Audited summarised consolidated financial statements and dividend announcement

for the year ended 30 June 2025

First National Bank of Botswana Limited Registration Number BW00000790476
Member of the Deposit Insurance Scheme of Botswana

Audited summarised consolidated financial statements and dividend announcement

For the year ended 30 June 2025

The Directors take pleasure in presenting the audited summarised consolidated financial statements and dividend announcement of First National Bank of Botswana Limited and its subsidiaries (referred to as "FNBB" or "the bank") for the year ended 30 June 2025.

BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The bank's underlying audited consolidated financial statements from which the summarised consolidated financial statements are extracted, have been prepared in accordance with International Financial Reporting Standards ("IFRS"), including interpretations issued by the IFRS Interpretations Committee ("IFRIC"), and in compliance with the Banking Act (Cap 46:04) and the Companies Act of Botswana (Companies Act, 2003). The principal accounting policies and the methods of computation are consistent in all material aspects with those adopted in the previous year. The new or amended IFRS that became effective for the period under review had no impact on the bank's reported earnings, financial position, reserves, or accounting policies.

In the preparation of the consolidated financial statements, the bank has applied sound business principles with key assumptions concerning any inherent uncertainties in recording various assets and liabilities. These assumptions were applied consistently to the audited summarised consolidated financial statements for the financial year ended 30 June 2025 and have been thoroughly assessed by management to ensure the appropriateness thereof. The critical accounting estimates and areas of judgements are:

- Impairment of financial assets.
- Impairment of goodwill.
- Application and interpretation of tax regulations.
- Provisions, contingent liabilities, and contingent assets.

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

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

AUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS – INDEPENDENT AUDITOR'S OPINION

Ernst & Young, First National Bank of Botswana Limited's independent auditors, audited the consolidated financial statements of First National Bank of Botswana Limited from which the summarised consolidated financial statements have been derived and has expressed an unmodified audit opinion on the consolidated financial statements. The summarised consolidated financial statements comprise the summarised consolidated statement of financial position at 30 June 2025, summarised consolidated income statement, summarised consolidated statement of other comprehensive income, summarised consolidated statement of changes in equity and summarised consolidated statement of cash flows for the year ended 30 June 2025, and related notes. The audited consolidated financial statements and audit report thereon are available for inspection at First National Bank of Botswana Limited's registered office. The audited consolidated financial statements do not necessarily report on all the information contained in this announcement. For a better understanding of the bank's financial position and the statements of its operations for the year and the scope of the audit engagement, these audited summarised consolidated financial statements should be read in conjunction with the audited consolidated financial statements from which the summarised consolidated financial statements were derived, and the audit report thereon. The audit of the summarised consolidated financial statements was conducted in accordance with International Standards on Auditing.

FORWARD-LOOKING STATEMENTS

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

Financial Highlights

FINANCIAL RESULTS OVERVIEW

6%	PROFIT BEFORE TAX	P1.9BN	(2024 P1.8bn)
-186bps	COST TO INCOME	47.5%	(2024 49.4%)
	ROA	4.2%	(2024 4.2%)
180bps	ROE	33.5%	(2024 35.3%)
-60%	CREDIT LOSS RATIO	0.34%	(2024 -0.25%)
-23%	DIVIDEND PER SHARE	33 THEBE	(2024 43 thebe)

CUSTOMER FOCUS

11%	NET ADVANCES TO CUSTOMERS	P20.6BN	(2024 P18.5bn)
-112bps	NPL RATIO	2.9%	(2024 4.0%)
-12%	DEPOSITS	26.5BN	(2024 30.0bn)

Economic update

Global economic overview

Geopolitical tensions act as a drag on growth

In its revised World Economic Outlook released 22 April 2025, the IMF forecasts global growth to slow to 2.7% in 2025, down from the 3.3% presented earlier in the year. Trade and geopolitical tensions, tighter financial conditions, and global uncertainty exacerbated by the US tariffs present significant downwards risks that may push growth to below 1%. While global oil market continues to be adequately supplied post the Iran-Israel conflict, the situation is widely regarded to remain volatile, with high chances of supply shocks and price spikes should another confrontational conflict erupt, and this may present significant pressures to inflation.

IMF forecast Global inflation to decline by an average of 4.3% y/y in 2025 and 3.6% in 2026, down from an estimated 5.7% in 2024. Despite inflation risks, the disinflationary trend is expected to persist globally, supporting the continued central bank rate cuts.

Uncertainty around the US fiscal policy remains high with recent tariff spikes against trading partners acting as a tax on the American economy, and unless offset by tax cuts or increased spending, they could prove to be contractionary. While expectations are shifting towards tax cuts, legislative delays could prolong the uncertainty. The eurozone economy has thus far showed some resilience ahead of the tariff shock, with the first quarter data of 2025 outperforming expectations.

Inflationary pressures in the eurozone were already subdued prior to the tariff disruptions and have eased further due to falling oil prices, allowing the European Central Bank (ECB) some room to ease off on policy rates. The ECB rates remain not only below those of the US but are also declining more rapidly. This divergence continues to function as a major constraint on further EUR/USD upside.

Regional economy

Africa's growth to accelerate amid a myriad of risks

The African inflation profile remains mixed, easing off in most countries, but remaining quite high in others, necessitating a prolonged period of tight monetary policy. As expected, the Monetary Policy stance varies across the continent in line with inflation patterns, but floods in the latter part of 2024 into 2025, followed by an army worm outbreak have disrupted ploughing patterns and grain yields. This is expected to impact food availability and impact prices, piling up inflation pressure at a time when African policy makers are balancing growth, social needs, and stability, building fiscal buffers and dealing with the debt burden.

African currencies got some relief from a weaker US dollar in the first half of 2025, thus benefiting trade somewhat. The April sell-off, triggered by tariff announcements continues to weigh on the dollar despite partial rollbacks. Further USD softness is possible as US economic risks evolve, which could support broader Emerging Markets (EM) currencies. However, we anticipate mild depreciation in several currencies ahead, driven in part by country-specific factors.

Overall, the African economic landscape has become increasingly unstable due to significant US tariffs and retaliatory measures, contributing to a projected global slowdown fueled by weaker external demand, volatile markets, and subdued commodity prices. Rising trade tensions and tighter financial conditions in advanced economies could weaken regional confidence, raise borrowing costs, and hinder financing of critical infrastructure projects across the continent. The IMF estimates sub-Saharan Africa's (SSA) growth at 3.8% in 2025, down 0.2% from the growth rate registered in 2024.

Botswana economy

Challenging times for Botswana

The rough diamond market continues to be undermined by the expansion of the synthetic diamond sector, which is exerting downward pressure on natural diamond demand, prices and consequently production. The growth in synthetic diamonds is largely driven by a generational change in consumer preferences, where the opportunity cost of extracting rough diamonds is perceived to surpass their marginal value. Strategic marketing initiatives and technological advancements could reverse the impact the synthetic diamonds have had on the natural diamonds market. Owing to a revenue gap occasioned by a slump in diamond sales, the government is implementing some decisive austerity measures, which will unfortunately impose a drag on GDP growth. However, despite the austerity measures, some productive investment projects are progressing, and these will partly underpin the marginal GDP growth expected in 2025, which is 0.9% per IMF's forecast.

The government is currently reviewing a host of policies aimed at facilitating the diversification of the economy particularly in sectors such as agriculture, manufacturing, and tourism. A broad-based Botswana Economic Transformation Programme (set to replace the National Development Planning process) has been launched and currently under implementation and at the center of this programme is a fresh approach to government facilitation role and execution approach. Completion of some key road, water, and power (including transition to green energy) projects will be key, despite challenges in the health sector presenting unprecedented uncertainties to the country's socio-economic outlook.

Heavy rain experienced from December 2024 through to April 2025 have interrupted the ploughing season, with some farmers missing the December-March planting window. Persistent flooding affected both pastural and ploughing land, and these have affected crop yields and livestock production amid growing concerns of a reducing cattle population.

The African army worm that was reported in December 2024 also affected Botswana, severely impacting crops and subsistence farmers were hard hit. While all these point to pronounced inflation risks, large scale commercial farmers in the Pandamatenga area experienced bumper harvest of grain (sorghum, wheat, and beans), obviating the need for imports of the same, thus offering some relief on inflation pressure.

Inflation expected to tick up – monetary policy likely to remain flat

Inflation remains subdued having reached 1.1% in July 2025, staying below the Bank of Botswana's 3% - 6% target range for almost a year. We expect a moderate increase in price growth, climbing from 2.8% in 2024, to a still low 3%. With pressure likely coming from food and non- alcoholic beverages, increased insurance, and education costs. Given Botswana's large import requirement, this change is likely to have an inflationary impact.

Since the December MPC meeting, the central bank has maintained the Monetary Policy Rate (MoPR) at 1.90% and the Primary Reserve Requirement (PRR) at 0% (from 2.5% previously). The latter supports Botswana's structural liquidity by reducing pressure on commercial banks to hold a portion of their deposits with the central bank, which had been constrained since the fourth quarter of 2024. With liquidity remaining a challenge in the market, the central bank currently offers repo (repurchase) and reverse repo agreements to commercial banks to support liquidity needs of local banks.

FINANCIAL PERFORMANCE

STATEMENT OF FINANCIAL POSITION

Advances grew by 11% year-on-year, with all segments contributing to the uplift. Corporate lending rose by 23%, driven by increased activity in the Mining, Building & Property Development, and Financial Services sectors. The Bank continued to support strategic State-Owned Enterprises (SOEs) in Energy and Agriculture, as well as institutions within the Non-Banking Financial Services sector. While growth in retail advances remained moderated owing to the economic realities.

Retail advances increased by 5%, led by growth in personal loans, while Commercial advances rose by 19%, reflecting strong support for clients in the FMCG and oil sectors. WesBank also recorded growth across both Retail and Commercial portfolios, following a successful revamp of its offering in the prior year.

Non-Performing Loans (NPLs) declined by 20% year-on-year across all customer segments, underscoring the Bank's prudent credit risk management. The NPL ratio closed the year at 3%, down from 4% in the previous year.

Despite the liquidity squeeze observed from the late 2024, retail deposits grew by 8% supported by the Bank's targeted deposit mobilisation strategy, although overall deposits for the Bank declined 12%, with corporate deposits leading the reduction at 30%, commercial deposits were also down 1%. This reduction in deposit base drove an overall decline of 5% in bank balance sheet during the year.

INCOME STATEMENT

The bank recorded a healthy financial performance for the full year, with Profit Before Tax (PBT) closing at P1.884 billion, marking a 6% year-on-year increase. This growth reflects the strength of the underlying business, driven by increased transaction volumes across all major lines, growth in advances across all customer segments, and positive results of a cost transformation strategy.

Total income after impairments rose by 5%, while operating costs went up by 5%, recording an improved cost-to-income ratio of 47.5%, down from 49.4% in the previous year. Interest income grew by 6%, supported by a 12% increase in customer loans. Interest expense on the other side declined by 4% compared to the prior period mainly because of a reduced deposit base and a shift towards transaction balances amidst a tight liquidity environment.

Non-Interest Revenue (NIR) reached P1.780 billion, reflecting an 12% increase year-on-year. This performance underscores the bank's commitment to delivering contextual solutions to our customer through efficient and convenient service channels. Customer numbers grew by 7%, with transaction volumes rising across all major lines. The Bank continues to invest in technology, capabilities, and talent to ensure that every customer interaction is aligned with evolving needs and preferences.

Operating expenses were well managed, increasing by 5% year-on-year, in response to the bank's strategic focus on delivering operational efficiency and cost transformation strategy. Employee expenses rose by 13%, reflecting continued investment in talent development and retention to support business growth. Other operating expenses declined by 3%, driven by disciplined cost control and process optimisation across the bank's operations.

LOOKING AHEAD

The outlook for the Botswana economy remains challenging, shaped by continued weakness in the natural diamond market, where the rise of synthetic alternatives has become a defining structural shift. This has implications not only for export revenue and fiscal receipts, but also for the broader investment environment, where fiscal austerity is likely to slow infrastructure developments and, in turn, business activity. As a result, the operating environment for the financial sector is expected to remain subdued in the near term, with lower government spending translating into softer deposit growth and tighter liquidity.

Inflation is expected to remain within the Bank of Botswana's policy range, though it remains susceptible to global commodity volatility, regional weather outcomes, and logistical disruptions. The policy rate environment is likely to remain accommodative, with the MoPR expected to stay at current levels through the remainder of 2025, intended at providing some stability for planning and investment despite rising funding costs within the banking sector.

The bank remains committed to delivering exceptional client experience, with continued investment in digital platforms and service enhancements. Building on last year's successes, new projects in the pipeline will focus on further embedding digital channels, enhancing mobile capabilities, and reconfiguring physical infrastructure to better support customer needs in key locations.

Operational efficiency remains a core focus, and efforts to modernise our internal systems and ways of working will intensify. Key technology-driven projects will continue to receive strategic investment, particularly those leveraging data science, artificial intelligence, and automation to improve both customer and employee experience. We also remain vigilant in addressing cybersecurity risks and ensuring robust controls are embedded across all digital platforms.

Our people remain central to our strategy. The bank will continue to evolve its Employee Value Proposition with a focus on talent development, leadership capability, wellbeing, and inclusion. We aim to foster a high-performance culture while building a resilient and, engaged workforce ready to navigate the ongoing economic transformation.

Sustainability remains an integral part of our long-term growth journey. Having established key ESG frameworks in prior years, we will now accelerate implementation across the business. Our agenda includes driving progress on green financing and deepening our commitment to Diversity, Equity, Belonging and Inclusion (DEBI), aligned with both regulatory and stakeholder expectations.

Despite near-term macroeconomic headwinds, the bank's capital and liquidity positions remain strong and well within regulatory and Board-approved thresholds. This places us in a sound position to continue supporting our clients, investing in the future, and pursuing sustainable growth.

EVENTS AFTER REPORTING DATE

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

CORPORATE GOVERNANCE

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

1. Adequate and effective management of corporate governance and risk in accordance with current best practice;
2. Maintenance of appropriate internal controls, including the reporting of material malfunctions;
3. The bank's continued ability to operate as a going concern; and
4. The bank's consideration of the environmental and social impact of conducting business.

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

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

SHARED PROSPERITY

The Bank continued to advance its sustainability agenda through targeted initiatives across key focus areas. Shared property is integral to the Bank's strategy and positive societal impact will continue to be a business priority.

The shared prosperity thematic areas are;

- Sustainable finance
- Small and Medium Enterprise (SME) development
- Financial inclusion
- Financial literacy and awareness
- Human and Social Development

SUSTAINABLE FINANCE

The Bank published the Sustainable Finance Framework (SFF), a document that governs the management and deployment of funds into sustainable activities. The Bond Programme Memorandum lodged with the Botswana Stock Exchange (BSE) was updated to include sustainable finance capital raises. These notable milestones will enable the Bank to raise capital for green or socially impactful projects, at the appropriate time. The Bank applied the SFF to the loan book and commitments made towards responsible finance during the period under review totaled P997 million in approved facilities. Of that approved amount, P851 million was disbursed. The bank further disbursed P97m in sustainable finance, bring overall total disbursements to P948 million. An additional P74 million was disbursed in transition finance. The Bank's sustainability efforts expanded to include socially impactful facilities.

These transactions aim to combat climate change by supporting green or socially positive businesses and enabling the local transition journey. The Bank continues to have meaningful client engagements to address and assess climate risks and identify opportunities for impact.

SME DEVELOPMENT

The Bank deepened SME development impact through offering tailored financing and capacity building support to small businesses. Specifically, the Bank targets a certain percentage of balance sheet advances to be directed to SMEs, offering purchase order financing solutions and utilising an automated credit scoring and financing tool which reduces the turnaround times for financing SMEs.

Further economic developments and local business activity is supported through participation in the Citizen Economic Empowerment Programme (CEEP). Procurement spend is intentionally focused on citizen-owned companies, and the Bank is proud to have achieved about 80% of its procurement spent on local entities.

The Bank runs a flagship FirstPreneur SME Development Programme, which aims to address challenges faced by SMEs and capacitate them for growth. The programme is geared towards impact on youth-owned and women-owned businesses.

FINANCIAL INCLUSION AND LITERACY AWARENESS

CashPlus is the leading solution that allows local business owners to provide basic banking services using a secure mobile banking platform connected to the Bank's network, expanding reach to the remotest of areas where there are no banking facilities. As at end of June 2025, 1,794, CashPlus agents were registered throughout the country, compared to 1,491 recorded in 2024. The Bank continues to refine this solution to ensure an increased footprint across the country and a greater impact towards underdeveloped communities. Through partnering with local businesses such as hawkers, general dealers and spaza shops, the Bank contributes positively to businesses' finances through commissions that is earned by the CashPlus agents.

Another great initiative aimed at financial inclusivity, is the eWallet Pro which is a safe and convenient corporate electronic payment solution that enables organisations to make bulk payment to individuals on a prepaid bank card, reducing risks of managing cash and enabling the unbanked to receive payments.

FINANCIAL LITERACY AND AWARENESS

The Bank also runs financial literacy awareness programs targeted at diverse demographics delivered through multiple media platforms and direct interaction with stakeholders. During the year, the Bank reached over 800,000 people.

HUMAN AND SOCIAL DEVELOPMENT

Investments in human and social development remained strong, with initiatives aimed at upskilling the youth, sports development, supporting education and fostering inclusive economic participation. This was achieved through corporate sponsorships covering sports and relevant social and business activities including the flagship sponsorship of the Botswana Premier League and Senior National Women's Football at a value of P54 million for a period of 3 years, to run until 2026.

FNB Botswana Foundation is the Bank's Corporate Social Responsibility (CSR) arm and aims to create sustainable benefits for communities and stakeholders. Key highlights of investments during the period are as follows:

- **P3.3 million invested into creative arts development.** These projects include sponsorship of Thapong Visual Arts Centre, a musical capacity building programme targeted at aspiring artists in underserviced areas.

- **P1.5 million channeled towards supporting education.** The Bank launched a P1.4 million Remote Area Development Top Achievers Scholarship in Maun and five top achieving students were enrolled in Delta Walters School.

- **Over P700,000 invested in empowering communities** through various donations and projects, delivered through our Staff Volunteer Programme.

- **P1.7 million invested in the First Youth Programme** focusing on youth employment and business readiness initiatives. 61% of programme graduates are running successful businesses or employed.

- **P340,000 invested into supporting Gaborone City Council** licensed street vendors recognising them as a key players in the economy. 125 street vendors were provided with business equipment and branded stall merchandise to support their businesses.

SUSTAINABILITY IMPLEMENTATION (OWN OPERATIONS EFFICIENCIES)

Climate risk management is nascent, and the Bank has a climate risk appetite in place that governs fossil fuel commitments, balance sheet exposures and emissions. During the year under review, climate risk was within appetite with a stable outlook. The Bank's commitment to managing environmental risks has been demonstrated by commissioning its first solar project at the Francistown Branch and other climate mitigation initiatives are in place around energy and water efficiency as well as waste minimisation and management.

From an inward social perspective, the Bank implements initiatives that address social concerns and ensures employees are treated fairly and provided with a conducive working environment. The Diversity, Equity, Inclusion and Belonging (DEIB) Framework was approved during the period under review.

EUROMONEY "BEST BANK FOR ESG" RECOGNITION

The Bank continually aligns with environmental, social and governance ("ESG") imperatives as well as integrating the ESG imperatives into financing and business decisions. In July 2025, the Bank was recognised as the Best Bank for ESG in Botswana, a testament of the Bank's commitment to operating responsibly.

CAPITAL AND LIQUIDITY MANAGEMENT

FNBB maintains sound capital ratios to maintain confidence in the solvency and the quality of its capital during both calm and turbulent periods of the economy and in financial markets. The bank aims to maintain capital ratios in line with its risk appetite, thereby appropriately safeguarding its operations and stakeholder interests.

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

The capital focus has been directed to the composition of the capital structure and efficiency of the risk-weighted assets. The Directors review and approve macroeconomic scenarios quarterly due to the rapidly changing world economic environment for regulatory compliance and business continuity purposes. Additionally, the Directors review the Capital Management Framework annually, and this together with the approval of the economic scenarios forms the basis of the Internal Capital Adequacy Assessment Process (ICAAP) which provides a sound basis for managing our capital to ensure that the business is always ready to respond to constant changes in the economy. For the financial year ended 30 June 2025, FNBB continued to operate above both the internal and regulatory minimum prescribed capital adequacy ratios.

DECLARATION OF DIVIDEND

Notice is hereby given that a final dividend of 15 thebe per share has been declared for the year ended 30 June 2025. The dividend will be paid on or about 22 October 2025 to shareholders registered at the close of business on 10 October 2025. The ex-dividend date is 8 October 2025. In terms of the Income Tax Act (Cap 52.01) as amended, withholding tax at the rate of 10% will be deducted by the bank from gross dividends. If a change of address or dividend instructions should apply to this dividend, notification thereof should reach the Transfer Secretaries by 10 October 2025.

For and on behalf of the Board.

B M Bonyongo
Chairperson

S L Bogatsu
Chief Executive Officer

Gaborone, 21 August 2025

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

AUDITED SUMMARISED CONSOLIDATED INCOME STATEMENT (P'000)	Year ended 30 June 2025	Year ended 30 June 2024	% Change
Interest income calculated using the effective interest rate	2,484,466	2,394,530	4
Interest expenses and similar charges	(533,299)	(554,645)	(4)
Net interest income before impairment of advances	**1,951,167**	**1,839,885**	**6**
Impairment of advances	(73,647)	48,032	(253)
Net interest income after impairment of advances	**1,877,520**	**1,887,917**	**(1)**
Non-interest revenue	1,780,453	1,583,945	12
Income from operations before operating expenses	**3,657,973**	**3,471,862**	**5**
Operating expenses	(813,776)	(838,397)	(3)
Employee benefits expenses	(934,262)	(824,025)	13
Income before taxation	**1,909,935**	**1,809,440**	**6**
Indirect taxation	(25,864)	(28,756)	(10)
Profit before direct taxation	**1,884,071**	**1,780,684**	**6**
Direct taxation	(440,673)	(394,153)	12
Profit for the year attributable to owners of the company	**1,443,398**	**1,386,531**	**4**
Total comprehensive income for the year attributable to owners of the company	**1,443,398**	**1,386,531**	**4**
Average number of shares in issue during the year (thousands)	2,543,700	2,543,700	–
Earnings per share (thebe) (based on weighted average number of shares outstanding)	**56.7**	**54.5**	**4**

RATIOS AND MARKET INFORMATION	Year ended 30 June 2025	Year ended 30 June 2024	% Change
Dividend per share (thebe)	33.0	43.0	(23)
Dividend cover (times)	1.7	1.4	23
Cost to income ratio (percent)*	47.5	49.4	(4)
Return on equity (percent)	33.5	35.3	(5)
Return on average assets (percent)	4.2	4.2	-
Capital adequacy ratio (percent)	19.2	18.8	2
Closing share price (thebe)	530.0	490.0	8
Price earnings ratio (times)	4.7	4.5	4
Earnings per share (thebe)	56.74	54.51	4
Number of ordinary shares issued	2,543,700	2,543,700	-

**Cost to income ratio is based on total non-interest expenditure including indirect taxation (Value Added Tax) and excludes impairments of advances*

Return on Equity (ROE) closed the period at 33.5% compared to 35.3% reported in the prior year.

AUDITED SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (P'000)	Year ended 30 June 2025	Year ended 30 June 2024	% Change
Assets			
Cash and short-term funds	2,095,051	5,391,077	(61)
Derivative financial instruments	19,000	17,368	9
Investment securities	10,876,931	11,603,074	(6)
Advances to customers	20,618,041	18,494,002	11
Current taxation	392	4,999	(92)
Due from related parties	19,288	9,938	94
Other assets	521,393	447,825	16
Property and equipment	600,236	616,301	(3)
Goodwill	26,963	26,963	_
Deferred taxation	28,211	8,252	>100
Total assets	**34,805,506**	**36,619,799**	**(5)**
Equity and Liabilities			
Liabilities			
Deposits - Other	1,738,081	-	>100
Derivative financial instruments	10,578	10,623	-
Accrued interest payable	31,898	20,729	54
Due to related parties	35,067	38,887	(10)
Other liabilities	806,767	668,295	21
Deposits from Banks	352,411	501,449	(30)
Deposits from customers	26,492,471	30,021,044	(12)
Employee benefits liabilities	139,258	131,205	6
Borrowings	695,971	1,029,156	(32)
Current taxation	6,637	-	n.m
Deferred taxation	-	777	n.m
Total liabilities	**30,309,139**	**32,422,165**	**(7)**
Capital and reserves attributable to ordinary equity holders			
Stated capital	51,088	51,088	-
Reserves	4,063,724	3,459,747	17
Dividend reserve	381,555	686,799	(44)
Total equity	**4,496,367**	**4,197,634**	**7**
Total Equity and Liabilities	**34,805,506**	**36,619,799**	**(5)**
Undrawn commitments to customers	2,254,552	2,611,048	(14)
Guarantees and letters of credit	1,229,104	846,548	45

AUDITED SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (P'000)	Stated capital	Dividend reserve	Retained earnings	Total
Balance at 30 June 2023	**51,088**	**508,740**	**3,167,007**	**3,726,835**
Profit for the year			1,386,531	1,386,531
2023 Final Dividends paid	-	(508,740)	-	(508,740)
2024 Interim Dividends paid	-	-	(406,992)	(406,992)
2024 Final Dividends proposed	-	686,799	(686,799)	-
Total contributions by and distributions to owners of company recognised directly in equity	**51,088**	**178,059**	**(1,093,791)**	**(915,732)**
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**

AUDITED SUMMARISED CONSOLIDATED STATEMENT OF CASHFLOWS (P'000)	**Year ended 30 June 2025**	**Year ended 30 June 2024**	**% Change**
Cash flows from operating activities			
Cash generated from /(used in) operations before taxation and working capital changes	102,269	(15,486)	(760)
Interest and similar income received	2,461,119	2,364,657	4
Interest and similar expense paid	(454,372)	(481,287)	(6)
Taxation paid	(450,165)	(328,093)	37
Cash from operating activities	**1,658,851**	**1,539,791**	**8**
Movement in operating assets and liabilities			
Movement in amounts due to other banks	(149,038)	(348,005)	(57)
Movement in deposits and current accounts	(3,528,573)	6,621,447	(153)
Movement in deposits - other	1,738,081	-	>100
Movement in amount due to related companies	(3,820)	(33,573)	(89)
Movement in accrued interest payable	451	(1,139)	(140)
Movement in other liabilities	(142,251)	(157,881)	(190)
Movement in employee benefits liabilities	8,053	14,290	(44)
Movement in investments - fair value through profit or loss	59,835	(54,288)	(210)
Movement in investments - amortised cost	(3,232,538)	(2,775,726)	16
Movement in advances to customers	(2,174,339)	(2,141,421)	2
Movement in other assets	(73,568)	(77,943)	6
Movement in amounts due from related companies	(9,350)	(3,453)	>100
Net Cash flows (used in)/ generated from operating activities	**(5,563,704)**	**2,582,099**	**(315)**
Cash flows used in investing activities			
Acquisition of property and equipment	(60,107)	(85,379)	(30)
Proceeds on disposal of property and equipment	2,446	-	>100
Net Cash flows (used in) financing activities	**(57,661)**	**(85,379)**	**(32)**
Cash flows used in financing activities			
Repayment of borrowings	(373,152)	(50,000)	646
Interest paid on borrowings	(25,979)	(34,571)	(25)
Lease liability interest	(4,059)	(8,679)	(53)
Lease liability payments	(33,390)	(28,510)	17
Dividends paid	(1,144,665)	(915,732)	25
Net cash flows used in financing activities	**(1,581,245)**	**(1,037,492)**	**52**
Cash movement for the year	(7,202,610)	1,459,228	(594)
Cash and cash equivalents at the beginning of the year	9,689,902	8,213,753	18
Effect of exchange rate movement on cash balances	7,738	16,921	(54)
Total cash and cash equivalents at end of the year	**2,495,030**	**9,689,902**	**(74)**

SEGMENTAL REPORTING

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

The bank has three primary business segments supported by the treasury function:

1. **FNB Retail segment** comprising advances and deposits and the revenue flowing from individual customers.
2. **FNB Commercial segment** comprising advances and deposits and the revenue flowing from commercial and SME customers.
3. **RMB Corporate segment** comprising advances and deposits and the revenue flowing from corporate customers.
4. **Treasury** function manages the bank's liquidity and funding.

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

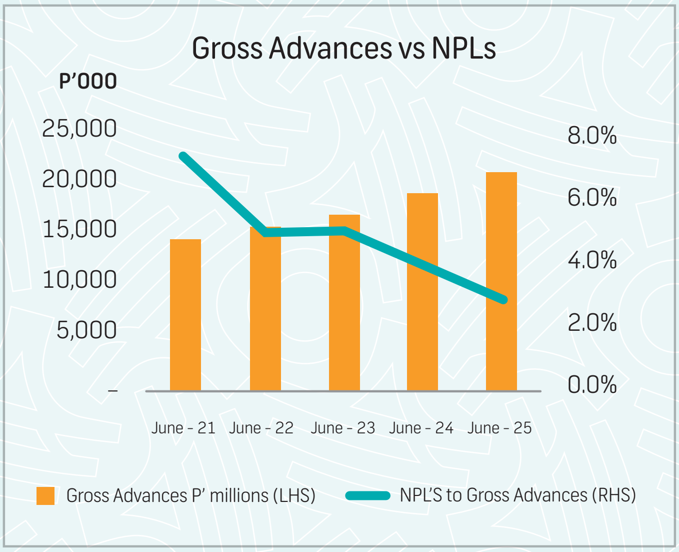
AUDITED SUMMARISED SEGMENTAL REPORTING	Retail	Commercial	Corporate	Treasury	Total
30 June 2025 (P`000) - (Audited)					
Summarised Consolidated Income Statement					
Interest and similar income	604,754	155,620	121,229	1,602,863	2,484,466
Non- interest revenue	753,178	630,309	411,279	(14,313)	1,780,453
Total segment revenue	**1,357,932**	**785,929**	**532,508**	**1,588,550**	**4,264,919**
Interest expense and similar expenses	253,802	286,250	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)
Other expenditure	(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**
SUMMARISED CONSOLIDATED STATEMENT FINANCIAL POSITION					
Gross Advances to customers	**12,353,510**	**4,114,615**	**4,988,579**	**-**	**21,456,704**
Loss allowance	(483,123)	(282,897)	(74,585)	-	(838,663)
Net advances	**11,870,387**	**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**

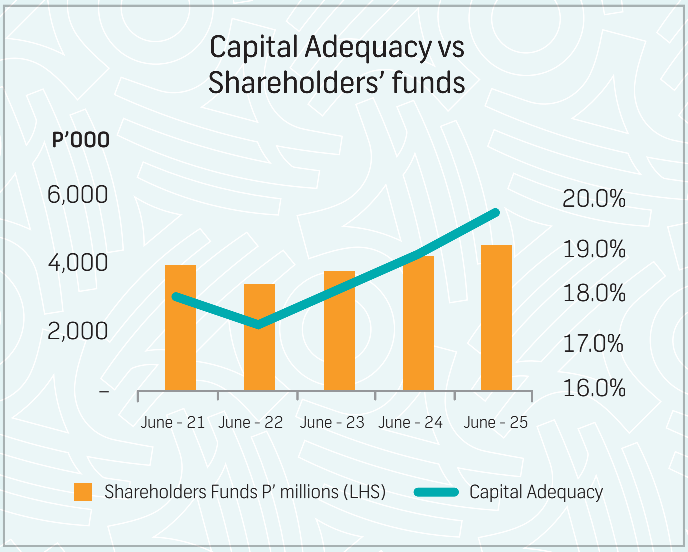
FINANCIAL PERFORMANCE continued

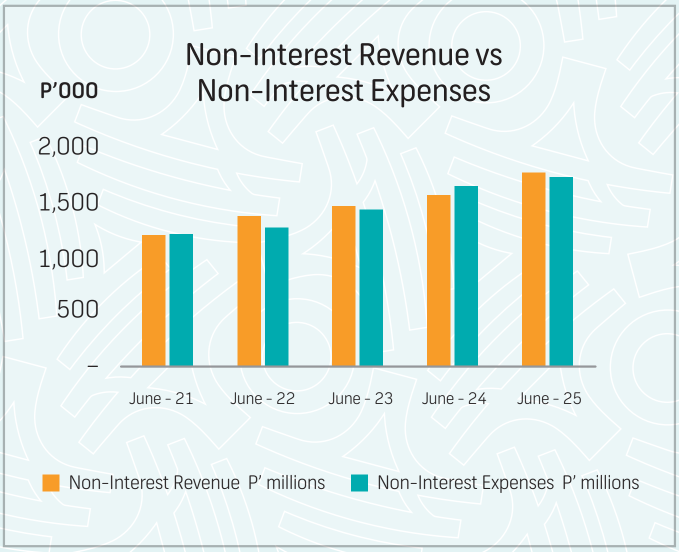
AUDITED SUMMARISED SEGMENTAL REPORTING	Retail	Commercial	Corporate	Treasury	Total
30 June 2024 (P`000) – (Audited)					
Summarised Consolidated Income Statement					
Interest and similar income	601,437	134,609	105,144	1,553,341	2,394,530
Non- interest revenue	689,365	582,674	332,556	(20,650)	1,583,945
Total segment revenue	**1,290,802**	**717,283**	**437,700**	**1,532,691**	**3,978,475**
Interest expense and similar expenses	194,996	285,173	176,861	(1,211,675)	(554,645)
Segment operating income before impairments	**1,485,798**	**1,002,456**	**614,561**	**321,016**	**3,423,830**
Impairment of advances	10,360	33,487	4,185	–	48,032
Net interest income after impairment of advances	**1,496,158**	**1,035,943**	**618,746**	**321,016**	**3,471,862**
Depreciation	(84,774)	(614)	(555)	(177)	(86,120)
Other expenditure	(263,084)	(313,480)	(187,997)	12,284	(752,277)
Staff Expenditure*	(418,263)	(310,017)	(83,562)	(12,183)	(824,025)
Profit before indirect taxation	**730,037**	**411,831**	**346,632**	**320,941**	**1,809,440**
Indirect taxation	(25,127)	(1,312)	(1,247)	(1,070)	(28,756)
Profit before direct taxation	**704,910**	**410,519**	**345,385**	**319,873**	**1,780,684**
Direct taxation					(394,153)
Profit for the year					**1,386,531**
SUMMARISED CONSOLIDATED STATEMENT FINANCIAL POSITION					
Gross Advances to customers	**11,779,996**	**3,564,041**	**4,062,050**	**-**	**19,406,089**
Loss Allowance	(486,558)	(348,105)	(77,424)	–	(912,087)
Net advances to customers	**11,293,438**	**3,215,936**	**3,984,626**	**-**	**18,494,002**
Deposits from customers	**6,692,671**	**10,379,557**	**7,411,677**	**5,537,139**	**30,021,044**

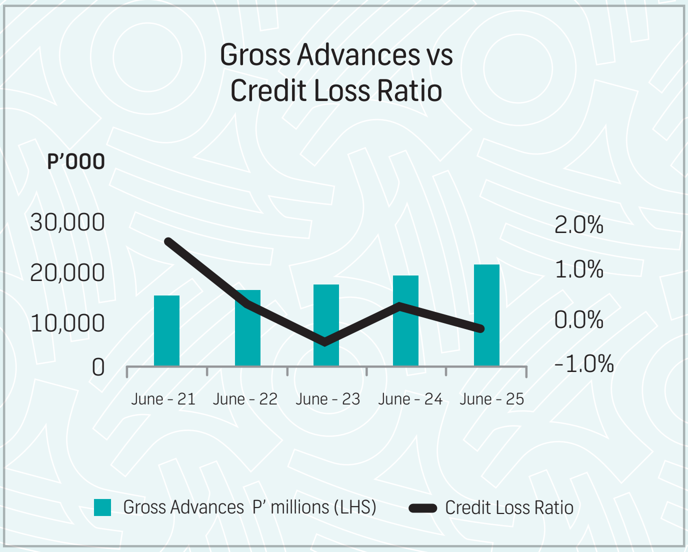
**Staff expenditure has been disclosed separately to allow the chief operating decision maker to have more transparency on the income statement comparatives.*

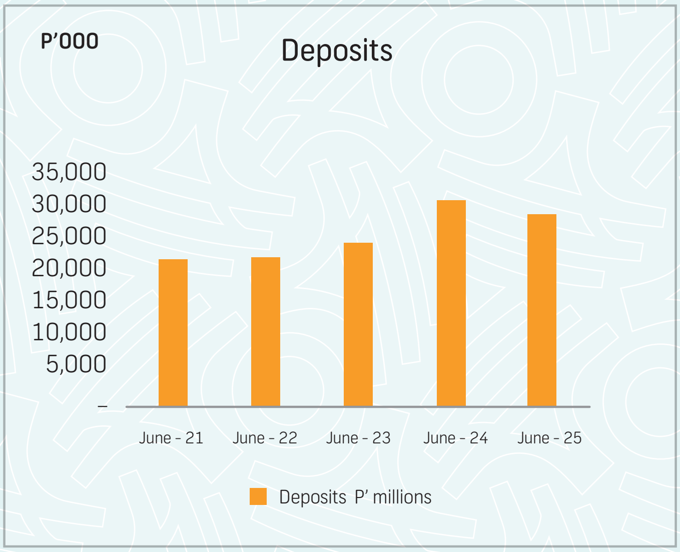
FINANCIAL GRAPHS

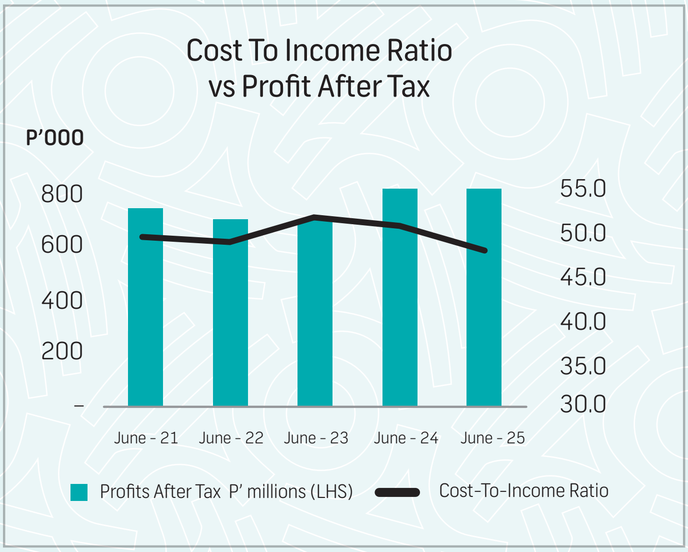












ACCOUNTING POLICIES

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

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

Supplier finance arrangements - amendments to IAS 7 and IFRS 7, Classifications of liabilities current and non-current liabilities with covenants - amendments to IAS 1, Lease liability in a sale and leaseback-amendments to IFRS 16. None of these amendments to IFRS impacted the bank's reported earnings, financial position or reserves, or the accounting policies.

ADVANCES

ANALYSIS OF ADVANCES PER CLASS – 2025 (P'000)-(AUDITED)	Gross carrying amount	Loss allowance	Total
Term loans	10,408,076	(341,090)	10,066,986
Instalment sales	2,343,749	(152,607)	2,191,142
Property loans	6,612,731	(139,444)	6,473,287
Overdraft and managed account	1,786,139	(177,091)	1,609,048
Other	306,009	(28,431)	277,578
Total	**21,456,704**	**(838,663)**	**20,618,041**

ANALYSIS OF ADVANCES PER CLASS – 2024 (P'000)-(AUDITED)	Gross carrying amount	Loss allowance	Total
Term loans	9,622,590	(308,798)	9,313,792
Instalment sales	2,064,940	(114,600)	1,950,340
Property loans	6,104,932	(241,614)	5,863,318
Overdraft and managed account	1,294,163	(206,616)	1,087,547
Other	319,464	(40,459)	279,005
Total	**19,406,089**	**(912,087)**	**18,494,002**

IMPAIRMENT OF ADVANCES

(P'000)-(AUDITED)	Gross advances Stage 1	Stage 2	Stage 3	Total	Loss allowance Stage 1	Stage 2	Stage 3	Total
Amortised cost								
Amount as at 01 July 2024	**16,449,539**	**2,179,676**	**776,874**	**19,406,089**	**147,295**	**228,280**	**536,512**	**912,087**
Stage 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	-
Stage 2 to stage 1	1,026,232	(1,026,232)	-	-	34,553	(34,553)	-	-
Stage 3 to stage 2	-	39,569	(39,569)	-	-	12,739	(12,739)	-
Stage 3 to stage 1	27,283	-	(27,283)	-	11,757	-	(11,757)	-
Opening balance after transfers	**16,083,530**	**2,412,063**	**910,496**	**19,406,089**	**145,680**	**240,029**	**526,379**	**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)	2,357,321	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**

(P'000)-(AUDITED)	Gross advances Stage 1	Stage 2	Stage 3	Total	Loss allowance Stage 1	Stage 2	Stage 3	Total
Amortised cost								
Amount as at 01 July 2023	**14,146,741**	**2,295,739**	**863,052**	**17,305,532**	**255,112**	**223,716**	**552,028**	**1,030,856**
Stage 2 to stage 1	1,466,916	(1,466,916)	-	-	90,820	(90,820)	-	-
Stage 3 to stage 1	48,725	-	(48,725)	-	9,268	-	(9,268)	-
Stage 3 to stage 2	-	20,130	(20,130)	-	-	8,476	(8,476)	-
Stage 1 to stage 2	(1,709,504)	1,709,504	-	-	(14,327)	14,327	-	-
Stage 1 to stage 3	(131,212)	-	131,212	-	(1,700)	-	1,700	-
Stage 2 to stage 3	-	(115,681)	115,681	-	-	(20,286)	20,286	-
Opening balance after transfers	**13,821,666**	**2,442,776**	**1,041,090**	**17,305,532**	**339,173**	**135,413**	**556,270**	**1,030,856**
Net movement current year	**2,627,873**	**(263,099)**	**(101,859)**	**2,262,915**	**(191,878)**	**92,867**	**116,333**	**17,322**
Attributable to change in measurement period	-	(53,230)	-	(53,230)	-	10,695	-	10,695
Attributable to change in risk parameters	-	-	-	-	(241,331)	53,639	92,213	(95,479)
Change due to new business net of attrition	2,627,873	(209,869)	(101,859)	2,316,145	49,453	28,533	24,120	102,106
Bad debts written off	**-**	**-**	**(162,358)**	**(162,358)**	**-**	**-**	**(162,358)**	**(162,358)**
Net interest suspended/ released	**-**	**-**	**-**	**-**	**-**	**-**	**26,267**	**26,267**
Amount as at 30 June 2024	**16,449,539**	**2,179,677**	**776,873**	**19,406,089**	**147,295**	**228,280**	**536,512**	**912,087**

IMPAIRMENT OF ADVANCES

Significant estimates, judgements and assumptions related to the impairment of advances

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

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

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

SICR triggers are portfolio specific and are calibrated over time to determine what level of deterioration is reflective of a significant increase in credit risk with reference to historic default rates within that portfolio. The 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.

Approach to Incorporate Forward-Looking Indicators (FLI)

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

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

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

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

Economic Scenarios Applied in June 2025 ECL computation.

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

The economic scenarios applied are described as follows:

Upside: Global growth shifts to a higher gear following aggressive fiscal stimulus measures in China, substantial monetary policy easing in the US and Europe, and a significant easing in global trade tensions; and/or recovering global consumption fuels diamond demand, reversing the slump in rough diamond prices so prompting a significant upswing in export proceeds. Copper prices and export volumes rise notably too amid improved global growth; and/or De Beers' marketing strategy is successful to rekindle the attraction of mined diamonds as opposed to synthetic diamonds which gen-Z buyers find more appealing. As such further expansion of the synthetic diamond market is stunted and/or moderating global geopolitical tensions and rising oil production result in a marked decline in global oil prices. Risk-on sentiment boosts the rand, while a rebound in the euro, yuan, yen and pound sterling leads to stronger special drawing rights relative to the US dollar, resulting in a significant appreciation of the pula; and/or inflation expectations subside, buoyed by a stronger currency and lower global oil prices.

CPI inflation remains close to current lows, while interest rates are lowered close to COVID-19 lows. Business and consumer sentiment soars due to contained price pressures, low interest rates, and a stronger pula and/or tax revenue rebounds on the back of accelerating GDP growth, increased mining profits, and improved SACU receipts. Much improved public finances eases the need for the government to aggressively issue local debt. While remaining prudent, the government expands spending and most outstanding projects of the transitional NDP are completed and/or Botswana's fiscal and current account positions strengthen, leading to lower debt metrics and improved credit ratings.

Investment rises due to positive sentiment and strong terms of trade and/or as direct beneficiaries of the NDP, sectors like agriculture, manufacturing, construction, tourism, and transport grow in stature. The economy becomes more diversified and resilient to exogenous shocks and/or Botswana's annual growth rate rises to 6.2% in 2026, in line with vision 2036 ambitions, which puts the country on a sound footing to meet its high-income status goal and/or Several state-owned enterprises finally get restructured, unleashing significant cost savings and productivity gains and/or the business environment experiences a further improvement on the back of sustainable electricity and water supply, as well as the successful roll-out of the government's digitisation drive.

Baseline: US trade protection measures weaken global growth, but not significantly, as full-blown trade wars are avoided. Stimulatory monetary as well as fiscal policies in major advanced and developing economies continue to support real economic activity and/or rough diamond prices remain at depressed levels for the next 12-18 months as global demand remains weak and excess inventory levels only slowly unwind. Prices recover somewhat in the outer years of the forecast horizon; and/or after sharply underperforming in 2024, mining production, cutting/polishing activity and ultimately diamond sales all continuously tread water, and the economy experiences a short-lived recession. The fiscus takes a hit; and/or bond yields rise to help attract capital to meet increased funding requirements.

Government auctions however continue to be met with low allotment, with the primary driver behind poor auction performance being low liquidity. This limits participation by commercial banks and asset managers and/or to avoid the budget deficit from worsening even further, the government is forced to restrict spending mainly to critical infrastructure projects (electricity generation, water reticulation, and road/transport projects), which nonetheless helps crowding in some private sector fixed investment and/or as a critical mineral used globally in renewable energy projects and electrical vehicles, copper production continues to benefit from increased demand and comparatively high prices and/or Debswana continues with the Jwaneng Cut 9 project that was approved in January 2024.

The commencement of the Orapa Cut 3 project is postponed to 2026 and/or low interest rates and inflation-beating civil servant salary increases provide some support for consumer spending and/or El Nino-induced drought conditions make way for La Nina, which gives agriculture a much-needed boost and/or S&P affirms Botswana's sovereign rating at BBB+. The ratings outlook, however, changes from stable to negative to reflect subdued diamond demand and prices keeping export earnings and fiscal revenues depressed. As a result, Botswana's external and public balance sheets could be eroded further, if current pressures persist.

Downside: Global growth slows markedly as tensions in the Middle East/Ukraine escalate and US-induced trade protectionist measures intensify. Global supply chains get disrupted, and inputs used in global manufacturing become more costly. Weak global activity negatively affects exports; and/or Diamond prices remain depressed, and copper prices fall given worsening demand. Diamond and copper production slumps, while the implementation of Debswana's Cut 3 and Cut 9 projects are delayed. At the same time, synthetic diamonds see a sizeable further uptick in market share and/or weak global sentiment and a sharp deterioration in Botswana's terms of trade adversely impact foreign investment flows. The pula weakens notably which, coupled with supply chain disruptions and rising input costs, fuel inflationary pressures and/or rising inflation sees monetary authorities lifting interest rates notably. Even so, real interest rates turn negative as the central bank tries to stimulate growth. As a result, inflation is slow to come down and/or the recession deepens with a diversion of government revenue delaying economic diversification efforts. Botswana's fiscal problems escalate as falling tax revenue is compounded by declines in SACU revenue.

Government expenditure is redirected due to social security measures and to combat rising unemployment. Loss-making state-owned entities are allowed to continue operating, further draining government coffers; and/or increased political noise around a more interventionist government further weakens investor sentiment. A prolonged drought causes food and/or water insecurity to rise. Social and political tensions escalate; and/or mounting pressure on Botswana's sovereign credit rating leads to a two-notch downgrade by S&P.

GDP			
FLIs: Applied in ECL Models			
Scenario - 2025	**Upside**	**Baseline**	**Downside**
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%**

Monetary Policy			
FLIs: Applied in ECL Models			
Scenario - 2025	**Upside**	**Baseline**	**Downside**
2025	1,2	1,9	3,75
2026	1,2	1,9	4,00
2027	1,2	1,9	4,00
Weighting	**15%**	**66%**	**19%**

GDP			
FLIs: Applied in ECL Models			
Scenario - 2024	**Upside**	**Baseline**	**Downside**
2025	8.25	4.20	0.25
2026	8.50	4.00	1.00
2027	8.00	3.80	1.50
Weighting	**15%**	**66%**	**19%**

Monetary Policy			
FLIs: Applied in ECL Models			
Scenario - 2024	**Upside**	**Baseline**	**Downside**
2025	2.10	2.40	3.70
2026	2.10	2.40	3.70
2027	2.10	2.40	3.70
Weighting	**15%**	**66%**	**19%**

FAIR VALUE FINANCIAL INSTRUMENTS

Fair value hierarchy and measurements

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

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

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

Valuations based on observable inputs include:

Level 1

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

Level 2

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

Level 3

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

INSTRUMENT	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of Level 3 items
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 set 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

INSTRUMENT	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of Level 3 items
Derivative financial instruments					
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., Level1). However, if the market is not active and the listed price is not representative of fair value these are classified as Level 2 and a valuation technique is used, for example the discounted cashflow is used for listed bonds. This will be based on risk parameters of comparable securities and the potential pricing difference in spread and/or price terms with the traded comparable is considered. The future cashflows are discounted using a market related interest rate adjusted for credit inputs over the contractual period.	Market interest rates and credit spreads	Not applicable

INSTRUMENT	Fair value hierarchy level	Valuation technique	Description of valuation technique and main assumptions	Observable inputs	Significant unobservable inputs of Level 3 items
Derivative financial instruments					
Unlisted bonds	Level 2	Discounted cash flows	Unlisted bonds are valued similarly to advances measured at fair value. The future cashflows are discounted using a market related interest rate adjusted for credit in puts, over the contractual period.	Market interest rates and credit spreads.	Not applicable
Negotiable certificates of deposit (NCD	Level 2	Discounted cash flows	The future cashflows are discounted using a market related Interest rate. Inputs to these models include information that is consistent with similar market quoted instruments, where available.	Market interest rates and market quotes for NCD instruments	Not applicable
Treasury Bills	Level 2	Bank of Botswana quoted prices	Bank of Botswana quoted prices.	Market interest rates and curves	Not applicable
Deposits					
Other deposits	Level 2	Discounted cash flows	The related forecasting curve is adjusted for liquidity premiums and business unit margins. The valuation methodology does not take early withdrawals and other behavioural aspects into account.	Market interest rates	Not applicable
Other liabilities and Tier 2 liabilities	Level 2	Discounted cash flows	The future cash flows are discounted using a market related interest rate.	Market interest rates	Not applicable
Financial assets and liabilities not measured at fair value but for which fair value is disclosed	Level 2	Discounted cash flows	The future cash flows are discounted using a market related interest rate and curves adjusted for credit inputs. Where the value of the liability is linked to the performance of an underlying and the underlying is observable, these liabilities are classified as level 2.	Market interest rate curves or performance of underlying	Not applicable

FINANCIAL PERFORMANCE continued

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

2025	Level 1	Level 2	Level 3	Fair value	Amortised cost
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 assets	-	-	232,679	232,679	232,679
Due from related parties	-		19,288	19,288	19,288
Total financial liabilities 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
Balances from customers (term)	-	11,060,224	-	11,060,224	11,060,224
Other deposits (call and savings)	-	1,947,998	-	1,947,998	1,947,998
Total deposits and current accounts	**-**	**26,492,471**	**-**	**26,492,471**	**26,492,471**
Long-term borrowings	-	648,787	-	648,787	648,787
Accrued interest payable	-	31,898	-	31,898	31,898
Other 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**	**27,981,129**

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

2024	Level 1	Level 2	Level 3	Fair value	Amortised cost
Advances					
Home loans	-	-	5,809,230	5,809,230	5,863,318
Other advances	-	-	279,005	279,005	279,005
Term loans	-	-	9,349,756	9,349,756	9,313,792
Overdraft	-	-	1,087,547	1,087,547	1,087,547
Instalment sales	-	-	1,937,256	1,937,256	1,950,340
Total advances at amortised cost	**-**	**-**	**18,462,794**	**18,462,794**	**18,494,002**
Investment securities	11,488,193	-		11,488,193	11,520,740
Other assets	-	-	185,897	185,897	185,897
Due from related parties	-	-	9,938	9,938	9,938
Total financial assets at amortised cost	**11,488,193**	**-**	**18,658,629**	**30,146,822**	**30,210,577**

2024	Level 1	Level 2	Level 3	Fair value	Amortised cost
Liabilities					
Deposits and current accounts					
Current and managed accounts	-	16,505,179	-	16,505,179	16,505,179
Balances from customers (term)	-	6,183,421	-	6,183,421	6,097,354
Other deposits (call and savings)	-	7,418,511	-	7,418,511	7,418,511
Total deposits and current accounts	**-**	**30,107,111**	**-**	**30,107,111**	**30,021,044**
Long-term borrowings	-	1,014,486	-	1,014,486	1,000,365
Accrued interest payable	-	20,729	-	20,729	20,729
Other liabilities	-	411,825	-	411,825	411,825
Due to related parties	-		38,887	38,887	38,887
Total financial liabilities at amortised cost	**-**	**31,554,151**	**38,887**	**31,593,038**	**30,592,850**

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

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

2024	Level 1	Level 2	Level 3	Total
Mandatory fair value through profit and loss (P'000) Audited				
- Investments securities	-	82,334	-	82,334
- Derivative financial instruments	-	17,368	-	17,368
Non-financial assets	**-**	**-**	**-**	**-**
Total assets	**-**	**99,702**	**-**	**99,702**
Financial liabilities held for trading		-	-	-
- Derivative financial instruments	-	10,623	-	10,578
Mandatory at fair value through profit or loss	-	-	-	-
- Zero coupon deposit	-	95,387	-	95,387
Total liabilities	**-**	**106,010**	**-**	**106,010**

RELATED PARTIES

The following are the related parties of the Bank:

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

DIRECTORS:

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

Log on to **www.fnbbotswana.co.bw** to access our latest and historic financial reports.

MARKETING & COMMUNICATIONS

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