehold and leasehold land and buildings	271,328	12,671	–	–	(10,027)	273,972
Furniture and equipment	130,397	35,458	–	–	(58,508)	107,347
Motor vehicles	6,374	5,376	(507)	–	(2,658)	8,585
Leasehold improvements	35,831	3,879	–	–	(7,703)	32,007
Right of use asset – property	154,148	27,211	–	(10,757)	(25,355)	145,247
Capital work in progress*	2,158	9,681	–	–	–	11,839
	600,236	**94,276**	**(507)**	**(10,757)**	**(104,251)**	**578,997**

Reconciliation of property and equipment – Group – 2025

	Opening balance P'000	Additions P'000	Disposals P'000	Transfers P'000	IFRS 16 lease adjustment P'000	Depreciation P'000	Total P'000
Freehold and leasehold land and buildings	281,583	2,812	(2,450)	3,622	–	(14,239)	271,328
Furniture and equipment	122,159	54,148	–	2,168	–	(48,078)	130,397
Motor vehicles	7,556	1,029	(39)	–	–	(2,172)	6,374
Leasehold improvements	41,046	2,118	–	–	–	(7,333)	35,831
Right of use asset – property	156,008	38,305	–	–	(14,820)	(25,345)	154,148
Capital work in progress	7,948	–	–	(5,790)	–	–	2,158
	616,300	**98,412**	**(2,489)**	**–**	**(14,820)**	**(97,167)**	**600,236**

* *Capital Work in Progress (CWIP) amounting to P11,300,000 relates to six active projects as at year-end, comprising predominantly building construction expenditure of P8,000,000 associated with the Tutume Branch, Maun Commercial Hub, and Palapye Relocation projects. The remainder of the balance relates to various other projects that were still in progress as at year-end. This applies to both Group and Company.*

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

19. Property and equipment (continued)

Reconciliation of property and equipment – Company – 2026

	Opening balance P'000	Additions P'000	Disposals P'000	IFRS 16 lease adjustment P'000	Depreciation P'000	Total P'000
Freehold and leasehold land and buildings	258,548	12,470	–	–	(8,137)	262,881
Furniture and equipment	129,412	35,458	–	–	(58,334)	106,536
Motor vehicles	6,374	5,376	(507)	–	(2,658)	8,585
Leasehold improvements	35,831	3,867	–	–	(7,700)	31,998
Right of use asset – property	154,148	27,211	–	(10,757)	(25,355)	145,247
Capital work in progress	2,158	9,681	–	–	–	11,839
	586,471	**94,063**	**(507)**	**(10,757)**	**(102,184)**	**567,086**

Reconciliation of property and equipment – Company – 2025

	Opening balance P'000	Additions P'000	Disposals P'000	Transfers P'000	IFRS 16 lease adjustment P'000	Depreciation P'000	Total P'000
Freehold and leasehold land and buildings	268,666	2,810	(2,450)	3,622	–	(14,100)	258,548
Furniture and equipment	120,802	54,148	–	2,168	–	(47,706)	129,412
Motor vehicles	7,556	1,029	(39)	–	–	(2,172)	6,374
Leasehold improvements	41,046	2,118	–	–	–	(7,333)	35,831
Right of use asset – property	156,008	38,305	–	–	(14,820)	(25,345)	154,148
Capital work in progress	7,948	–	–	(5,790)	–	–	2,158
	602,026	**98,410**	**(2,489)**	**–**	**(14,820)**	**(96,656)**	**586,471**

Property and equipment encumbered as security

No assets have been encumbered as security for any liabilities.

There were no contractual commitments made for the acquisition of property and equipment.

No borrowings were capitalised during the year.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

20. Goodwill

	2026			2025		
Group P'000	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	26,589	–	26,589	26,963	–	26,963

	2026			2025		
Company P'000	Cost	Accumulated impairment	Carrying value	Cost	Accumulated impairment	Carrying value
Goodwill	26,589	–	26,589	26,589	–	26,589

The goodwill arose from the Bank's acquisition of net assets relating to unsecured lending activities which generate income from ordinary activities and thus met the definition of a business at the time of acquisition. An impairment of P374,000 has been recognised in current year in relation to Premium Credit resulting in a downward movement.

Impairment of goodwill

The Group's goodwill is assessed for impairment test annually on 31 March. Goodwill is considered to be impaired when its carrying amount is more than its recoverable amount. Goodwill is allocated to cash generating units (CGUs). For impairment testing purposes, goodwill is allocated to CGUs at the lowest level of operating activity to which it relates, and is therefore not combined at Group level.

The significant CGUs to which the goodwill balance relates are reflected below:

	2026 P'000	2025 P'000
First Funding	26,589	26,589
Premium Credit	–	374
	26,589	**26,963**

The recoverable amount of the CGU is determined as the higher of the value in use or fair value less costs to sell.

Fair value less costs to sell

The fair value less costs to sell is determined as the current market value of the CGU less any costs related to the realisation of the CGU.

Value in use

The value in use is calculated as the net present value of the discounted cash flows of the CGU. This is determined by discounting the estimated future pre-tax cash flows to its present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the CGU. The future cash flows are based on financial budgets approved by management covering a four-year period. Cash flows beyond one year are extrapolated using the estimated growth rate for the CGU.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

20. Goodwill (continued)

Management's judgement in estimating the cash flows of a CGU

The cash flow projections for each CGU are based on budgets and forecasts approved by the board as part of the annual budget and forecast process. The budgets and forecasts are based on historical data adjusted for management's expectation of future performance. Expected future performance is determined using both internal and external sources of information. The board challenges and endorses planning assumptions in light of internal capital allocation decisions necessary to support the strategy, current market conditions and macroeconomic outlook.

The terminal cash flows are calculated from the final cash flow period which is extrapolated into perpetuity, using the estimated growth rates stated below. These growth rates are consistent with economic reports specific to the country in which each CGU operates.

The key assumptions in determining the value in use of the CGU are therefore the discount rate and the real growth rate. The table below shows the discount rate and the real growth rate used in calculating the value in use for the CGU for First Funding:

	2026	2025
Pre-tax discount rates (%)	16.79	16.79
Growth rates (%)	3.10	2.50

The discount rate used is the weighted average cost of capital for the specific segment or entity, adjusted for specific risks relating to the segment or entity. Some of the other assumptions include investment returns, expense inflation rates, tax rates and new business growth.

The period over which management has projected cash flows is 4 years (2025: 4 years). The cash flows from the final cash flow period are extrapolated into perpetuity to reflect the long-term plans of the Group. The growth rate does not exceed the long-term average past growth rate for the business in which the CGU operates.

A reasonably possible change in the discount rate or growth rate of the above mentioned CGUs would not result in their recoverable amounts being lower than the carrying values. A change in the discount rates or growth rate applied and other reasonably possible change in the key assumptions would not result in additional impairment losses being recognised for goodwill in any of the CGUs. The recoverable amount is sufficiently in excess of the carrying amount that changes to the assumptions would not change the final outcome of the test.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

21. Deferred taxation

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
Balance at beginning of year	(28,211)	(7,475)	(28,076)	(8,252)
Temporary differences for the year	4,290	(20,150)	4,556	(19,824)
Prior year over provision	–	(586)	–	–
Balance at the end of the year	**(23,921)**	**(28,211)**	**(23,520)**	**(28,076)**
The balance comprises the following:				
Accelerated capital allowances	29,278	26,776	29,678	26,910
Prepayments	5,603	4,949	5,603	4,949
Share based payments	1,795	2,414	1,795	2,414
Employee benefits	(23,786)	(17,588)	(23,785)	(17,588)
Management fees	(10,857)	(8,444)	(10,857)	(8,444)
Fair value loss on financial instruments	(14,114)	(20,796)	(14,114)	(20,796)
Other	(11,840)	(15,522)	(11,840)	(15,521)
	(23,921)	**(28,211)**	**(23,520)**	**(28,076)**
Effective 1 July 2026, the corporate income tax rate increased from 22% to 24.5%. This change was substantively enacted by the reporting date and has been considered in the measurement of deferred tax balances.				
Deferred tax asset	23,921	28,211	23,520	28,076

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

22. Other liabilities

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
Unclaimed balances, ECL and other liabilities*	163,827	157,489	163,031	156,695
Other payables and accruals**	172,750	239,189	172,750	239,189
Items in transit	91,106	218,616	91,106	218,616
Lease liabilities	153,400	163,060	153,400	163,060
Audit fees	2,971	6,664	2,971	6,664
Indirect taxes	22,108	21,749	22,079	21,710
Total other liabilities	**606,162**	**806,767**	**605,337**	**805,934**

* *Unclaimed balances, ECL and other liabilities mainly consists of unclaimed monies of P130,716,000 (2025: P122,699,000) and ECL off balance sheet of P15,805,000 (2025: P Nil).*

** *Other payables and accruals comprise amounts pending settlement with correspondent banks of P126,511,000 (2025: P203,603,000), unclaimed dividends of P17,575,000 (2025 P16,558,000) and unpaid supplier invoices outstanding at year-end.*

The fair values of financial liabilities included in other liabilities approximates their carrying amounts due to their short-term nature, excluding lease liabilities disclosed separately above. The fair value of lease liabilities is considered to approximate their carrying amount due to the nature of the underlying contracts and the use of discount rates that are representative of current market borrowing rates for similar financing arrangements.

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
Lease liabilities				
Opening balance	163,060	166,840	163,060	166,840
New leases recognised during the year	27,211	38,305	27,211	38,305
Modification of leases	(4,270)	(8,695)	(4,270)	(8,695)
Interest accrued	8,741	4,059	8,741	4,059
Non-cashflow movements	**31,682**	**33,669**	**31,682**	**33,669**
Principal payments towards lease liabilities	(32,601)	(33,390)	(32,601)	(33,390)
Interest paid	(8,741)	(4,059)	(8,741)	(4,059)
Cashflow movements	**(41,342)**	**(37,449)**	**(41,342)**	**(37,449)**
	153,400	**163,060**	**153,400**	**163,060**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

22. Other liabilities (continued)

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
Maturity analysis of future lease payments outstanding at the reporting date.				
1 - 3 months	8,483	7,780	8,483	7,780
4 - 12 months	24,950	23,329	24,950	23,329
1 - 5 years	115,621	129,554	115,621	129,554
Over 5 years	45,193	25,815	45,193	25,815
	194,247	**186,478**	**194,247**	**186,478**

The Bank's significant leases relate to the property rentals of office premises and the various branch network channels represented by full service and mini branches, agencies and ATM lobbies. The rentals have fixed monthly payments escalation clauses are based on market- related rates and vary between 5% and 12%.

The leases are usually for original periods of one to five years. The leases are non-cancellable and some of the leases have an option to renew for a further leasing period at the end of the original lease term.

23. Deposits from banks

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
Unsecured and payable on demand	819,910	352,411	819,910	352,411
	819,910	**352,411**	**819,910**	**352,411**

Included in this amount is a balance due to FirstRand Bank Limited of P652,035,000 (2025: P179,997,000), First National Bank Zambia P351,000 (2025: P1,000), and First National Bank Eswatini P156,000 (2025: P211,000), FNB Lesotho P71,000 (2025: P35,000), FirstRand London of P45,000 (2025: P45,000) and First National Bank Namibia P3,097,000 (2025: P440,000).

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

24. Deposits from customers

Group and Company	2026 P'000	2025 P'000
Current and managed accounts	14,163,721	13,499,138
Savings accounts	1,821,826	1,947,998
Call and term deposits	12,336,289	11,045,335
	28,321,836	**26,492,471**

Included in the call and term deposits is a balance of P72,808,000 (2025: P82,503,000) relating to First National Bank Holdings (Botswana) Limited and P71,087,000 (2025: P23,650,000) relating to FNB Insurance Brokers (Botswana) Proprietary Limited. Included in the current and managed accounts is a balance of P918,000 (2025: P37,819,000) relating to FNB Insurance Brokers (Botswana) Proprietary Limited.

Discounted maturity analysis	2026 P'000	2025 P'000
Withdrawal on demand	23,926,976	23,030,088
Maturing within one year	3,596,132	3,363,912
Maturing one to five years	798,728	96,465
Maturing over 5 years	-	2,006
	28,321,836	**26,492,471**

The maturity analysis is based on the remaining months to maturity from the reporting date.

25. Deposits – other

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
Repurchase agreements	–	1,738,081	–	1,738,081

In prior year the Bank had repurchase agreements with Bank of Botswana of P1,738,000,000. The repurchase agreements were extended at the interest rate of the Monetary Policy Rate (MoPR) which was 1.90% at the reporting date. Of this balance, P300,119,000 had a one month duration and P776,885,000 had a 7 day duration.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

26. Employee benefits liabilities

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
Leave pay				
At the beginning of the year	35,597	35,858	35,597	35,858
Additional accrual recognised	17,773	16,235	17,773	16,235
Utilised	(19,574)	(16,496)	(19,574)	(16,496)
At the end of the year	**33,796**	**35,597**	**33,796**	**35,597**
Bonus				
At the beginning of the year	103,661	95,347	103,661	95,347
Additional accrual recognised	142,239	127,424	142,239	127,424
Utilised	(129,084)	(119,110)	(129,084)	(119,110)
At the end of the year	**116,816**	**103,661**	**116,816**	**103,661**
At the end of the year	**150,612**	**139,258**	**150,612**	**139,258**

The bonus accruals are expected to be settled within the next twelve months.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

27. Borrowings

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
Subordinated Unsecured Bonds (Qualifying as Tier 2 capital)				
Floating rate 117,750.00 Medium Term Notes of P1,000 each (2025: at P1,000 each)	117,750	117,750	117,750	117,750
Fixed rate 6,544.00 Medium Term Notes of P10,000 each (2025: 6,544.00 at P10,000 each)	65,440	65,440	65,440	65,440
	183,190	183,190	183,190	183,190
	183,190	183,190	183,190	183,190
Other borrowings				
Zero coupon deposit				
Botswana Life Insurance Limited (BLIL) Proprietary Limited – 15 year zero coupon deposit	–	47,184	–	47,184
Other zero coupon deposits	–	465,597	–	465,597
	–	512,781	–	512,781
Total borrowings	**183,190**	**695,971**	**183,190**	**695,971**

The 15-year zero coupon deposit from BLIL bears interest at a fixed rate of 9.29% and matured in the current financial year. Repayments of P50 million were made in the financial year. The deposit was carried at fair value.

The zero-coupon deposits were placed with Botswana Insurance Fund Management Limited at fixed annual interest rates ranging from 7.60% to 9.40% and matured during the current financial year.

The Subordinated Unsecured Registered Bonds bear interest at a fixed rate of 7.20% and a floating rate of MoPR plus 511 basis points per annum with maturity date of December 2031. Interest is paid semi-annually on the fixed rate note and quarterly on the floating rate note.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

27. Borrowings (continued)

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
Funding liabilities				
Opening balance	695,971	1,029,156	695,971	1,029,156
Redemption of other liabilities	(258,500)	(373,152)	(258,500)	(373,152)
Interest paid	(285,225)	(25,979)	(285,225)	(25,979)
Cash flow movements	**(543,725)**	**(399,131)**	**(543,725)**	**(399,131)**
Fair value movement	2,816	1,796	2,816	1,796
Interest accrued	28,128	64,150	28,128	64,150
Non-cash flow movements	**30,944**	**65,946**	**30,944**	**65,946**
	183,190	**695,971**	**183,190**	**695,971**

Financial liabilities

Determined with reference to changes in the mark-to-market yields of own issued bonds. The change in fair value of financial liabilities due to changes in credit risk is immaterial.

Financial liabilities designated as at fair value through profit or loss

	2026		2025	
	Fair value	Contractually payable at maturity	Fair value	Contractually payable at maturity
Zero coupon deposits	–	–	47,184	50,000

Total fair value income included in profit or loss for the year

	2026	2025
Total fair value income for the year has been disclosed as:		
Fair value gains and losses included in non-interest revenue	**(2,816)**	**(1,796)**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

28. Capital adequacy

	Note(s)	Group 30 June 2026 P'000	Group 30 June 2025 P'000
Tier 1 – Core capital			
Stated capital		51,088	51,088
Retained income – adjusted to revised operating capital by Bank of Botswana		4,566,132	4,063,724
		4,617,220	4,114,812
Goodwill		(26,589)	(26,963)
		4,590,631	**4,087,849**
Tier 2 – Supplementary capital			
Stage 1 and 2 provisioning		238,260	249,646
Subordinated Unsecured Bonds	27	183,190	183,190
		421,450	432,836
Total qualifying capital		**5,012,081**	**4,520,685**
Risk adjusted assets			
- Credit risk weighted assets (Simple Approach)		19,060,770	19,971,646
- Market risk weighted assets		204,297	169,930
- Operational risk weighted assets		3,826,214	3,407,715
		23,091,281	**23,549,291**
Capital adequacy ratios (%)		21.71	19.20
Core capital (%) (Basel Committee guide: minimum 4.5%)		19.88	17.36
Supplementary capital (%)		1.83	1.84
Total (%)		21.71	19.20
Bank of Botswana required minimum risk asset ratio (%)		12.50	12.50

The information above is unaudited.

The overall capital management objective is to maintain sound capital ratios and a strong credit rating to ensure confidence in the Group's solvency and quality of capital during calm and turbulent periods in the economy and financial markets. The Group, therefore, maintains capitalisation ratios aligned with its risk appetite and appropriate for safeguarding operations and stakeholder interests. The key focus areas and considerations of capital management are to ensure an optimal level and composition of capital, effective allocation of resources including capital and risk capacity, and a sustainable dividend policy.

The capital base of the Group provides the foundation for lending, off-balance sheet transactions and other activities. The capital adequacy of the Group is measured in accordance with the requirements of the Banking Act, 2023 in terms of which the Group must maintain a minimum level of capital based on its risk weighted assets and exposures. The Group undertakes an annual Internal Capital Adequacy Assessment Process (ICAAP) wherein required buffers on regulatory capital adequacy levels are set to ensure that the Group is sufficiently capitalised through the cycle.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

29. Post-retirement fund liabilities

The Group operates a defined contribution scheme, the assets of which are held in a separate trustee-administered fund. The pension plan is funded by payments from employees and the Group, and the Retirement Funds Act governs its administration. The fund currently has a total contribution rate of 20.5% (2025: 20.5%) of pensionable salary towards retirement funding. This is made up of an employee contribution rate of 7.0% (2025: 7.0%) and an employer contribution rate of 13.5% (2025: 13.5%). The liability of the Group is limited to the contributions made during the employment period of the employee. During the year the Group paid P69,432,000 towards the defined contribution schemes (2025: P66,065,000).

The Group does not provide post-retirement health care benefits to its employees.

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
30. Stated capital				
Ordinary shares of no-par value 2,543,700,000 (2025: 2,543,700,000)	**51,088**	**51,088**	**51,088**	**51,088**
31. Reserves				
Balance at 01 July	4,063,724	3,459,747	4,046,974	3,442,285
Profit for the year	1,647,073	1,443,398	1,662,251	1,444,110
Interim dividends paid	(381,555)	(457,866)	(381,555)	(457,866)
Retained earnings	5,329,242	4,445,279	5,327,670	4,428,529
Proposed dividend				
Final dividends proposed	(763,110)	(381,555)	(763,110)	(381,555)
	(763,110)	(381,555)	(763,110)	(381,555)
Total reserves	**4,566,132**	**4,063,724**	**4,564,560**	**4,046,974**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
32. Cash used in operations before taxation and working capital changes				
Profit before direct taxation	2,116,515	1,884,071	2,130,655	1,884,897
Adjustments for:				
Depreciation of property and equipment	104,251	97,167	102,184	96,656
Loss on sale of property and equipment	(279)	43	(279)	43
Foreign exchange movements on cash balances	(12,944)	(7,738)	(12,944)	(7,738)
Impairment loss/(reversal) on loans and advances	190,991	73,647	190,991	73,647
Unrealised profit on derivative financial instruments	3,084	(1,677)	3,084	(1,677)
Net loss on financial instruments held at fair value through profit and loss	2,816	1,797	2,816	1,797
Lease adjustments	6,487	6,126	6,487	6,126
Impairment of Goodwill	374	–	–	–
Interest and similar income	(2,893,037)	(2,484,466)	(2,893,037)	(2,484,466)
Interest expense and similar expenses	980,978	533,299	980,973	533,426
	499,236	**102,269**	**510,930**	**102,711**
33. Current income tax paid				
Taxation payable/(receivable) at the beginning of the year	6,245	(4,999)	6,637	(2,199)
Charged to the income statement	465,152	461,409	463,848	460,611
Taxation payable at the end of the year	(35,035)	(6,245)	(34,649)	(6,637)
Cash amounts paid	**436,362**	**450,165**	**435,836**	**451,775**
34. Movement in deposits from customers				
Movement in current and managed account deposits	664,583	(3,006,041)	664,583	(3,006,041)
Movement in savings deposits	(126,172)	218,822	(126,172)	218,822
Movement in call and term deposits	1,290,954	(741,354)	1,290,954	(741,354)
	1,829,365	**(3,528,573)**	**1,829,365**	**(3,528,573)**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
35. Movement in advances to customers				
Net amount outstanding at the beginning of the year	20,618,041	18,494,002	20,618,041	18,494,002
Impairment of advances	(190,991)	(73,647)	(190,991)	(73,647)
Net amount outstanding at the end of the year	(19,684,707)	(20,618,041)	(19,684,707)	(20,618,041)
Movement in accrued interest	1,766	2,484	1,766	2,484
Movement in interest suspended	(31,147)	20,863	(31,147)	20,863
	712,962	**(2,174,339)**	**712,962**	**(2,174,339)**
36. Dividends paid				
Previous year's final dividends paid during the year	381,555	686,799	381,555	686,799
Interim dividends	381,555	457,866	381,555	457,866
Total dividends paid to shareholders	**763,110**	**1,144,665**	**763,110**	**1,144,665**

The Directors propose a final dividend of 30.00 thebe per share (2025: 15.00 thebe per share). An interim dividend of 15.00 thebe per share (2025: 18.00 thebe per share) for the year ended 30 June 2026 has been paid to holders of ordinary shares.

	Note(s)	Group		Company	
		2026 P'000	2025 P'000	2026 P'000	2025 P'000
37. Cash and cash equivalents					
Cash and short-term funds	10	2,219,905	2,095,051	2,219,905	2,095,051
Bank of Botswana (BoB) Certificates	12	1,498,420	399,979	1,498,420	399,979
Overdrawn bank account	23	(24,668)	–	(24,668)	–
		3,693,657	**2,495,030**	**3,693,657**	**2,495,030**

The BoB certificates are held for purposes of meeting short-term commitments and is included in cash and cash equivalents.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

	Group		Company	
	2026 P'000	2025 P'000	2026 P'000	2025 P'000
38. Off balance sheet exposures				
Letters of credit	52,275	19,644	52,275	19,644
Guarantees – performance	1,015,628	1,157,595	1,015,628	1,157,595
Guarantees – other	43,324	51,865	43,324	51,865
	1,111,227	**1,229,104**	**1,111,227**	**1,229,104**
The above contingencies represent guarantees and letters of credit.				
Commitments				
Revocable	1,614,025	1,369,830	1,614,025	1,369,830
Irrevocable	918,839	884,722	918,839	884,722
Undrawn commitments to customers	**2,532,864**	**2,254,552**	**2,532,864**	**2,254,552**
Expected credit loss on contingencies and commitments	15,805	1,945	15,805	1,945
Capital commitments				
Capital expenditure approved by the Directors				
- not yet contracted for	**106,015**	**109,247**	**106,015**	**109,247**

The capital commitments are wholly in respect of property and equipment and will be funded from internal resources.

Contingent liabilities

The Group by its very nature has a large number of stakeholders and frequently engages in both large and numerous transactions with various stakeholders, as such is inherently subject to greater legal exposure. Numerous legal proceedings have been undertaken by various stakeholders seeking damages from the Group. The Group approximates the possible exposure of P18,342,000 (2025: P 1,300,000) arising in the normal course of business.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

39. Trust activities

The Group acts as a trustee and in other fiduciary capacities that result in holding or placing of assets on behalf of customers.

At 30 June 2026 the Group acted as a custodian in respect of Botswana Government bonds amounting to P6,832,198,000 (2025: P4,215,945,000), money markets P3,148,992,000 (2025: P2,456,012,000), equities amounting to P11,714,294,000 (2025: P12,956,736,000) and trustees amounting to P1,087,640,000 (2025: P924,646,000). These assets are held in a trust or in a fiduciary capacity and are not treated as assets of the Group. Accordingly, they have not been included in the statements of financial position.

40. Financial risk management

Only consolidated amounts have been disclosed, as there is no material difference between the consolidated and separate financial risk management disclosures. The related disclosures include:

- credit risk management;
- liquidity risk management; and
- fair value of financial instruments.

The consolidated disclosures are reflective of the Group in all material respects.

Risk governance in the Group

The Group believes that effective risk, performance and financial resource management is key to its success and underpins the delivery of sustainable returns to shareholders. These disciplines are, therefore, deeply embedded in the Group's tactical and strategic decision-making.

Effective risk management is supported by effective governance structures, robust policy frameworks and a risk-focused culture. Strong governance structures and policy frameworks foster the embedding of risk considerations in business processes and ensure that consistent standards exist across the Group. In line with the Group's corporate governance framework, the board retains ultimate responsibility for providing strategic direction, approving risk appetite and ensuring that risks are adequately identified, measured, monitored, managed and reported on.

Effective risk management requires multiple points of control or safeguards that should consistently be applied at various levels throughout the organisation.

The primary board committee overseeing risk matters across the Group is the Board Risk, Capital management and Compliance Committee.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Overview of financial risk

The financial instruments recognised on the Group's statement of financial position expose the Group to various financial risks.

The information presented in this note represents the information required by IFRS 7 and sets out the Group's exposure to these financial risks. This section also contains details on the Group's capital management process.

Overview of financial risk		
Credit Risk	The risk of loss due to the non-performance of a counterparty in respect of any financial or other obligation. For fair value portfolios, the definition of credit risk is expanded to include the risk of losses through fair value changes arising from changes in credit spreads. Credit risk also includes credit default, pre-settlement, and concentration risk.	
	Credit risk arises primarily from the following instruments: • advances; • certain investment securities; and • off-balance sheet exposures. Other sources of credit risk are: • cash and cash equivalents; • accounts receivable included in other assets; and • derivative balances.	The following information is presented for these assets; • credit assets and concentration risk; • information about the quality of credit assets; and • credit risk mitigation techniques and collateral held.
Liquidity Risk	The risk that the Group may not be able to effectively meet current and future cash flow and collateral requirements without negatively affecting the normal course of business, financial position or reputation.	
	All assets and liabilities with differing maturity profiles expose the Group to liquidity risk.	The following information is presented for these assets and liabilities: • undiscounted cash flow analysis of financial liabilities; • discounted cash flow analysis of total assets and liabilities; • collateral pledged.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Overview of financial risk (continued)

Overview of financial risk		
Market Risk	Traded market risk is the risk of adverse revaluation of any financial instrument as a consequence of changes in the market prices or rates.	
	Interest rate risk in the banking book is the sensitivity of a bank's financial position and earnings to unexpected, adverse movements in interest rates. It originates from the differing repricing characteristics of balance sheet positions/instruments, yield curve risk, basis risk and client optionality embedded in banking book products. Structural foreign exchange risk is the risk of an adverse impact on the Group's financial position and earnings or other key ratios as a result of movements in foreign exchange rates impacting balance sheet exposures. It arises from balances denominated in foreign currencies and Group entities with functional currencies other than the pula.	The following information is presented for interest rate risk in the banking book: • projected NII sensitivity to interest rate movements. Information on the Group's net structural foreign exposures and sensitivity of these exposures are presented.
Capital Management	The overall capital management objective is to maintain sound capital ratios and a strong credit rating to ensure confidence in the Group's solvency and quality of capital during calm and turbulent periods in the economy and financial markets. The Group, therefore, maintains capitalisation ratios aligned with its risk appetite and appropriate for safeguarding operations and stakeholder interests. The key focus areas and considerations of capital management are to ensure an optimal level and composition of capital, effective allocation of resources including capital and risk capacity, and a sustainable dividend policy.	

Credit risk

Objective

Credit risk management objectives are twofold:

- Risk control: Appropriate limits are placed on the assumption of credit risk and steps are taken to ensure the accuracy of credit risk assessments and reports. Deployed and central credit risk management teams fulfil this task.
- Management: Credit risk is taken within the constraints of the Group's risk/return and credit risk appetite framework. The credit portfolio is managed at an aggregate level to optimise the exposure to this risk. The Group credit risk management function and relevant board committees fulfil this role.

Based on the Group's credit risk appetite, as measured on an ROE, NIACC and volatility-of-earnings basis, credit risk management principles include holding the appropriate level of capital and pricing for risk on an individual and portfolio basis. The scope of credit risk identification and management practices across the Group, therefore, spans the credit value chain, including risk appetite, credit origination strategy, risk quantification and measurement, as well as collection and recovery of delinquent accounts.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Credit risk (continued)

Assessment and management

Credit risk is managed through the implementation of comprehensive policies, processes and controls to ensure a sound credit risk management environment with appropriate credit granting, administration, measurement, monitoring and reporting of credit risk exposure. Credit risk management across the Group is split into three distinct portfolios: Retail, Commercial and Corporate, and are aligned to customer profiles.

The assessment of credit risk across the Group relies on internally developed quantitative models for addressing financial reporting and business needs. The models are used for the internal assessment of the three primary credit risk components:

- probability of default (PD);
- exposure at default (EAD); and
- loss given default (LGD).

Management of the credit portfolio is reliant on these three credit risk measures. PD, EAD and LGD are inputs into the credit risk assessment where the measures are combined with estimates of correlations between individual counterparties, industries and portfolios to reflect diversification benefits across the portfolio.

The Group employs a granular, 100-point master rating scale, which has been mapped to the continuum of default probabilities, as illustrated in the Financial Risk (FR) tables. FR1 is the lowest PD and FR100 the highest. External ratings have also been mapped to the master rating scale for reporting purposes. These mappings are reviewed and updated on a regular basis.

Mapping of FR grades to rating agency scales

FR rating	Midpoint PD	FNBB rating (based on S & P)
FR 1 - 14	0.06%	AAA, AA+, AA, AA-, A+, A, A-
FR 15 - 25	0.29%	BBB+, BBB(upper), BBB, BBB-(upper), BBB-, BB+(upper)
FR 26 - 32	0.77%	BB+, BB(upper), BB, BB-(upper)
FR 33 - 39	1.44%	BB-, B+(upper)
FR 40 - 53	2.52%	B+
FR 54 - 83	6.18%	B(upper), B, B-(upper)
FR 84 - 90	13.68%	B-
FR 91 - 99	59.11%	CCC
FR 100	100%	D(Defaulted)

* *Indicative mapping to the international rating scales of S&P Global ratings. The Group currently only uses mapping to S&P rating scales*

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Credit risk (continued)

Credit assets and concentration risk

The assets and off-balance sheet amounts included in the table below expose the Group to credit risk. For all on-balance sheet exposures, the gross amount disclosed represents the maximum exposure to credit risk, before taking collateral and other credit enhancements into account.

Credit concentration risk is the risk of loss to the Group arising from an excessive concentration of exposure to a single counterparty, industry, market, product, financial instrument or type of security, or maturity. This concentration typically exists when a number of counterparties are engaged in similar activities and have similar characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions. Concentration risk is managed based on the nature of the credit concentration in each portfolio.

Geographic concentration of significant credit asset exposure

Group - 2026	Botswana P'000	Southern Africa P'000	Europe P'000	North America P'000	Rest of the world P'000	Total P'000
On-balance sheet exposures						
Cash and short-term funds	996,642	831,842	63,531	301,718	26,172	2,219,905
Derivative financial instruments	47,236	3,415	–	–	–	50,651
Advances to customers	19,684,707	–	–	–	–	19,684,707
Investment securities	10,551,987	982,152	265,658	655,758	–	12,455,555
Due from related parties	6,843	56,543	–	–	–	63,386
Other assets	233,155	–	–	–	–	233,155
	31,520,570	**1,873,952**	**329,189**	**957,476**	**26,172**	**34,707,359**
Off-balance sheet exposures						
Guarantees, acceptances and letters of credit	867,340	243,887	–	–	–	1,111,227
Commitments	2,532,864	–	–	–	–	2,532,864
	34,920,774	**2,117,839**	**329,189**	**957,476**	**26,172**	**38,351,450**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Credit risk (continued)

Credit assets and concentration risk (continued)

Geographic concentration of significant credit asset exposure (continued)

Group - 2025	Botswana P'000	Southern Africa P'000	Europe P'000	North America P'000	Rest of the world P'000	Total P'000
On-balance sheet exposures						
Cash and short-term funds	636,721	939,018	42,798	467,516	8,998	2,095,051
Derivative financial instruments	13,049	5,951	–	–	–	19,000
Advances to customers	20,618,041	–	–	–	–	20,618,041
Investment securities	9,445,191	340,105	1,091,635	–	–	10,876,931
Due from related parties	7,304	11,984	–	–	–	19,288
Other assets	232,679	–	–	–	–	232,679
	30,952,985	**1,297,058**	**1,134,433**	**467,516**	**8,998**	**33,860,990**
Off-balance sheet exposures						
Guarantees, acceptances and letters of credit	933,592	295,512	–	–	–	1,229,104
Commitments	2,254,552	–	–	–	–	2,254,552
	34,141,129	**1,592,570**	**1,134,433**	**467,516**	**8,998**	**37,344,646**

Sector analysis concentration of advances

Advances expose the Group to concentration risk in various industry sectors. The tables in Note 13 and 15 set out the Group's exposure to various industry sectors for total advances and credit-impaired advances.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets

The following table shows the gross carrying amount of advances carried at amortised cost, as well as the exposure to credit risk of loan commitments and financial guarantees per class of advance and per internal credit rating.

The amounts in stage 3 that do not have a rating of FR91-100 relate to technical cures (performing accounts that have previously defaulted but do not meet the 12-month curing definition and therefore remain in stage 3).

2026	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Term loans	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000
Stage 1	268,145	54	8,533,887	500,936	–	–	8,802,033	500,990
Stage 2	244,231	–	994,252	651	–	2,748	1,422,368	3,399
Stage 3	–	–	–	–	140,521	–	140,522	–
	512,376	**54**	**9,528,139**	**501,587**	**140,521**	**2,748**	**10,364,923**	**504,389**

2025	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Term loans	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000
Stage 1	2,404,584	23,271	6,293,218	538,252	–	–	8,697,802	561,523
Stage 2	188,607	–	699,542	–	675,907	–	1,564,056	–
Stage 3	–	–	–	–	146,218	–	146,218	–
	2,593,191	**23,271**	**6,992,760**	**538,252**	**822,125**	**–**	**10,408,076**	**561,523**

2026	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Instalment sales	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000
Stage 1	–	–	1,345,041	–	–	–	1,345,041	–
Stage 2	399,917	–	–	–	143,004	–	542,920	–
Stage 3	–	–	–	–	130,098	–	130,098	–
	399,917	**–**	**1,345,041**	**–**	**273,102**	**–**	**2,018,059**	**–**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets (continued)

2025	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Instalment sales	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000
Stage 1	–	–	1,818,875	49,108	–	–	1,818,875	49,108
Stage 2	–	–	237,996	–	189,391	–	427,387	–
Stage 3	–	–	–	–	97,487	–	97,487	–
	–	**–**	**2,056,871**	**49,108**	**286,878**	**–**	**2,343,749**	**49,108**

2026	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Property loans	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000
Stage 1	201,220	3,887	5,323,673	23,398	–	–	5,524,893	27,285
Stage 2	3,474	–	348,366	3,727	147,723	–	499,562	3,727
Stage 3	–	–	–	–	261,593	–	261,593	–
	204,694	**3,887**	**5,672,039**	**27,125**	**409,316**	**–**	**6,286,048**	**31,012**

2025	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Property loans	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000
Stage 1	326,651	14,000	5,647,866	198,309	–	1,990	5,974,517	214,299
Stage 2	–	–	199,741	–	148,342	–	348,083	–
Stage 3	–	–	–	–	290,131	–	290,131	–
	326,651	**14,000**	**5,847,607**	**198,309**	**438,473**	**1,990**	**6,612,731**	**214,299**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets (continued)

2026	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Overdraft and managed accounts	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000
Stage 1	447,308	120,258	666,744	799,746	–	–	1,114,052	920,004
Stage 2	139,059	375	255,708	10,701	36,110	357	430,878	11,432
Stage 3	–	–	–	–	61,930	–	61,930	–
	586,367	**120,633**	**922,452**	**810,447**	**98,040**	**357**	**1,606,860**	**931,436**

2025	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Overdraft and managed accounts	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000
Stage 1	409,209	21,786	886,469	373,506	–	601	1,295,678	395,893
Stage 2	42,534	–	238,019	–	137,156	–	417,709	–
Stage 3	–	–	–	–	72,752	–	72,752	–
	451,743	**21,786**	**1,124,488**	**373,506**	**209,908**	**601**	**1,786,139**	**395,893**

2026	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Other	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000
Stage 1	3,960	62,368	218,879	187,430	562	–	223,400	249,798
Stage 2	562	–	21,228	172,340	34,409	4,393	56,199	176,733
Stage 3	–	–	–	–	24,413	–	24,413	–
	4,522	**62,368**	**240,107**	**359,770**	**59,384**	**4,393**	**304,012**	**426,531**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets (continued)

2025	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Other	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000
Stage 1	10,530	108,900	252,489	–	–	–	262,989	108,900
Stage 2	111	–	3,493	–	28,351	–	31,955	–
Stage 3	–	–	–	–	11,065	–	11,065	–
	10,641	**108,900**	**255,982**	**–**	**39,416**	**–**	**306,009**	**108,900**

2026	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Financial guarantees	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000
Stage 1	–	2,345	–	119,706	–	–	–	122,051
Stage 2	–	6,520	–	3,377	–	4,750	–	14,647
	–	**8,865**	**–**	**123,083**	**–**	**4,750**	**–**	**136,698**

2025	Financial risk (FR) 1 – 25		Financial risk (FR) 26 – 90		Financial risk (FR) 91 – 100		Total	Total
Financial guarantees	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000	On balance sheet P'000	Off balance sheet P'000
Stage 1	–	332,533	–	233,862	–	796	–	567,191
Stage 2	–	–	–	216,912	–	–	–	216,912
	–	**332,533**	**–**	**450,774**	**–**	**796**	**–**	**784,103**

Off balance sheet exposures also include revocable undrawn commitments of P1,614,025,000 (2025: P1,369,830,000) with FR ratings ranging between 1 and 90 (2025: 1 and 90).

Analysis of impaired advances

See Note 15 for analysis of impaired advances (stage 3) for financial assets measured at amortised cost in line with the way the Group manages credit risk.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets (continued)

Quality of credit assets – non-advances

The following table shows the gross carrying amount of non-advances carried at amortised cost and the fair value of non-advances measured at fair value through profit or loss per external credit ratings.

Group – 2026	AAA to BB P'000	BB+ to B- P'000	CCC P'000
Investment securities at amortised cost			
Stage 1	11,151,012	1,247,810	–
Investment securities at fair value through profit or loss			
Stage 1	56,733	–	–
Total investment securities	**11,207,745**	**1,247,810**	**–**
Other assets			
Stage 1	233,155	–	–
Cash and short term funds			
Stage 1	**766,460**	**965,524**	**–**

Group – 2025	AAA to BB P'000	BB+ to B- P'000	CCC P'000
Investment securities at amortised cost			
Stage	9,372,079	1,506,113	–
Investment securities at fair value through profit or loss			
Stage 1	22,499	–	–
Total investment securities	**9,394,578**	**1,506,113**	**–**
Other assets			
Stage 1	521,393	–	–
Cash and short term funds			
Stage 1*	**637,059**	**1,072,259**	**–**

Cash and short term deposits is exclusive of coins and cash notes.

* *In the prior year, investment securities of P1,506,113,000 were inaccurately classified under AAA to BBB instead of BB+ to B-. In addition, cash and short term funds under AAA to BBB and BB+ to B- were inaccurately disclosed as P520,759 and Pnil respectively. This was corrected in the current year.*

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets (continued)

Credit risk mitigation and collateral held

Since taking and managing credit risk is core to its business, the Group aims to optimise the amount of credit risk it takes to achieve its return objectives. Mitigation of credit risk is an important component of this, beginning with the structuring and approval of facilities only for those clients and within those parameters that fall within risk appetite.

Although, in principle, credit assessment focuses on the counterparty's ability to repay the debt, credit mitigation instruments are used where appropriate to reduce the Group's lending risk, which result in security against the majority of exposures. These include financial or other collateral, netting agreements or guarantees. The collateral types are driven by portfolio, product or counterparty type.

Credit risk mitigation instruments:

- Property and instalment sale finance portfolios are secured by the underlying assets financed.
- Commercial credit exposures are secured by the assets of the counterparties and commercial property finance deals are secured by the underlying property and associated cash flows.
- Personal loans, overdrafts and credit card exposures are generally unsecured or secured by guarantees and sureties.
- For Retail customers, insurance against disability, life and retrenchment cover is prescribed, where applicable.
- Structured facilities in Corporate are secured as part of the structure through financial or other collateral, including guarantees and assets.
- Counterparty credit risk is mitigated through the use of netting agreements and financial collateral.
- Working capital facilities in Corporate are secured and unsecured.

Collateral held

The Group employs strict policies governing the valuation and management of collateral across all business areas. Collateral is managed internally to ensure that title is retained over collateral taken over the life of the transaction. Collateral is valued at inception of the credit agreement and subsequently where necessary through physical inspection or index valuation methods. For corporate and commercial counterparties, collateral is reassessed during the annual review of the counterparty's creditworthiness to ensure that proper title is retained. For mortgage portfolios, collateral is revalued on a regular basis via physical inspection which is performed at the beginning of the recovery process. For asset finance, the total security reflected represents only the realisation value estimates of the vehicles repossessed at the date of repossession. Where the repossession has not yet occurred, the realisation value of the vehicle is estimated using internal models and is included as part of total recoveries.

Concentrations in credit risk mitigation types, such as property, are monitored and managed at a product and segment level, in line with the requirements of the Group credit risk/return framework.

Collateral is taken into account for capital calculation purposes through the determination of LGD. Collateral reduces LGD, and LGD levels are determined through statistical modelling techniques based on historical experience of the recovery processes.

The amount and type of collateral required depends on the assessment of the credit risk of the counterparty. Guidelines are in place covering the acceptability and valuation of each type of collateral.

The main types of collateral obtained are, as follows:

- For corporate and commercial advances, collateral held is real estate properties, trade receivables, inventory and guarantees.
- For retail advances, mortgages over residential properties.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

In its normal course of business, the Bank engages external agents to recover funds from repossessed properties or other assets in its retail portfolio, generally at auctions, to settle outstanding debt. Any surplus funds are returned to the customer/obligors.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets (continued)

Collateral held (continued)

The table below represents an analysis of the maximum exposure to credit risk for financial assets at amortised cost and debt instruments at fair value through profit or loss, as well as a breakdown of collateral, both financial and non-financial held against the exposure, along with any other credit enhancements and netting arrangement.

Group – 2026	Gross carrying amount P'000	Off balance sheet exposure P'000	Loss allowance P'000	Maximum exposure to credit risk P'000	Netting and financial collateral P'000	Unsecured P'000	Secured P'000
Term loans	10,364,923	500,284	(434,245)	10,430,962	–	6,402,528	3,528,150
Instalment sales	2,018,059	–	(147,416)	1,870,643	–	–	1,870,643
Property loans	6,286,048	31,012	(161,244)	6,155,816	–	–	6,124,804
Overdraft and managed accounts	1,606,860	690,199	(118,480)	2,178,579	–	62,257	1,426,123
Other	304,012	426,532	(33,810)	696,734	–	268,769	1,433
Total advances	**20,579,902**	**1,648,027**	**(895,195)**	**21,332,734**	**–**	**6,733,554**	**12,951,153**
Investment securities	12,455,555	–	(1,229)	12,454,326	–	12,055,035	–
Cash and short term funds	2,219,905	–	–	2,219,905	–	2,219,905	–
Other assets	550,805	–	–	550,805	–	550,805	–
Derivatives	50,651	–	–	50,651	–	50,651	–

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets (continued)

Collateral held (continued)

Group – 2025	Gross carrying amount P'000	Off balance sheet exposure P'000	Loss allowance P'000	Maximum exposure to credit risk P'000	Netting and financial collateral P'000	Unsecured P'000	Secured P'000
Term loans	10,408,076	892,638	(341,090)	10,959,624	–	7,143,612	2,923,374
Instalment sales	2,343,749	218,793	(152,607)	2,409,935	–	–	2,191,142
Property loans	6,612,731	340,665	(139,444)	6,813,952	–	–	6,473,287
Overdraft and managed accounts	1,786,139	629,340	(177,091)	2,238,388	–	154,807	1,454,241
Other	306,009	173,116	(28,431)	450,694	–	277,578	–
Letters of credit and guarantees	–	1,229,104	–	–	–	–	–
Total advances	**21,456,704**	**3,483,656**	**(838,663)**	**22,872,593**	**–**	**7,575,997**	**13,042,044**
Investment securities	10,878,193	–	(1,262)	10,876,931	–	10,878,193	–
Cash and short term funds	2,095,051	–	–	2,095,051	–	2,095,051	–
Other assets	521,393	–	–	521,393	–	521,393	–
Derivatives	19,000	–	–	19,000	–	19,000	–

The table below reflects the collateral that the Group holds where it has the ability to sell or pledge in the absence of default by the owner of the collateral

Group and Company Cash collateral held on advances	2026 Fair value P'000	2025 Fair value P'000
Advances to customers	15,639	8,391

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Credit risk (continued)

Quality of credit assets (continued)

Offsetting of financial assets and financial liabilities

The financial collateral included in the table above is limited to the net statement of financial position exposure in line with the requirements of IFRS 7 and excludes the effect of any over-collateralisation. The collateral amount included in the table for IFRS 7 disclosure purposes has been determined at a business unit level. If these limits were determined on a Group-wide level, the collateral amount included in this table could increase. The total amount reported on the statement of financial position is the sum of the net amount reported in the statement of financial position and the financial instruments amount not subject to offset or MNA. No offsetting was applied.

Liquidity risk

Objective

Liquidity risk arises from all assets and liabilities with differing maturity profiles, currencies and behaviour. The Group's objective is to maintain and enhance its deposit market share by appropriately pricing and rewarding depositors from diverse and sustainable funding pools, thus creating a natural liquidity buffer. The Group seeks to optimise its funding profile within structural and regulatory constraints to enable the business to operate in an efficient and sustainable manner.

Compliance with the Basel III liquidity ratios influences the Group's funding strategy, particularly as it seeks to price appropriately for liquidity on a risk-adjusted basis. The Group continues to offer innovative and competitive products to further grow its deposit franchise whilst also optimising its institutional funding profile. These initiatives continue to improve the funding and liquidity profile of the Group.

Assessment and management

The Group focuses on continually monitoring and analysing the potential impact of other risks and events on its funding and liquidity position to ensure business activities are preserved and funding stability is improved. This ensures the Group can operate through periods of stress when access to funding is constrained.

The Group's approach to liquidity risk management distinguishes between structural, daily and contingency liquidity risk management across all currencies, and various approaches are employed in the assessment and management of these on a daily, weekly and monthly basis as illustrated in the following table.

Structural liquidity risk	Daily liquidity risk	Contingency liquidity risk
Managing the risk that structural, long-term on- and off-balance sheet exposures cannot be funded timeously or at reasonable cost	Ensuring that intraday and day-to-day anticipated and unforeseen payment obligations can be met by maintaining a sustainable balance between liquidity inflows and outflows	Maintaining several contingency funding sources to draw upon in times of economic stress

Regular and rigorous stress tests are conducted on the funding profile and liquidity position as part of the overall stress testing framework with a focus on:

- quantifying the potential exposure to future liquidity stresses;
- analysing the possible impact of economic and event risks on cash flows, liquidity, profitability and solvency position; and
- proactively evaluating the potential secondary and tertiary effects of other risks on the Group.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Liquidity risk (continued)

Undiscounted cash flows

The following table presents the Group's undiscounted cash flows of financial liabilities and off-balance sheet amounts, and includes all cash outflows related to principal amounts, as well as future payments.

2026	Call P'000	1 – 3 months P'000	4 – 12 months P'000	1 – 5 years P'000	Over 5 years P'000	Total financial assets and liabilities P'000
On-balance sheet exposures						
Amounts due to other banks	219,737	600,173	–	–	–	819,910
Deposit and current accounts	22,590,152	1,336,824	3,596,132	798,728	–	28,321,836
Derivative financial instruments	–	845,489	13,712	–	–	859,201
Borrowings	–	3,123	14,082	68,820	191,792	277,817
Due to related companies	62,873	–	–	–	–	62,873
Other liabilities	430,563	–	–	–	–	430,563
Lease liabilities	–	8,483	24,950	115,621	45,193	194,247
Off-balance sheet exposures						
Financial and other guarantees	1,067,903	–	–	–	–	1,067,903
Other contingencies and commitments	43,324	–	–	–	–	43,324
Facilities not drawn	2,532,864	–	–	–	–	2,532,864

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Liquidity risk (continued)

Undiscounted cash flows (continued)

2025	Call P'000	1 – 3 months P'000	4 – 12 months P'000	1 – 5 years P'000	Over 5 years P'000	Total financial assets and liabilities P'000
On-balance sheet exposures						
Amounts due to other banks	189,586	162,825	–	–	–	352,411
Deposits – other	–	1,738,081	–	–	–	1,738,081
Deposit and current accounts	23,030,088	2,507,316	3,023,964	126,588	–	28,687,956
Derivative financial instruments (restated)*	–	807,122	21,296	–	–	828,418
Borrowings	–	236,600	303,735	66,302	189,820	796,457
Due to related companies	35,067	–	–	–	–	35,067
Other liabilities	609,846	–	–	–	–	609,846
Lease liabilities	–	7,780	23,329	129,554	25,815	186,478
Off-balance sheet exposures						
Financial and other guarantees	1,209,460	–	–	–	–	1,209,460
Other contingencies and commitments	19,644	–	–	–	–	19,644
Facilities not drawn	2,254,552	–	–	–	–	2,254,552

* *In the prior year the contractual undiscounted cash flows for derivatives in the 4-12 months and 1 - 5 years buckets were incorrectly disclosed as P300,000,000 and P20,996,000 respectively instead of P 21,296,000 and P nil respectively. The comparative was corrected in the current year. The amendment is not expected to have any impact on the Group's consolidated and separate financial statements.*

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Liquidity risk (continued)

Discounted cash flows

The following table represents the Group's contractual discounted cash flows of total assets and liabilities. Relying solely on the contractual liquidity mismatch when assessing a bank's maturity analysis would overstate risk, since this represents a worst-case assessment of cash flows at maturity.

Discounted cash flow analysis – maturity analysis of total assets and liabilities based on the present value of the expected payment.

	Group – Term to maturity						
2026	Carrying amount P'000	Demand up to 1 month P'000	1 – 3 months P'000	3 – 12 months P'000	1 – 5 years P'000	Over 5 years P'000	Non-financial instruments P'000
Total financial assets	35,654,516	6,549,307	2,893,659	8,074,909	11,856,898	5,332,586	947,157
Total financial liabilities	(30,274,186)	(24,557,078)	(768,048)	(3,693,298)	(254,880)	(793,036)	(207,846)
Net liquidity gap	**5,380,330**	**(18,007,771)**	**2,125,611**	**4,381,611**	**11,602,018**	**4,539,550**	**739,311**

	Group – Term to maturity						
2025	Carrying amount P'000	Demand up to 1 month P'000	1 – 3 months P'000	3 – 12 months P'000	1 – 5 years P'000	Over 5 years P'000	Non-financial instruments P'000
Total financial assets	34,805,506	5,834,300	1,856,824	5,516,656	14,680,855	5,972,355	944,516
Total financial liabilities	(30,309,139)	(24,872,116)	(1,252,547)	(3,594,258)	(407,772)	(2,690)	(179,756)
Net liquidity gap	**4,496,367**	**(19,037,816)**	**604,277**	**1,922,398**	**14,273,083**	**5,969,665**	**764,760**

Collateral pledged

The Group pledges assets under the following terms and conditions:

- assets are pledged as collateral under repurchase agreements with other banks and for security deposits relating to local forwards and options;
- Government bonds are pledged as collateral for any repurchase agreements with Bank of Botswana; and
- All other pledges are conducted under terms which are usual and customary to lending arrangements.

The assets have been pledged to secure the liabilities. These assets are not available in the normal course of business. Refer to note 12 investment securities for disclosures on reverse repurchase agreements.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Market risk

The Group's activities expose it to market risk. Market risks arise from open positions in interest rate and currency products, all of which are exposed to general and specific market movements. The primary risk control mechanism used for risk control purposes are stress loss tests and limits.

Foreign exchange risk management

The Group, through Treasury, manages foreign currency risk in accordance with broad market risk guidelines set by the Board. Foreign currency risk arises as a result of fluctuations in exchange rates and the resultant impact on the Group's position, which is established during normal day-to-day trading. Even though Treasury may take positions on any major currency, these are consolidated and reported in BWP. During the financial year under review, the Group's authorised market risk limit was USD51 million (2025: USD46 million) for all asset classes (foreign currency and interest rate risk). The Group takes positions to mitigate the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. Consequently the Group strives to match its foreign currency assets and liabilities. The Group manages foreign currency exposures in terms of approved limits. The table below sets out the currency position as at the year-end.

The Group is mainly exposed to foreign currency risk on its USD and ZAR denominated assets and liabilities. The following table details the gains or losses in response to a 10% increase and decrease in the Pula (BWP) against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. FNB For purposes of IAS 21 uses the mid-exchange rates for translation of foreign currency assets and liabilities. On 1 January 2026 Bank of Botswana introduced a wider Pula trade margin to support foreign exchange reserve preservation and potential accumulation. The table below reflects the Group's sensitivity to foreign exchange risk when using the asymmetric rate.

	Assets		Liabilities	
Group and Company Distribution by currency	**30 June 2026 P'000**	**30 June 2025 P'000**	**30 June 2026 P'000**	**30 June 2025 P'000**
South African Rand	316,279	323,624	700,790	510,438
United States Dollar	2,954,618	3,050,308	2,515,192	2,533,221
British Pound	120,217	119,867	138,602	112,522
Euro	246,952	152,930	175,871	133,868
Others	26,352	19,703	11,024	2,432
	3,664,418	**3,666,432**	**3,541,479**	**3,292,481**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Market risk (continued)

Foreign exchange risk management (continued)

Loss arising from a 10% decrease	30 June 2026 P'000	30 June 2025 P'000
South African Rand	38,451	18,681
United States Dollar	(43,943)	(51,709)
	(5,492)	**(33,028)**

Gain arising from a 10% increase	30 June 2026 P'000	30 June 2025 P'000
South African Rand	(38,451)	(18,681)
United States Dollar	43,943	51,709
	5,492	**33,028**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Market risk (continued)

Foreign exchange risk management (continued)

The above gain/(loss) would affect the profit before tax in the income statements. Management has applied a 10% upward and downward movement in exchange rates for sensitivity analysis purposes. The assumption is considered reasonable as it reflects potential market fluctuations that could occur over the next reporting period, taking into account historical exchange rate volatility, current economic conditions, and the bank's risk management framework. Moreover, had a symmetric rate been applied at the reporting date, the impact on the exposures would be as follows:

	Assets	Liabilities
Group and Company Distribution by currency	**30 June 2026 P'000**	**30 June 2026 P'000**
South African Rand	323,566	636,637
United States Dollar	3,021,991	2,572,545
British Pound	123,032	141,848
Euro	252,709	179,971
Others	26,961	11,276
	3,748,259	**3,542,277**

Loss arising from a 10% decrease	30 June 2026 P'000
South African Rand	31,307
United States Dollar	(44,945)
	(13,638)

Gain arising from a 10% increase	30 June 2026 P'000
South African Rand	(31,307)
United States Dollar	44,945
	13,638

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Market risk (continued)

Interest rate risk management

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effect of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks.

The table below summarises the Group's exposure to interest rate risk. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of repricing or maturity dates.

		Group – Term to maturity					
2026	Carrying amount P'000	Demand up to 1 month P'000	1 – 3 months P'000	3 – 12 months P'000	1 – 5 years P'000	Over 5 years P'000	Equity and non-rate sensitive assets/liabilities P'000
Total assets	35,654,516	21,489,840	2,293,099	6,227,102	3,033,451	1,363,589	1,247,435
Total liabilities and equity	(35,654,516)	(25,155,367)	(500,223)	(3,183,023)	(259,144)	(65,440)	(6,491,319)
Net interest sensitivity gap	**–**	**(3,665,527)**	**1,792,876**	**3,044,079**	**2,774,307**	**1,298,149**	**(5,243,884)**

		Group – Term to maturity					
2025	Carrying amount P'000	Demand up to 1 month P'000	1 – 3 months P'000	3 – 12 months P'000	1 – 5 years P'000	Over 5 years P'000	Equity and non-rate sensitive assets/liabilities P'000
Total assets	34,805,506	22,298,600	1,391,889	3,059,976	5,358,692	1,266,640	1,429,709
Total liabilities and equity	(34,805,506)	(24,606,962)	(1,254,590)	(3,229,928)	(30,237)	(67,461)	(5,616,328)
Net interest sensitivity gap	**–**	**(2,308,362)**	**137,299**	**(169,952)**	**5,328,455**	**1,199,179**	**(4,186,619)**

The table below presents the potential gains or losses that could arise if net interest income rises or falls by 200 basis points:

Group and Company	30 June 2026 P'000	30 June 2025 P'000
200 basis points increase - gains	213,982	238,700
200 basis points decrease - losses	(320,664)	(299,044)

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Capital management

The following diagram defines the main components of qualifying capital and reserves:

Total qualifying capital and reserves = **Tier 1 capital** + **Tier 2 capital**

CET 1 capital

- Share capital and premiums
- Retained income and accumulated other comprehensive income and reserves
- Non-controlling interests
- Less: specified regulatory deductions

- Subordinated debt instruments
- General provisions under standardised approach
- Surplus provisions over expected losses
- Less: specified regulatory deductions

The capital planning process ensures that the CET1, Tier 1 and total capital adequacy ratios remain within or above target ranges and regulatory minimums across economic and business cycles. Capital is managed on a forward-looking basis and the Group remains appropriately capitalised under a range of normal and severe stress scenarios. The Group aims to back all economic risks with loss-absorbing capital and remains well capitalised in the current environment. The Group continues to focus on maintaining strong capital and leverage ratios, with particular focus on the quality and mix of capital, as well as optimisation of the Group's risk weighted assets (RWA). The Group's aim is for capital ratios to remain strong and above the regulatory minimums and internal targets.

Refer to note 28 for capital adequacy computations.

Fair value financial instruments

Valuation methodology

The Group has established control frameworks and processes at an operating business level to independently validate its valuation techniques and inputs used to determine its fair value measurements. At an operating business level, valuation specialists are responsible for the selection, implementation as well as any changes to the valuation techniques used to determine fair value measurements. Valuation committees comprising representatives from key management have been established within each operating business and at an overall Group level. They are responsible for overseeing the valuation control process and considering the appropriateness of the valuation techniques applied in fair value measurement. The valuation models and methodologies are subject to independent review and approval at an operating business level by the required valuation specialists, valuation committees and relevant risk committees annually, or more frequently if considered appropriate.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Fair value financial instruments (continued)

Measurement of assets and liabilities at level 2 and level 3

The table below sets out the valuation techniques applied by the Group for recurring fair value measurements of assets and liabilities categorised as level 2 and level 3:

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 cashflows 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 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

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Fair value financial instruments (continued)

Measurement of assets and liabilities at level 2 and level 3 (continued)

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs
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 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. Level 1). 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
- 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

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Fair value financial instruments (continued)

Measurement of assets and liabilities at level 2 and level 3 (continued)

Instrument	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs
Investment securities and other investments (continued)					
- 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
- Other 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
- Other assets and related parties measured at amortised cost	Level 3	Discounted cash flows	The future cash flows are discounted using a market related interest rate.	Market interest rates	Not applicable

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Fair value financial instruments (continued)

Financial instruments not measured at fair value

The following represents the fair values of financial instruments carried at amortised cost on the statement of financial position.

Group – 2026	Level 1 P'000	Level 2 P'000	Level 3 P'000	Total fair value P'000	Amortised cost P'000
Assets					
Advances					
Home loans	–	–	6,122,846	6,122,846	6,124,804
Other advances	–	–	270,220	270,220	270,202
Term loans	–	–	8,954,613	8,954,613	9,930,678
Overdraft	–	–	1,490,706	1,490,706	1,488,380
Instalment sales	–	–	1,769,026	1,769,026	1,870,643
Total advances at amortised cost	**–**	**–**	**18,607,411**	**18,607,411**	**19,684,707**
Investment securities	10,701,151	1,180,734	–	11,881,885	12,398,822
Other financial assets	–	–	233,155	233,155	233,155
Due from related parties	–	–	63,386	63,386	63,386
Total financial assets at amortised cost	**10,701,151**	**1,180,734**	**18,903,952**	**30,785,837**	**32,380,070**
Liabilities					
Deposits and current accounts					
Current and managed accounts	–	14,163,721	–	14,163,721	14,163,721
Savings account	–	1,821,826	–	1,821,826	1,821,826
Call and term deposits	–	12,336,289	–	12,336,289	12,336,289
Total deposits and current accounts	**–**	**28,321,836**	**–**	**28,321,836**	**28,321,836**
Long-term borrowings	–	183,190	–	183,190	183,190
Accrued interest payable	–	49,255	–	49,255	49,255
Other financial liabilities	–	583,963	–	583,963	583,963
Due to related parties	–	–	62,873	62,873	62,873
Total financial liabilities at amortised cost	**–**	**29,138,244**	**62,873**	**29,201,117**	**29,201,117**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Fair value financial instruments (continued)

Financial instruments not measured at fair value (continued)

Group – 2025	Level 1 P'000	Level 2 P'000	Level 3 P'000	Total fair value P'000	Amortised cost P'000
Assets					
Advances					
Home loans	–	–	6,434,485	6,434,485	6,473,287
Other advances	–	–	174,258	174,258	277,578
Term loans	–	–	10,379,928	10,379,928	10,066,986
Overdraft	–	–	1,609,048	1,609,048	1,609,048
Instalment sales	–	–	2,327,085	2,327,085	2,191,142
Total advances at amortised cost	**–**	**–**	**20,924,804**	**20,924,804**	**20,618,041**
Investment securities	9,213,092	1,431,740	–	10,644,832	10,854,432
Other financial assets	–	–	232,679	232,679	232,679
Due from 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**
Liabilities					
Deposits and current accounts					
Current and managed accounts	–	13,484,249	–	13,484,249	13,484,249
Savings accounts	–	1,947,998	–	1,947,998	1,947,998
Call and term deposits	–	11,060,224	–	11,060,224	11,045,335
Total deposits and current accounts	**–**	**26,492,471**	**–**	**26,492,471**	**26,477,582**
Long-term borrowings	–	648,787	–	648,787	648,787
Accrued interest payable	–	31,898	–	31,898	31,898
Other financial liabilities	–	772,906	–	772,906	772,906
Due to related parties	–	–	35,067	35,067	35,067
Total financial liabilities at amortised cost	**–**	**27,946,062**	**35,067**	**27,981,129**	**27,966,240**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

40. Financial risk management (continued)

Fair value financial instruments (continued)

Assets and liabilities measured at fair value

Group – 2026	Level 1 P'000	Level 2 P'000	Level 3 P'000	Total P'000
Mandatory fair value through profit and loss				
- Investment securities	–	56,733	–	56,733
- Derivative financial instruments	–	50,651	–	50,651
Total assets	**–**	**107,384**	**–**	**107,384**
Financial liabilities held for trading				
- Derivative financial instruments	–	45,313	–	45,313
Designated at fair value through profit or loss				
Total liabilities	**–**	**45,313**	**–**	**45,313**

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

41. Segmental reporting

The Group has four main business segments:

- Retail segment - comprising advances and deposits and the revenue flowing from individual customers;
- Commercial segment - comprising advances and deposits and the revenue flowing from business customers; and
- Corporate Segment - comprising advances and deposits and the revenue flowing from Corporate customers;
- Treasury and other - manages the Group's liquidity and funding and other transactions or balances that are not attributable to any operating segment.

The Group presents interest income after the cost of funding and interest expenditure after the benefit of funding for each reportable segment. These are the amounts that are presented to the Chief Operating Decision Maker for management reporting purposes when assessing performance and allocating resources. This presentation is in line with the management approach of presenting segment information.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

41. Segmental reporting (continued)

In the prior year, the segment was presented as "Treasury". In the current financial year, the segment has been updated to "Treasury and other" following the inclusion of overlay balances that are not attributable to any specific operating segment and are therefore reported within the "Other" component. This presentation more appropriately reflects the manner in which the segment is monitored and reported to the Chief Operating Decision Maker.

Group – 2026	Retail P'000	Commercial P'000	Corporate P'000	Treasury and other P'000	Total P'000
Income statement					
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 year					**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**

* *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.*

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

41. Segmental reporting (continued)

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 Group has no major customers as defined and is, therefore, not reliant on the revenue from one or more major customers.

Group - 2025	Retail P'000	Commercial P'000	Corporate P'000	Treasury P'000	Total P'000
Income statement					
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 and similar expenses	253,802	286,250	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)	(276,600)	(190,459)	8,128	(716,609)
Staff expenditure	(474,790)	(365,137)	(83,562)	(10,773)	(934,262)
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 year					**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**

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

42. New Standards and Interpretations

42.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Lack of exchangeability – amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of financial statements to understand the impact of the non-exchangeability on financial performance, financial position and cash flow.

The effective date of the amendment is for years beginning on or after 01 January 2025.

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

The impact of the amendment is set out in note Changes in Accounting Policy.

42.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2026 or later periods:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

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

Amendments to IFRS 19 Subsidiaries without Public Accountability: Disclosures

Amendments were made to this disclosure-based Standard, resulting in further changes to the disclosures required of subsidiaries qualifying under IFRS 19. The amendments to IFRS 19 become effective concurrently with the original Standard.

The effective date of the amendment is for years beginning on or after 01 January 2027.

The Group expects to adopt the amendment for the first time in the 2028 consolidated and separate financial statements.

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

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

42. New Standards and Interpretations (continued)

42.2 Standards and interpretations not yet effective (continued)

IFRS 19 Subsidiaries without Public Accountability: Disclosures

This is a new standard which may be applied by subsidiaries which do not have public accountability. It is a disclosure only standard and provides for reduced disclosures for qualifying subsidiaries to apply, while still remaining compliant with the recognition, measurement and presentation requirements of IFRS Accounting Standards. The reduced disclosures provided in IFRS 19 may be applied by the subsidiary in their consolidated, separate or individual financial statements, provided that the ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. A subsidiary has public accountability, and may not apply IFRS 19, if its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market, or if it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.

The effective date of the standard is for years beginning on or after 01 January 2027.

The Group expects to adopt the standard for the first time in the 2028 consolidated and separate financial statements.

The standard will have no material impact on the Group's consolidated and separate financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

This is a new standard which replaces IAS 1 Presentation of Financial Statements and introduces several new presentation requirements. The first relates to categories and subtotals in the statement of financial performance. Income and expenses will be categorised into operating, investing, financing, income taxes and discontinued operations categories, with two new subtotals, namely "operating profit" and "profit before financing and income taxes" also being required. These categories and subtotals are defined in IFRS 18 for comparability and consistency across entities. The next set of changes requires disclosures about management-defined performance measures in a single note to the financial statements. These include reconciliation of the performance measures to the IFRS defined subtotals, as well as a description of how they are calculated, their purpose and any changes. The third set of requirements enhance the guidance on grouping of information (aggregation and disaggregation) to prevent the obscuring of information.

The effective date of the standard is for years beginning on or after 01 January 2027.

The Group expects to adopt the standard for the first time in the 2028 consolidated and separate financial statements.

The adoption of this amendment is not expected to impact on the results of the Group, but is expected to have a significant impact on presentation and disclosures related to the statement of profit or loss and will bring enhanced disclosures in certain notes to the financial statements. Management is currently performing a detailed assessment of the impact.

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

42. New Standards and Interpretations (continued)
42.2 Standards and interpretations not yet effective (continued)
Annual Improvements to IFRS Accounting
Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards

Annual Improvements to IFRS Accounting Standards - Volume 11 - Hedge Accounting by a First-time Adopter - Amendment to reduce inconsistency in wording of the requirements in IFRS 9 Financial Instruments in relation to hedge accounting requirements for a first-time adopter.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

The standard will have no impact on the Group's consolidated and separate financial statements.

Amendments to IFRS 7 Financial Instruments: Disclosures

Annual Improvements to IFRS Accounting Standards - Volume 11 - Gain or loss on derecognition - Amendment to delete an obsolete reference that remained in IFRS 7 after the publication of IFRS 13 Fair Value Measurement, as well as to improve consistency of wording of the requirements of IFRS 7 with IFRS 13 concepts regarding disclosure of a gain or loss on derecognition.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

The impact of this amendment is currently being assessed.

Amendments to IFRS 9 Financial Instruments – Derecognition of lease liabilities

Annual Improvements to IFRS Accounting Standards - Volume 11 - Derecognition of lease liabilities. The amendment clarifies that if a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss in profit or loss.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

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

Amendments to IFRS 9 Financial Instruments – Transaction price

Annual Improvements to IFRS Accounting Standards - Volume 11 - Transaction price. The amendment clarifies that trade receivables must be measured initially, in accordance with IFRS 9, at the amount determined by applying IFRS 15 Revenue from Contracts with Customers.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

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

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

42. New Standards and Interpretations (continued)
42.2 Standards and interpretations not yet effective (continued)
Annual Improvements to IFRS Accounting (continued)
Amendment to IFRS 9 and IFRS 7

Two amendments were made which deal with contracts referencing nature-dependent electricity and may not be applied to other contracts by inference. In terms of these contracts, buyers of nature-dependent electricity may have no practical ability to avoid making sales of unused electricity.

In the first instance, the amendments allow for entities to satisfy the "own-use" requirement when considering whether contracts to buy or sell non-financial items fall within the scope of IFRS 9. This will apply if the entity is, or expects to be a net purchaser of electricity. If the contract qualifies under the amendment, then the "own-use" requirement will be met and the contract will fall outside the scope of IFRS 9.

The second amendment deals with hedge accounting. It allows an entity to designate as the hedged item a variable nominal amount of forecast electricity transactions that is aligned with the variable amount of nature-dependent electricity expected to be delivered by the generation facility.

Additional disclosure will be required relating to each of these amendments.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

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

Amendments to IFRS 10 Consolidated Financial Statements

Annual Improvements to IFRS Accounting Standards - Volume 11 - Determination of a 'de facto agent'. The amendment is to clarify whether a party acts as a de facto agent in assessing control of an investee.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

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

Amendments to IAS 7 Statement of Cash Flows

Annual Improvements to IFRS Accounting Standards - Volume 11 - Cost method - Amendment to replace the term 'cost method' with 'at cost' following the earlier removal of the definition of cost method from IFRS Accounting Standards.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

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

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

42. New Standards and Interpretations (continued)

42.2 Standards and interpretations not yet effective (continued)

Annual Improvements to IFRS Accounting (continued)

Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments

The amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features, as such features could affect whether the assets are measured at amortised cost or fair value. The amendment also clarifies the date on which a financial asset or financial liability is derecognised in cases where liabilities are settled through electronic payment systems.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

The adoption of these amendments is not expected to impact the results of the Group, but may change the point at which liabilities settled through electronic payments systems are derecognised.

Amendments to IAS 21 – Translation to a Hyperinflationary presentation currency

The amendments provide guidance on how an entity should translate its results and financial position when its presentation currency is hyperinflationary but its functional currency is not. The amendments require that all amounts, including assets, liabilities, equity items, income, expenses and comparatives, be translated at the closing rate at the reporting date. The amendments also introduce additional disclosure requirements related to the translation process.

The effective date of the amendment is for years beginning on or after 01 January 2027.

The Group expects to adopt the amendment for the first time in the 2028 consolidated and separate financial statements.

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

Notes to the consolidated and separate financial statements (continued)
for the year ended 30 June 2026

42. New Standards and Interpretations (continued)

42.2 Standards and interpretations not yet effective (continued)

Annual Improvements to IFRS Accounting (continued)

IAS 28 – Investments in Associates and Joint Ventures (narrow-scope amendment to the fair value option)

The amendment clarifies which entities are eligible to elect the fair value option for investments in associates and joint ventures. The amendments clarify that an entity whose main business activity is investing in particular types of assets, as specified in IFRS 18 Presentation and Disclosure in Financial Statements, is eligible to elect to measure investments in associates and joint ventures at fair value through profit or loss in accordance with IFRS 9 Financial Instruments. The amendments are intended to improve consistency in the application of the fair value option and address differences in practice arising from the interaction between IAS 28 and IFRS 18.

The amendments are effective when an entity first applies IFRS 18 Presentation and Disclosure in Financial Statements.

The Group expects to adopt the amendment for the first time in the 2028 consolidated and separate financial statements.

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

IFRS 20 – Regulatory Assets and Regulatory Liabilities

The standard introduces accounting requirements for entities subject to rate-regulated activities. The Standard provides guidance on the recognition, measurement, presentation and disclosure of regulatory assets and regulatory liabilities arising from the regulatory agreement. Regulatory assets generally arise where an entity has incurred amounts that it is entitled to recover through future regulated rates, while regulatory liabilities arise where an entity has amounts that it is required to refund or otherwise provide to customers through future regulated rates. The Standard also introduces specific presentation and disclosure requirements to enable users of financial statements to understand the effects of rate regulation on the entity's financial position, financial performance and cash flows.

The effective date of the standard is for years beginning on or after 1st January 2029.

The Group expects to adopt the standard for the first time in the 2030 consolidated and separate financial statements.

The standard will have no impact on the Group's consolidated and separate financial statements.

43. Events after the reporting period

In the current dynamic economic context, 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 of 30 thebe (2025: 15 thebe) per share.

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 matters or circumstances arising since the end of the reporting date that require disclosure or adjustment to the financial statements.

Other information

Value added statement

as at 30 June 2026

	Group		Company	
	30-Jun-26	30-Jun-25	30-Jun-26	30-Jun-25
Income earned by providing banking services	5,206,723	4,264,919	5,215,683	4,264,975
Cost of services	(2,899,217)	(2,307,201)	(2,894,037)	(2,306,431)
Value added banking services	**2,307,506**	**1,957,718**	**2,321,646**	**1,958,544**
Non-operating and other income and expenditure	916,098	973,384	914,031	972,873
Value added*	**3,223,604**	**2,931,102**	**3,235,677**	**2,931,417**
Value allocated				
To employees and Executive directors				
Salaries, wages and other benefits	999,010	949,345	999,010	949,345
To providers of capital				
Dividends to shareholders	1,144,665	834,421	1,144,665	834,421
To Government				
Direct and Indirect Tax	498,625	466,537	497,587	466,651
To expansion and growth				
Retained earnings	502,408	608,977	517,586	609,689
Depreciation – Owned	78,896	71,822	76,829	71,311
	3,223,604	**2,931,102**	**3,235,677**	**2,931,417**
Employees	31%	32%	31%	32%
Providers of capital	36%	28%	35%	28%
Government	15%	16%	15%	16%
Expansion growth	18%	23%	18%	23%
	100%	**100%**	**100%**	**100%**

* *This excludes value created for communities and suppliers.*

Other information (continued)

Ten-year consolidated income statements

as at 30 June 2026

	30 June 2026 P'000	30 June 2025 P'000	30 June 2024 P'000	30 June 2023 P'000	30 June 2022 P'000	30 June 2021 P'000	30 June 2020 P'000	30 June 2019 P'000	30 June 2018 P'000	30 June 2017 P'000
Interest and similar income	2,893,037	2,484,466	2,394,530	1,950,758	1,432,283	1,408,692	1,649,128	1,617,445	1,507,520	1,429,248
Interest expense and similar charges	(980,978)	(533,299)	(554,645)	(469,175)	(268,455)	(241,506)	(310,893)	(359,916)	(335,721)	(265,128)
Net interest income before impairment of advances	**1,912,059**	**1,951,167**	**1,839,885**	**1,481,583**	**1,163,828**	**1,167,186**	**1,338,235**	**1,257,529**	**1,171,799**	**1,164,120**
Impairments losses on loans and advances	(190,991)	(73,647)	48,032	(93,557)	(50,297)	(241,251)	(421,442)	(264,912)	(274,168)	(361,219)
Net interest income after impairment of advances	**1,721,068**	**1,877,520**	**1,887,917**	**1,388,026**	**1,113,531**	**925,935**	**916,793**	**992,617**	**897,631**	**802,901**
Non interest income	2,313,686	1,780,453	1,583,945	1,486,904	1,390,655	1,205,745	1,199,354	1,142,315	1,069,648	978,155
Income from operations	**4,034,754**	**3,657,973**	**3,471,862**	**2,874,930**	**2,504,186**	**2,131,680**	**2,116,147**	**2,134,932**	**1,967,279**	**1,781,056**
Operating expenses	(1,918,239)	(1,773,902)	(1,691,178)	(1,455,054)	(1,305,275)	(1,213,972)	(1,188,902)	(1,172,601)	(1,129,070)	(1,100,733)
Income before taxation	**2,116,515**	**1,884,071**	**1,780,684**	**1,419,876**	**1,198,911**	**917,708**	**927,245**	**962,331**	**838,209**	**680,323**
Taxation	(469,442)	(440,673)	(394,153)	(304,104)	(272,168)	(232,533)	(231,439)	(229,795)	(190,154)	(179,804)
Income after taxation	**1,647,073**	**1,443,398**	**1,386,531**	**1,115,772**	**926,743**	**685,175**	**695,806**	**732,536**	**648,055**	**500,519**
Dividends paid and proposed	(763,110)	(381,555)	(686,799)	(508,740)	(406,992)	(1,246,413)	(203,496)	(406,992)	(357,118)	(282,007)
Retained income for the year	**883,963**	**1,061,843**	**699,732**	**607,032**	**519,751**	**(561,238)**	**492,310**	**325,544**	**290,937**	**218,512**

Other information (continued)

Ten-year Consolidated Statements of Financial Position

as at 30 June 2026

	30 June 2026 P'000	30 June 2025 P'000	30 June 2024 P'000	30 June 2023 P'000	30 June 2022 P'000	30 June 2021 P'000	30 June 2020 P'000	30 June 2019 P'000	30 June 2018 P'000	30 June 2017 P'000
Assets										
Cash and short term funds	2,219,905	2,095,051	5,391,077	6,715,040	6,198,095	5,470,758	4,697,599	4,411,739	4,356,895	4,396,885
Derivative financial instruments	50,651	19,000	17,368	36,897	41,114	35,307	76,872	49,606	55,181	64,028
Investment securities	12,455,555	10,876,931	11,603,074	5,972,948	5,354,595	7,889,039	9,509,211	4,135,220	3,360,091	3,313,694
Advances to banks	–	–	–	–	–	217,957	–	789,903	650,912	–
Advances to customers	19,684,707	20,618,041	18,494,002	16,274,676	15,081,463	13,642,027	14,686,767	15,939,047	15,478,937	14,997,373
Current taxation	–	392	4,999	88,368	82,299	85,239	86,324	106,768	65,267	8,641
Due from related companies	63,386	19,288	9,938	6,804	6,563	7,552	11,684	6,388	9,465	9,448
Other assets	550,805	521,393	447,825	369,882	328,706	406,658	479,314	317,627	357,133	288,831
Property and equipment	578,997	600,236	616,301	566,148	533,669	530,646	560,785	481,307	507,584	505,496
Goodwill	26,589	26,963	26,963	26,963	26,963	26,963	26,963	26,963	26,963	26,963
Deferred taxation	23,921	28,211	8,252		–	–	3,706	7,054	–	–
Total assets	**35,654,516**	**34,805,506**	**36,619,799**	**30,057,726**	**27,653,467**	**28,312,146**	**30,139,225**	**26,271,622**	**24,868,428**	**23,611,359**

Other information (continued)

Ten-year Consolidated Statements of Financial Position (continued)

as at 30 June 2026

	30 June 2026 P'000	30 June 2025 P'000	30 June 2024 P'000	30 June 2023 P'000	30 June 2022 P'000	30 June 2021 P'000	30 June 2020 P'000	30 June 2019 P'000	30 June 2018 P'000	30 June 2017 P'000
Liabilities										
Deposits – Other	–	1,738,081								
Derivative financial instruments	45,313	10,578	10,623	25,623	28,632	21,507	36,708	14,844	20,315	28,065
Accrued interest payable	49,255	31,898	20,729	40,922	21,739	21,360	28,079	63,566	51,893	46,061
Due to related parties	62,873	35,067	38,887	72,460	24,775	25,093	21,322	32,898	73,861	36,175
Other Liabilities	606,162	806,767	668,295	781,428	584,531	680,558	723,587	863,734	459,949	443,530
Deposits from banks	819,910	352,411	501,449	849,454	888,862	490,153	545,002	581,243	730,109	1,397,685
Deposits from customers	28,321,836	26,492,471	30,021,044	23,333,051	21,347,612	21,396,057	23,171,897	19,591,409	18,834,336	17,567,471
Employee benefits liabilities	150,612	139,258	131,205	116,915	98,227	93,887	81,504	85,894	82,800	71,606
Borrowings	183,190	695,971	1,029,156	1,100,887	1,329,454	1,527,200	1,765,858	1,502,642	1,288,927	1,059,127
Deferred taxation		–	777	10,151	6,336	158,992	196,988	200,623	200,779	207,566
Current taxation	35,035	6,637		–	–	–	–	–	7,699	1,208
Total liabilities	**30,274,186**	**30,309,139**	**32,422,165**	**26,330,891**	**24,330,168**	**24,414,807**	**26,570,945**	**22,936,853**	**21,750,668**	**20,858,494**
Equity										
Stated capital	51,088	51,088	51,088	51,088	51,088	51,088	51,088	51,088	51,088	51,088
Reserves	4,566,132	4,063,724	3,459,747	3,167,007	2,865,219	2,599,838	3,313,696	3,029,311	2,837,739	2,547,955
Dividend reserve	763,110	381,555	686,799	508,740	406,992	1,246,413	203,496	254,370	228,933	153,822
Total ordinary equity holder's funds	**5,380,330**	**4,496,367**	**4,197,634**	**3,726,835**	**3,323,299**	**3,897,339**	**3,568,280**	**3,334,769**	**3,117,760**	**2,752,865**
Total equity and liabilities	**35,654,516**	**34,805,506**	**36,619,799**	**30,057,726**	**27,653,467**	**28,312,146**	**30,139,225**	**26,271,622**	**24,868,428**	**23,611,359**

FNB Botswana workforce profile

The table below provides a comprehensive overview of FNB Botswana's workforce profile in FY2026.

	30 June 2026	30 June 2025
Employee breakdown		
Total employees	1,660	1,628
% of female employees	65%	65.9%
% of permanent employees	91.7%	89.6%
% of permanent employees who are female	65%	65.9%
Fixed-term contract employees	137	170
Part-time or non-guaranteed hours employees	0	0
Expatriates	3	3
Employees living with a disability	0.4%	0.2%
Women in executive roles	56%	53%
% of employees with access to flexible working relationships	12%	3%
Contractors who provide specialist services in IT, client outreach and consulting	30	108
Age profile		
Average employee age	38	38
% of employees under 30	12%	11%
% of employees between 30 and 50	83%	83%
% of employees over 50	5%	6%
% of female employees under 30	7%	6.7%
% of female employees between 30 and 50	54%	55%
% of female employees over 50	4%	4.2%

	30 June 2026	30 June 2025
New hires		
New hires	188	189
% of new hires joining the Bank	11%	12%
% of new hires in Central	7%	5%
% of new hires in Ghanzi	1%	1%
% of new hires in Kgatleng	1%	1%
% of new hires in Kweneng	–	1%
% of new hires in North East	4%	2%
% of new hires in North West	4%	2%
% of new hires in South East	82%	84%
% of new hires in Chobe	1%	1%
% of new hires in Southern	–	3%
Employee turnover		
% employee turnover	4%	7%
Number of employees leaving	69	100
Number of employees leaving Central	2	3
Number of employees leaving Ghanzi	1	1
Number of employees leaving Kgatleng	3	–
Number of employees leaving Kweneng	1	2
Number of employees leaving North East	0	2
Number of employees leaving North West	2	–
Number of employees leaving South East	59	85
Number of employees leaving Chobe	0	4
Number of employees leaving Southern	1	3
% of employees leaving under 30	10%	9%
% of employees leaving between 30 and 50	67%	64%
% of employees leaving over 50	23%	27%
% of female employees leaving under 30	3%	2%
% of female employees leaving between 30 and 50	38%	50%
% of female employees leaving over 50	14%	11%

Shareholder information

Shareholder diary

Dividend and results announcement	9 September 2026
Publication of abridged annual financial statements	9 September 2026
Payment of final dividend	12 October 2026
Annual General Meeting	18 November 2026
Next financial year-end	30 June 2027

Shareholder analysis

FNB Botswana is a public company listed on the Botswana Stock Exchange with a total of 4,264 shareholders and 2,543,700,000 issued ordinary shares. Of the Bank's issued shares, 70% (1,780,590,000) are held by First National Bank Holdings (Botswana) (Proprietary) Limited, a non-public shareholder. The remaining 30% (763,110,000) of the shares are held by public shareholders and currently trade on the Botswana Stock Exchange.

Of the public shareholders, no individuals hold 10% or more of the stated capital. First National Bank Holdings (Botswana) (Proprietary) Limited is wholly owned by FirstRand EMA Holdings Limited, duly incorporated in South Africa.

Shareholder spread

Share range	Number of holders	% of holders	Shares held	% of issued shares
1 - 5,000	3,465	81.26	3,164,402	0.12
5,001 - 10,000	257	6.03	1,991,314	0.08
10,001 - 50,000	318	7.46	7,385,857	0.29
50,001 - 100,000	72	1.69	5,673,497	0.22
100,001 - 500,000	80	1.88	16,940,355	0.67
500,001 - 1,000,000	18	0.42	13,371,928	0.53
Above 1,000,000	54	1.27	2,495,172,647	98.09
Total	4,264	100.00	2,543,700,000	100.00

Top 10 shareholders

Name of Holder	Shares held	% of issued shares
FNB Holdings Botswana Limited	1,780,590,000	70.00%
Botswana Public Officers Pension Fund – Morula Act Mem Dep EQ	183,106,919	7.20%
Botswana Public Officers Pension Fund – Transition	74,980,065	2.95%
Stanbic re Botswana Public Officers Pension Fund	54,916,073	2.16%
Botswana Public Officers Pension Fund	44,156,532	1.74%
Frontier Fund Management (Pty) Ltd	42,982,885	1.69%
Motor Vehicle Accident Fund	41,053,910	1.61%
Ninety-One – Debswana Pension Fund	27,330,303	1.07%
Stanbic Nominees Botswana re BIFM	26,837,051	1.06%
Bank of Botswana Deferred Contribution Staff Pension Fund	14,521,354	0.57%
Total	2,290,475,092	90.05%
Others	253,224,908	9.95%
Total issued	2,543,700,000	100.00%

Director's holdings

Shareholder	Shares held
Bonyongo Family Trust	6,389
Total	6,389

Glossary

Financial ratios and other measures

CAR	Capital adequacy ratio
CGU	Cash generating unit
CPI	Consumer price index
CWIP	Capital work in progress
EAD	Exposure at default
ECL	Expected credit loss
FVOCI	Fair value through other comprehensive income
GCA	Gross carrying amount
GDP	Gross domestic product
ICAAP	Internal capital adequacy assessment process
LAR	Liquid asset ratio
LCR	Liquidity coverage ratio
LECL	Lifetime expected credit losses
LGD	Loss given default
LTI	Long-term incentive
MNA	Master netting arrangements
MoPR	Monetary Policy Rate
NCD	Negotiable certificates of deposit
NIACC	Net income after cost of capital
NII	Net interest income
NPL	Non-performing loan
NPS	Net promoter score
P	Pula
PBT	Profit before tax
PD	Probability of default
PMA	Post-model adjustment
ROUA	Right of use assets
RWA	Risk weighted assets
SPPI	Solely payments of principal and interest
STI	Short-term incentive
USD	United States Dollar
ZAR	South African Rand

Industry regulators, regulations and other organisations

BETP	Botswana Economic Transformation Programme
BLIL	Botswana Life Insurance Limited
BoB	Bank of Botswana
BOFIAWU	Botswana Financial Institutions and Allied Workers Union
BURS	Botswana Unified Revenue
CEEP	Citizen Economic Empowerment Programme
DFI	Development finance institutions
DISB	Deposit Insurance Scheme of Botswana
DPSM	Directorate of Public Service Management
FirstRand or the Group	FirstRand Limited
FNBIB	FNB Insurance Brokers
IFRS	International Financial Reporting Standards
ISA	International Standards on Auditing
King IV	King IV King Report on Corporate Governance™ for South Africa, 2016*
KYC	Know Your Customer
KYS	Know Your Supplier
NRPS	National Retail Payments Switch
SARB	South African Reserve Bank
TCF	Treating Customers Fairly

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FNB Botswana, and its Committees and positions

BCCC	Board Compliance and Conduct Committee
BCRC	Board Credit Risk Committee
Board	Board of Directors
CCIB	Commercial, Corporate and Investment Banking
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CODM	Chief Operating Decision Maker
COO	Chief Operating Officer
DAGC	Directors' Affairs and Governance Committee
ExCo	Executive management
FNB App	FNB Banking App
FNB Botswana	First National Bank of Botswana Limited
HCRC	Human Capital and Remuneration Committee
KMP	Key management personnel
MCCC	Management Compliance and Conduct Committee
RCC	Risk and Capital Management Committee
RMB	Rand Merchant Bank (Corporate Investment Banking)

Other

ADT	Automated deposit teller machine
AGM	Annual General Meeting
AI	Artificial intelligence
AML	Anti-money laundering
ATM	Automated teller machine
CSI	Corporate social investment
ESG	Environmental, social and governance
ESRA	Environmental and Social Risk Assessment
EVP	Employee value propositions
FLI	Forward-looking information
FR	Financial risk
GHG	Greenhouse gas
ICT	Information and communication technology
KPI	Key performance indicator
kWh	Kilowatt-hour
MNOs	Mobile network operators
MWh	Megawatt-hour
NGO	Non-governmental organisations
OTP	One-time pin
POS	Point-of-sale
RAD	Remote area dwellers
SDG	United Nations Sustainable Development Goals
SICR	Significant increase in credit risk
SME	Small and medium enterprise
SMS	Short message service
SVP	Staff Volunteer Programme
tCO_2e	Tonnes of carbon dioxide equivalent
YTDP	Young Talent Development Programme

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (AGM) of shareholders of the Company will be held at Hotel 430 at 14h00 on Wednesday, 18 November 2026. The purpose of the meeting is to transact and consider the following business and if deemed fit, pass, with or without modification, the following resolutions:

Agenda

Ordinary business

1. To read the notice of AGM (notice) and ascertain the presence of a quorum required in terms of the Constitution.

2. **Ordinary resolution 1:**

RESOLVED THAT, the Audited Annual Financial Statements for the year ended 30 June 2026 together with directors' and auditor's reports thereon be adopted.

3. **Ordinary resolution 2:**

RESOLVED THAT dividends of 15 thebe per ordinary share declared for the interim period, and 30 thebe per ordinary share for the year ended 30 June 2026 be approved as recommended by the directors and the distribution be ratified thereof.

4. **Ordinary resolution 3 – 6:**

RESOLVED THAT the following directors retire by rotation in terms of the Company's Constitution and are eligible to offer themselves for re-election:

- Mr Ephraim Letebele (Resolution 3)
- Ms Keneilwe Mere (Resolution 4)
- Ms Pinkie Mothopeng-Makepe (Resolution 5)
- Ms Lee-Anne van Zyl (Resolution 6)

Mr Letebele, Ms Mere, Ms Mothopeng-Makepe and Ms Van Zyl, being eligible and available, offer themselves for re-election and shall be re-elected by way of separate resolutions (Resolution 3-6). Biographical information of the directors to be re-elected is set on pages 103 to 105 in the integrated report.

5. **Ordinary resolution 7:**

Proposed fees at 4.8%	Annual retainer (BWP)	Meeting fee (quarterly) BWP	Number of meetings	Total annual sitting fee BWP	Total rem per member
Board					
Board Chairperson	473,696	68,560	4	274,240	747,936
Board Member	171,662	34,112	4	136,448	308,110
Audit Committee					
Chairperson	171,662	46,921	4	187,684	359,346
Member	114,882	24,033	4	96,132	211,014
Risk and Capital Management Committee					
Chairperson	85,831	38,910	4	155,640	241,471
Member	–	19,455	4	77,820	77,820
Credit Risk Committee					
Chairperson	85,831	22,888	12	274,656	360,487
Member	–	19,455	12	233,460	233,460
Compliance and Conduct Committee					
Chairperson	85,831	22,888	4	91,552	177,383
Member	–	19,455	4	77,820	77,820
Human Capital and Remuneration Committee					
Chairperson	85,831	22,888	4	91,552	177,383
Member	–	19,455	4	77,820	77,820
Directors' Affairs and Governance Committee					
Chairperson	85,831	22,888	4	91,552	177,383
Member	–	19,455	4	77,820	77,820

Additional information in respect of Ordinary Resolution 7

i. Director fees (sitting, retainer and strategy) have been increased by an inflationary increase of 4.8%.
ii. Executive Directors and Non-Executive Directors employed by the FirstRand Group do not receive fees as members of the Board.
iii. Fees are reviewed annually in line with industry benchmarks and are approved at the AGM for the year ahead.
iv. Board and Committee meeting fees are paid at a flat rate, with a premium rate for the Chairpersons.
v. Sitting fees cover preparation and sitting for meetings.
vi. All members of the Board (at a Main Board Level) are paid a retainer, with the Chairperson of the Board earning a premium retainer.
vii. All Committee Chairpersons are paid a retainer relative to the complexity of each Committee.
viii. Only members of the Audit Committee are paid a retainer.
ix. The retainer covers retention for skill and expertise, round robin applications, ad hoc and special meetings, training, attendance of bank events, and engagement with Bank stakeholders.
x. The retainer will be paid on a quarterly basis, at the beginning of each quarter.
xi. All Committees meet four times per annum except for the Board Credit Risk Committee which meets 12 times per annum.

6. Ordinary resolution 8:

RESOLVED THAT, as recommended by the Audit Committee of the Company, Ernst & Young be appointed as auditors of the Company for the period ending 30 June 2027 and that Directors be authorised to determine the remuneration of the auditors accordingly.

Additional information in respect of Ordinary Resolution 8

The remuneration of the Company's auditors is determined by the Audit Committee as per the Audit Committee Charter.

7. Ordinary Resolution 9:

RESOLVED THAT, the auditor's remuneration of P8.895 million paid for the prior year's audit be and is hereby ratified.

8. To transact any other business which may be transacted at an AGM.

Voting and proxies

All holders of ordinary shares entitled to vote will be entitled to attend and vote at the AGM.

A holder of shares who is present in person, or by authorised representative or by proxy shall have one vote on a show of hands and have one vote for every ordinary share held on a poll.

Each shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies (none of whom need be a shareholder of the Company) to attend, speak and subject to the Constitution of the Company vote in his/her/its stead.

The integrated report and form of proxy which sets out the relevant instructions for its completion can be found on the FNB Botswana website www.fnbbotswana.co.bw.

To be effective, a duly completed form of proxy must be received at the Transfer Secretaries, Central Securities Depository Company of Botswana, Plot 70667, 4th Floor, Fairscape Precinct, Fairgrounds Private Bag 00417, Gaborone by no later than 12h00 on 16 November 2026.

By order of the Board



Gaone Setlhake
Company Secretary

Form of proxy

For completion by holders of ordinary shares

(Registration number BW00000790476)
(Incorporated in the Republic of Botswana)
(FNBB or "the Company")

PLEASE READ THE NOTES OVERLEAF BEFORE COMPLETING THIS FORM.

EXPRESSIONS USED IN THIS FORM SHALL, UNLESS THE CONTEXT REQUIRES OTHERWISE, BEAR THE SAME MEANINGS AS IN THE NOTICE TO SHAREHOLDERS OF FNBB ISSUED ON 28 OCTOBER 2026.

For use at the Annual General Meeting (AGM) of shareholders of the Company to be held on Wednesday, 18 November 2026.

I/We_____
(name/s in block letters)

of_____
(Address) appoint (see note 2):

1._____or failing him/her,

2._____or failing him/her,

3. the Chairperson of the AGM, as my/our proxy to act for me/us at the AGM which will be held, in addition to considering the ordinary business, for the purpose of considering and if deemed fit, passing with or without modification, the resolutions to be proposed under the special business vote thereat and at each adjournment thereof, and to vote for or against the resolutions and/or abstain from voting in respect of the ordinary shares registered in my/our name in accordance with the following instructions (see note 2):

	Number of ordinary shares		
	For	Against	Abstain
1. Ordinary Resolution 1			
2. Ordinary Resolution 2			
3. Ordinary Resolution 3			
4. Ordinary Resolution 4			
5. Ordinary Resolution 5			
6. Ordinary Resolution 6			
7. Ordinary Resolution 7			
8. Ordinary Resolution 8			
9. Ordinary Resolution 9			

Signed at _____ on _____ 2026

Signature _____
Assisted by (where applicable)

Each shareholder is entitled to appoint one or more proxies (who need not be member/s of the Company) to attend, speak and vote in place of that shareholder at the AGM.

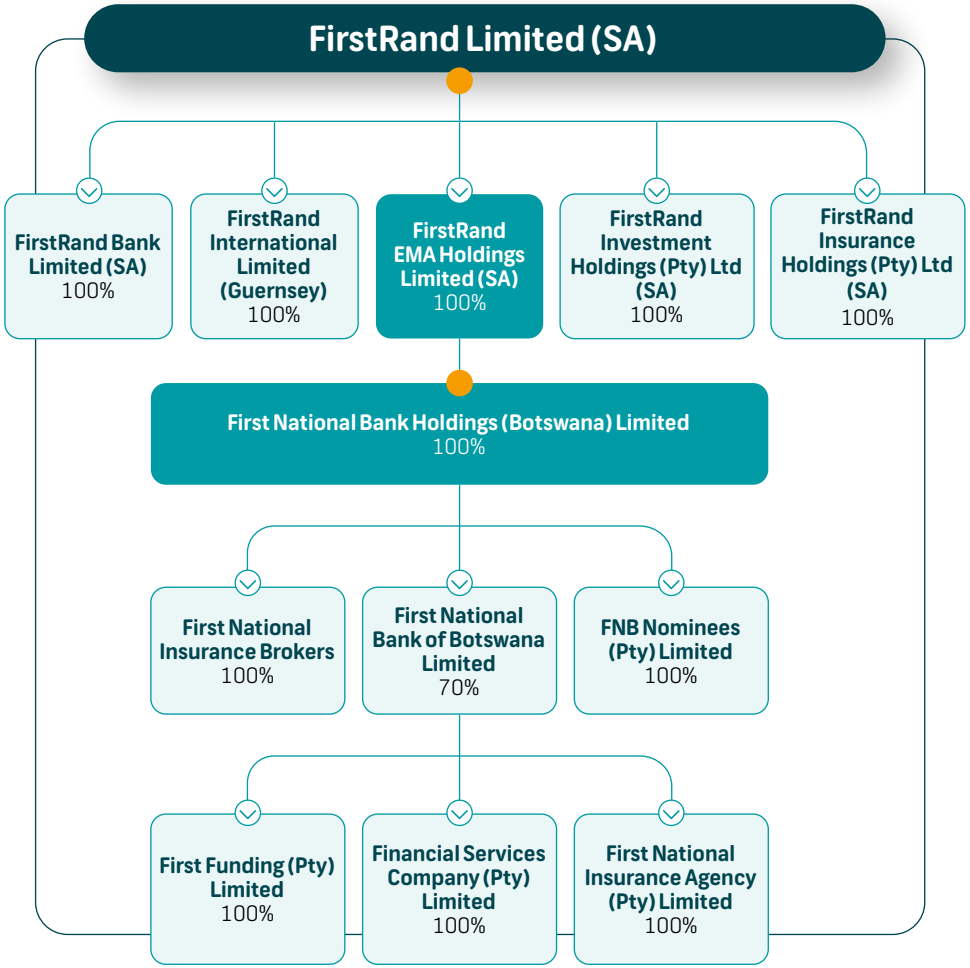
Please read the notes on the reverse side hereof.

Notes

For completion by holders of ordinary shares

1. A shareholder must insert the names of two alternative proxies of the shareholder's choice in the space provided, with or without deleting "Chairperson of the AGM". The person whose name appears first on the form of proxy, and whose name has not been deleted will be entitled to act as proxy to the exclusion of those whose names follow.
2. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate space provided. Failure to comply herewith will be deemed to authorise the proxy to vote at the AGM as he/she deems fit in respect of the shareholder's votes exercisable thereat, but where the proxy is the Chairperson, failure to comply will be deemed to authorise the proxy to vote in favour of the resolution. A shareholder or his/her proxy is obliged to use all the votes exercisable by the shareholder or by his/her proxy.
3. Forms of proxy must be lodged at or posted to the Transfer Secretaries of the Company, Central Securities Depository Company of Botswana, Plot 70667, 4th Floor, Fairscape Precinct, Fairgrounds Private Bag 00417 Gaborone to be received before 12h00 on 16 November 2026.
4. The completion and lodging of this form will not preclude the relevant shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof should such shareholder wish to do so.
5. The Chairperson of the AGM may reject or accept any form of proxy not completed and/or received other than in accordance with these notes provided that he is satisfied as to the manner in which the shareholder concerned wishes to vote.
6. An instrument of proxy shall be valid for the AGM as well as for any adjournment thereof unless the contrary is stated thereon.
7. A vote given in accordance with the terms of a proxy shall be valid, notwithstanding the previous death or insanity of the shareholder, or revocation of the proxy, or of the authority under which the proxy was executed, or the transfer of the ordinary shares in respect of which the proxy is given, provided that no intimation in writing of such death, insanity or revocation shall have been received by the Company not less than one hour before the commencement of the AGM or adjourned AGM at which the proxy is to be used.
8. The authority of a person signing the form of proxy under a power of attorney or on behalf of a company must be attached to the form of proxy unless the authority or full power of attorney has already been registered by the Company or the Transfer Secretaries.
9. Where ordinary shares are held jointly, all joint shareholders must sign.
10. A minor must be assisted by his/her guardian, unless relevant documents establishing his/her legal capacity are produced or have been registered by the Company.

Operating corporate structure



Corporate information

First National Bank of Botswana Limited

Physical address: Plot 54362, First Place, Central Business District, Gaborone, Botswana

Postal address: PO Box 1552, Gaborone, Botswana

Telephone: +267 370 6000 | +267 395 9881 | 0800 302 302

Email: info@fnbbotswana.co.bw | investor@fnbbotswana.co.bw

Registration number: BW00000790476

SWIFT code: FIRNBWGX

Digital presence

Website: https://www.fnbbotswana.co.bw

LinkedIn: FNB Botswana (https://www.linkedin.com/company/fnb-botswana)

X: @FNB_Botswana (https://x.com/FNB_Botswana)

Facebook: FNB Botswana (https://www.facebook.com/FNBBotswana)



First National Bank of Botswana Limited

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Postal address: PO Box 1552, Gaborone, Botswana
Telephone: +267 370 6000 | +267 395 9881 | 0800 302 302
Email: info@fnbbotswana.co.bw | investor@fnbbotswana.co.bw

Website: https://www.fnbbotswana.co.bw
LinkedIn: FNB Botswana (https://www.linkedin.com/company/fnb-botswana)
X: @FNB_Botswana (https://x.com/FNB_Botswana)
Facebook: FNB Botswana (https://www.facebook.com/FNBBotswana)