



BOTSWANA IS OUR HOME,
WE DRIVE HER GROWTH



Stanbic Bank Botswana Limited
INTEGRATED REPORT
For the year ended 31 December 2025



**EMPOWERING
PROGRESS:
DRIVING GROWTH
AND BOTSWANA'S
SUSTAINABLE
FUTURE**

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INTRODUCTION

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Our Value Creating Strategic Framework

OUR PURPOSE IS THE REASON WE EXIST-

Botswana is our home, we drive her growth

Informing our thinking

We believe in the transformative power of our work. We translate this belief into specialised financial solutions that support organisations of all sizes, uplifting people at every stage of their lives. This commitment is captured in our Purpose: **Botswana is our home, we drive her growth**. It inspires us to be a daily catalyst for change, ensuring that financial empowerment is within reach for all.

Who we are

Our actions define us. How we show up, how we engage, and how we deliver are critical to fulfilling our Purpose. Our choices are aligned with the values we live by and reinforced by unwavering principles.



Our Values

Deeply committed

We are dedicated to our purpose and to the people we serve.

Boldly pioneering

We set the standard through our determination and resilience.

Trusted stewards

The mark of our success is the legacy we leave.

Guided by empathy

We treat people with respect, consideration and kindness.

Unfailingly honourable

The choices we make are always ethical.

Our stakeholders

Our stakeholders provide the resources and capital we need to achieve our strategy and purpose. Our relationships with them are supported by proactive and transparent engagement.

Our ability to achieve our Purpose and strategy is central to how we deliver sustainable growth and value for all our stakeholders. Our approach is underpinned by integrated thinking that connects the emerging trends, risks and opportunities and, relationships and resources we consider when executing our strategy.

Our Principles

Our principles are the standards we live by. They define how we make decisions, how we serve our clients, and how we build a culture that sets us apart.



Transform client experience

We create an environment where every individual feels valued, empowered and inspired to bring their best selves to work.



Execute with excellence

We operate with transparency and accountability, ensuring that every action we take aligns with our Purpose and delivers meaningful impact.



Drive sustainable growth and value

We are committed to delivering financial solutions that are reliable, ethical and responsive. Every promise we make is a promise we keep.

Our value drivers



Client focus

We provide consistent excellent client and partner experiences via an expanded range of innovative solutions.



Employee engagement

We ensure our people feel deeply connected to our purpose and are empowered and recognised.



Risk and conduct

We do the right business, the right way



Operational excellence

We use technology and data to better serve and protect our clients, reduce costs and scale our platforms.



Financial outcome

We allocate our resources to deliver attractive shareholder returns.



Positive impact

We drive Botswana's growth by delivering shared value and positive impact

We are aligned with the United Nations Sustainable Development Goals (UN SDGs).



Who We Are

CELEBRATING A YEAR OF GROWTH, IMPACT AND NEW POSSIBILITIES

For 33 years, Stanbic Bank Botswana has been more than a bank. From the opening of the first branch in Broadhurst in 1992 to becoming a leader in Corporate and Investment Banking, we have built a legacy of excellence and a demonstrable track record of growth, ambition and opportunity. Today, we stand as Botswana's third-largest commercial bank by profitability, a bold game plan for expansion across all three of our key client segments.

We serve three key client segments:

The Bank caters to three main client segments:

<p>Personal and Private Banking (PPB)</p> <p>For individuals who demand more from their bank</p>	<p>Business and Commercial Banking (BCB)</p> <p>Giving SMEs and enterprises a route to scalability</p>	<p>Corporate and Investment Banking (CIB)</p> <p>Financing the ambitions of multinationals and industry leaders.</p>
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These segments are supported by various Corporate Function Units to deliver comprehensive solutions and drive the Bank's growth.

More than Banking: a Catalyst for Change

Our Corporate Social Investment (CSI) initiatives create real impact in Botswana, focusing on three key areas which are close to our heart:

<p>ENTREPRENEURSHIP AND EMPLOYABILITY</p> <p>Empowering youth, fueling citizen growth</p>	<p>HEALTH AND EDUCATION</p> <p>Investing in vulnerable communities</p>	<p>SPORTS AND ARTS</p> <p>Supporting champions and visionaries</p>
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Our Accelerate Incubator and Citizen Economic Empowerment Programme (CEEP) drive job creation, market access and financial inclusion. In this financial year's Integrated Report, we will share this story of shared value creation in full.

Behind every solution we bring to market is a team driven by a higher purpose. We don't just bank. We serve. We innovate. And we grow.



BOTSWANA STRUCTURE, SHAREHOLDING AND OWNERSHIP



STANDARD BANK GROUP LIMITED

100%

STANBIC AFRICA HOLDINGS LIMITED (UNITED KINGDOM)

100%

STANBIC BANK BOTSWANA LIMITED

100%

Stanbic Financial Services Pty Ltd

100%

Stanbic Nominees Botswana Pty Ltd

100%

Stanbic Insurance Services Pty Ltd

PURPOSE DRIVEN

Africa is our home, we drive her growth

FOCUSED

- We are Africa focused, client led and digitally enabled
- We provide comprehensive and integrated financial and related solutions to our clients
- We drive inclusive growth and sustainable development



ACCOLADES

- Stanbic Bank Botswana received several accolades, including:
- Best Bank for SMEs at EMEA Finance African Banking Awards 2025
 - Best Trade Finance Provider in Botswana for 2025 by Global Finance
 - Botswana's Best Investment Bank 2025 – Awarded by Euromoney Awards for Excellence
 - Best Forex Bank Botswana 2025 – Awarded by Global Banking & Finance Awards
 - Bank of the Year 2025 – Awarded by The Banker
 - Visa Payments Excellence Award 2025
 - Visa Brand Awareness Award 2025 – Awarded by 2025 Visa Botswana Bank Awards
 - Best Private Banker 2025 – Awarded by Euromoney Awards

Our physical footprint

<p>Branches (including in-store)</p> <p>14</p>	<p>ATMs</p> <p>81</p>	<p>Workforce</p> <p>645</p>
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- Gaborone: Six branches.
- Other Locations: Francistown, Ghanzi, Letlhakane (digital branch), Maun, Mogoditshane, Palapye, Selebi Phikwe, and Kazungula.

Digital Innovations

The Bank has introduced world-class digital platforms to enhance customer experience. This includes but is not limited to Shyft, a mobile forex app allowing users to trade in four leading currencies: US Dollar, British Pound Sterling, Euro, and Australian Dollar. This aligns to the overarching desire to grow financial inclusion and accessibility in line with the national Vision 2036.

Reporting suite

A HOLISTIC LOOK AT OUR VALUE CREATION PHILOSOPHIES

At Stanbic Bank Botswana, value creation goes far beyond financial performance. In the course of our daily work and decision making, we deliver sustainable growth, build strong relationships and guarantee the resilience of our business in a rapidly evolving business landscape.

This is why we embrace Integrated Reporting: a forward-thinking approach that provides a complete picture of how we create and sustain value across multiple dimensions.

Why Integrated Reporting?

In an era where stakeholders demand and deserve greater transparency and accountability, Integrated Reporting offers a structured and dynamic way to communicate our strategy, performance and impact.

By adopting this globally recognised framework, we align our reporting with the realities of our business and the expectations of our stakeholders.

A complete view of performance	Stronger stakeholder engagement	Future-focused decision-making
We present financial and non-financial data cohesively, ensuring a balanced perspective on our success.	Customers, investors, regulators and employees gain a deeper understanding of our strategy and impact.	By assessing risks and opportunities holistically, we seize opportunities in responsible and ethical ways.

Value drivers and related capitals

- Client focus**
Social and relationship capital
- Employee engagement**
Human capital
- Risk and conduct**
Intellectual capital
- Operational excellence**
Manufactured capital
- Financial outcome**
Financial capital
- Positive impact**
Social and relationship / natural capital

Capitals

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

THE SIX CAPITALS IN ACTION AT STANBIC BANK BOTSWANA

Our ability to deliver value is underpinned by six interconnected capitals that we leverage to drive and execute our strategy.

- Financial capital**
 The core of our business, encompassing revenue generation, profitability and responsible financial management. Our disciplined approach to capital allocation ensures sustainable returns for shareholders and long-term security for customers.
- Intellectual capital**
 The skills, experience, and workplace culture that set our Bank apart. Leveraging advanced insights we develop tailored financial solutions, innovate for our customers and stay ahead of market trends.
- Human capital**
 Our people are at the heart of everything we do. We invest in continuous learning, leadership development, and a culture of performance and inclusivity, ensuring that our workforce remains agile, engaged, and future-ready.
- Manufactured capital**
 Our digital banking platforms, branch infrastructure, and operational efficiencies form the backbone of our service delivery. By continuously investing in technology and process innovation, we enhance accessibility, speed, and customer experience.
- Social and relationship capital**
 Trust and collaboration define our success. Whether through customer relationships, regulatory partnerships, or community investment initiatives, we prioritise ethical engagement and meaningful impact.
- Natural capital**
 As responsible corporate citizens, we integrate Social, Economic and Environmental considerations into our operations, financing decisions, and risk frameworks. Our commitment to sustainable banking supports broader environmental resilience and responsible resource management.

What to Expect in This Report

- Our Strategy and Performance**
 A detailed look at our business model, financial results, and key achievements over the reporting period.
- Governance and Leadership**
 Insights into our governance framework, Board composition, and leadership approach.
- Risk Management and Resilience**
 A transparent assessment of the top risks facing the Bank and how we navigate them.
- Sustainability and Impact**
 How we drive positive economic, social, and environmental outcomes through responsible banking and innovation.

Commitment to Transparency and Accountability

The financial year in review runs from 1st January 2024 to 31st December 2024. We aim to ensure that our Integrated Report is meaningful and understandable to our intended readers, providing the insights and disclosures they need to assess Stanbic Bank Botswana's ability to grow sustainable shared value in the short, medium and long term.

The responsibility for the compilation of this Integrated Report rests with Executive management, and the Board of Directors is of the opinion that this Report provides a fair, balanced and appropriate account of the Group's performance, and prospects. It also addresses all material matters that impact or could impact the Group's capacity to create sustainable shared value across different time horizons.

At Stanbic Bank Botswana, we are committed to progress, innovation, and impact. In this Integrated Report, we invite you to explore how we continue to **drive growth**, create opportunities, and shape a better future for all.



KEY MILESTONES

1992

Under the name Union Bank of Botswana, we opened our very first branch in Broadhurst, Gaborone.

1994

Hello, Francistown. We opened our first Service Centre on Blue Jacket Street.

2002

We opened the Fairgrounds Branch and took up residence there, making it our new country headquarters.

2006

We launched an invigorating new brand promise: **Inspired. Motivated. Involved.**

2012

We completed an epic 600km cycle between Gaborone and Ghanzi to raise funds for a mobile clinic in Shakawe. Our **Batho Pele** corporate strategy was launched.

2015

We launched the Stanbic Bank Smart App and set up our very first Mobile Branch. The **Road to Excellence** corporate strategy is launched.

2017

Stanbic Bank Botswana Limited celebrated 25-years of **moving forward.**

2019

Our **Accelerate Incubator** came to life, bringing hope and invigoration to youth-owned SMEs. The Kazungula branch was opened.

2021

Unayo, our flagship digital product, came into the hands of Batswana for the first time, bringing all-inclusive financial solutions to everyone. Core Banking infrastructure was enhanced once more.

We received two accolades at the inaugural Visa Bank Awards: the Visa Payments Excellence Award 2024 and the Visa Brand Awareness Award 2024

2024

1993

Our brand emerged: we officially took on the name Stanbic Bank Botswana Limited.

2001

Withdrawals at the tip of your fingers: we set up our very first ATM.

2003

We launched a dedicated Corporate and Investment Banking function for institutional investors as well as Private Banking solutions for high net worth clients. In addition, we extended our footprint to Maun.

2008

We relocated our Gaborone West Branch to Game City and also opened in Palapye.

2013

Online banking and SMS Alerts became mainstream for our personal clients. Enhancements to our Core Banking System, the largest in our history to date, improved our operational efficiencies and digital capabilities. Our branch in Selebi Phikwe opens.

2016

We kicked off our iconic sponsorship agreement with Township Rollers Football Club.

2018

We brought cash-depositing ATMs to our customers and embarked on the **Legacy 2021** strategy.

2020

We launched our groundbreaking Africa-China Trade Solutions, allowing Batswana to import goods seamlessly from China. Our first ever Digital Branch was opened in Letlhakane. We celebrated our new brand promise: **It Can Be.**

2022

We launched the **Shyft** app, simplifying international transactions and foreign exchange like never before. We celebrated our 30th Anniversary and confirmed our sponsorship of Gaborone Golf Club.

We received the Best Investment Bank award

2025



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LEADERSHIP INSIGHT



CHAIRMAN'S REPORT **pg14** | CHIEF EXECUTIVE'S REPORT **pg16** |
CHIEF FINANCE AND VALUE MANAGEMENT OFFICER'S REPORT **pg20**

Chairman's Report



Dr Tebogo T.K. Matome
Chairman of the Board

TOTAL CAPITAL ADEQUACY RATIO

22.6%

2024: 17.7%

ROE

24.3%

2024: 29%

A Year of Strong Delivery and Enduring Stability

Resilience Amid Change: A Year of Steady Progress

I am honoured to present the Board Chairperson's Report for the year under review, marking the successful conclusion of our 2023–2025 Letsema Strategy, an important cycle in which we advanced the core pillars of our organisational objectives.

Profit after tax (PAT)

P710 million

2024: P708 million

Botswana's GDP growth

0.4%

2024: 1%

In 2025, our performance was anchored by a profit after tax of P710 million, marginally higher than 2024 and a substantial increase from the P444 million recorded at the start of the strategy period. This achievement was delivered despite an operating environment characterised by global uncertainty, domestic economic pressures, reduced diamond revenues, and ongoing liquidity constraints. These conditions demanded sustained focus, composure, and operational discipline as we navigated shifting circumstances throughout the year.

The decline in diamond prices and sales continued to weigh heavily on export performance and overall economic activity, leading the IMF to project a 0.4% GDP contraction in 2025, following a deeper 3.0% decline in 2024. While a few indicators showed modest improvement toward year end, underlying vulnerabilities persist. Even so, the IMF's outlook for 2026 anticipates a gradual recovery of about 2.3%, supported by expected stabilisation in global conditions. Despite this projected rebound, our operating environment remains volatile. These changes, combined with intensifying competitive pressure within the financial services sector, continue to redefine how we must deliver value.

Adaptation and Disciplined Growth

Despite a demanding and fast shifting operating landscape, the bank delivered a resilient and commendable financial performance. Profitability remained strong, anchored by a well diversified earnings base and disciplined balance sheet management. Growth in non interest revenue, sustained client engagement, and a continued focus on cost efficiency all highlight not only the strength of our strategy, but also the commitment and capability of our teams.

As broader economic pressures drove impairments higher, the bank responded proactively, enhancing risk models, sharpening early warning indicators, and refining collection strategies to protect portfolio quality. The Board remains confident that our risk governance framework is robust, agile, and appropriately calibrated to prevailing conditions.

Throughout the year, Stanbic bank continued to evolve in step with the changing needs and expectations of our clients. We advanced value propositions enabled by technology and delivered meaningful improvements across market segments. Notable achievements included expanding our presence into Ghanzi, strengthening our digital platforms, and significantly improving SME service responsiveness. These initiatives, together with targeted market activations, reinforced the bank's relevance and deepened our contribution to broader national priorities.

At the same time, cost optimisation initiatives delivered tangible savings, ensuring we preserve financial discipline while continuing to invest in the strategic, future fit capabilities that will define the bank's next horizon of growth.

Operational Strength and Digital Progress

The bank's operations continued to demonstrate resilience, supported by sustained investment in technology, data capabilities, and service platforms. Recent enhancements to our digital solutions, including improved onboarding journeys and a refreshed mobile application delivered a more seamless client experience. These investments remain central to the bank's digital transformation agenda and long term ambitions, reinforcing our commitment to modernisation and superior client service. At the same time, our continued focus on systems stability, operational efficiency, and digital enablement has strengthened business continuity and elevated service quality. Collectively, these efforts enhance organisational agility and ensure the bank is well positioned to scale effectively and respond to emerging opportunities in a rapidly evolving market.

Empowering People and Building Leadership for the Future

A high calibre workforce remains essential to the bank's strategic momentum. Ongoing efforts to strengthen leadership capability, enhance employee engagement and deepen accountability have contributed to meaningful organisational progress. These initiatives were complemented by a continued focus on cultivating a high performance culture, sustaining leadership gender equality, and reinforcing a leadership pipeline grounded in strong local expertise. Talent development and succession initiatives continued to evolve, ensuring that the organisation remains well prepared for the opportunities and challenges that lie ahead. Among the bank's successful identification and development programmes is the 24-month graduate development cohort, which concludes in 2025 and will see participants transition into roles across the organisation.

Succession planning, talent development and overall workforce readiness remain central priorities as the organisation prepares for future growth and transformation. By investing in leadership depth and strengthening institutional capacity, the bank ensures it is well positioned to navigate an increasingly complex operating environment and sustain long-term value creation.

Expanding Impact:

Youth, Enterprise and Community Empowerment

The bank continued to advance its commitment to inclusive growth and citizen economic participation focused on youth development, financial capability and support for citizen-owned enterprises recorded meaningful progress during the year with over 700 interactions. Programmes offered at the Accelerate facility included masterclasses and business scaling initiatives for youth and women owned businesses.

The Board remains deeply supportive of efforts that broaden economic opportunity, strengthen local entrepreneurship and reinforce the bank's role as a responsible corporate citizen.

Deepening Client Partnerships and Market Presence

Stanbic Bank Botswana continued to advance its client-centred strategy, deepening sectoral expertise and delivering solutions calibrated to the evolving circumstances faced by clients. During a period of pronounced economic volatility, the bank remained mindful of the pressures on households and businesses and took deliberate steps to provide additional support, reaffirming our commitment to standing with clients through periods of difficulty and uncertainty.

Engagement across priority industries further reinforced our role as a trusted adviser, ensuring alignment with national development priorities and supporting the broader economic ecosystem in which we operate.

In parallel, the bank maintained purposeful and transparent engagement with its primary stakeholders. Interactions remained constructive and anchored in our commitment to operating a, customer first, values driven workforce with the highest standards of risk governance and responsible entity. For our shareholders, disciplined execution, thoughtful capital allocation, and a long term orientation continued to underpin value creation. Additionally, our work within communities further strengthened our social relevance, ensuring that our purpose, Botswana is our Home, we drive her growth, is reflected not only in financial outcomes but in our contribution to national progress.

This integrated approach, combining client relevance, stakeholder stewardship, and disciplined governance, continued to enhance institutional resilience, reinforce trust, and position the organisation to deliver sustainable value.

Board Governance and Stewardship Commitment

Throughout the year, the Board provided firm oversight and principled guidance to support the bank's strategic direction. Governance standards were applied across risk management, capital allocation, and operational priorities, enabling disciplined execution and helping the bank navigate a challenging operating environment with resilience.

The Board also adopted a forward looking governance posture, engaging on long term competitiveness, digital transformation, leadership depth, and organisational sustainability. This strengthened the bank's commitment to responsible governance and positioned it for continued performance.

As we enter the next strategy period, the Board remains committed to its stewardship role, upholding the highest standards of accountability, integrity, and ethical conduct. It will continue to provide strategic guidance and vigilant oversight as the bank advances its growth ambitions, reinforces institutional foundations, and creates long term value for all stakeholders.

Looking Ahead:

A Focused Aspiration for the Next Horizon

As we conclude the Letsema strategy period, the bank does so with pride and clear forward momentum. Over the past three years, we strengthened our foundations, improved execution discipline, and embedded a culture of collaboration, accountability, and high performance.

The lessons gained during a period of sustained volatility position us well for the 2026–2028 Kgolo strategy, approved by the Board in December 2025. The strategy sets a focused, future ready agenda centred on three priorities:

- advancing digital transformation,
- maintaining disciplined risk and operational excellence, and
- pursuing sustainable growth to drive long term value.

Capital allocation will continue to support sectors vital to Botswana's economic progress, complemented by tailored financial solutions. Guided by the Botswana Economic Transformation Programme (BETP), the bank will remain selective and risk-aware, deploying its resources and expertise toward areas essential to the nation's development trajectory.

Appreciation

In closing, I would first like to extend my deepest gratitude to our Regulator, the Bank of Botswana, for the guidance and support throughout the year. My appreciation also goes to our Country Leadership Council and the 'Blue Team' for their resilience and commitment during a demanding year. We remain deeply thankful to our shareholder, Standard Bank Group, for their continued partnership. To our valued clients, thank you for journeying with us; your trust strengthens our resolve to serve with excellence. I further wish to acknowledge my fellow Board Members for their steadfast leadership and unwavering commitment to this institution.

Dr Tebogo T.K. Matome
Chairman
Stanbic Bank Botswana

Chief Executive's Report



Chose Modise
Chief Executive

PROFIT FOR THE YEAR BEFORE TAXES

P952 million

2024: P950 million

COST-TO-INCOME RATIO

48.6%

2024: 49.1%

CAPITAL ADEQUACY RATIO

22.6%

2024: 17.7%

Operating Environment

The year unfolded against a challenging and rapidly shifting macroeconomic environment. Global growth continued to soften as geopolitical tensions, evolving trade policies, and persistent inflation weighed on economic confidence. Growth forecasts for 2025 were revised marginally downward, with the IMF now projecting global growth of 3.2%, compared to 3.3% in 2024.

Domestically, the outlook remains constrained. The IMF expects a contraction of 0.4% in 2025, following a sharper 3.0% decline in 2024. This weakness is driven largely by the prolonged downturn in the diamond sector, the cornerstone of national export earnings and fiscal revenues, which has placed pressure on foreign exchange reserves.

Across the financial sector, concentrated deposits and sustained fiscal deficits contributed to tight liquidity conditions throughout the year.

In July 2025, Government and the Bank of Botswana adjusted key Pula exchange rate parameters. The result was an increase in the annual downward rate of crawl from 1.51% to 2.76% to enhance export competitiveness and widening of trading margins from approximately 0.5% to 7.5% to help conserve reserves and deepen the interbank foreign exchange market. Following these changes, commercial banks' reliance on the central bank for foreign currency purchases declined sharply, a necessary recalibration in support of external sustainability.

Competition within the financial services sector has also intensified, with banks facing pressure not only from industry institutions but also from fintech's, microlenders, alternative finance providers, and digital-first entrants reshaping market dynamics.

Against this backdrop of global uncertainty, domestic contraction, liquidity strain, and heightened stakeholder expectations, the bank continues to operate with discipline, agility, and clear strategic intent. These conditions underscore the importance of strong balance sheet management, prudent risk oversight, and sustained investment in digital capabilities and client engagement.

Financial Performance

Despite tighter margins and rising funding costs, the bank delivered a full-year performance, closing with a profit after tax of P710 million, marginally above the prior year. This outcome reflects deliberate management actions and strong execution in a difficult environment. Impairments rose above the prior year but remained within budget, supported by proactive monitoring and the implementation of client-support initiatives like Ledilame, aimed at cushioning customers during a challenging economic climate.

Total income grew 3.2% year-on-year, although the earnings mix shifted in line with prevailing market conditions. Interest income benefited from portfolio reshaping and disciplined repricing, in line with industry-wide actions taken in response to the prevailing operating climate; however, interest expense increased sharply due to higher fixed deposit costs, resulting in a decline in net interest income. This reinforces the continued importance of balance sheet optimisation and pricing discipline.

Non-interest revenue (NIR) provided a strong counterbalance, supported by higher transactional activity, targeted segment-led campaigns, and robust foreign exchange performance. This diversification reflects our deliberate strategic emphasis on building resilient revenue streams in a shifting operating environment.

Cost discipline remained central to our performance. Operating costs rose by just 3%, staying below inflation, even as we continued to invest in our people, systems, and growth initiatives. Our cost-to-income ratio of 48.9% remained within limit, reflecting a disciplined focus on efficiency, accountability, and careful stewardship of resources.

These results demonstrate our resilience in the face of volatile market dynamics. Strong non-interest revenue performance, disciplined cost management, and prudent balance sheet strategies enabled us to deliver sustainable earnings and remain competitively positioned.

Liquidity, Balance Sheet & Risk

Liquidity conditions remained tight across the market; however, the bank navigated these pressures with discipline and foresight. We implemented targeted pricing actions to strengthen funding stability and actively optimised our deposit base and funding mix. As a result, our liquidity ratios remained comfortably above regulatory requirements throughout the year, demonstrating prudent balance sheet management, even as market conditions periodically tested our internal thresholds.

Our risk oversight remains vigilant and responsive. Impairments did increase, reflecting the broader economic contraction and its impact on households and businesses. Importantly, we acted early and decisively by enhancing our internal early warning indicators, refining collection strategies, and intensifying monitoring in the sectors most affected. These measures ensured that portfolio quality remained well managed despite external pressures. Strong conduct and compliance practices continued to anchor a sound and resilient control environment.

Liquidity remained tight across the market. In response, the bank implemented targeted pricing actions to strengthen funding stability, managing deposits and the overall funding mix with discipline. Throughout the year, liquidity ratios remained comfortably adherent to regulatory requirements. This reflects prudent balance sheet management, even as our internal thresholds were periodically tested by market conditions.

Risk oversight at the bank is vigilant. Impairments increased during the year, reflecting the broader economic contraction and its effect on household incomes, business cash flows, and general repayment capacity. We responded by strengthening our early internal warning indicators, sharpening collection strategies, and enhancing monitoring across the most affected sectors. Disciplined conduct and compliance practices were upheld throughout, reinforcing a sound control environment.

In line with regulatory developments, the bank responded promptly to the Bank of Botswana's Liquidity Coverage Ratio guidelines, effective 1 May 2025, navigating the six-month transition period to ensure full compliance by 1 December 2025.

Client Focus & Market Engagements

Our overall business strategy is firmly client-centered, with a focus on enhancing flexibility in lending and deposit propositions, sharpening transactional value, and prioritising service quality and speed. Real-time feedback tools deployed across key touchpoints contributed to measurable improvements in customer satisfaction scores.

In Enterprise Banking, a refreshed service model was implemented across branches, enabling bankers to engage more closely with clients whilst continuing to drive digital adoption as a long-term objective. We deepened market engagement through a series of platforms, including Corporate and Investment Banking Connect sessions focused on the economic outlook and the exchange rate framework, the Budget Speech Economic Review & Analysis Webinar, and the inaugural Virtual Assets Conference, hosted in partnership with NBFIRA. We also supported key national initiatives such as the Domestic Investor Roadshow and the Manufacturing Summit, reinforcing our role as a trusted adviser and market developer.

Targeted campaigns, including the 'Up to 7%' Fixed Deposit campaign, supported savings mobilisation and liquidity management, offering clients a reliable, high-yield option during a period of rising living costs. In merchant acquiring, the POS Free Installation initiative reduced onboarding costs for merchants, enabling small and medium sized businesses to adopt our digital payments and improve cash flow management.

The Swipe to Win campaign further stimulated transactional activity, encouraging broader use of secure electronic payments.

We also maintained a strong presence at flagship industry forums, including the Africa Mining Indaba and Standard Bank Africa Unlocked, strengthening sector insights and deepening relationships across the energy, infrastructure, mining, and trade corridors central to our strategic ambitions.

Operational Resilience, Technology & Data

Operational resilience and scalability remained central to our performance. Our channels, platforms, and underlying infrastructure demonstrated consistent reliability, ensuring uninterrupted service and reinforcing client trust.

We advanced key infrastructure initiatives across our data centres and continued to strengthen disaster recovery capabilities, all executed without disruption to client services. These efforts reflect our commitment to maintaining a stable operating environment whilst investing in the technology and data foundations that will support innovation and future growth.

People, Culture & Leadership

We continued to put our people at the centre of our success, advancing a people-first agenda that elevates leadership capability and deepens a performance-led culture across the organisation. Monthly Open House sessions, featuring expert-driven dialogue, further strengthened leadership engagement, while our Lektogla webinars promoted transparency, collaboration, and open communication across all levels of the bank.

Celebrating excellence remains a cornerstone of our culture. The Mark of Excellence awards once again honoured colleagues whose exceptional commitment inspires the entire organisation, with recognition extending both locally and across the Group.

Wage negotiations concluded in May 2025 with retrospective effect to March 2025 and were delivered in record time relative to prior years and the broader market. This reflects our commitment to staff welfare and equitable treatment. In parallel, new uniforms were rolled out to customer-facing teams to strengthen professionalism and reinforce brand consistency across all service touchpoints.

Our talent pipeline also reached a significant milestone as the latest Graduate Development Programme cohort transitioned into full-time roles, an achievement that reflects both our commitment to Botswana's graduate employment agenda and our dedication to shaping the next generation of industry leaders.

Employee wellness and inclusion is also integral to our people proposition. Initiatives that support work-life balance, along with engagement activities such as Bring Your Child to Work, helped cultivate a genuine sense of belonging and strengthened employees' connection to the bank. Together, these efforts reinforce our aspiration to build a high-performing, values-driven organisation where every individual feels recognised, supported, and empowered to thrive.

Sustainability & Enterprise Development

In the energy and infrastructure sector, we championed Botswana's transition toward a more sustainable future by enabling renewable-energy expansion through a landmark green guarantee for a Botswana Power Corporation solar plant and supporting the advancement of Sinotswana's large-scale solar PV project, initiatives that underscore our commitment to catalysing transformative, long-term national impact.

Our commitment to corporate responsibility extended to disaster relief, where the bank contributed P2 million to the Private Sector Disaster Response Fund to assist communities affected by the February 2025 floods.

Enterprise development is a key driver of our economic empowerment agenda, and we express this via disbursements through the Citizen Economic Empowerment Programme (CEEP) and additional facilities under our partnership with Debswana CEEP. These interventions improved access to finance for citizen-owned enterprises, enabling business growth, job creation, and stronger participation in local value chains.

We deepened our ecosystem partnerships with Wilderness Holdings, the Botswana Stock Exchange, Debswana, De Beers and Stanford Seed to enhance market access, capital availability, and capacity building for local enterprises, including support for 50 vendors at the Wilderness Expo through purchase order financing.

Our focus on financial capability and youth empowerment was reflected in the launch of the Business Financial Literacy programme, delivered in partnership with Unipod Botswana. The programme equipped aspiring and established small business owners with practical skills in budgeting, cash flow management, and responsible borrowing. Our Science, Technology Engineering, Arts and Mathematics (STEAM) initiatives in Gabane Primary School complemented this work, providing learners with exposure to science and technology at grassroots level and inspiring interest in future career pathways. Our signature Lifestyle Event, whose endeavour is to support and promote local talent, brought together more than 2,200 attendees, engaged numerous local service providers, and generated meaningful employment opportunities. The event provided an important platform to showcase the creative industry and reinforce our role as a trusted community partner, and owing to its resounding success, it will return in 2026.

Regulatory & Conduct

We are disciplined in our conduct and our robust risk practices are underpinned by strong compliance adherence and a sustained focus on a sound control environment. Looking ahead, we are confident in our ability to navigate evolving risk dynamics, supported by proactive risk management, enhanced stress-testing capabilities, and prudent provisioning. Our continued investment in the control environment positions the bank well for sustainable growth and long-term value creation.

Strategy & Outlook

December 2025 marked the approval and launch of our new 2026–2028 strategy, Kgolo, which is a bold step into our next phase of growth. The strategy intends to sharpen our execution focus by deepening client entrenchment through digitally enabled and insight-driven solutions. The strategy aims to strengthen capital and liquidity resilience through disciplined balance sheet management. It advances our drive to scale digital and data capabilities, boost productivity and operational speed and accelerate growth in priority sectors aligned to the national economic transformation agenda.

Our purpose – Botswana is our home, we drive her growth – remains the anchor of this strategy, guiding how we show up for our clients, our people, and our country.

In this next chapter, we intend to bring that purpose to life through full support of Botswana's national transformation agenda, ensuring our efforts contribute meaningfully to sustainable economic progress. Kgolo also reinforces our commitment to building robust trade and enterprise ecosystems that will foster shared value well into the future.

Appreciation

I extend my sincere gratitude to our clients for their continued trust, to our regulators and partners for their constructive engagement, and to our employees for the professionalism, energy, and resilience they brought to a demanding year. I also thank our Board for their guidance as we transition into Kgolo. We remain firmly committed to delivering value for all our stakeholders and to contributing meaningfully to Botswana's long-term development.



Chose Modise
Chief Executive



Kgolo is a bold step into our next phase of growth, designed to sharpen execution through digitally enabled solutions and disciplined balance sheet management.



Chief Finance and Value Management Officer's review



Realeboga Phoi
Chief Finance and Value Management Officer

Overview – Economic landscape

Global economy – Growth expectations remain uncertain

The global economic outlook remains resilient but faces significant headwinds from elevated trade tensions and geopolitical uncertainties. Global growth forecasts for 2025 were revised marginally downward, with the International Monetary Fund (IMF) projecting expansion of 3.2%, down from 3.3% in 2024. Global trade flows contracted during 2025 due to escalating tariff measures, with volumes potentially declining by 4% to 9%, creating substantial uncertainty for international commerce. Central banks have largely completed their tightening cycles, with global inflation forecast to decline from 4.1% in 2025 to 3.8% in 2026. Climate change continues to drive significant investment into renewable energy, with clean energy investments in emerging markets surging to nearly \$40 billion in 2024, presenting both challenges and opportunities for resource-dependent economies.

Local economic performance – Continued Diamond sector pressures and Diversification

Botswana's economy contracted by approximately 3.0% in 2024, with the IMF projecting a further modest contraction of 0.4% - 0.5% in 2025, marking consecutive two years of decline driven overwhelmingly by the sustained crisis in the diamond sector which accounts for 30% of GDP and 80% of export revenues. Debswana reduced production by 16% to 15 million carats in 2025 as global demand for natural diamonds remained depressed due to weak consumer spending and rising competition from lab-grown/artificial diamonds, representing a fundamental structural shift in the diamond market. The Bank of Botswana responded to the downturn in economic growth by raising the monetary policy rate by 160 basis points to 3.5% in October 2025, with inflation increasing from 1.4% in August to 3.9% by December 2025 and projected to average 4.1% in 2026. Economic recovery is anticipated from 2026 with GDP growth projected between 2.1% and 3.1%, supported by expected modest improvement in natural diamonds demand. Critically, the government has launched the Botswana Economic Transformation Programme (BETP), a comprehensive five-year plan (2025-2030) allocating P388 billion under the theme "Building a Diversified and Inclusive Deep Economy for Sustainable Jobs". The BETP targets strategic investments in manufacturing, agribusiness, tourism, renewable energy (with capacity expansion to 5 gigawatts through partnerships), financial services, and infrastructure development (transport, housing, water) to reduce diamond dependency, tackle unemployment and build economic resilience. This transformation agenda, complemented by the new sovereign wealth fund and citizenship-by-investment programme, is viewed as a critical game-changer for diversification and is expected to mitigate pressures from diamond sector volatility while positioning Botswana to achieve its Vision 2036 objective of becoming a high-income country.

Strategic impact

The year 2025 marked the successful conclusion of the Letsema Strategy, which has guided the bank's strategic direction over the last three years (2023-2025). From 2026, the bank will transition to the Kgolo Strategy, defining the next phase of sustainable growth.

Under Letsema, the bank made deliberate investments in its people, strengthened risk management frameworks, and built a resilient information technology environment to deliver seamless solutions to support clients' everyday banking needs. In a year characterised by market volatility and pressure on net interest income (NII), management responded decisively by rebalancing earnings toward a stronger contribution from non-interest revenue, enabling the bank to deliver positive earnings growth. This drive recognised and aligned with clients' increased need for a banking partner amidst a volatile economic landscape, evidenced by increase in customer interactions with the bank

Costs and credit impairment charges were maintained within approved limits without constraining business activity, reflecting the productivity gains and operational efficiencies embedded through the operating model established at the outset of Letsema in 2023.



Profit before tax
0.2% ▲

Cost-to-income ratio
0.5% ▼

Net change in interest Margin
3.7% ▼

Financial Performance

The year 2025 was characterised by a volatile economic environment, with heightened geopolitical pressures and a material structural shift on the global natural diamond chain weighing on fiscal conditions and consequently driving a sharp squeeze on market liquidity and foreign reserves. This resulted in a material rise in interest expense and significant compression of net interest margins as funders increased cost in response to banks competing fiercely for deposits. As a result, interest expense grew by 86.1% negating the 7.7% growth in interest income to post a NII decline of 21.7%. The bank's proactive revenue diversification strategy proved effective in mitigating these pressures, with non-interest income growing by 62.5% from the year prior. This enabled the bank to deliver a modest 0.3% growth in profit after tax, despite the decline in NII. Loans and deposits contracted (7.4% and 2.1% respectively) during the year, reflecting constrained lending capacity and subdued credit appetite across sectors due to uncertainty in key lending sectors. Segments performance reflected significant pressure across the franchise, with headline earnings declining by double digits in PPB and BCB, with the exception of CIB, which saw improvements in Global Markets trading division.

Corporate and Investment Banking (CIB)

Through the CIB franchise the bank maintains its commitments to support government in its diversification agenda. The CIB segment was equally affected by the broader economic slowdown in Botswana, marked by reduced business activity across key industries and constrained market liquidity, which led to lower transaction volumes and subdued demand for financing and investment solutions. However, the segment continues to support projects aligned to the national agenda such as the 100MW solar plant in Jwaneng at P1billion to support the energy sustainability pillar. Notwithstanding, the segment delivered a strong performance, with headline earnings growing by 64.3% to P530.8 million (2024: P328.7 million). The earnings growth was driven primarily by increase in trading income, supported by effective solutions positioning, disciplined execution, and tailored client solutions, alongside notable advancements in the global markets trading desk. The franchise remains well positioned to support the market. This is seen by a 4% growth in total assets.

Business and Commercial Banking (BCB)

BCB recorded a decline in performance of 42% due to increased interest expense on the back of liquidity constraints in the market. The segment however, showed resilience as it reported an improvement of 12% in non-interest revenue which was driven by client activity and continued effort to enable clients to transact through digital means. As the government restructures, BCB has realigned its model to support Small Medium and Micro enterprises (SMME's) and other large commercial clients, in line with driving the national agenda having extended support through CEEP interventions. The segment has also made deliberate efforts around client retention and recorded an improvement in its total customer base, active customers and clients utilising digital channels. The segment further refocused its client service model through the introduction of a client service desk, origination desk and moving of enterprise banking personnel to branches to support ease of servicing clients. BCB is another channel the bank uses to support the national agenda, as seen in the tourism and agriculture sectors where the bank continues to support clients expansion strategies.

Personal and Private Banking (PPB)

In a challenging market characterised by tight liquidity and elevated funding costs, Intelligence-driven performance management has emerged as a critical enabler of performance and resilience. Through disciplined use of behavioral and portfolio analytics, the business sharpened its segment-specific value propositions, improved service alignment, and proactively managed credit impairments, directly supporting profitability quality rather than volume-led growth. These actions delivered a 16% increase in NIR, underpinned by enhanced system accessibility, improved transactability, and leaner end-to-end processes. Simplified client journeys reduced the cost-to-serve and materially strengthened client engagement and retention, reflected in a 10% growth in customer deposits. While market-wide liquidity pressures continued to weigh on NII, declining by 38% due to higher funding and deposit costs, the underlying operating momentum remains strong. The 56% decline in Profit After Tax underscores the external funding environment rather than structural weaknesses in the business. Importantly, the gains achieved through analytics-led revenue diversification, operational efficiency, and client retention position the segment well to accelerate growth and earnings recovery as liquidity conditions improve.

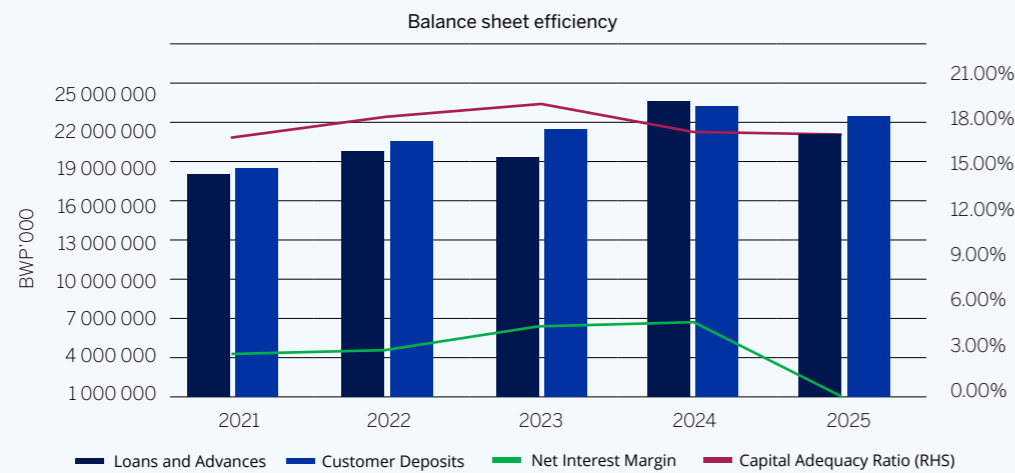
Balance sheet

Balance Sheet Management

Customer loans declined by 9.0% across the franchise, reflecting a deliberate and disciplined liabilities led strategy. The contraction was more pronounced in PPB, where advances declined by 10.0%, BCB which declined by 7.7% and CIB declining by 1.9%. This positioning was a deliberate response to a tight fiscal environment characterised by constrained market liquidity and elevated funding costs. In this context, the bank consciously rebalanced away from high-yield deposits, which consequently restricted lending capacity. This was mitigated through a selective focus at better yield corporate, business and commercial loans with strong credit quality, including low-risk exposures not associated with the diamond sector which was essential in safeguarding operating income, maintaining asset quality and preserving long-term shareholder value. In managing the balance sheet, the bank maintained a disciplined approach to lending, ensuring that credit extension remained within both regulatory boundaries and internal risk appetite parameters.

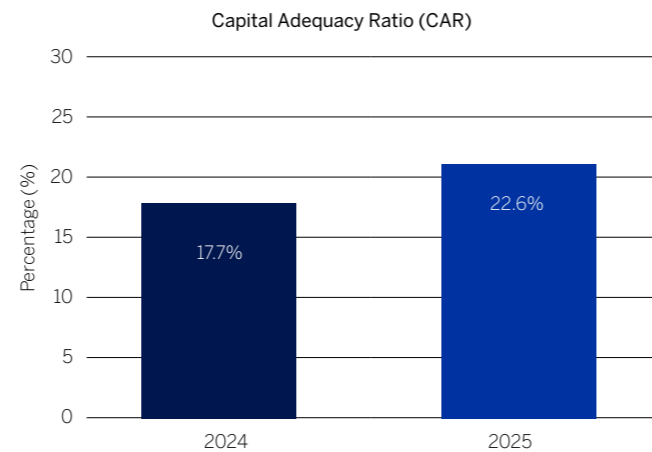
Customer deposits contracted 2.1% over the period, being the bank's response to increasing funding costs. In this environment, clients actively managed a delicate balance between meeting short-term liquidity requirements and optimising returns through term placements to benefit from prevailing market dislocations.

Nonetheless, PPB and CIB demonstrated resilience, recording deposit growth of 5.8% and 9.8% respectively, supported by targeted yield enhancements aimed at encouraging clients to reinvest surplus liquidity within the bank. In contrast, BCB deposits declined by 18.3%, to deliberately avert structural concentration.



Capital and Liquidity Management

The bank remained alert to optimal utilisation of capital and maintained a robust capital position throughout 2025. The bank closed the financial year with a Capital Adequacy Ratio (CAR) of 22.6%, a significant improvement from 17.7% in 2024, reflecting strong capital buffers well above regulatory minimums and positioning the bank to support continued business growth while absorbing potential economic headwinds from the diamond sector-driven contraction. The bank's leadership, through its Assets and Liabilities Committee (ALCO), was charged with the management of liquidity risk and effectively navigated the challenging operating environment. The bank's loan to deposit ratio increased to 85.5% in 2025 from 74.2% in the prior year, a result of proactive management of funding costs in an effort to protect borrowers as the funding costs result in increases in the cost of borrowing for our clients. The bank continued to respond effectively to the market's cyclical liquidity movements and successfully maintained uninterrupted operations throughout the year providing stability amid broader economic uncertainties.



Income Statement

Total Operating income

Total operating income increased by 1.2% for the period, underpinned by strong growth in revenue (NIR), which rose by 62.5%. This performance was driven by notable improvement in the Global Markets trading section, together with higher trade-related turnover, materially boosted NIR through FX income. Fees and commission income increased by 16.0%, supported by tariff adjustments, higher transaction volumes, continued client acquisition and an increasingly effective technology platform, underscoring the bank's growing relevance in clients' day-to-day financial activities.

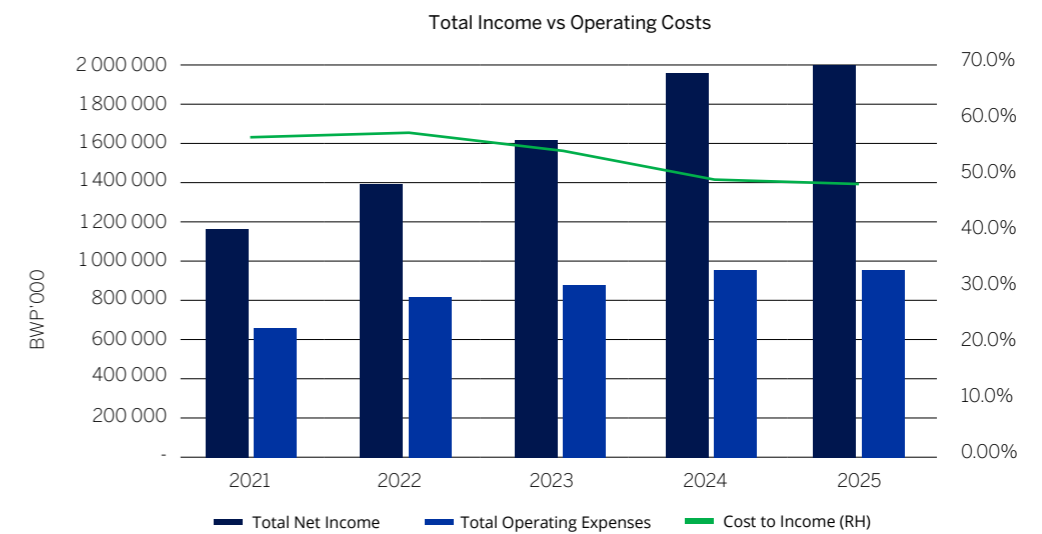
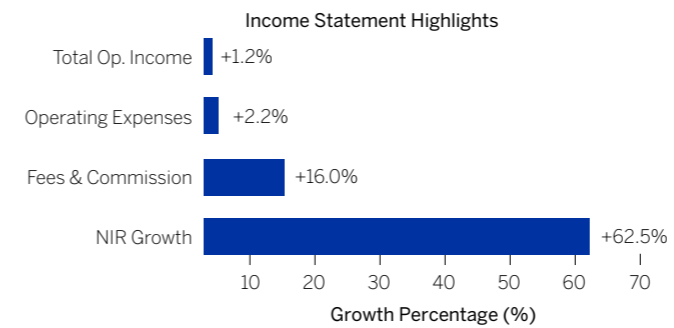
NII declined by 21.7%, representing the most significant pressure on earnings. This was primarily driven by an 86.1% increase in interest expense on a contracting deposit base, reflecting the persistently tight liquidity conditions in the market. The elevated cost of funding could not be sufficiently offset by growth in interest income, given the bank's intentionally restrained credit risk appetite in a high-risk and high-cost funding environment.

Credit impairments

Fiscal pressures continued to constrain balance sheet growth during the period. Notwithstanding these headwinds, the bank's proactive credit risk management framework and targeted balance sheet positioning remained effective in protecting asset quality and shareholder value. Support was also extended through forbearance initiatives, including the Ledi-Lame financial rehabilitation programme, which assisted customers experiencing financial distress. We observed pockets of retrenchment coupled with tightening disposable income and rising lending rates. As a result, the credit loss ratio increased to 0.6% (2024: 0.2%), representing the challenged macro-economic landscape.

Operating expenses

Costs increased by a modest 2.2%, remaining well below prevailing inflation. This reflects the continued benefits of early-stage investments made at the outset of the Letsema Strategy, which are now delivering sustainable long-term value with optimum efficiency and productivity. These investments were deliberately focused on strengthening our people agenda through talent attraction and as well as enhancing information technology security and operational stability. Cost-to-income (CTI) ratio held at 48.6% vs 49.1% slightly ahead of prior year. Management also implemented targeted cost management strategies to safeguard profitability amid the challenging operating environment. These efforts focused on optimising operational efficiencies and controlling expenditure to preserve margins.



Outlook

The 2026 outlook assumes GDP growth of 2.8% against a backdrop of elevated inflation, a persistently high cost of funding, and anticipated fiscal adjustments to personal taxation, which may dampen disposable incomes and constrain borrowing capacity. Notwithstanding these headwinds, opportunities arising from national transformation priorities and evolving monetary policy supporting export growth and domestic currency liquidity together with the continued delivery of reliable and relevant financial solutions, are expected to sustain shareholder value across the short, medium, and long term. The bank has launched its new strategy, "Kgolo" (meaning "growth" in Setswana), which seeks to take the bank on a transformative journey aligned with its core values and purpose, positioning the institution to deepen its commitment to sustainable, inclusive growth and enhanced stakeholder value creation. As we look forward, we remain committed to our purpose and promise: **Botswana is our home, we drive her growth.**

Realeboga Phoi
Chief Finance and Value Management Officer

3

EXECUTING OUR STRATEGY

CORPORATE GOVERNANCE REPORT **pg26** | BOARD OF DIRECTORS **pg26** | OUR CORPORATE GOVERNANCE PRINCIPLES **pg32** | OUR PEOPLE **pg53** | COUNTRY LEADERSHIP COUNCIL **pg56** | OUR STAKEHOLDERS **pg58** | RISK MANAGEMENT AND CONTROL **pg60** | OUR TOP ENTERPRISE RISKS **pg68**



Corporate Governance Report

Overview

The Board believes that sound governance is fundamental to earning and keeping the trust of stakeholders, to sustaining performance and preserving shareholder value.

Our Approach To Governance

Stanbic Bank Botswana, a member of the Standard Bank Group, approach to corporate governance enables integrated thinking and decision-making. This means balancing the delivery of shareholder value and safeguarding the interests of our stakeholders; being our people, our clients, our regulators, and society at large, by creating sustainable shared value.

The Stanbic Bank's Corporate Governance Framework ensures that good governance structures and principles are embedded within our operations to provide clear direction for decision-making and guiding responsible behaviour that espouses our values.

Our governance philosophy includes executing strategy and managing risks, ensuring compliance with corporate policies, standards, and procedures, and establishing strategic direction whilst always meeting our regulatory obligations.

Our Board Of Directors

Our Board of Directors is made up of individuals with vast experience and diverse complementary skills, that foster robust discussions, responsible oversight and independent interrogation whilst providing strategic leadership and guidance to the country leadership council.

Non-Executive Directors provide independent and objective judgement. They constructively challenge and monitor executive management's delivery of strategy within the approved framework and risk appetite agreed by the Board.

The size of the Board is considered appropriate for the Bank. The Board's composition is intended to reflect the demographics of Botswana and is augmented by Standard Bank Group's experience across Africa. Diversity and balance with regards to factors such as gender and age was carefully considered in the make-up of the Board. Two of the Board Committees are chaired by women, whilst two Board Committee chairs are under the age of 40.

Board Composition Summary

The Board of Directors of Stanbic Bank Botswana Limited is a unitary Board, composed of 13 members in compliance with the minimum and maximum requirements provided by the Companies Act and the Banking Act. The Constitution of the Bank stipulates that there should be between seven and 15 members of the Board of Directors. The Board's composition reflects a deliberate focus on diversity, skills, experience, and independence to ensure effective governance and the ability to deliver on the Bank's purpose and strategic objectives.

The Board of Directors brings deep experience and diverse skills, which collectively ensure that the Board operates effectively to protect and create value in the design and delivery of the Bank's strategy, as well as in the execution of its duties. This wealth of expertise enables the Board to provide strategic oversight, make informed decisions, and continuously steer the Bank toward sustainable growth and long-term success.

The Board's commitment to diversity, combined with its rigorous appointment process and adherence to governance best practices, ensures that it remains well-equipped to address both current and future challenges, while upholding the highest standards of ethical leadership and accountability.



Board Appointment, Succession And Induction

Appointment to the board

The Bank follows a formal and transparent process for appointing members of the Board, in line with the Board Nomination and Appointment policy, which provides a structured framework for identifying, assessing, and appointing Directors. This policy ensures that the process is effective, rigorous, and aligned with both regulatory requirements and the Bank's strategic needs.

A comprehensive skills matrix is utilised to identify any gaps in the Board's collective expertise, while ensuring compliance with regulatory requirements with the Companies Act and the Banking Act. This ensures that new appointments bring the necessary skills, qualifications, and experience to address both current and future needs, enabling the Board to lead with impact on a forward-looking basis.

The assessment process for prospective Directors includes enhanced due diligence against the Bank of Botswana's fit and proper requirements. Candidates are not only evaluated on their skills and experience, but their availability, possible conflicts of interest and likely fit.

Demonstrated integrity, proven leadership and other time commitments are also considered. Pursuant to the Companies Act and the Bank's Constitution, a Director appointed by the Board holds office until the first Annual General Meeting (AGM) after their appointment, when their appointment is presented to shareholders for approval.

The Board appointment process is outlined below:

- ▶ Board Nomination and Remuneration Committee recommends a candidate to the Board.
- ▶ The Board approves the candidate's nomination and the commencement of the regulatory process.
- ▶ The Bank of Botswana conducts a fit-and-proper assessment and provides a statement of no objection.
- ▶ The Board approves the candidate as a Director.
- ▶ The director retires at the next AGM and is re-elected by shareholders.

Board Succession

The Board remains focused on ensuring that an effective Board is in place to enable effective oversight and governance over the company to achieve sustainability. In the reporting period the Board reviewed the Board succession plan taking into consideration, amongst other things, tenure requirements, stipulated requirements for committee composition, skills, and diversity gaps. The Board will maintain this focus on Board effectiveness and succession planning to ensure provision for continuity when there is leadership transition or other eventuality and to assure the maintenance of the Board's effectiveness and the long-term sustainability of the Bank.

Induction

The induction of new Directors is a vital process that equips the Directors with the necessary knowledge and tools for effective Board participation, aligning them with the Bank's strategic objectives and governance framework. The induction process equips Directors with the knowledge and tools for effective governance, consistent with leading corporate governance standards. Key elements of the induction include understanding the Bank's purpose, vision, and values; familiarising Directors with governance structures, compliance requirements, the Bank's constitution, mandates, legislation, policies, and minutes of previous meetings; and promoting sound corporate governance principles as the core of the business operation.

The process also facilitates relationship-building within the Board and with management through one-on-one meetings with the Company Secretary, Heads of Business Units, Chief Executive, Board Chairperson, and Committee Chairpersons. These engagements provide a deep understanding of the Bank's operations and strategic priorities. Following the induction, continuous engagements are held to address further questions, provide additional insights, and ensure Directors remain well-informed and confident in fulfilling their roles. This approach establishes a foundation for ongoing learning and development, enhancing Board effectiveness and stability. Ultimately, this robust induction programme prepares Directors to meet challenges, drive sustainable growth, and reinforce the Bank's commitment to stakeholder inclusivity, compliance, and ethical leadership.

Board Diversity and Demographics

GENDER

Male	8
Female	5

INDEPENDENCE

Independent non-executive	10
Non-executive	1
Executive	2

TENURE

<3	5
3-6	7
>8	1

NATIONALITY

Batswana	10
South African	2
British	1

AGE

30-39	3
40-49	2
50-59	5
60-69	3

The Board's composition is structured to ensure an appropriate balance of skills, experience, independence, and diversity that enables it to fulfil its oversight role effectively. This diversity of expertise strengthens strategic guidance and supports the Bank's long-term objectives.

Directors' Profiles

■ BCC ■ BIT ■ BAC ■ BNR ■ BRM □ C Committee chairman

Executive directors

Dr Tebogo TK Matome ⁽⁵⁸⁾
Chairman and Independent Non-Executive Director
CHAIRMAN APPOINTMENT DATE
11 May 2023


QUALIFICATIONS


- Doctor of Philosophy (University of Birmingham)
- Master of Social Sciences (University of Birmingham)
- Bachelor of Commerce (University of Botswana)


KEY SKILLS

- Leadership
- Business Development
- Investments and Financial Markets Analysis

APPOINTMENT DATE
4 October 2017



NATIONALITY 

COMMITTEE MEMBERSHIP 

Chose Modise ⁽⁵¹⁾
Chief Executive and Executive Director

QUALIFICATIONS


- Management Development programme (MDP), Harvard Business School
- Fellow Member of Association of Chartered Certified Accountants (ACCA) (FCCA)
- Fellow Member of Botswana Institute of Chartered Accountants (BICA) (FCPA)

KEY SKILLS

- Business Strategy and Leadership
- Finance, Accounting, Audit and Risk Management
- Banking and Credit

APPOINTMENT DATE
1 January 2022



NATIONALITY 

COMMITTEE MEMBERSHIP

Non-executive directors – continued

■ BCC ■ BIT ■ BAC ■ BNR ■ BRM □ C Committee chairman

Butler Phirie ⁽⁶⁴⁾
Independent Non-Executive Director

QUALIFICATIONS

- Bachelor of Commerce Degree
- Fellow Member of the Association of Chartered Certified Accountants (ACCA) (FCCA)
- Fellow Chartered Accountant, Botswana Institute of Chartered Accountants (BICA) (FCA Botswana)

KEY SKILLS

- Finance and Accounting
- Audit and Assurance
- Taxation

APPOINTMENT DATE
11 March 2022



NATIONALITY 

COMMITTEE MEMBERSHIP 

Mark Haskins ⁽⁴⁴⁾
Independent Non-Executive Director


QUALIFICATIONS


- Certificate in Management Principles from (Varsity College Cape Town)
- Certificate in MBA Essentials (London School of Economics)


KEY SKILLS

- Entrepreneurship
- Credit Management
- Technology

APPOINTMENT DATE
11 March 2022



NATIONALITY 

COMMITTEE MEMBERSHIP 

Executive directors

Mthabisi Bokete ⁽³²⁾
Independent Non-Executive Director


QUALIFICATIONS


- Business Development Programme (Gordon Institute of Business Science)
- 4th Industrial Revolution Diploma (Hendrick Von Scheel)
- Business Development Programme: Go-To Market (Stanford University School of Graduates)


KEY SKILLS

- Technology and Cybersecurity
- Digital Marketing and Advertising
- Entrepreneurship

APPOINTMENT DATE
29 October 2020



NATIONALITY 

COMMITTEE MEMBERSHIP 

Larona L. B. Somolekae ⁽³⁹⁾
Independent Non-Executive Director


QUALIFICATIONS


- Master of Science in Law and Finance (University of Oxford)
- Master of Laws (Harvard Law School)
- Bachelor of Laws (with distinction) (University of Witwatersrand)
- Admitted Attorney of the Courts of Botswana


KEY SKILLS

- Corporate Finance and Transactions
- Commercial and Banking Law
- Risk Management

APPOINTMENT DATE
11 March 2022



NATIONALITY 

COMMITTEE MEMBERSHIP 

Lungisa Fuzile ⁽⁵⁹⁾
Non-Executive Director


QUALIFICATIONS


- Bachelor of Commerce Economics (Honours) (University of KwaZulu-Natal)
- Master of Commerce in Economics (University of Kwazulu-Natal)
- Advanced Management Programme from Harvard Business School


KEY SKILLS

- Banking Financial Regulation
- Financial Assets and Liability Management
- Regulatory and Fiscal Policy Implementation and Management

APPOINTMENT DATE
27 June 2022



NATIONALITY 

COMMITTEE MEMBERSHIP 

Batsho Pamela Groth ⁽⁶⁰⁾
Independent Non-Executive Director

QUALIFICATIONS

- Master of Business Administration (University of Suffolk)
- Bachelor of Science Applied Psychology specialising in Occupational Psychology from the (University of Wales Institute of Science and Technology)
- Certified Global Remuneration Professional (GPA) (WorldatWork, USA)

KEY SKILLS

- Human Resources and Remuneration Management
- Stakeholder Engagement
- Strategic Leadership

APPOINTMENT DATE
2 December 2022



NATIONALITY 

COMMITTEE MEMBERSHIP 

Executive directors

Michaela Alves Da Silva ⁽³⁹⁾
Independent Non-Executive Director



QUALIFICATIONS

- Chartered Global Management Accountant (CGMA) (UK)
- Fellow Chartered Accountant, Botswana Institute of Chartered Accountants (BICA) (FCA Botswana)
- Member of the Institute of Chartered Global Management Accountants

KEY SKILLS


- Finance, Accounting and Audit
- Corporate Finance
- Business Strategy

COMMITTEE MEMBERSHIP

- Board Audit Committee

APPOINTMENT DATE
28 July 2023

Michael Kgengwenyane ⁽⁵⁶⁾
Independent Non-Executive Director



QUALIFICATIONS

- Master of Engineering (Mechanical) (University of Southampton)
- Senior Management Programme (University of Stellenbosch)

KEY SKILLS


- Business Strategy
- Entrepreneurship
- Project and Asset Management

COMMITTEE MEMBERSHIP

- Board Risk Management Committee
- Board Information Technology Committee

APPOINTMENT DATE
19 April 2024

Richard Christopher Irvine ⁽⁶⁴⁾
Independent Non-Executive Director



QUALIFICATIONS

- Bachelor of Commerce (University of Witwatersrand)
- Honours Bachelor of Accounting Science (University of South Africa)
- Chartered Accountant (South Africa)

KEY SKILLS


- Credit Management
- Finance and Accounting
- Risk Management

COMMITTEE MEMBERSHIP

- Board Risk Management Committee
- Board Credit Committee

APPOINTMENT DATE
15 May 2024

Dr. Agnes Tsholofelo Khunwana ⁽⁵⁶⁾
Independent Non-Executive Director



QUALIFICATIONS

- Doctor of Business Administration (Business School Netherlands)
- Master of Science in Strategic Management (University of Derby)
- Bachelor of Commerce (University of Botswana)
- Chartered Global Management Accountant (CGMA) (UK)
- Certificate In ESG
- Aviation Leadership Development Program (IATA/Harvard)

KEY SKILLS

- Finance and Accounting
- Audit
- Business Strategy

COMMITTEE MEMBERSHIP

- Board Audit Committee

APPOINTMENT DATE
14 August 2024

Realeboga Phoi ⁽⁴²⁾
Chief Finance and Value Management Officer and Executive Director



QUALIFICATIONS

- Association of Accounting Technicians (AAT)
- Fellow Member of Association of Chartered Certified Accountants (ACCA) (FCCA)
- Fellow Member of Botswana Institute of Chartered Accountants (BICA) (FCPA)

KEY SKILLS

- Banking and Insurance
- Strategic Financial Management
- Audit and Assurance

APPOINTMENT DATE
14 August 2024

Board Remuneration

The Board is remunerated in accordance with the governance framework, which sets the minimum standards for governance practices across Standard Bank Group (SBG) entities. In line with principles of the framework, it is the responsibility of the shareholders to ensure that Directors' remuneration is reviewed on an annual basis and benchmarked against local peers. To achieve this, the Company Secretary conducts an annual benchmarking exercise, focusing on competitor banks, to evaluate Board-related fees and remuneration. Based on this exercise, a recommendation on appropriate fees is made to the Board and ultimately presented to shareholders for approval at the AGM. This process ensures that the Bank's remuneration practices remain competitive, sustainable, and aligned with market standards, while also adhering to the principles of transparency, accountability, and stakeholder inclusivity.

At the 2025 AGM, the shareholder approved the proposed Board fees with the confidence that the fees not only reflect the responsibilities, time commitment, and expertise required of Directors, but attract and retain high-calibre individuals who can provide effective oversight and strategic guidance, contributing to the Bank's long-term success and sustainability.

The 2025 Board Remuneration Structure is outlined below:

	Sitting Fee (BWP)	Annual Retainer (BWP)
Board		
Chair	50 666	202 676
Member	33 777	101 333
Board Committees (Other than BAC)		
Chair	25 334	67 555
Member	16 889	51 342
Board Audit Committee Fees		
Chair	42 222	118 897
Member	33 777	102 684

Director	Remuneration (BWP)	
	2025	2024
Dr TTK Matome	1 379 154.25	917 751.00
M Bokete	891 712.75	704 353.00
M Haskins	966 930.75	745 266.00
BD Phirie	1 009 930.75	704 353.00
LLB Somolekae	941 331.75	704 353.00
L Fuzile	790 918.50	561 648.50
BP Groth	1 016 286.75	704 353.00
MA Alves Da Silva	909 658.50	655 911.00
RC Irvine	926 028.50	541 028.25
M Kgengwenyane	808 330.50	541 028.25
Dr AT Khunwana	909 658.50	213 072.75

Our Corporate Governance Principles

Introduction

Stanbic Bank Botswana's governance practices are anchored in the King IV Code on Corporate Governance, which informs our approach to ethical leadership, accountability, and sustainable value creation. The Board applies King IV principles through robust internal controls, compliance with external regulations, and a stakeholder-inclusive approach.

The Governance Section of the Integrated Report demonstrates how these principles have been applied. A summary of how each principle has been applied is provided in the King IV Application Table at the end of the section.

PRINCIPLE 1

Leadership

The Board leads the Bank ethically and effectively.

Stanbic Bank Botswana Limited has a unitary Board, comprising 13 Board members, with two Executive Directors and 11 Non-Executive Directors. The majority of the Non-Executive Directors, including the Board Chairperson, are independent.

The Board acts as a cohesive unit, exercising ethical and effective leadership as required by our governance framework. This is anchored on the recognition that sound governance practices are fundamental to the sustainability of the Bank and are key to ensuring that shareholder value is preserved for earning the trust of various stakeholders, including regulators.

For the reporting period the Board is satisfied that it discharged its responsibilities appropriately and executed on its mandate.

PRINCIPLE 2

Organisational Ethics

The Board governs the ethics of the Bank in a way that supports the establishment of an ethical culture.

The Board, led by the Board Chairperson, is responsible for ensuring that its conduct and that of Management is aligned with the Standard Bank Group's values and the Code of Ethics and Conduct. Ethical leadership is expected at all levels, and the Board sets the tone for integrity, transparency and responsible decision-making.

Avoiding and managing conflicts of interest is central to ethical governance. Directors are committed to acting in the best interest of the Bank and to avoiding situations that may compromise independence of judgement and decision making. The Board has established clear processes for identifying, declaring and managing conflicts of interest:

- **Pre-appointment and onboarding:** Before assuming office, directors submit declarations of all professional and business interests. These are reviewed and updated as necessary.
- **Annual declarations:** Each year, directors complete and confirm their declaration of interests. The Company Secretary maintains the register of interests.
- **Meeting-specific declarations:** At the beginning of each meeting, Directors declare any conflicts in respect of the agenda. Where a conflict exists, the affected Director recuses themselves from deliberations and decision-making. Meeting minutes record all declarations, recusals and the manner in which conflicts were managed.

In addition, the Group-wide Personal Account Trading Policy and the Directors' and Prescribed Officers' Dealing in Securities Policy prohibit trading in securities during closed periods or self-imposed embargo periods and restrict trading by employees with access to price-sensitive information. Compliance is monitored continuously, and any breaches are dealt with in accordance with the relevant policy.

The Board has adopted the following policies to support ethical conduct across the Bank:

- **The Directors' Code of Conduct and Ethics Policy:** ensuring responsible conduct, ethical decision-making and transparent management of conflicts of interest.
- **Anti-Bribery and Corruption Policy:** preventing bribery, corruption and improper influence in all business dealings.
- **Conduct Risk Policy:** ensuring appropriate behaviour and conduct in the execution of business activities.
- **Whistleblowing Policy:** providing protected and confidential channels for reporting actual or suspected unethical, unlawful or irregular conduct.

The Board receives regular reports from Management on ethics and conduct matters. Committees support oversight as follows:

- The Board Audit Committee monitors the activities of Forensic Services and Financial Crime units and oversees mechanisms for confidential reporting of inappropriate accounting or other concerns.
- The Board Risk Management Committee reviews conduct-related risks, including customer disclosures, complaint resolution processes, and compliance with the Code of Ethics.
- The Board Remuneration Committee considers whether the reward and recognition system appropriately discourages unethical conduct.

PRINCIPLE 3

Responsible Corporate Citizenship

The Board ensures that the Bank is, and is seen, to be a responsible corporate citizen.

Board's Role and Governance Structures

The Board sets the ethical foundation and strategic direction for responsible corporate citizenship. Oversight is exercised through the governance framework, with clearly allocated responsibilities across Board committees:



Board Audit Committee: assurance over ethics, financial crime frameworks, customer privacy, data protection and accuracy of non-financial disclosures.



Board Nomination and Remuneration Committee: stewardship of culture, talent, leadership development, diversity, equity and inclusion.



Board Risk Management Committee: oversight of environmental and social (E&S) risk, ethics and conduct, and climate-related risk management.

Frameworks, Standards and Policy Commitments

The Bank's responsible citizenship agenda is underpinned by globally recognised principles and national priorities, including:

- United Nations Sustainable Development Goals (UN SDGs), Botswana's Nationally Determined Contributions (NDCs) and the Paris Agreement, embedded into strategy and business activities.
- UN Guiding Principles on Business and Human Rights, guiding conduct in the workplace, marketplace and community.
- GRI Topic Standards, applied through materiality, stakeholder inclusiveness, sustainability context and completeness to ensure credible reporting of impacts.
- Anti-Bribery and Corruption (ABC) Framework, gifts and entertainment rules, whistleblowing channels and conduct policies aligned with Botswana's Corruption and Economic Crime Act and FATF recommendations.

These frameworks guide ethical behaviour, transparency, responsible finance and sustainable value creation across the organisation.



Strategic Citizenship Priorities and Performance

1. Climate Action and Environmental Stewardship

The Board oversees the Bank's net-zero pathway, comprising:

- 2030 – net-zero for newly built facilities
- 2040 – net-zero for existing facilities
- 2050 – net-zero financed emissions

2024/25 operational progress included:

- Doubling rooftop solar capacity at Head Office to 200 kWp, achieving a 35% renewable energy mix (towards a 570 kWp off-grid target).
- Full solar operation of four ATMs, with an additional six sites approved for conversion.
- Energy-efficiency measures through smart metering, HVAC optimisation and lighting retrofits.

2. Inclusive Economic Participation and Financial Health

Citizen Economic Empowerment & Procurement Equity

- Aligned to national priorities, the Bank's empowerment procurement policy prioritises 50% youth- and women-owned enterprises.
- In 2025, procurement to these suppliers reached BWP 61.2 million, up from BWP 31.2 million in the prior year.

Enterprise Development & Job Creation

Through the Accelerate Incubator and targeted partnerships (UNDP, Debswana, UB/UNIPOD, Woolworths, Mascom), the Bank delivered:

- Skills development for entrepreneurs
- Market-access opportunities
- Technical capability-building across agriculture, mining value chains and creative industries
- BWP 2 million in grant funding supporting 36 citizen enterprises under Debswana's CEEP.

Financial Literacy & Inclusion

Key achievements include:

- Co-launching Botswana's first Stock Market Simulator with the BSE (Bank contribution: P1.49 million) to improve financial literacy nationally.
- Delivery of the Ledi Lame financial rehabilitation programme to assist customers facing financial distress.

These interventions support SDGs on inclusive growth, reduced inequalities and quality education.



3. Ethics, Human Rights and a Values-Driven Culture

The Board provides oversight of a strong culture and conduct framework, including:

- Annual anti-corruption and ethics training for all employees.
- Zero-tolerance stance on discrimination, supported by policies affirming rights related to gender, disability, and LGBTQI+ inclusion.
- Respect for freedom of association and collective bargaining, aligned with ILO conventions.
- PAY-equity reviews and leadership pathways to support a diverse talent pipeline.
- Women representing 53% of the executive team, reflecting meaningful progress on gender parity.

4. Community Development and Social Investment

The Bank supported a broad portfolio of community programmes linked to education, youth development, disaster resilience and cultural advancement. Highlights include:

- Partnerships with BIUST, BEC, and the Legal & Governance Forum.
- BWP 2 million contribution to national flood-relief efforts.
- Support for sports, arts, manufacturing and health-related initiatives across the country.
- The Stanbic Lifestyle Event empowered local artists.

These initiatives reinforce the Bank's aspiration to drive Botswana's growth through targeted, high-impact community investments.

Reporting, Transparency and Assurance

The Bank's Sustainability Report (aligned to GRI topic standards) provides detailed data, methodologies, metrics and case studies across the economic, social, governance and environmental pillars. This report forms an integral component of the Board's accountability for responsible corporate citizenship and provides stakeholders with transparent, decision-useful non-financial information.

PRINCIPLE 4

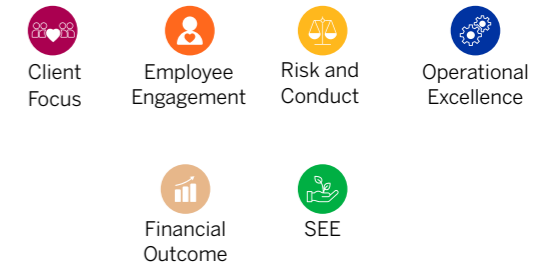
Strategy and Reporting

The Board appreciates that the Bank'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 receives quarterly reports on the performance of the Bank. The performance of the Bank is measured against targets, milestones and Key Performance Indicators set and agreed between the Board and Management. Various members of the Country Leadership Council attend Board Committee and Board meetings to report and address questions relating to the performance of the Bank.

The strategy of the Bank is approved by the Board after extensive engagement with Management. On an annual basis the Board reviews the strategy of the Bank. In 2025, the Board Strategy Session was held in an offsite meeting with the entire Country Leadership Council. The review of the strategy includes assessing whether initiatives are balanced to create sustainable value for all stakeholders.

The Board's discussions were centred around the following Strategic Drivers:



Board Meetings

The Board meeting process is meticulously designed to ensure effective governance, strategic oversight, and informed decision-making. The process emphasises regulatory compliance, the Bank's strategic objectives, and forward-looking deliverables, and is structured as follows:

ONE

Agenda Preparation and Planning

The Company Secretary, in collaboration with the CE and the Board Chairperson, prepares the meeting agendas. These agendas are carefully crafted to align with the Bank's annual planning cycle, incorporating routine items, strategic priorities, and emerging issues impacting the Bank. This ensures the Board's focus remains firmly aligned with the Bank's long-term objectives and stakeholder interests, while maintaining a forward-looking perspective.

TWO

Consultation and Prioritisation

The Board Chair, supported by the Company Secretary, consults with the CE to identify, and prioritise critical matters requiring Board deliberation. This includes emerging risks, strategic opportunities, and governance-related matters. Attention is given to allocating sufficient time for the Board to thoroughly address matters material to the Bank's success, including regulatory compliance, risk management, and sustainability.

THREE

Timely Circulation of Board Papers

To enable informed and effective decision-making, Board papers are distributed to Directors well in advance of meetings. This allows Directors ample time to review materials, seek clarifications where needed, and prepare for meaningful discussions. The quality and comprehensiveness of Board papers are prioritised to support robust governance and oversight.

FOUR

Closed Sessions for Non-Executive Directors

At every Board meeting, Non-Executive Directors convene in closed sessions, excluding Executive Directors. These sessions, led by the Board Chairperson, provide an independent forum for Non-Executive Directors to deliberate, challenge assumptions, and address matters that may not be suitable for discussion in the presence of executives. Feedback from these sessions is shared with the CE, as appropriate, to ensure alignment and address any concerns raised.

This structured and disciplined process reflects the Board's unwavering commitment to strong governance, ethical leadership, and the creation of sustainable value for all stakeholders.

Access to and Flow of Information:

Directors have unrestricted access to the Bank's executive management and company information, and the resources required to carry out their duties and responsibilities. This provision is clearly outlined in the Board of Directors Mandate. Further, any member of the Board has the right to engage with the Company Secretary or the Board Chairperson to request that specific matters be included in the agenda. For any matters where the Board seeks to engage external professional or specialist

advice, the Board may do so at the expense of the Bank, as provided by the Policy for Obtaining Independent Professional Advice by Directors.

The Bank utilises a secure Board meeting management system for distribution of Board papers. Board packs are loaded onto the system at least 10 days before the meeting to provide the Directors adequate time to study the material in preparation for engagements at the meetings.

PRINCIPLE 5

Reporting

The Board ensures that reports issued by the Bank enable stakeholders to make informed assessments of the Bank's performance, and its short, medium, and long-term prospects.

The Board acknowledges its responsibility over the integrity of external reports issued and takes into account statutory and regulatory requirements and best practice when reviewing them.

The Bank has always produced an annual report that provides a report on the Bank's performance and its future prospects for use by its various stakeholders. Since 2024, the Bank has now transitioned to issuing an Integrated Report as well as a Sustainability Report. These reports, as well as all other reports, are available on the Bank's website.

This Integrated Report includes the Bank's Annual Financial Statements for the year ended 31 December 2025. The Board has reviewed the facts and assumptions on which the financial statements were prepared and relied; and based on these, the Board views the Bank as a going concern for the foreseeable future.

PRINCIPLE 6

Role and Responsibilities of the Board

The Board serves as the focal point and custodian of corporate governance in the Bank.

The Board may delegate specific responsibilities to its Committees and to executive management in accordance with the Corporate Governance Framework. Delegation does not diminish or transfer the Board's accountability; the Board retains effective control and reserves defined matters for its own decision. The Framework includes its corporate governance structure, Board and Board Committee mandates, and other applicable standards, frameworks, and policies. Through this Governance Framework, the Board oversees the Bank's strategic direction, financial goals, resource allocation and risk appetite, and holds executive management accountable for execution.

The Board also ensures that executive management sets the tone for good governance, based on the Standard Bank Group's values and code of ethics and conduct, and that these are integrated in a way that supports the Bank's operations at all levels.

PRINCIPLE 7

Composition of the Board

The Board comprises the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively.

The Board is made up of a balanced mix of knowledge, skills, and experience, drawn from diverse backgrounds, with careful consideration on gender and age representation. This approach enhances the Board's ability to provide strategic direction, oversight, and leadership that is effective and objective.

Through the guidance of the Board Remuneration Committee, the Board regularly reviews its composition with a view to continuously *looking* for opportunities to enhance its effectiveness by extracting value from its diverse experience, tenure, skills, knowledge, and independence of its members. The Board regularly considers its succession plans with due consideration to exits from the Board of any kind. The size of the Board and its composition are considered appropriate for the execution of its duties objectively and effectively.

Skills Matrix Summary

As part of its annual assessment, the Board conducted a comprehensive Skills Self-Assessment to evaluate the breadth, depth and balance of competencies required for effective governance and execution of the Bank's strategic objectives. This year's review confirms that the Board continues to possess a strong and diverse mix of experience, with a robust foundation across key governance, financial, strategic and stakeholder domains.

Overview of Skills Assessed

Directors assessed themselves across 12 core skill areas considered essential for governing a modern, digitally advancing and risk-sensitive financial institution. These were:

- | | |
|---|---|
| 1. Banking and Other Financial Services | 8. People Development, Diversity & Inclusion and Remuneration |
| 2. Doing Business in sub-Saharan Africa and International Markets | 9. Public Company Governance |
| 3. Customer and Stakeholder Management | 10. Regulation / Public Policy / Macroeconomic Policy |
| 4. Risk & Capital Management and Controls | 11. Sustainability (Environmental and Social) |
| 5. Accounting & Auditing | 12. Digital Transformation |
| 6. Technology and Cybersecurity | |
| 7. Leadership of a Large Complex Organisation | |

Key Strengths

The assessment identified several areas of notable Board strength, with strong representation at advanced and thought-leader levels:

- **Leadership of Large, Complex Organisations:** Reflects deep executive experience and the ability to guide organisational strategy and navigate complexity.
- **Customer and Stakeholder Management:** Demonstrates strong ability to oversee client-centric strategy and stakeholder inclusivity.
- **Doing Business in Sub:** Saharan Africa and International Markets - Confirms the Board's capacity to contextualise opportunities and risks across regional markets.
- **People Development, Diversity & Inclusion and Remuneration:** Indicates mature oversight of talent, culture and succession.

Competencies with Solid but Mixed Depth

The assessment showed general to advanced capability, with reliance on a smaller number of subject-matter experts in the following areas:

- Banking & Financial Services
- Risk & Capital Management
- Accounting & Auditing
- Public Company Governance

These remain well covered at Board level but will continue to benefit from ongoing development.

Areas Highlighted for Further Strengthening

The Board identified development needs in four specialist areas requiring continued upskilling to keep pace with the Bank's transformation and regulatory context:

- **Technology and Cybersecurity:** Foundational capability dominates; additional training in cyber risk governance and digital resilience is planned.
- **Digital Transformation:** Ongoing exposure to digital-banking trends and data-driven operating models will be prioritised.
- **ESG / Sustainability:** Growing but uneven competence; the Board has committed to additional sustainability and climate-risk development.
- **Regulation / Public Policy / Macroeconomic Policy:** Further strengthening will enhance oversight of emerging regulatory domains.

The Board is satisfied that its collective skills remain appropriate for the effective discharge of its responsibilities. This year's matrix confirms a strong platform of governance, strategic and leadership capability, supported by targeted development plans in digital, cyber, sustainability and policy oversight. These efforts will continue to reinforce the Board's ability to guide the Bank's transformation and long-term growth.

Ongoing Director Education and Continued Professional Development

Ongoing director education and professional development remains a cornerstone of the Board's effectiveness, ensuring that directors maintain the skills, industry awareness and regulatory insight required to provide sound, forward-looking oversight. The Board's annual training programme is designed to deepen understanding of emerging risks, strengthen strategic foresight and ensure alignment with local and global governance developments that impact the Bank.

During the year, Directors participated in a structured development programme that combined internal subject-matter experts with external specialists, including representatives from the Ministry of Environment & Tourism and legal practitioners from the Bank's panel of law firms. Training sessions were scheduled in advance to ensure full attendance and were selected to reflect the Bank's strategic priorities, the evolving risk landscape and governance requirements in Botswana.

Training topics covered during 2025 included:

1. Sustainability, ESG and Climate Risk

- The global and Botswana climate context, physical and transition risks, and their implications for financial stability.
- The Standard Bank Group ESG Strategy, sustainable-finance ambitions and climate-policy commitments.

2. Governance, Compliance and Legal Developments

- The Data Protection Act (2024) penalties framework, director liability and enforcement trends in the region.
- Virtual Assets regulatory framework and the compliance implications of recent Botswana legislative amendments.
- Emerging regulatory expectations in AML/CFT, fintech oversight and cross-border data governance.

3. Technology, Cybersecurity and Digital Transformation

- Artificial Intelligence, cloud computing, APIs, intelligent automation and their implications for banking competitiveness.
- Cybersecurity in the era of AI, including deepfake risks, threat-detection innovations and the Bank of Botswana Cybersecurity Guidelines.

4. Risk, Capital and Recovery Planning

- Internal Capital Adequacy Assessment Process (ICAAP), liquidity-risk governance and stress-testing methodologies.
- Recovery and Resolution Planning, including Board responsibilities under the Financial Stability Board's Key Attributes.
- ESG/Sustainability risk integration and climate-risk management approaches.

5. Credit and Conduct Risk

- Large Exposures and Related-Party Lending regulatory directives.
- Emerging market-conduct and data-ethics considerations.

6. People, Culture and Leadership

- The Standard Bank Group Habits Framework to reinforce leadership effectiveness, behavioural expectations and culture.

Through this programme, directors enhanced their understanding of material risks, strengthened their oversight of technology and sustainability issues, and deepened their knowledge of evolving regulatory requirements. The Board is satisfied that director education and continued professional development during 2025 strengthened its ability to exercise effective judgement, provide challenge, and guide the Bank in delivering sustainable value.

Rotation of Directors

Through its Constitution, the Bank has set a process for rotation of Non-Executive Directors. The Constitution provides that at least one-third of the Non-Executive Directors are required to retire at the AGM. Non-Executive Directors who retire by rotation and are available and eligible may stand for re-election at the same AGM.

Independence Assessment

In accordance with the Bank of Botswana Corporate Governance Guidelines, King IV, and the Bank's Subsidiary Governance Framework, the Board conducts an annual independence assessment of all non-executive directors. The objective is to ensure that directors remain free from relationships or interests that could compromise objective judgement or create undue influence.

Assessment Process

Each non-executive director completed a detailed independence questionnaire covering 12 criteria, including:

- Shareholding and capital-provision relationships
- Past or present employment within Standard Bank Group
- Participation in share-based or performance-linked remuneration schemes
- Professional advisory roles, auditor history, or material business relationships
- Relationships with major customers, suppliers or related parties

Assessment outcomes were considered holistically by applying a substance-over-form approach, consistent with King IV's third-party "reasonable person" lens.

Results of the 2025 Independence Review

The Board concluded that:

- 10 of the 11 non-executive directors are Independent.
- One director was assessed as not independent due to ongoing employment within Standard Bank Group.

This classification is consistent with regulatory expectations. The proportion of related directors remains within the one-third threshold set by the Bank of Botswana.

Impact on Board Composition and Governance

The Board's high proportion of independent non-executive directors ensures:

- Robust oversight and constructive challenge of management.
- Compliance with regulatory and governance best-practice requirements.
- Appropriate independence across all Board Committees.
- Continued stakeholder confidence in the integrity of the Board's decision-making.

The Board is satisfied that the independence assessment was conducted rigorously and in full alignment with regulatory requirements. Independence levels remain appropriate for maintaining objective oversight, strong governance and effective stewardship of the Bank.

Separation of Roles and Responsibilities

With a view to balancing power dynamics, enhancing the Board's independence, managing conflict of interest and to improve oversight and accountability, the role of Board Chairperson is separate from that of the Chief Executive. There is a clear division of responsibilities. In addition, care is taken to ensure that no single Director has unfettered powers in the decision-making process.

PRINCIPLE 8

Committees of the Board

The Board ensures that its arrangements for delegation within its own structures promote independent judgement and assist with the balance of power and the effective discharge of duties.

The Bank operates as a well-structured organisation with clearly defined responsibilities, rights and powers. These structures promote accountability, transparency and fairness; key elements in maintaining trust among stakeholders, including shareholders, regulators, employees, the community, the Board of Directors, its committees and executive management. In their various mandates, the Board Committees oversee the execution of the strategy.

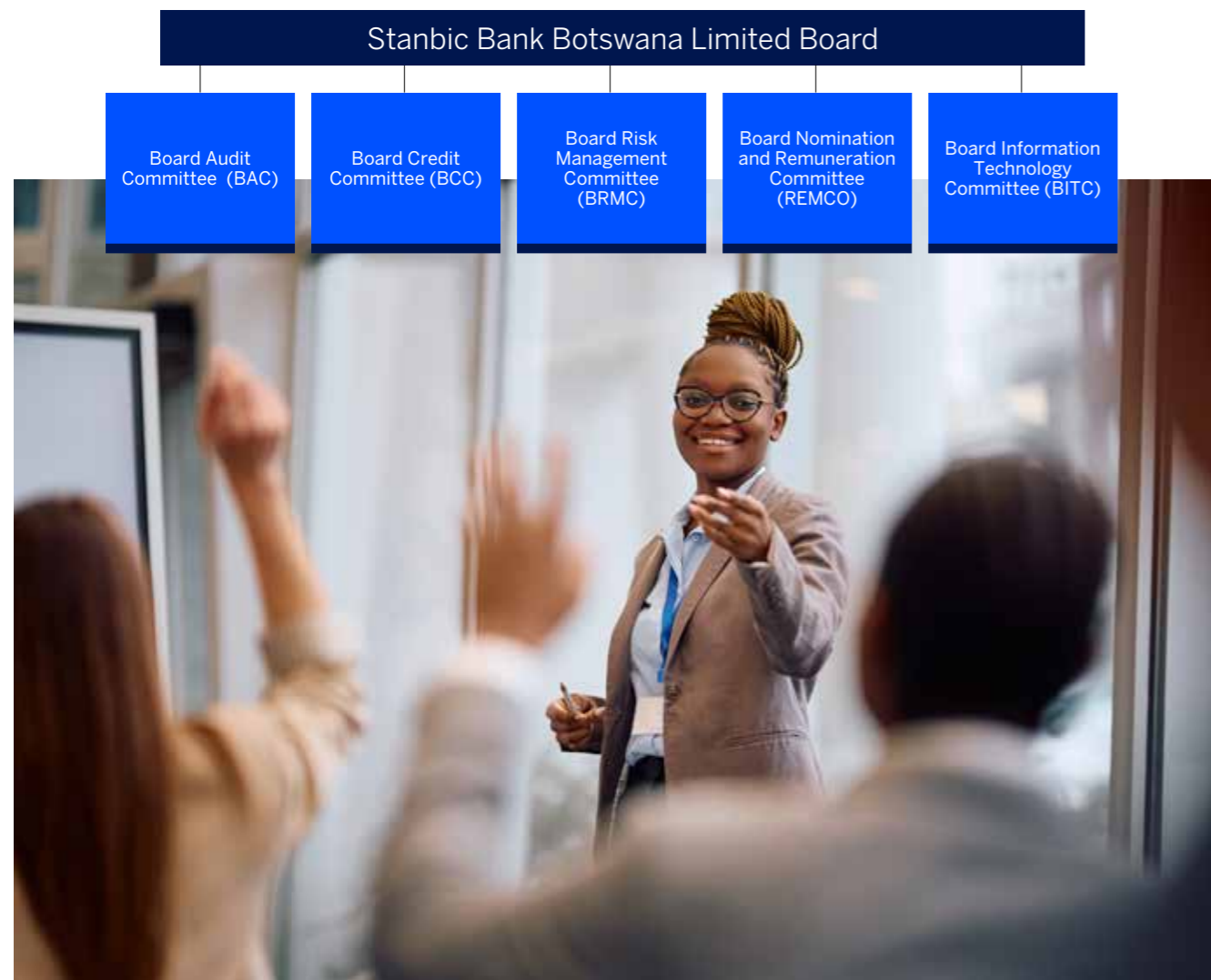
The Board remains ultimately responsible for the management of the business and affairs of the Bank. It exercises this responsibility through established governance structures and by delegating specific responsibilities to its Committees in line with the Corporate Governance Framework and applicable legislation. Delegation enables the Board to devote appropriate attention to matters reserved for its decision-making, while ensuring that delegated matters receive focused and in-depth consideration at Committee level. Committee

Chairs report to the Board after each meeting, ensuring effective oversight and alignment.

Each Board Committee operates under a Board-approved mandate that sets out its terms of reference. These mandates are reviewed annually. In determining Committee composition, the Board considers members' skills, experience, independence and the requirements of relevant legislation and governance guidelines to ensure that each Committee is appropriately constituted to fulfil its responsibilities.

Committee Chairpersons are accountable for the effective functioning of their respective Committees. They report on Committee activities at every Board meeting and provide an annual opinion on Committee effectiveness. For the year under review, each Committee confirmed that it fulfilled its responsibilities in accordance with its mandate.

GOVERNANCE STRUCTURE



Board Audit Committee (BAC)

The Board Audit Committee provides independent oversight of the Bank's financial integrity, internal control environment, assurance functions and external reporting.



Butler Phirie
Chair

The BAC assists the Board by monitoring the effectiveness of internal controls, evaluating the independence and performance of Internal Audit, External Audit and Compliance, and ensuring that a robust combined assurance model supports risk management and reporting. The Committee also oversees financial reporting quality, tax governance, ethics, and financial crime matters on behalf of the Board.

During 2025, the Board Audit Committee focused on safeguarding the integrity of the Bank's financial reporting and strengthening the control environment in a challenging macro-economic and liquidity context. The Committee provided oversight of external audit, internal audit, compliance, tax governance, and financial crime matters, and made key recommendations to the Board on significant approvals.

Key focus areas during the year included

- Oversight of financial performance and resilience amid liquidity pressure, including review of performance drivers and management responses to market constraints.
- External audit oversight and audit quality, including progress updates, audit risks, misstatements, independence confirmations and audit-related reporting to the Board.
- Integrity of financial statements and external reporting, including endorsement of the Integrated Report and related reporting packs for Board approval.
- Accounting policy enhancements and restatements, including oversight of changes identified during audit processes and recommending Board approval where required.
- Internal audit effectiveness and control environment trajectory, including audit plan amendments, audit ratings, remediation tracking, and recurring control themes.
- Compliance and regulatory examinations (including AML/CFT and consumer compliance), approval of monitoring plans, and ratification of regulatory submissions.
- Tax governance and emerging tax matters, including approval of the Tax Governance Standard and Tax Strategy and monitoring significant tax developments.
- Financial crime and forensic oversight, including review of forensic services reporting and conduct/ethics matters relevant to integrity and control.

The Committee is satisfied that it fulfilled its responsibilities in accordance with its mandate.

Membership and Attendance Record

There was no change to the membership of the Board Audit Committee in the financial year. Lungisa Fuzile attended Committee meetings as an invitee.

	Quarterly	AFS Approval	Quarterly	Special	Quarterly	Quarterly
	03 Mar 25	19 Mar 25	09 Jun 25	4 Sep 25	08 Sep 25	24 Nov 25
B Phirie (Chair)	✓	✓	✓	✓	✓	✓
M Alves Da Silva	✓	✓	✓	✓	✓	✓
A Khunwana	✓	✓	✓	✓	✓	✓

KEY
✓ Attended X did not attend



Board Credit Committee (BCC)

The Board Credit Committee ensures that the Bank maintains a sound and effective credit governance framework.

Mark Haskins
Chair

The BCC provides oversight of credit strategy, lending policies, credit risk management practices and asset quality across all portfolios. The Committee monitors the adequacy of processes for identifying, measuring, managing and reporting credit risk, including non-performing loans, Large Exposures and Related Party transactions, and ensures that delegated credit authorities and credit decisions operate within approved regulatory, policy and risk-appetite parameters.

During 2025, the Board Credit Committee prioritised effective credit governance, asset quality protection and prudent risk-taking in a tightening liquidity environment. The Committee oversaw portfolio performance, large exposures, sector stress and single-name concentrations, while ensuring arm's-length governance for related-party lending.

Key focus areas during the year included

- Macroeconomic and credit-environment oversight, assessing fiscal and liquidity pressure impacts on client affordability, provisioning and portfolio stability.
- Portfolio quality and risk monitoring across CIB, BCB and PPB, including impairments, watchlists, stage-3 pressure points and concentration risks (e.g., key litigation/sector exposures).
- Approval and governance of large exposures, including facilities above regulatory thresholds and the conditions, monitoring and stress testing required for ongoing oversight.
- Sector and single-name risk governance, including close monitoring of sensitive sectors (e.g., microlending, tourism, construction) and counterparties experiencing covenant or governance strain.
- Credit policy and governance approvals, including review and approval of key credit governance policies and clarification of committee boundaries for specific policy ownership.
- Related-party lending oversight, including monitoring and confirmation that Directors' lending is conducted at arm's length, while those of senior management are compliant with the Staff Lending Policy.
- Recoveries and remediation focus, including litigation progress monitoring, settlement campaign effectiveness and restructure/rehabilitation measures for clients under stress.
- Committee effectiveness and skills considerations, including reflection on committee composition requirements and succession continuity for credit oversight capability.

The Committee is satisfied that it fulfilled its responsibilities in accordance with its mandate.

Membership and Attendance Record

There was no change to the membership of the Board Credit Committee in the financial year.

	Special	Quarterly	Special	Special	Quarterly	Special	Quarterly	Special	Quarterly	Special
	14 Feb 25	04 Mar 25	31 Mar 25	20 May 25	10 Jun 25	01 Jun 25	09 Sep 25	10 Oct 25	25 Nov 25	18 Dec 25
M Haskins (Chair)	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
B Groth	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
R Irvine	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

KEY
✓ Attended X did not attend



Board Information Technology Committee (BITC)

The Board Information Technology Committee supports the Board in providing strategic oversight of technology and information governance.

Mthabisi Bokete
Chair

The BITC oversees the alignment of IT strategy with the Bank's business strategy, monitors technology investment and major programmes, and ensures that IT governance standards, cyber and information-security controls, data governance and technology-related risks are effectively implemented and independently assured. The Committee ensures that technology and information capabilities enable the Bank's long-term value creation objectives.

During 2025, the Board Information & Technology Committee focused on technology resilience, cyber and data governance, and delivery of strategic digital programmes that enable customer experience and operational efficiency. The Committee challenged management on delivery pace, benefit realisation and risk controls, while strengthening oversight of data governance and digital maturity.

Key focus areas during the year included

- Technology stability and resilience, including oversight of incident trends, root causes (e.g., digital channels/MNO dependencies) and mitigation through architecture improvements.
- Digital transformation governance, including digital maturity assessment progress, prioritisation of maturity dimensions, and direction on target trajectories and timebound roadmaps.
- Strategic programme and "Hero Project" oversight, including scrutiny of Active-Active, Wallet, Digital Channels Refresh, APIs and Pricing Engine progress, delivery timelines and reporting discipline.
- Cybersecurity posture and information security governance, including review of cyber dashboards and trends, approval of security frameworks, and monitoring of security uplift initiatives.
- Data governance, maturity and monetisation, including oversight of data operating model progress, alignment to Data Protection Act expectations, third-party controls, and monetisation frameworks.
- Project benefit realisation and investment governance, including direction to enhance project reporting (e.g., Gantt-based reporting, consistent status criteria) and track benefits realised.
- Innovation culture and capability building, including strengthening management focus on innovation frameworks, skills development and AI readiness as transformation enablers.
- Core banking modernisation oversight, including review of modernisation proposals and requirements for improved articulation of risks, timelines and local empowerment opportunities.

The Committee is satisfied that it fulfilled its responsibilities in accordance with its mandate.

Membership and Attendance Record

	Quarterly	Quarterly	Quarterly	Quarterly
	04 Mar 25	09 Jun 25	09 Sep 25	25 Nov 25
M Bokete (Chair)	✓	✓	✓	✓
TTK Matome	✓	✓	✓	✓
M Haskins	✓	✓	X	✓
M Kgengwenyane	✓	✓	✓	✓

KEY
✓ Attended X did not attend

Board Nomination and Remuneration Committee (Remco)

The Board Nomination & Remuneration Committee changed its name (previously Board Remuneration Committee) and scope in September 2025, to reflect its wider responsibilities to align with the provisions of the Bank of Botswana Guidelines for Corporate Governance.



Batsho Dambe-Groth
Chair

The Remco supports the Board by providing oversight of the Bank's people, culture, nomination and remuneration governance. It ensures that people and reward strategies and policies are aligned with the Bank's culture, long-term strategy, risk appetite, performance and control environment. The Committee oversees the design and implementation of remuneration and reward practices in line with the Bank's Remuneration Policy and the Standard Bank Group Remuneration Philosophy, and monitors whether incentives promote appropriate risk, capital and liquidity outcomes. It also leads Board nomination and succession processes by overseeing the approach to the appointment of Directors and key executives, promoting a balanced mix of skills, experience and diversity, and supporting leadership continuity through succession planning.

During 2025, the Board Nomination and Remuneration Committee focused on reinforcing a high-performance culture through employee engagement, leadership capability and robust talent and succession governance, while ensuring remuneration outcomes remain fair, sustainable and aligned to affordability. The Committee monitored workforce wellbeing and capability-building and progressed the reward roadmap to strengthen market competitiveness and retention risk management.

Key focus areas during the year included

- Employee engagement and psychological safety, including analysis of eNPS drivers, targeted interventions and deeper review of business-unit declines.
- Culture and leadership effectiveness, including oversight of leadership interventions (Habits Framework, leadership open houses, coaching for performance) and embedding desired behaviours.
- Workforce wellness and employee value proposition, including caregiver support, resilience interventions, financial literacy programmes and wellbeing initiatives to sustain productivity.
- Learning and future skills development, including monitoring of learning hours and prescribed learning (ESG fundamentals, AI fundamentals, psychological safety) and requesting AI exposure for the Board.
- Talent management, succession planning and bench strength, including review of successor coverage, graduate absorption, retention risk, and addressing succession gaps in critical functions.
- Reward governance and market competitiveness, including progress of the reward roadmap, scrutiny of benchmarking inputs, earning ranges and replacement cost signals, and actions to address data limitations.
- Remuneration outcomes and labour matters, including oversight of remuneration cycle closure, salary increase budgets and union wage settlement outcomes.
- Committee effectiveness and continuous improvement, including self-evaluation findings and actions to strengthen reporting efficiency and emerging remuneration capability.

The Committee is satisfied that it fulfilled its responsibilities in accordance with its mandate.

Membership and Attendance Record

	Special	Special	Quarterly	Quarterly	Quarterly	Special	Quarterly
	28 Jan 25	28 Feb 25	05 Mar 25	11 Jun 25	10 Sep 25	29 Oct 25	26 Nov 25
B Groth (Chair)	✓	✓	✓	✓	✓	✓	✓
TTK Matome	x	✓	✓	✓	✓	✓	✓
L Somolekae	✓	✓	✓	✓	✓	✓	✓
L Fuzile	x	✓	✓	✓	✓	x	✓

KEY
✓ Attended X did not attend

Board Risk Management Committee (BRMC)

The Board Risk Management Committee assists the Board by providing independent oversight of enterprise-wide risk and compliance governance.



Larona Somolekae
Chair

The BRMC supports the Board in ensuring that the Bank maintains a robust risk management and compliance framework, with effective risk control systems that enable the identification, measurement, assessment, management, assurance and reporting of material risks. The Committee reviews and recommends the Bank's risk philosophy, strategy and risk appetite, monitors the Bank's risk profile and risk culture, and oversees key risk disciplines including operational, market, liquidity, capital, compliance, legal, reputational, strategic and technology-related risks. It also oversees matters of regulatory and reputational risk and monitors conduct-related processes affecting customer outcomes and complaints management.

During 2025, the Board Risk Management Committee strengthened oversight of enterprise-wide risk and compliance governance with particular attention to liquidity and sovereign stress, financial crime/AML priorities, data protection compliance and third-party risk. The Committee also advanced risk governance through policy approvals, risk appetite oversight and forward-looking stress testing.

Key focus areas during the year included

- Risk culture and forward-looking risk oversight, including strengthening risk reporting depth, relevance and strategic insight in light of rapidly changing economic conditions.
- Macroeconomic and sovereign risk monitoring, including scrutiny of fiscal pressure, reserves, FX dynamics and the potential impact on bank performance and client risk profiles.
- Liquidity, capital and balance sheet risk governance, including endorsement of liquidity contingency measures, senior debt issuance considerations and risk appetite statements for Board approval.
- Financial crime, AML/CFT and compliance risk management, including review of regulatory findings/fines, AML readiness, and enhancement of reporting on fines and recurrence mitigations.
- Data Protection Act compliance and operationalisation, including progress on consent management and binding corporate rules, transition from project to embedded operations, and strengthening vendor/third-party controls.
- Third-party, operational and technology risks, including transaction processing risks, service continuity considerations and the role of technology in strengthening risk management capability.
- Policy, framework and governance approvals, including endorsement/approval of key risk, compliance, information and conduct policies (including conflict of interest and personal account trading) and ESG/sustainability strategy escalation.
- Legal risk oversight and contract discipline, including strengthening contract performance clauses and enforcement mechanisms to support third-party risk management.

The Committee is satisfied that it fulfilled its responsibilities in accordance with its mandate.

Membership and Attendance Record

	Quarterly	Quarterly	Quarterly	Quarterly
	05 Mar 25	11 Jun 25	10 Sep 25	26 Nov 25
L Somolekae (Chair)	✓	✓	✓	✓
M Bokete	✓	✓	✓	✓
L Fuzile	✓	✓	✓	✓
R Irvine	✓	✓	✓	✓
M Kgengwenyane	✓	✓	✓	✓

KEY
✓ Attended X did not attend

PRINCIPLE 9

Evaluation and Performance of the Board

The Board ensures that the evaluation of its own performance, and that of its Committees, its Chairperson, and its individual members supports continued improvement in its performance and effectiveness.

Approach to Evaluation

In 2025, the Board undertook a comprehensive and structured evaluation process that assessed performance at multiple levels:

- Board self-evaluation (anonymous questionnaire)
- Peer evaluations, followed by one-on-one feedback meetings with the Board Chairperson
- Committee evaluations for all five Board Committees
- Chairperson evaluation completed by all Non-Executive Directors
- Chief Executive evaluation completed by all Directors
- Company Secretary evaluation completed by all Directors

These evaluations were administered through structured questionnaires, using 5-point rating scales with qualitative comments.

	Key strengths	Priority improvement areas identified
<p>a Board Evaluation</p> <p>Score 4.13/5</p> <p>Results of the Board evaluation indicated strong performance across all five areas assessed: composition, strategic oversight, duties, board dynamics, and operations.</p>	<ul style="list-style-type: none"> Diverse expertise and sound governance culture, enabling robust debate and informed decision-making. Constructive Board dynamics, openness to dissenting views, and effective collective responsibility. Material improvement in Board papers, demonstrating clearer strategic insight and relevance. 	<ul style="list-style-type: none"> More structured induction and continued Director education. Enhanced succession planning and readiness for unexpected vacancies. Stronger and more targeted stakeholder engagement. Continued refinement of Board pack focus and timeliness.

	Board-level strengths	Improvement themes
<p>b Peer Evaluation</p> <p>The peer evaluation assessed content and style of contribution and was followed by one-on-one feedback sessions with the Board Chairperson.</p>	<ul style="list-style-type: none"> High integrity, strong ethical conduct, and principled leadership. Thorough preparation and punctuality. Respectful, balanced challenge and constructive dialogue. Independent thinking from several Directors, enhancing oversight depth. 	<ul style="list-style-type: none"> Encouraging quieter members to contribute more proactively. Broadening strategic focus beyond technical domains. Strengthening Directors' ambassadorial roles and external engagement. Enhancing conciseness where contributions are overly detailed.

	Comments
<p>c Committee Evaluations</p> <p>Board Audit Committee</p>	Strong audit oversight, regulatory interface, and assurance provider independence; suggestion for deeper one-on-one engagement with assurance functions.
<p>Board Credit Committee</p>	Strong understanding of credit risk and regulatory requirements; suggestion to strengthen composition with additional banking/credit expertise.
<p>Board Information Technology Committee</p>	Strong IT strategy alignment and risk oversight; improvement areas include benefit realisation dashboards and independent ICT insights.
<p>Board Nomination and Remuneration Committee</p>	Strong oversight of remuneration policy, market benchmarking and deliberations; improvement areas include emerging remuneration topics and enhanced integration of the Committee's outputs at Board level.
<p>Board Risk Management Committee</p>	Strong risk governance and understanding of regulatory requirements; opportunities to provide more forward-looking risk reporting and leverage analytics.

d Chairman Evaluation

The Board conducted its annual evaluation of the Chairman as part of the overall Board effectiveness assessment. The results confirmed that the Chairman continues to provide strong and effective leadership of the Board, maintaining an appropriate balance between strategic oversight, governance discipline and constructive engagement with management.

Directors highlighted the Chairman's ethical leadership, inclusive and professional approach to Board deliberations, and effective management of Board dynamics, which contribute to a culture of open dialogue and sound decision-making. The Chairman's engagement with key stakeholders, including regulators and external partners, was also positively noted.

As part of the Board's commitment to continuous improvement, the evaluation identified opportunities to further strengthen leadership development, director induction and succession planning oversight.

e Chief Executive Evaluation

The Board also undertook its annual evaluation of the Chief Executive. The assessment confirmed strong performance across both strategic and operational leadership dimensions, with the Board expressing confidence in the Chief Executive's continued leadership of the Bank.

The evaluation recognised the Chief Executive's delivery against strategic and financial objectives, effective engagement with stakeholders, strengthened governance reporting to the Board and visible leadership across the organisation.

In line with the Bank's ongoing focus on future readiness and organisational resilience, the evaluation highlighted opportunities to further advance leadership succession planning, strategic risk communication and continued focus on innovation and emerging technologies.

f Company Secretary Evaluation

The Company Secretary was assessed as highly effective in supporting the Board and its committees and in ensuring that governance practices remain aligned with regulatory requirements and best practice.

Directors recognised the Company Secretary's governance expertise, professionalism and the provision of independent advice to the Board, as well as the high standard of meeting administration and documentation.

The evaluation also identified opportunities to further enhance governance support through continued development of director training programmes, strengthened policy coordination and ongoing improvements to the timing and clarity of Board documentation.

Summary of Key Improvement Priorities for 2026

The Board approved a consolidated improvement plan derived from all levels of evaluation:

- Strengthen succession planning, including multiple successors for key roles and more experiential development opportunities.
- Enhance Director induction and ongoing education, including emerging governance, economic, and regulatory topics.
- Improve Board and Committee reporting, focusing on strategic relevance, forward-looking insight, risk context, and benefit realisation.
- Deepen stakeholder engagement, including structured government and regulatory outreach.
- Integrate RemCo outputs more efficiently into Board decision-making processes.
- Leverage technology and analytics to strengthen risk monitoring and oversight across Committees.
- Continue strengthening Board pack focus and timeliness, supported by the Company Secretary and executive team.



Conclusion

The Board is satisfied that the evaluation process in 2025 was rigorous, comprehensive and effective. The results demonstrate a mature governance culture, strong leadership across all levels, and clear areas for continuous improvement. Progress against the consolidated action plan will be monitored throughout 2026 and incorporated into the next evaluation cycle.

PRINCIPLE 10

Appointment and Delegation to Management

The Board ensures that the appointment of, and delegation to, management contributes to role clarity and the effective exercise of authority and responsibilities.

The Board appoints the Chief Executive and delegates day-to-day management to the Chief Executive within defined authority limits. The Board has set the direction and parameters for the powers which are to be reserved for itself, and those that are to be delegated to management via the Chief Executive. The Chief Executive, supported by the Country Leadership Council, is charged with responsibility to implement the Board-approved strategy. Ultimate executive decision-making powers and accountability remain vested with the Chief Executive. The Country Leadership Council members exercise powers in accordance with their delegated authority.

On an annual basis, the Board reviews the Bank's delegation of authority framework, including assessment of the appropriateness of the financial limits outlined therein. The Company Secretary monitors effective implementation of the authority delegated to the Chief Executive.

The Board keeps abreast of succession planning for key management and critical roles. During the reporting period the Board reviewed the management succession plans and was satisfied that the plans ensure continuity.

Directors have access to the services of the Company Secretary. During the external evaluation commissioned by the Board, the Company Secretary was confirmed as neither a member of the Board nor a prescribed officer of the group. The Board considered the support and competence of the Company Secretary and concluded that she was competent to carry out her duties and was satisfied that an arm's-length relationship existed between itself and the Company Secretary.

The Board has adopted an Independent Professional Advice Policy, which sets out the principles for obtaining professional advice and the process to be followed to access such. The Board has access to members of management and employees of the company.

The Board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority within the Bank.



PRINCIPLE 11

Risk Governance

The Board governs risk in a way that supports the Bank in setting and achieving its strategic objectives.

The Board governs risk in a manner that supports the achievement of strategic objectives by setting the Bank's risk philosophy, approving the risk appetite and ensuring that risk-related insights inform decision-making across the organisation.

During the year, the Board oversaw a dynamic risk environment characterised by liquidity pressures, a challenging fiscal outlook, and heightened geopolitical and financial-crime risks. Through regular reporting and escalations from management and the Board Risk Management Committee, the Board monitored material risk exposures, forward-looking risk indicators and the adequacy of management's mitigation plans.

Key areas of Board attention included:

- **Liquidity resilience:** driven by national fiscal pressures and evolving market liquidity conditions.
- **Sovereign and macroeconomic developments:** particularly their implications for portfolio quality, client affordability and credit appetite.
- **Financial crime and AML/CFT effectiveness:** focusing on system capacity, remediation of regulatory findings and strengthening operational controls.
- **Operational resilience, including vendor dependencies:** technology incident patterns, and data-protection compliance maturity.
- **Risk culture evolution:** with particular emphasis on improving the depth, clarity and strategic value of risk reporting.

The Board is satisfied that risk governance processes operated effectively and that the Bank's risk profile remained well-managed within approved tolerances.

PRINCIPLE 12

Information and Technology Governance

The Board governs technology and information in a way that supports the Bank in setting and achieving its strategic objectives.

The Board recognises technology and information as fundamental enablers of value creation and oversees their governance to ensure they support strategic objectives, protect the Bank from cyber and information risks, and enable digital transformation.

During the year, the Board exercised oversight of the Bank's technology environment through regular reporting on system stability, progress of strategic technology programmes and maturing data-governance capabilities. Particular focus was given to:

- **Technology resilience:** including incident trends, dependency risks and continuity measures to maintain service availability.
- **Cybersecurity posture:** through monitoring of cyber-risk indicators, control enhancements and uplift initiatives aligned to Group standards.
- **Digital transformation delivery:** with attention to realising business benefits, strengthening programme discipline and accelerating customer-centric initiatives.
- **Data governance and protection:** including alignment with the Data Protection Act, improved third-party controls and establishment of sustainable ongoing data-management practices.

The Board is satisfied that technology and information governance arrangements were effective in supporting strategic delivery, operational integrity and regulatory compliance.

PRINCIPLE 13

Compliance Governance

The Board governs compliance with applicable laws, and adopted non-binding rules, codes and standards in a way that supports the Bank in being ethical and a good corporate citizen.

The Board ensures that the Bank complies with applicable laws, regulations and standards and that compliance risks are identified, monitored and addressed proactively.

Throughout the year, the Board received regular updates on regulatory examinations, compliance monitoring results, remediation progress and the status of key compliance risks, including AML/CFT, consumer-protection regulation and data-protection implementation. Particular attention was given to:

- **Timely closure of regulatory findings:** including actions arising from AML/CFT and consumer-compliance examinations.
- **Strengthening compliance monitoring and reporting:** with clearer articulation of root causes, recurrence risks and preventative actions.
- **Embedding a compliance culture:** including staff training, consequence management following internal misconduct incidents and enhanced oversight of high-risk processes.
- **Preparation for evolving regulatory expectations:** especially those relating to financial crime, data privacy and the forthcoming FATF evaluation cycle.

The Board is satisfied that compliance governance was effective and that the Bank maintained appropriate diligence in managing its regulatory obligations.



PRINCIPLE 14

Remuneration Governance

The Board ensures that the Bank 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 Board governs remuneration to ensure outcomes are fair, responsible and aligned with the Bank's long-term sustainability, risk appetite and performance.

During the year, the Board considered insights from the Nomination & Remuneration Committee on workforce culture, employee engagement, leadership capability and succession readiness. Remuneration decisions were informed by affordability considerations, performance outcomes, regulatory expectations and competitive market positioning.

Key areas of Board attention included:

- **Alignment of remuneration with culture and performance:** supported by strengthened leadership-development, coaching and behavioural frameworks.
- **Retention and succession:** particularly in critical and control-function roles, guided by successor readiness assessments and replacement-cost trends.
- **Reward competitiveness:** through monitoring of market benchmarks, reward-roadmap progress and talent-market dynamics.
- **Employee wellbeing and psychological safety:** reflected in targeted interventions supported by People & Culture insights.

The Board is satisfied that remuneration governance arrangements were effective, transparent and supportive of sustainable performance.

PRINCIPLE 15

Assurance

The Board ensures 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 Bank's external reports.

The Board ensures assurance arrangements support the integrity of financial and non-financial reporting, the effectiveness of internal controls and the reliability of information used in decision-making.

During the year, the Board received structured assurance across all three lines of defence and considered combined-assurance insights covering risk management, compliance, internal audit and external audit activities. Key areas of Board focus included:

- **Integrity of financial reporting:** supported by rigorous external-audit oversight, review of accounting judgements and monitoring of financial-control remediation.
- **Internal audit insights:** including thematic control issues, repeat findings and actions to strengthen the control environment across key processes.
- **Combined assurance effectiveness:** with particular emphasis on ensuring coordination across assurance functions and avoiding duplication.
- **Cultural and organisational factors affecting assurance:** including attention to the Internal Audit engagement-score, the interventions deployed and monitoring of management's support to strengthen the audit function's effectiveness.

The Board is satisfied that assurance arrangements adequately supported oversight of financial integrity, risk management and internal-control effectiveness.

PRINCIPLE 16

Stakeholders

In the execution of its governance role and responsibilities, the Board adopts a stakeholder-inclusive approach that balances the needs, interests, and expectations of material stakeholders in the best interest of the Bank over time.

Board's Role in Stakeholder Governance

The Board recognises that Stanbic Bank Botswana's long-term success depends on constructive, transparent and trust-based relationships with its stakeholders. The governing body provides strategic direction, oversight and accountability for how stakeholder engagement is planned, executed and monitored, ensuring alignment with the Bank's purpose and strategy.

Through regular reporting, the Board remains informed of stakeholder insights, emerging issues, relationship quality, and how these inform strategy, risk management and capital allocation. This supports balanced decision-making and strengthens the Bank's social and relational capital.

The Board oversees a stakeholder-inclusive approach that enables informed, ethical and balanced decision-making. Engagement is structured, purposeful and aligned with the Bank's strategic priorities and Purpose.

The Bank applies five principles: respectful dialogue, accessibility, responsiveness, transparency and ethical conduct. These principles guide how interactions are initiated, managed and resolved and ensure coherence between the Bank's behaviour, its commitments and its impact, while strengthening stakeholder trust and confidence.

Stakeholder Mapping and Engagement Framework

Stakeholder mapping is periodically refreshed to reflect shifts in the operating environment, regulatory developments and national priorities. Stakeholders are prioritised based on their influence on, and interest in, the Bank's strategic objectives. This enables differentiated engagement intensity and ensures that the Board and executive leadership remain sighted on relationships that materially affect value creation, risk management and long-term resilience. These are carried out in the context of the Bank's objective of being a responsible corporate citizen.

This structured framework supports clarity of engagement objectives, better allocation of effort, and improved visibility of stakeholder concerns that may influence strategy, conduct and performance.

Platforms for Engagement

To ensure reach, accessibility and relevance, the Bank applies a blended engagement model across all stakeholder groups. Oversight by the Board ensures that channels remain effective, inclusive and aligned to stakeholder needs.

Platforms include:

- In-person interactions: bilateral meetings, leadership forums and strategic dialogues.

- Digital platforms: virtual engagements, webinars and online service channels.
- Thought-leadership forums: conferences, sponsorships and public-policy roundtables.
- Internal platforms: staff forums, communication channels and leadership engagements.

Together, these platforms enhance responsiveness, strengthen insight gathering and improve the overall quality of stakeholder relationships.

- **Customers** - The Board provides oversight to ensure that customer insights meaningfully inform strategy, product innovation and service improvements. Engagement themes such as digital adoption, client experience and market-relevant financial education are routinely incorporated into Board and committee discussions. This supports strengthened customer relevance, enhanced accessibility and improved long-term value creation.

- **Employees** - The Board oversees culture, capability and leadership development as strategic enablers. Feedback from staff engagements and leadership forums informs decisions on organisational design, skills investment and succession planning. By governing culture and employee experience at a strategic level, the Board strengthens organisational resilience and the Bank's ability to execute its strategy.

- **Regulators and Government** - The Board remains closely sighted on regulatory expectations and national development priorities through structured, ongoing engagements with regulators and Government institutions. These engagements inform risk management, compliance readiness and alignment with policy shifts. The Board's oversight ensures that the Bank contributes constructively to regulatory evolution while supporting a stable, well-functioning financial system.

- **Shareholders and Oversight Bodies** - The Board maintains transparent and accountable relationships with shareholders and oversight stakeholders through clear reporting, disciplined governance and responsiveness to long-term expectations. Engagement insights help shape capital allocation, risk posture and strategic priorities, reinforcing trust and supporting sustainable value creation.

- **Communities and Society** - The Board oversees the Bank's community investment and social impact agenda to ensure alignment with Purpose and national developmental needs. Insights from community engagements help direct resources to areas that support social resilience, enterprise development and youth empowerment. This strengthens the Bank's social licence to operate and enhances long-term relevance.

Application of King IV

The King IV principles aim to promote and harness ethical culture, good governance, effective control and legitimate business practices.

The below broadly highlights how the principles were applied.

Principle	Commentary
Principle 1: The governing body should lead ethically and effectively.	The Board demonstrates ethical and effective leadership through strong tone-setting, annual independence assessments, robust declaration-of-interest practices and adherence to the Directors' Code of Ethics. The Chair leads regular closed-session discussions to reinforce accountability, ethical conduct and integrity in decision-making. Detailed practices are outlined on page 32.
Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The Board oversees a comprehensive ethics framework that includes annual conflict-of-interest declarations, meeting-specific disclosures, a Group Code of Ethics, whistleblowing mechanisms and the Anti-Bribery and Corruption Policy. Regular ethics and conduct reports enable the Board to monitor culture, compliance, and behaviour across the organisation. Further detail is provided on page 32.
Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The Board ensures responsible citizenship through oversight of ESG strategy, approval of the Climate Change and Environmental & Social Risk Policies, and monitoring of sustainable-finance commitments, community investments and ethical conduct. Progress toward net-zero goals, inclusion programmes and financial-literacy initiatives is reviewed quarterly. A comprehensive overview is provided in the Sustainability Report and on page 72.
Principle 4: 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 integrates risk, opportunity, stakeholder input and sustainability considerations into strategy formulation and monitoring. It reviews strategic priorities annually and receives quarterly performance and risk reports to evaluate progress against KPIs across all value drivers. Full disclosure is provided on page 35.
Principle 5: 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 ensures the integrity and completeness of external reports, including this Integrated Report and the Annual Financial Statements. It reviews key assumptions behind disclosures and applies the combined assurance model to validate the accuracy and reliability of information. Reporting governance is detailed on page 36.
Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.	Through the Corporate Governance Framework, the Board defines reserved matters, oversees risk appetite, approves strategy, and ensures accountability of executive management. Regular oversight of resource allocation, culture, and performance reinforces the Board's role as custodian of governance. Further details can be found on page 36.
Principle 7: 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 Board comprises a balanced mix of skills, experience, demographics and independence, supported by a formal skills-matrix review, diversity objectives, and annual succession reviews. Independence assessments and tenure considerations safeguard objective judgement. Detailed composition insights are presented on page 36.
Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.	Delegation to Board Committees occurs via formally approved mandates reviewed annually. Each Committee provides specialised oversight—Audit, Credit, IT, Risk, and Nomination & Remuneration—ensuring deep scrutiny of key governance areas. Committee Chairs report after every meeting to maintain alignment and control. Committee-specific reporting begins on page 38.
Principle 9: 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.	A formal annual evaluation assesses the Board, Committees, the Chair, individual directors, the CEO and the Company Secretary. The 2025 evaluation identified strong governance culture and defined clear improvement priorities, including succession planning and enhanced stakeholder engagement. The full evaluation summary appears on page 44.
Principle 10: 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 appoints the CEO and oversees a structured delegation-of-authority framework, reviewed annually for relevance. Succession plans for key management are monitored, and the CEO remains accountable for implementing strategy within defined authority limits. Details are described on page 47.
Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.	The Board defines risk appetite, approves key risk policies and receives forward-looking risk reports covering liquidity, macroeconomic conditions, AML/CFT, cyber risk, and operational resilience. The Risk Committee provides additional independent oversight. Risk-governance activities are outlined on page 47.
Principle 12: 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 and information via structured reporting on system stability, cyber-security maturity, data-governance compliance, and progress of strategic IT programmes. The IT Committee ensures alignment between digital transformation and strategic objectives. Further detail on IT governance is on page 48.
Principle 13: 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 Board receives quarterly updates on regulatory examinations, compliance monitoring, remedial actions and legislative changes. Emphasis is placed on AML/CFT maturity, Data Protection Act implementation, consumer-protection compliance and readiness for evolving supervision. Compliance governance is detailed on page 48.
Principle 14: 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 Board ensures remuneration is fair, responsible and aligned to performance, risk appetite and long-term sustainability. Oversight through the Nomination & Remuneration Committee covers succession, performance management, reward competitiveness and culture. Remuneration details are on page 49.
Principle 15: 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 Board applies a coordinated combined-assurance approach across internal audit, external audit, risk and compliance to ensure a robust control environment and integrity of all internal and external reporting. It monitors findings, remediation and assurance effectiveness. More information is available on page 49.
Principle 16: 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 adopts a stakeholder-inclusive approach and receives quarterly stakeholder-engagement reports covering clients, employees, regulators, suppliers and communities. This ensures that stakeholder insights influence strategy, risk oversight and decision-making. The Stakeholder Engagement section appears on page 58.
Principle 17: The governing body of an institutional investor organisation should ensure that responsible investment is practiced by the organisation to promote good governance and the creation of value by the companies in which it invests.	This principle does not apply; the Bank is not classified as an institutional investor.

Our People Story

At Stanbic, we operate with a shared belief that the growth of our people fuels our enduring purpose: **Botswana is our home, we drive her growth.**



Our leaders and teams have, collectively and intentionally, nurtured a culture of excellence. In 2025, our efforts were recognised by the Standard Bank Group, who acknowledged the people-centred transformation we have delivered over the past three-year *Letsema* strategic period.

Exceptional Leadership

Our leaders continue to excel in both thought and practice. They contribute to shaping the national economy by sharing their expertise at conferences, think-tanks and industry events across the spectrum of society.

We invest meaningfully in their development, offering substantive learning and exposure opportunities to bring out the potential we see in them. Through targeted interventions, we maintained a Leadership Effectiveness score of 80%, which is a strong indicator of the quality and consistency of our leadership cohort.

The Open House Leadership Speaker Series expanded its reach in 2025, with more than 240 Stanbic leaders attending monthly master-classes delivered by recognised industry experts in the fields of leadership behaviour, neuroscience, coaching, and personal mastery.



Purposeful Talent Management

Our approach to talent management is clear and principled: we are purpose-led. Our people are core to our success and a direct expression of our pursuit of excellence.

We have continued to build the critical capabilities essential for executing our strategy, whilst enabling the mobility of our people both internally and across borders. In 2025, talent mobility extended internationally, with individuals exported to markets including Belgium, the UAE, and the United Kingdom. Our talent stories are shared across regional and continental knowledge exchange platforms, reflecting the calibre Stanbic Bank Botswana brings to the broader Group.

Our commitment to building a strong talent pipeline also bore fruit: in 2025, ten graduates completed a two-year development programme and secured permanent placements in critical roles across the Bank.



Habits Framework

The Habits Framework defines the higher-order behavioural standards that guide decision-making, communication and problem-solving at the Bank. It shapes how we engage with colleagues and stakeholders. This Framework is embedded in the fabric of our culture. We believe that small, deliberate behaviours, over time, build the organisational resilience we need to be successful in the face of the significant challenges that our market presents.

The economic uncertainties which characterised 2025 have challenged us all. However, our people have responded with courage, holding one another to a standard of excellence and continuing to deliver with genuine intent.



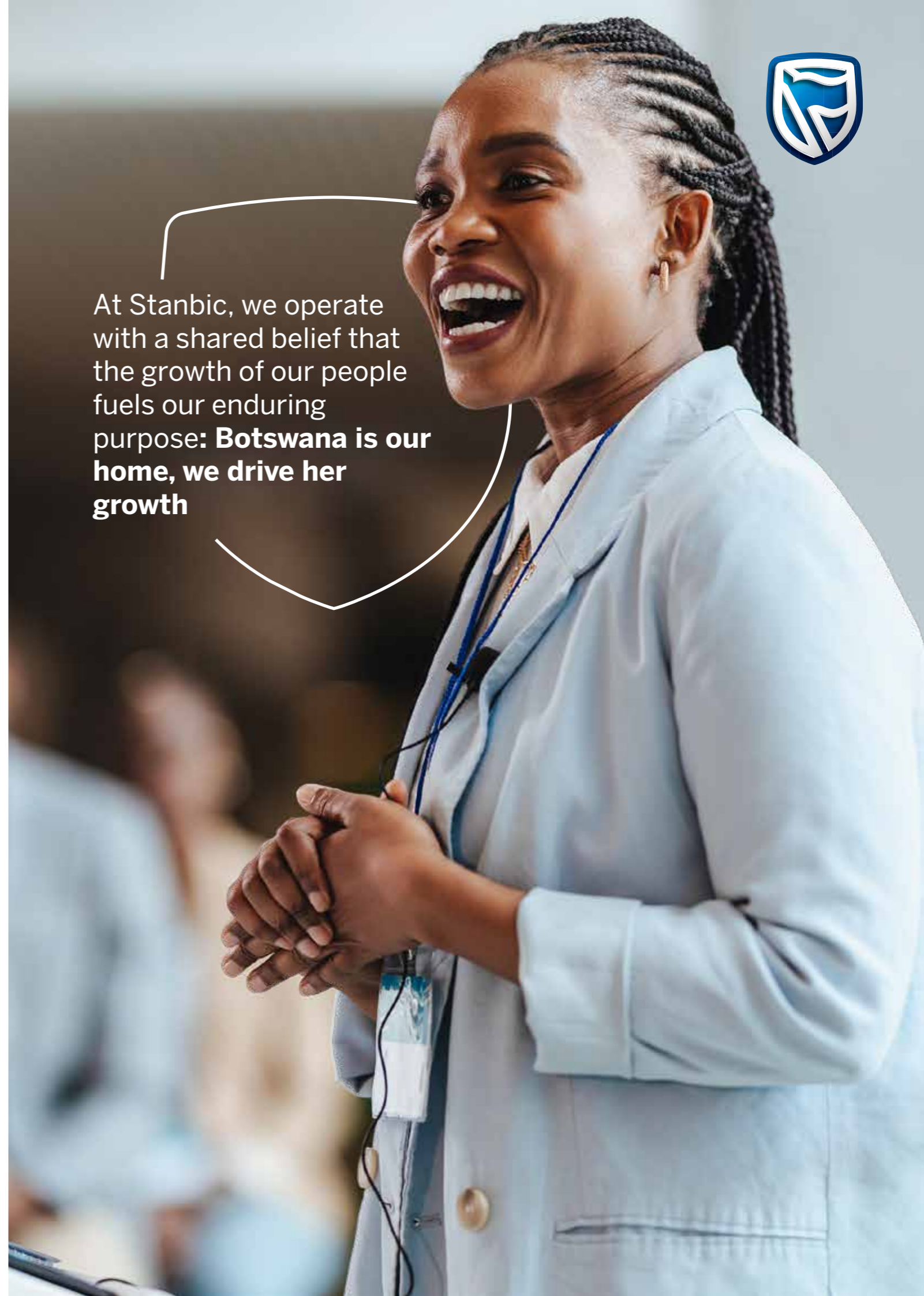
Compelling People Promise

At Stanbic, our goal for the people we employ is to build meaningful careers in an environment where every individual can thrive, add value, and contribute to sustainable growth.

Our employer brand campaign, 'Why Wait', speaks directly to both internal and external talent and makes a clear commitment to our team at every level: entrust us with your career, and we will work to unlock your full potential.

Our Diversity, Equity, and Inclusion (DEI) approach is that inclusion is not an initiative; it is a way of seeing one another, guided by empathy, dignity, and possibility. Employees with visible and invisible disabilities are supported and empowered to contribute meaningfully while also growing.

At Stanbic, we operate with a shared belief that the growth of our people fuels our enduring purpose: **Botswana is our home, we drive her growth**



Country Leadership Council



Chose Modise
Chief Executive

APPOINTED 2022

QUALIFICATIONS
Fellow Member Association of Chartered Certified Accountants (FCCA) • Association of Accounting Technicians (AAT) • Pre-Entry Science.

Joined the group: 2018

Realeboga Phoi
Chief Finance and Value Management Officer

APPOINTED 2022

QUALIFICATIONS
Fellow Member Association of Chartered Certified Accountants (FCCA) • Association of Accounting Technicians (AAT)

Joined the group: 2017

Morufhi Masikara
Head, Corporate and Investment Banking

APPOINTED 2023

QUALIFICATIONS
Masters in Development Finance • BCom Honours, Financial Analysis and Portfolio Management.

Joined the group: 2014

Basimane Tshepe
Head, Business and Commercial Banking

APPOINTED ACTING

QUALIFICATIONS
Diploma in Bankseta Future Fit Senior Banker Development Program • Diploma in Accelerate Leadership Program • Advanced Diploma In Management Practices • Bachelor of Commerce • Double Major In Economics And Human Resource Management

Joined The Group: 2011

Mosetsana Kapeko
Head, Personal and Private Banking

APPOINTED 2024

QUALIFICATIONS
MSC in Strategic Management • Bachelor of Accounting

Joined the group: 2024

Mmoloki Letshwao
Head, Risk

APPOINTED 2023

QUALIFICATIONS
Bachelor of Accountancy • Certified Anti Money Laundering Specialist.

Joined the group: 2015

Pinkie Douglas
Head, People and Culture

APPOINTED 2023

QUALIFICATIONS
Bachelor of Commerce (Honours) Organisational Psychology • Bachelor Of Social Science Labour, HR and Organisational Psychology

Joined the group: 2008

Thomas Mpedi
Head, Operations

APPOINTED 2024

QUALIFICATIONS
Bachelor of Business Administration in Management

Joined the group: 2024

Country Leadership Council (continued)



Boitumelo Banabotlhe
Head, Internal Audit

APPOINTED 2024

QUALIFICATIONS
Bachelor of Accountancy • Management Development Programme (MDP) Member • Fellow Member Association of Chartered Certified Accountants (FCCA)

Joined the group: 2024

Masaitseweng Binns
Head, Strategy

APPOINTED 2024

QUALIFICATIONS
Master of Science Degree in Strategic Management • Marketing Management Institute of Marketing Management (IMM) • Financial Advisory Chartered Institute of Insurance.

Joined the group: 2024

Mokgethi Nyatseng
Chief Information Officer

APPOINTED 2024

QUALIFICATIONS
Executive Development Program • Bachelor of Science Degrees in Electrical Engineering • Bachelor of Biomedical Systems

Joined the group: 2024

Siamisang Morolong
Head, Legal and Governance

APPOINTED 2014

QUALIFICATIONS
Master of Laws (LLM) (University of London: London School of Economics and Political Science) • Master of Laws (LLM) Specialisation in Intellectual Property Law (UNISA) • Bachelor of Laws (LLB) (UB)

Joined the group: 2010

Kabo Molomo
Head, Credit

APPOINTED 2020

QUALIFICATIONS
Fellow Member of Association of Chartered Certified Accountants (FCCA) • Botswana Institute of Chartered Accountants (FCPA) • Master of Business Administration (MBA) • Bachelor of Accountancy (BAcc)

Joined the group: 2020

Titose Musa
Head, Compliance

APPOINTED 2023

QUALIFICATIONS
Bachelor of Arts • Master of Science in Strategic Management

Joined the group: 2023

Stephanie Sandridge
Head, Brand and Marketing

APPOINTED 2019

QUALIFICATIONS
Bachelor of Business Administration (Marketing) • Digital Marketing - Red and Yellow Digital Marketing School.

Joined the group: 2016

Our Stakeholders

Strengthening Trust, Enabling Growth

Stakeholder engagement contributes directly to our social and relationship, human and financial capital. Our approach is anchored on building mutually beneficial relationships in a shared-value ecosystem.

In a year marked by economic headwinds, regulatory evolution and a shifting national context, purposeful engagement at Stanbic remained a strategic enabler of resilience, relevance and growth.

We continued to be guided by our Letsema strategy and our Purpose, ensuring that every interaction contributed to trust, shared understanding and measurable impact. We recognise that value is co-created with stakeholders through dialogue, collaboration and responsible action, and that strong relationships underpin our integrated approach to value creation.

These relationships directly influence our ability to deploy capital effectively, manage risk and deliver sustainable returns.

Stakeholder Mapping & Engagement Framework

Stakeholder mapping is a critical tool for sharpening focus and directing effort where it matters most. In these times of great change, we have refreshed our stakeholder map.

Stakeholders are prioritised based on influence and interest, enabling the Bank to tailor engagement intensity, messaging and platforms. This structured approach strengthens decision-making, supports risk management and ensures that senior leadership and the Board remain sighted on relationships material to strategy execution.

Engagement effort is proportionate to strategic impact, regulatory exposure and reputational risk.

Our Approach to Stakeholder Engagement

We operate in a dynamic environment shaped by evolving client expectations, heightened regulatory scrutiny, rapid technological change and increasing societal expectations of business. In this context, stakeholder engagement at Stanbic Bank Botswana is deliberate, structured and values-led. Our engagement approach is anchored on five guiding principles to ensure alignment between our strategic priorities, our conduct and our impact.

Respectful and constructive dialogue: engaging openly, listening carefully and acting with intent.

Accessibility: ensuring stakeholders can engage with us through inclusive and responsive platforms.

Responsiveness: addressing material concerns timeously and thoughtfully.

Transparency: communicating with clarity, consistency and integrity.

Ethical foundations: embedding our Code of Ethics and governance standards in every interaction.

These principles ensure alignment between our strategic priorities, our conduct and our impact.

Shareholders and Oversight Bodies

Our shareholders and oversight stakeholders expect disciplined governance, financial resilience and sustainable returns. Engagement during the year focused on transparent reporting, strategic alignment and prudent risk management. We are mindful of the importance here of a sustainable ESG lens underpinning all that we do. For a more detailed understanding, please see our 2025 Sustainability Report.

Through regular reporting and leadership engagements, the Bank continued to provide insight into performance, strategy execution, risk posture and long-term value creation.



Regulators and Government

Constructive relationships with regulators and Government institutions are central to maintaining a stable operating environment and advancing national development objectives. In the year under review, we made it a priority to move beyond compliance towards partnership and shared problem-solving.

Key areas of focus included:

- Ongoing engagement with the Bank of Botswana on supervisory matters, market stability and growth-enabling initiatives.
- Collaboration with the Non-Bank Financial Institutions Regulatory Authority on emerging areas such as virtual assets and financial innovation.
- Strategic engagements with key government ministries to align solutions with national priorities including economic diversification, infrastructure and skills growth.
- Stanbic played host to the inaugural Virtual Assets Conference with NBFIRA, demonstrating proactive engagement on emerging regulatory domains.

These engagements supported regulatory certainty, agile decision cycles and market confidence. They further reinforce the Bank's role as the gold standard in responsible corporate citizenry, a trusted financial partner to Government and regulators alike.

Communities and Society

Stanbic's commitment to communities goes far beyond banking and financial services. In the year under review, our community outreach agenda covered enterprise development, education, skills building and social resilience. Our CSI Pillars were executed with a clear ambition to ensure long-term value creation where Batswana need it most.

Key interventions included:

- Support for entrepreneurship and SME development as catalysts for job creation and inclusive growth through Accelerate Incubator.
- Continued investment in education and STEAM focused skills initiatives.
- Targeted responses to national and community needs, reinforcing the Bank's belief that corporate citizenship is a natural extension of its identity.
- Impact initiatives included the Accelerate Incubator and the STEAM Roadshow Graduation Programme, both of which directly supported youth skills development and SME growth.

Sustainable business success is inseparable from social progress. Collectively, these engagements also strengthened our social and regulatory capital, enhanced brand trust and informed decision-making across the Bank's strategic and risk frameworks.

Key Stakeholder Groups and Engagement Focus

Our Customers

Our customers are at the centre of everything we do. In 2025, we focused on deepening relationships, improving accessibility and enhancing the overall client experience across all three client segments.

Flagship initiatives included the Swipe to Win national transaction campaign and the Global Markets Budget Analysis Webinar, both of which reinforced brand affinity and positioned the Bank as a market thought leader.

Key engagement themes included:

- Continued growth in digital banking adoption supported by platform enhancements and improved user experience.
- Ongoing monitoring of customer sentiment, with improving loyalty and advocacy indicators.
- Purpose led client engagements, including thought leadership forums, lifestyle experiences and targeted financial education initiatives.

These efforts contributed to increased digital adoption, improved client retention and stronger cross-segment revenue resilience. Looking ahead, the Bank will continue to prioritise personalised solutions, ecosystem partnerships and community-based education as levers to strengthen customer relevance and long-term value.

Our Employees

Our people are the heartbeat of our brand and the primary ambassadors of our Purpose. In 2025, employee engagement, through our People & Culture division, focused on connection, capability and culture.

Key initiatives included:

- Regular leadership led engagements and open forums reinforcing transparency and shared understanding.
- Letsema staff roadshows enabling two way dialogue on performance and future direction.
- Continued rollout of the Habits Framework, embedding desired behaviours and reinforcing a high performance culture
- Targeted talent engagements and leadership development initiatives to strengthen future capability.
- Notable interventions included Ignite Leadership Sessions and the Habits Framework activation labs, reinforcing behavioural alignment and leadership visibility.

This integrated philosophy to employee engagement has translated into deeper relationships, improved succession readiness and stronger organisational continuity.

Employee feedback informs our organisational design, skills development and wellbeing initiatives, ensuring Stanbic Bank Botswana remains an employer of choice and a place where people can grow and thrive.

Platforms for Engagement

The Bank leverages a blended mix of engagement platforms to ensure reach, relevance and impact, including:

- In person meetings and bilateral engagements.
- Digital channels and virtual forums.
- Conferences, sponsorships and thought leadership platforms.
- Internal communication channels and staff engagement forums.

This integrated approach enables flexibility, inclusivity and consistency across stakeholder groups, and is continuously refined to ensure the most fit-for-purpose and fit-for-progress engagement to yield real impact.

Looking Ahead

As Botswana continues to navigate economic transition and opportunity, stakeholder engagement will remain a strategic enabler of Stanbic's success, and this is an area we commit to enhancing and evolving accordingly.

Technology and data-driven insights will play an increasing role in enhancing accessibility, responsiveness and precision in how we shape relationships in line with the Bank's strategy.

Looking forward, we will continue to align our engagement priorities with national ambitions, regulatory evolution and client needs. Beyond transactions and financial outcomes, our true measure of success will be reflected in the trust we earn, the partnerships we build and the shared prosperity we help create.

Risk Management and Control

The effective management of risk is critical to the reputation, earnings and financial position of Stanbic Bank Botswana Limited. A culture of encouraging sound economic decision-making, which adequately balances risk and reward, is embedded in all our banking activities.

A disciplined and integrated approach to managing risk is fundamental to the success of our operations. A description of the Bank's approach to risk management covering a summary of the overall methodology and the management of individual types of risks is detailed below.

Risk management approach

The Bank's approach to risk management is based on a well-established governance process and relies on both individual responsibility and collective oversight, supported by comprehensive reporting. This key philosophy influences our risk culture and is evident in the actions and behaviour of our employees and leaders as they make decisions that balance risk and reward in order to optimise risk-based returns.

The Bank has in place governance standards for all major risk types. All these standards are applied consistently across the Bank and are approved by the Board. These standards form an integral part of the Bank's governance structures, reflecting the expectations and requirements of the Board in respect of key areas of control across the Bank. The standards ensure alignment and consistency in the manner that major risk types across the Bank are identified, measured, managed, controlled and reported. The Bank's risk governance structure emphasizes and balances strong independent oversight with clear ownership for risk control within each business unit.

The Bank has entrenched three lines of defence for effective risk management. In the first line of defence is business unit management who are responsible for conducting business to meet set objectives (such as growth and return) and seek the best risk/return trade-offs. They are primarily responsible for risk management. Their assessment, evaluation and measurement of risk is an ongoing process integrated within the day-to-day activities of the business. This process includes the implementation of the Bank's risk management framework, identification of risk issues and the implementation of remedial action where required. Business unit management owns and manages risks within their business units.

The second line of defense consists of the Bank's Risk Management function which is independent of business unit management. The Risk Management function is primarily accountable for setting the Bank's risk management framework and policy which emphasizes transparency, accountability and supports a common understanding among stakeholders of how the Bank manages risk. The Risk Management function defines mandates, guidelines, and limits to keep business within risk appetite; they monitor the risk profile and identify potential breaches and initiate and track corrective actions. The Risk Management function is also charged with providing oversight and independent reporting to senior management at the risk management oversight committees and to the Board through the Board Risk Management Committee (BRMC).

The third line of defence consists of the Internal Audit function which provides an independent review of adherence to risk and control standards, mandates and guidelines, and is responsible for the assessment of the adequacy and effectiveness of the overall risk management framework and risk governance structures as identifiers of operational weakness. Internal Audit reports independently to the Board Audit Committee (BAC). An Internal Audit plan is subjected to Board Approval on annual basis and it is risk based such that key risks are considered as part of scope of work by the Internal Audit function.

Risk appetite and risk tolerance

Risk appetite is the quantum of risk that the Bank is willing to accept in the normal course of business in pursuit of its strategic and financial objectives. It is normal business practice that risks taken within "appetite" may give rise to expected losses, and these are adequately covered by expected earnings through provisioning. In defining its risk appetite, the Bank takes into account its vision, mission, strategy, guiding principles, risk philosophy and capacity to bear risk.

Risk tolerance is an assessment of the maximum risk the Bank is willing to sustain for short periods of time. It emphasises the "downside" of the risk distribution, and the Bank's capacity to survive unexpected losses. The capacity to absorb unexpected losses depends on having sufficient capital and liquidity available to avoid insolvency. Risk tolerance typically provides a useful upper boundary for the Bank's risk appetite.

The Bank's Board has ultimate responsibility for the Bank's strategic direction and an effective risk management culture, which includes evaluating key risk areas and ensuring that the processes for risk management and systems of internal control are implemented. It has delegated its risk-related responsibilities primarily to five committees: the Board Risk Management Committee (BRMC), Board Audit Committee (BAC), Board Credit Committee (BCC), Board Information Technology Committee (BITC) and Board Remuneration Committee (RemCo), with each committee focusing on different aspects of risk management.

Internal audit assurance

The Bank's internal audit function operates under a mandate from the Board Audit Committee (BAC). Internal Audit's primary objective is to provide independent assurance to BAC on the quality of controls in the Bank's operational activities. It assists the Executive Management team in meeting their business objectives by examining the Bank's activities, assessing the risks involved and evaluating the adequacy and effectiveness of processes, systems and controls to manage these risks. Internal Audit applies a risk-based audit approach in executing its mandate. Material or significant control weaknesses and planned management remedial actions are reported to management and the BAC. These issues are tracked to ensure that agreed remedial actions have been implemented within agreed timelines.

Basel II

The Basel Capital Adequacy Framework (Basel II) as defined by the Bank for International Settlements (BIS) is premised on three pillars, Pillar I: Minimum Capital Requirements, Pillar II: Supervisory Review Process, Pillar III: Market Disclosure, and aims at encouraging banks, through minimum capital requirements, to improve their risk management processes.

The Bank complies with all capital adequacy requirements as prescribed by Bank of Botswana under the revised capital standard. The Bank through its Treasury and Capital Management (TCM) unit, monitors capital adequacy with the aim of taking decisions that optimise capital.

Risk Management and Control (continued)

The management of all significant risks to Stanbic Bank Botswana Limited and the general banking industry is discussed below:

Credit risk

Credit risk is the risk that a counterparty will be unable to pay the principal amount and interest in full when these falls due contractually. It is composed of obligor risk, risks associated with climate change, concentration risk and country risk and represents the largest source of risk to which banking entities in the group are exposed.

The Bank has set in place comprehensive resources, expertise and controls to ensure efficient and effective management of credit risk, specifically in the Banking activities, as described below.

- **In lending transactions:** credit risk arises through non-performance by a counterparty for credit facilities utilised. Such facilities are typically loans and advances, including the advancement of securities and contracts to support customer obligations (such as letters of credit and performance guarantees).
- **In trading activities:** credit risk arises due to non-performance by a counterparty for payments linked to trading related financial obligations.

Approach to managing credit risk

Credit risk is managed by means of a governance structure with clearly defined mandates and delegated authorities and the use of relevant credit assessment tools in the evaluation of new and outstanding facilities for customers under the respective business units discussed below.

Credit risk is managed through:

- maintaining a culture of responsible lending and a robust risk policy and control framework.
- identifying, assessing and measuring credit risk across the group, from an individual facility level through to an aggregate portfolio level.
- defining, implementing and continually re-evaluating risk appetite under actual and stressed conditions.
- monitoring the group's credit risk exposures relative to approved limits.
- ensuring that there is expert scrutiny and approval of credit risk and its mitigation independently of the business functions.

Corporate and Investment Banking (CIB)

The use of risk rating models combined with an in-depth knowledge and understanding of each customer is essential in assessing the credit risk of each CIB counter party. A consistent credit rating framework is in place to assist the Bank in making credit decisions on new commitments and in managing the portfolio of existing exposures. The probabilities of default under these models are an important component of the formal credit assessment process of new and existing businesses. The validation and on-going enhancement of these models is a continuous focus area to ensure that the tools used in these credit assessments remain relevant and adequate.

Personal and Private Banking (PPB) and Business and Commercial Banking (BCB)

The nature of the product and strength of historical data is a fundamental dependence under credit risk management for the PPB and BCB customers. A diverse range of performance analysis techniques are applied across product sets and potential credits in recognition of the differing asset, maturity and individual or business profiles.

Rehabilitation and recovery form a key component of the credit cycle. All credit portfolios are closely monitored on a regular basis to evaluate the level of risk assumed against expected risk levels. This role is competently executed by a fully-fledged rehabilitation and recovery unit within the credit function.



Liquidity risk

Liquidity risk is defined as the risk that an entity, although solvent, cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due, or can only do so at materially disadvantageous terms.

Liquidity risk arises if the Bank cannot maintain or generate sufficient cash resources to meet its payment obligations in full as they fall due or can only do so at materially disadvantageous terms. Liquidity risk can arise from both internal and external risk factors.

A sound and robust liquidity management process is required to measure, monitor and manage liquidity exposures. The Bank's liquidity management framework is principles based and is designed to measure and manage the liquidity position at various levels to ensure that all payment obligations can be met under both normal and stressed conditions without incurring additional costs.

Approach to managing liquidity risk

The nature of the Group's banking and trading activities gives rise to continuous exposure to liquidity risk. Liquidity risk may arise where counterparties, who provide the Group with short-term funding, withdraws or do not roll over that funding, or normally liquid assets become illiquid as a result of a generalised disruption in asset markets.

The Bank manages liquidity in accordance with applicable regulations and within the Bank's risk appetite framework. The Bank's liquidity risk management governance framework supports the measurement and management of liquidity across both the corporate and retail sectors to ensure that payment obligations can be met, under both normal and stressed conditions. Liquidity risk management ensures that the Bank has the appropriate amount, diversification and tenor of funding and liquidity to always support its asset base. The Bank manages liquidity risk as three interrelated pillars, which are aligned to the Basel III and regulatory liquidity requirements.

The following elements are incorporated as part of a cohesive liquidity management process:

- Maintaining a structurally sound balance sheet
- Foreign currency liquidity management
- Ensuring the availability of sufficient contingency liquidity
- Preserving a diversified funding base
- Undertaking regular liquidity scenario/stress testing
- Maintaining adequate liquidity contingency plans
- Short term and long-term cash flow management.

The cumulative impact of the above elements is monitored by the Bank's Asset and Liability Committee (ALCO) and the process is underpinned by a system of extensive internal and external controls. The latter includes the application of purpose-built technology, documented processes and procedures, independent oversight by risk management and regular independent reviews and evaluations of the effectiveness of the system by both internal and external audit.

Active liquidity and funding management is an integrated effort across a number of functional areas. Short term cash flow projections are used to plan for and meet the day-to-day requirements of the business, including adherence to prudential and ALCO requirements. Long term funding needs are derived from the projected balance sheet structures and positions are regularly updated to ensure the Bank's adherence to all funding governance. Liquidity contingency plans are designed to, as far as possible, protect stakeholder interests and maintain market confidence in order to ensure a positive outcome in the event of a liquidity crisis. The plans incorporate an extensive early warning indicator methodology supported by a clear and decisive crisis response strategy. These plans are reviewed periodically for relevance and reliability.

We maintain a prudent approach to liquidity management in accordance with the applicable laws and regulations. These include maintaining both the Liquidity Coverage Ratio (LCR) and the Net Stable Funding Ratio (NSFR) in excess of the set minimum risk appetites and where necessary appropriate remedial actions taken in line with set guidelines.

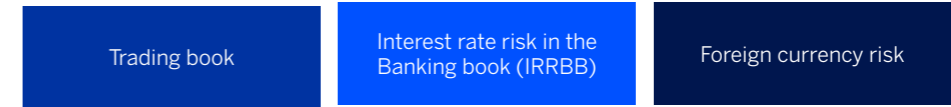
These ratios are the main drivers of liquidity risk management, as such appropriate liquidity buffers were held in line with the assessment of liquidity risk in stressed market within which the Bank operates.

Proactive liquidity management in line with the Bank's liquidity standards ensured that, despite volatile and constrained market liquidity, adequate liquidity was maintained to fully support balance sheet strategies. This is achieved through continuous engagements between Treasury and Capital Management, Risk and Business units in which the liquidity risk with respect to on and off-balance sheet positions, are carefully monitored. At the same time, consideration has been provided to the adequacy of contingent funding, ensuring sufficiency to accommodate unexpected liquidity demands. The Bank continues to leverage the deposit franchises across the portfolio to ensure that it has the appropriate amount, tenor, and diversification of funding to support its current and forecast asset base while containing cost of funding at sustainable levels.

Market risk

Market risk arises from a decrease in the market value of a portfolio of financial instruments caused by an adverse move in market variables such as equity, bond and commodity prices, currency exchange rates, interest rates and credit spreads, as well as implied volatilities on all of the above.

The Bank's key market risks arise from:



Trading book

Market risk in the trading book is represented by financial instruments, including commodities, held in the trading book, arising out of normal global markets' trading activity.

Approach to managing market risk in the trading book

The Bank's policy is that all trading activities are undertaken within the Bank's global markets operations. The market risk function is independent of the Bank's trading operations and is accountable to ALCO. ALCO has a reporting line into the Country Leadership Council (CLC).

The market risk team is responsible for identifying, measuring, managing, monitoring, and reporting market risk as outlined in the market risk governance standard. Exposures and excesses are monitored and reported daily. Where breaches in limits and triggers occur, actions are taken by market risk function to bring exposures back in line with the approved market risk appetite, with such breaches being reported to management and ALCO.

Value at Risk (VaR) and Stress Value at Risk (SVaR)

The Bank uses the historical VaR and SVaR approach to quantify market risk under normal and stressed conditions.

For risk management purposes VaR is based on 251 days of unweighted recent historical data updated at least monthly, a holding period of one day and a confidence level of 95%.

SVaR uses a similar methodology to VaR, but is based on 251-day period of financial stress which is reviewed quarterly and assumes a ten-day holding period and a worst-case loss.

VaR is calculated on the basis of exposures outstanding at the close of business and, therefore, does not necessarily reflect intra-day exposures. VaR is unlikely to reflect loss potential on exposures that only arise under significant market movements.

Market risk exposures resulting from trading activities are contained within the Bank's Corporate and Investment Banking trading operations. The Board grants authority to take market risk exposure to ALCO. The Bank manages market risk through a range of market risk limits and triggers. It uses a suite of risk measurement methodologies and tools to establish limits, including securities revaluation models (Mark to Market), PV01 (Present value of the nominal at the adverse interest rates shock by one basis point), stress testing, loss triggers and other basic risk management measures and internal controls.

A clear segregation of duties as well as independent reporting lines exists between the Bank's Global Markets, Global Markets Operations and Market Risk functions.

Foreign currency risk

The Bank is exposed to foreign exchange risk and translation risk. Foreign exchange risk arises from recognised assets and liabilities and future highly probable forecast commercial transactions denominated in a currency that is not the functional currency of the Bank. The risk is evaluated by measuring and monitoring the net foreign monetary asset value and the forecast highly probable foreign currency income and expenditures of the relevant group entity for each respective currency. Foreign currency risk is hedged with the objective of minimising the earnings volatility associated with assets, liabilities, income, and expenditure denominated in a foreign currency.

Translation risk arises on consolidation from recognised assets and liabilities denominated in a currency that is not the reporting currency of the Group and Company. The risk is evaluated by measuring and monitoring the net foreign non-monetary value of the relevant financial asset or liability for each respective currency.

Interest Rate Risk in the Banking Book (IRRBB)

IRRBB refers to the current and/or future risk to the Bank's earnings and capital arising from adverse movements in interest rates that affect the Bank's banking book positions.

Changes in interest rates affect a bank's earnings by altering the level of NII generated from interest rate sensitive assets, liabilities and off-balance sheet items. The economic value of a bank is also affected when interest rates change, as the present value and timing of future cash flows change, influencing the underlying value of a bank's assets, liabilities and off-balance sheet items.

The governance framework adopted for the management of structural interest rate risk mirrors that of liquidity risk management in terms of committee structures and the setting of standards, policies and limits. This is also true for the monitoring process and internal controls.

Banking book-related market risk exposure principally involves managing the potential adverse effect of interest rate movements on banking book earnings (IRRBB) (net interest income and banking book profit or loss) and the economic value of equity. The Bank's approach to managing IRRBB is governed by applicable regulations and is influenced by the competitive environment in which the Bank operates. The Bank's Treasury and Capital Management team monitors banking book interest rate risk on a monthly basis operating under the oversight of ALCO. Interest rate risk management is predominantly controlled by a central treasury department (Standard Bank Group Treasury) under approved policies.

Non-Financial risk

Non-Financial risk is the potential for loss resulting from the inadequacy of, or a failure in, internal processes, people, systems or external events.

The Bank recognises the significance of non-financial risk, and the fact that it is inherent in all business units. The Bank's non-financial risk governance standard codifies the core governing principles for non-financial risk management and defines a common framework with the basic components for the identification, assessment, management, monitoring and reporting of non-financial risk. This common framework defines the minimum requirements whilst ensuring an element of flexibility for each business unit's particular operating environment. This framework is further supported by a set of comprehensive non-financial risk management policies.

The Bank's approach to managing non-financial risk has been the adoption of practices that are designed to improve the efficiency and effectiveness in the utilisation of the Bank's resources, minimising losses and effectively exploiting opportunities. This approach is aligned to the Bank's enterprise-wide risk management framework and adopts sound risk management practices recommended by the Basel II Accord's Sound Practices for the Management and Supervision of Operational Risk.

The Bank's independent Non-Financial Risk management function performs control and oversight roles, including the implementation of a set of appropriate policies, governance standards and tools.

These tools include:

- A centralised operational loss database providing management reports which are used to identify improvements to processes and controls arising from loss trends;
- Risk and Control Self-Assessments through which existing and emerging risks and their related controls are identified and assessed;
- Key Risk Indicators, which measure specific factors to provide an early warning to proactively address potential exposures;
- An escalation matrix that supports the identification, assessment, quantification and timely escalation of risks and risk incidents to management for appropriate decision-making; and
- A robust business resilience framework, with disaster recovery plans to ensure that the Bank appropriately manages the adverse impact from unforeseeable disasters to the business and continues to provide services to its clientele at acceptable predefined levels.

Insurance risk

Insurance Risk Management includes oversight of the effective use of insurance aligned with the Bank's risk management strategy and risk appetite. To provide additional protection from loss, the Bank manages a comprehensive portfolio of insurance and other risk mitigating arrangements.

The Bank further maintains a comprehensive insurance programme to cover residual risk as a result of losses from fraud, theft, potential liability claims, and damage to physical assets while additionally operating comprehensive internal audit and risk assurance programmes on the entire bank's operations.

Information Technology risk

Part of non-financial risk management speaks to the Information Technology (IT) component of the operational environment. The nature of the IT world dictates that the Bank implements an effective risk management and control environment and to this end, the Bank has adopted the following Frameworks:

Control Objective for Information and Related Technology (COBIT)

This framework is used for governance and management of an IT enterprise. A robust control environment driven by clearly defined policies, processes and procedures as well as close monitoring of all system performance and access to the technology enabled assets are at the core of managing the technology risks. This also includes the availability of services offered through the technology domain.

Information Technology Infrastructure Library (ITIL)

The Bank has adopted the ITIL framework to manage IT service delivery which is at the core of our strategic delivery to ensure a continuation of service to our customers and our industry partners.

Information Security

The Bank's Cyber resilience framework is modelled on CPMI-IOSCO Guideline for Cyber Resilience as required by SARB Guidance note 4/2017. The Bank has also adopted the Bank of Botswana's Guidelines on Cyber security and resilience.

In keeping with sound Corporate Governance practices, the Board ensures that prudent and reasonable steps have been taken with respect to fulfilling its responsibilities for Information Technology (IT) Governance. To assist the Board to fulfil this obligation, the Country Leadership Council has been delegated the authority of oversight of the management of IT Governance. The IT Steering Committee has therefore been formed as a sub-Committee of the Country Leadership Council and provides assurance to the Board regarding the performance of IT as a strategic asset.

The purpose of the Committee is to provide assurance to the Country Leadership Council and the Board that management has implemented effective Technology Governance structures that support the effective and efficient management of resources, the optimisation of costs and the mitigation of risk in a secure and sustainable manner. The Committee meets on a monthly basis and has a mandate from the BITC to which it reports on a quarterly basis.

Human Capital risk

The Remuneration Committee serves as a subcommittee of the Country Leadership Council. The purpose of the committee is to provide focus and direction on Human Capital matters to ensure successful delivery of Human Capital strategies and plans and to ensure that the Bank is resourced sustainably with a pool of diverse, highly skilled, motivated and effective workforce, capable of delivering on the Bank's Strategy.

The committee meets on a monthly basis and is under a mandate of the Remuneration Committee (RemCo) to which it reports on a quarterly basis.

Business Resilience

Within the Bank, Business Resilience is a specialist non-financial risk discipline enabled by three capabilities, which are integrated in a single framework to provide an agile, cohesive and coordinated suite of point-in-time response and recovery interventions to counter the financial and reputational impacts of operational disruptions.

The three Business Resilience capabilities within the Bank are Emergency Response, Crisis Management and Business Continuity Management (BCM) which includes IT Service Continuity. Business Resilience enables appropriate and timely response to significant business disruptions. This further ensures timely availability of all key processes which are required to support essential activities and customer services in the event of a disruption of business. The Bank tests, both periodically and as appropriate, its business continuity plans, IT Disaster Recovery plan and conducts evacuation drills across all its points of representation with a view of testing the adequacy, reliability and resilience of the plans.

Compliance risk

Compliance is an independent function that ensures compliance to various Regulatory prescriptions such as laws, guidelines and policies by embedding the compliance risk management framework across all business areas.

The Bank operates a centralised Compliance function well resourced with relevant skills to provide oversight on all aspects of Compliance: Regulatory Compliance, Training, Compliance Monitoring, Investigations and Fraud Risk as well as Anti-Money Laundering and Counter Financing of Terrorists and other financial crime. The Compliance function supports the management and Business Units of the Bank by providing guidance on existing and emerging legislative developments through training and stakeholder engagements where relevant compliance issues are discussed.

The Compliance function also conducts monitoring reviews in accordance with the annual plan approved by the BAC to determine the adequacy of the controls and ascertain the level of compliance risk the Bank faces in relation to the business function.

The Compliance function also houses the Investigations and Fraud Risk (IFR) unit. This unit focuses on fraud prevention, detection, investigation and whistle blowing activities. Awareness training and engagements are provided to the staff, stakeholders, merchants and clients. The Bank maintains a zero-tolerance approach towards fraud and dishonesty.

Money Laundering Control

The Bank ensures compliance to all Anti-money Laundering/Combating Financing of Terrorism (AML/CFT) requirements in accordance with local laws and Group policies that are aligned to the Financial Action Task Force (FATF) recommendations. The recent changes in legislation have been incorporated into the Bank's risk management framework and mitigating controls have been incorporated into the operational policies, processes and procedures to combat risks of money laundering and financing of terrorism across the Bank's network. The Bank's AML/CFT programme is supported by a robust surveillance system which provides enhanced screening of clients and transactions, thereby, safeguarding the Bank, clients and the Botswana economy.

Occupational Health and Safety

The health and safety of employees, clients and other stakeholders and the environment continues to be a priority. The Bank seeks to effectively identify, reduce or control accidents or injuries to employees, contractors and clients. The Bank continues to focus on ensuring compliance with current legal and regulatory framework and ensuring that occupational health and safety procedures are closely linked to the operational needs of the business. The Bank has a robust Business Continuity Management plan that factors issues of occupational health and safety. This is to ensure the Bank responds appropriately to significant business disruption that stimulates the inability to meet business obligations.

Environmental, Social and Governance risk

The Bank is committed to ensuring that the strategy is consistent with the overall mission of driving sustainable growth in Botswana and contribute to the societal needs and priorities. The strategy aligns to United Nations (UN) sustainable development goals (SDG's), Botswana's nationally determined contributions (NDC's) and has local relevance for Botswana.

The strategy involves managing the associated risks within the Bank operations and risks arising from the business activities, including client relationships and the projects and businesses financed by the Bank.

Risks to the Bank's ability to achieve its strategy arising from its direct and indirect impacts on the environment, society and governance.

The Bank's activities that have potential to give rise to climate-related risks and opportunities, both in respect of the Bank's own operations and in respect of its lending to customers are adequately managed within risk appetite parameters.

Climate-related risks and opportunities are considered qualitatively material to the Bank due to investor and other stakeholder expectations, as well as the nature of the Bank's activities. Such activities include the Bank's own business operations, and its lending to customers that operate in sectors that are vulnerable to physical and transition risks.

In terms of physical risk, the impact of higher frequency and intensity of physical hazards such as droughts, floods, heat and water stress and others, could impair the business assets and operations of the Bank's borrowers, leading to lower asset values, poorer credit quality and higher defaults, provisions and write-offs.

Regarding transition risk, the Bank and the customers it transacts with, may face increases in risks associated with policy and legal changes, technology developments and market demand and supply dynamics. The Bank and its customers may be exposed to higher costs associated with mitigation and adaptation strategies designed to manage the transition to a lower carbon economy. In the case of the Bank's customers, such costs may affect the value of the Bank's financial assets and potentially lead to lower credit quality and higher impairments. All the associated risks are subjected to a risk assessment, profiled and managed as per risk appetite parameters.

Taxation risk

Taxation risk is the possibility of suffering losses, financial or otherwise, as a result of the misapplication of tax systems (whether in legislative systems, rulings or practices) applicable to the entire spectrum of taxes and other fiscal imposts to which the Bank is subject.

The Bank fulfils its responsibilities under tax law in relation to compliance, planning or client service matters. Tax law includes all responsibilities which the Bank may have in relation to company taxes, personal taxes, capital gains taxes, indirect taxes and tax administration.

The identification and management of tax risk is the primary objective of the Bank's tax and regulatory function, and this objective is achieved through the application of a tax risk matrix approach, which measures the fulfilment of tax responsibilities against the specific requirements of each category of tax to which the Bank is exposed, in the context of the various types of activity the Bank conducts. The Bank has fully resourced personnel and systems for tax risk management and has access to advisory services from external specialists.

Reputational risk

Safeguarding the Bank's reputation is of paramount importance to its continued operations and is the responsibility of every member of staff. Reputational risks can arise from social, ethical or environmental issues, or as a consequence of operational risk events.

Stanbic Bank Botswana Limited's strong reputation is dependent upon the way in which it conducts its business, but it can also be affected by the way in which its clients, to whom it provides financial services, conduct themselves.

Management of all operating activities is required to establish a strong internal control structure to minimise the risk of operational and financial failure and to ensure that a full assessment of reputational implications is made before strategic decisions are taken. The Bank sets clear standards and policies on all major aspects of the business and these standards and policies are integral to the Bank's system of internal controls and are communicated through procedures, manuals and appropriate staff training.

Business/Strategic risk

Strategic risk is the risk of adverse outcomes resulting from a weak competitive position or from a choice of strategy, markets, products, activities or structures. Major potential sources of strategic risk include revenue volatility due to factors such as macroeconomic conditions, inflexible cost structures, uncompetitive products or pricing, and structural inefficiencies.

It is not cost effective to attempt to eliminate all business or strategic risk and it would not, in any event, be possible to do so. Events of small significance are expected to occur and are accepted as inevitable; events of material significance are rare, and the Bank seeks to reduce the risk from these in a framework consistent with its expected risk profile and appetite.

Risk Data Aggregation and Risk Reporting (RDARR)

After the financial crisis in 2008, it became clear that banks did not have the necessary risk information readily available to understand their exposures to counterparties. Poor decisions were being made, based on poor data and supervisory regulators failing to identify and address large concentrations of risk taken on by some banks.

To rectify this, the Basel Committee on Banking Supervision (BCBS) published BCBS 239, "The Principles for Effective Risk Data Aggregation and Risk Reporting". The BCBS 239 standard introduces a global, overarching risk data aggregation and risk data reporting framework. It comprises a set of principles aimed at making sure the aggregation of data is such that banks can monitor risks accordingly and, importantly, report on them accurately and in a timely fashion.

RDARR is a business initiative within the Bank that aims to strengthen our risk data aggregation capabilities, and internal risk reporting practices. RDARR is underpinned by the 11 BCBS 239 principles that are relevant to banks. RDARR provides openings to think and do things differently - to optimise the competitive advantages and market opportunities that comprehensive risk reporting and management of risk information can provide.

The backbone of the RDARR programme is risk data, how we aggregate, trace its origins, improve its quality and overall use of risk data as an asset from which to make informed and proactive business decisions.

RDARR will enable the Bank to:

- Formulate our business strategies and aspirations taking into account a transparent and accurate assessment of our risks and opportunities to drive a competitive advantage.
- Have the opportunity to enhance the infrastructure for reporting key information so as to support the Board and senior management in identifying, monitoring and managing risks; and
- Develop and build confidence in the information that is made available and shorten the decision-making process throughout the Bank.

Resolution and Recovery Planning (RRP)

Resolution and Recovery Planning (RRP) seeks to identify management actions which would be adopted during periods of severe stress to ensure the survival of the Bank and the sustainability of the economy of Botswana. This calls for identification of options available to the Bank to regain full financial viability in times of severe financial stress.

The four major building blocks of the Bank's RRP are:



The capital adequacy ratio reflects the capital strength of an entity. Stanbic Bank Botswana Limited is required to meet the Bank of Botswana (BoB) capital requirements, set at a minimum capital adequacy ratio of 12.5 percent (2024: 12.5 percent).

Qualifying capital

Qualifying capital is divided into two tiers: **primary** and **secondary**.

Primary capital (Tier I) comprises funds raised through the issue of ordinary shares, non-redeemable, non-cumulative preference shares, retained earnings and reserves (other than regulatory reserves). The Bank continues to maintain capital levels well above the BoB's minimum requirements.

Secondary capital (Tier II) comprises cumulative preference shares, certain subordinated loan funding and general debt provisions net of any related deferred tax.

Risk weighted assets

Risk-weighted assets (RWA) represent an aggregated measure of different risk factors affecting the evaluation of financial products and transactions in a bank. The aggregation considers credit, market and operational risk. RWA for credit risk is determined by applying a set risk-weighting to on and off-balance sheet financial investments, according to the relative credit risk of the counterparty.

RWA for market risk is determined by applying prescribed risk weights to market risk exposures. Market risk factors considered are changes in the Bank's trading book due to changes in equity prices, interest rates, credit spreads, foreign-exchange rates, commodity prices and other indicators whose values are set in a public market.

RWA for operational risk is calculated using a methodology consistent with the qualitative and quantitative criteria as defined in Basel II.



Our Top Enterprise Risks

Our Risk Culture

The Bank's risk culture fosters a proactive, integrated, and transparent approach to risk management. Our risk culture promotes open communication, continuous learning, and accountability, where employees are empowered to understand and manage their risks. It embraces risk as an opportunity for growth and innovation, while maintaining a clear understanding of the Group's strategic ambitions and appetite for conscious risk-taking.

Behavior	Definition
<p>Risk Culture Statement</p> <p>We have translated our desired culture into observable, actionable behaviors:</p> <ul style="list-style-type: none"> Proactive sharing of best practices. Valuing, encouraging and developing risk management skills. Taking accountability for managing risk. Being concerned about the impact of your risk management on others. Willingness to take calculated risks. Willingness to escalate risk appropriately. Willingness to challenge the status quo. Openness to challenge. 	<ul style="list-style-type: none"> Voluntarily and proactively creating and sharing information that enhances risk management effectiveness. Recognising the importance of having and fostering risk management skills. Being an active participant in risk management processes and decision-making and acknowledging your role in minimising adverse outcomes. Responsibly managing risk by taking a conscientious approach to decision-making and considering how risk management choices may affect others. Being open to thoughtfully and strategically engaging in actions or decisions that involve uncertainties, while employing appropriate strategies to maximise the likelihood of a positive outcome. Being ready to recognise and communicate risks to appropriate stakeholders in a timeous and transparent way. Being open to questioning established norms, processes or practices in order to improve risk management. Fostering an environment where individuals are encouraged to question assumptions, raise concerns and offer diverse perspectives on our risk management strategies and approaches.

Our Top Enterprise Risks (continued)

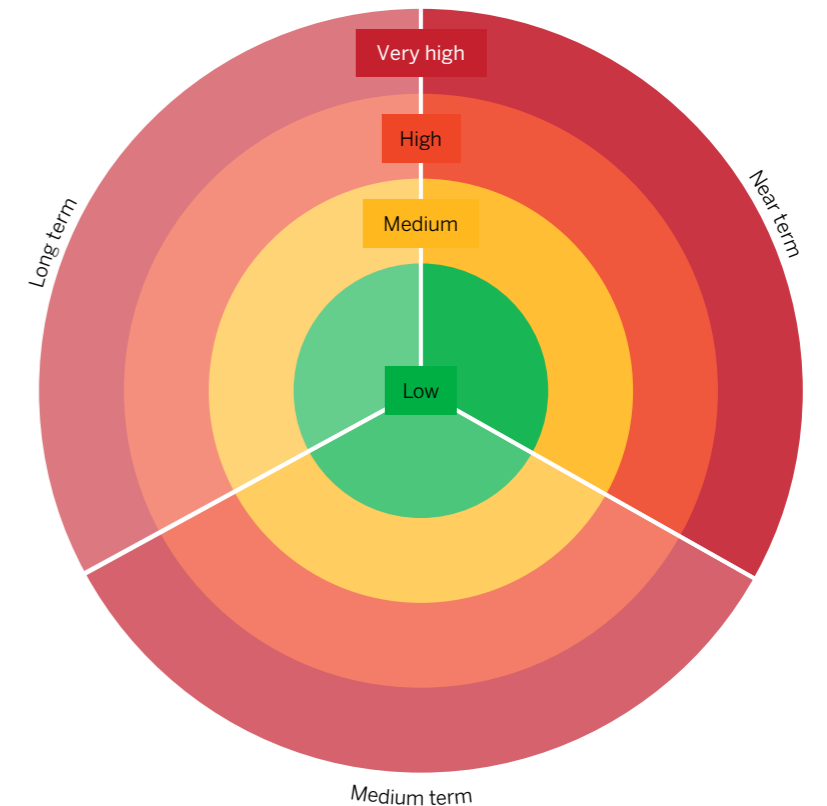
Botswana Risk Profile: Non-Systemic Risks



The top enterprise risks are compiled through a robust process that includes content gathering from internal and external sources, followed by detailed analysis and duration of the information and then prioritisation. They reflect a view of top risks over the medium term and aim to enable more informed and proactive strategic decision-making.

These risks evolve over time as mitigation efforts mature, the factors that influence a risk change, or as new risks emerge.

This allows us to adapt and develop our risk management strategies to better support the group's long-term sustainability.



Non-Financial Risks		
1	Business Disruption Risk	The inability to effectively respond to a disruptive event, resulting in failure to continue the provision of services and reputational damage.
2	Compliance Risk	<ul style="list-style-type: none"> Ensure compliance to all regulations that protect our licence to serve. Failure to comply with set regulations by BOB, NBFRA, BSE, CIPA, BURS, BAOA and the Data Protection Act (DPA). Failure to comply with conduct and compliance mandatory training.
3	Conduct Risk	<ul style="list-style-type: none"> Risk crystallising as a result of inappropriate execution of business activities with an impact on the Bank's clients and market structure.
4	Cyber Risk	<p>Protecting our systems and platforms from any security breaches that will compromise the organization through:</p> <ul style="list-style-type: none"> Cyber extortion. Financial Malware.
5	ESG Risk	<ul style="list-style-type: none"> Direct Social and Environmental Indirect Environmental and Social. Climate Risk. Governance.
6	Financial Accounting Risk	<ul style="list-style-type: none"> Unreconciled and Long outstanding items in suspense accounts (merchant suspense account, Nostro accounts). Lack of reports leading to delayed reconciliation and manual workarounds. Delayed extraction of core banking interface files. System interfaces failures.
7	Financial Crime Risk	<ul style="list-style-type: none"> Ineffective controls to mitigate against any risk of products, services or processes being non-compliant with financial crime compliance requirements which creates vulnerabilities for money laundering, terrorist financing, proliferation financing, sanctions violation, bribery, corruption, and facilitation of tax evasion. Inadequate monitoring controls to address the risk of engaging a client, employee or third party or processing a payment in contravention of applicable sanctions regimes leading to a loss of correspondent banking relationships, regulatory censure, or administrative penalties.
8	Fraud Risk	<ul style="list-style-type: none"> Potential financial loss to the business through fraudulent activities. Slow to market customer awareness initiatives to address fast paced industry fraud trends. Increased losses due to customer account take-over caused by unscrupulous person's phishing activities and vulnerabilities in digital platforms caused by deficiencies in transaction monitoring tools.
9	Information Risk	<ul style="list-style-type: none"> Risk exposure from staff working from home. Non-compliance with Privileged Access Management (PAM). Non-Compliance with Logical Access Management (LAM). Non -Compliance to Data Protection Act (DPA).
10	Legal Risk	Legal risk is the risk of loss or liability arising from causes of action or defences that entitle any person to remedies or relief from their obligations in law. This includes, without limitation, causes of action and defences arising out of contract, delict, or statute.
11	Model Risk	Model calibration is outdated and currently presents inadequate differentiation on ratings.
12	People Risk	<ul style="list-style-type: none"> A conducive working environment that caters to the welfare and engagement of our people. Attract and retain the right resources with the requisite skills to deliver on our strategy. Talent Management+ Succession Planning.
13	Physical Assets, Safety and Security Risk	Security instability in northern region (Terrorism), Terrorism trends and expansion to other parts of the country.
14	Tax Risk	<p>Incorrect calculation, reporting, and payment of tax related :</p> <ul style="list-style-type: none"> VAT. Company tax vs Intra-Group costs.
15	Technology Risk	Technology resource capacity constraints remains an issue due to conflicting initiatives and priorities and is compounded by the technology localisation initiative.

16	Third Party Risk	<ul style="list-style-type: none"> Management, governance, and execution continues to be a concern. The risk extends to third party concentration risk and impact of third party related incidents that impact the Bank's operational resilience.
17	Transaction Processing Risk	<ul style="list-style-type: none"> Increased losses due to transaction processing risk. Major drivers are human errors and system instability issues.

Financial Risks – Unexpected changes in external markets, price, rates and liquidity supply and demand.

Financial Risks		
1	Country Risk	<ul style="list-style-type: none"> Macroeconomic slowdown and recessionary pressures: Botswana experienced weakened economic growth in 2025, driven largely by the prolonged slump in the diamond sector, which contracted by 27% in 2024, with spillovers extending into 2025. This increased vulnerability in the banking sector due to lower government revenues, subdued exports, and tighter liquidity conditions. Market liquidity constraints in the domestic economy: Liquidity pressures across the financial system were exacerbated by reduced government inflows from diamonds and households/businesses holding onto cash, affecting funding conditions for banks.
2	Credit Risk	<ul style="list-style-type: none"> Overall credit impairment remained contained: Fiscal pressures continued to constrain balance sheet growth during the period. Notwithstanding these headwinds, the bank's proactive credit management framework and targeted balance sheet positioning remained effective in protecting asset quality and shareholder value. As a result, the credit loss ratio increased to 0.6% (2024: 0.2%), yet remained comfortably below the bank's strategic risk appetite threshold of 1.5%. Sectoral vulnerability linked to the diamond industry downturn: Borrowers in sectors tied directly and indirectly to the mining ecosystem faced increased repayment risk due to depressed diamond sales and weaker global demand. This is part of broader national credit vulnerability highlighted in Botswana's economic and sector performance.
3	Equity Risk	<ul style="list-style-type: none"> Capital markets exposure remained limited and stable based on available disclosures. Botswana's equity market in 2025 remained relatively illiquid, and bank earnings volatility stemmed primarily from funding and macro conditions rather than equity price movements. Equity funding risks referenced at the national level included potential pressure on equity markets due to economic slowdown and lower investor appetite during the diamond-sector downturn.
4	Funding and Liquidity Risk	<ul style="list-style-type: none"> Significant increase in funding costs: Stanbic incurred a 86.1% rise in interest expenses for the full-year to December 2025, driven by intense competition for deposits amid a market-wide liquidity crunch. This directly reduced net interest income by 21.7%. Liquidity pressures across the sector: Stanbic, like other banks, operated in an environment where deposits became more expensive to attract due to widespread cash retention by households and firms. Foreign currency and interbank funding risks: Botswana's Financial Stability Report (2025) notes systemic liquidity and funding challenges that affected banks' access to stable funding sources, including reliance on short-term interbank or foreign currency funding.
5	Market Risk	<ul style="list-style-type: none"> Adverse movements in market variables such as commodity and other stock prices, held equity stock prices, interest and currency exchange rates, resulting in a change in market value, actual or effective earnings, or future cash flows of a portfolio of financial instruments. Trading activities where the primary focus is client facilitation. All banking operations are carried out within the bank's CIB division.
6	Non-life Insurance Risk	<ul style="list-style-type: none"> Optimum level of the insurance program. Insurance premiums not up to date, causing uninsured bank assets and impairment risk.

Strategic Risks – business models and plans may be inadequate to protect the bank's competitive position and shareholder value.

Strategic Risks		
1	Strategy Position Risk	<ul style="list-style-type: none"> Strategic choices like value proposition, product, consumer segment, and channel that result in unexpected variability of earnings and other business value drivers.
2	Strategy Execution Risk	<ul style="list-style-type: none"> Strategy implementation failures where management execution capability and operational decisions do not meet the strategic objectives.
3	Reputation Risk	<ul style="list-style-type: none"> Potential or actual damage to our image which may impair the profitability and sustainability of our business.



4



Stanbic Bank Botswana Limited

SUSTAINABILITY REPORT

Consistent, deliberate and measurable action.

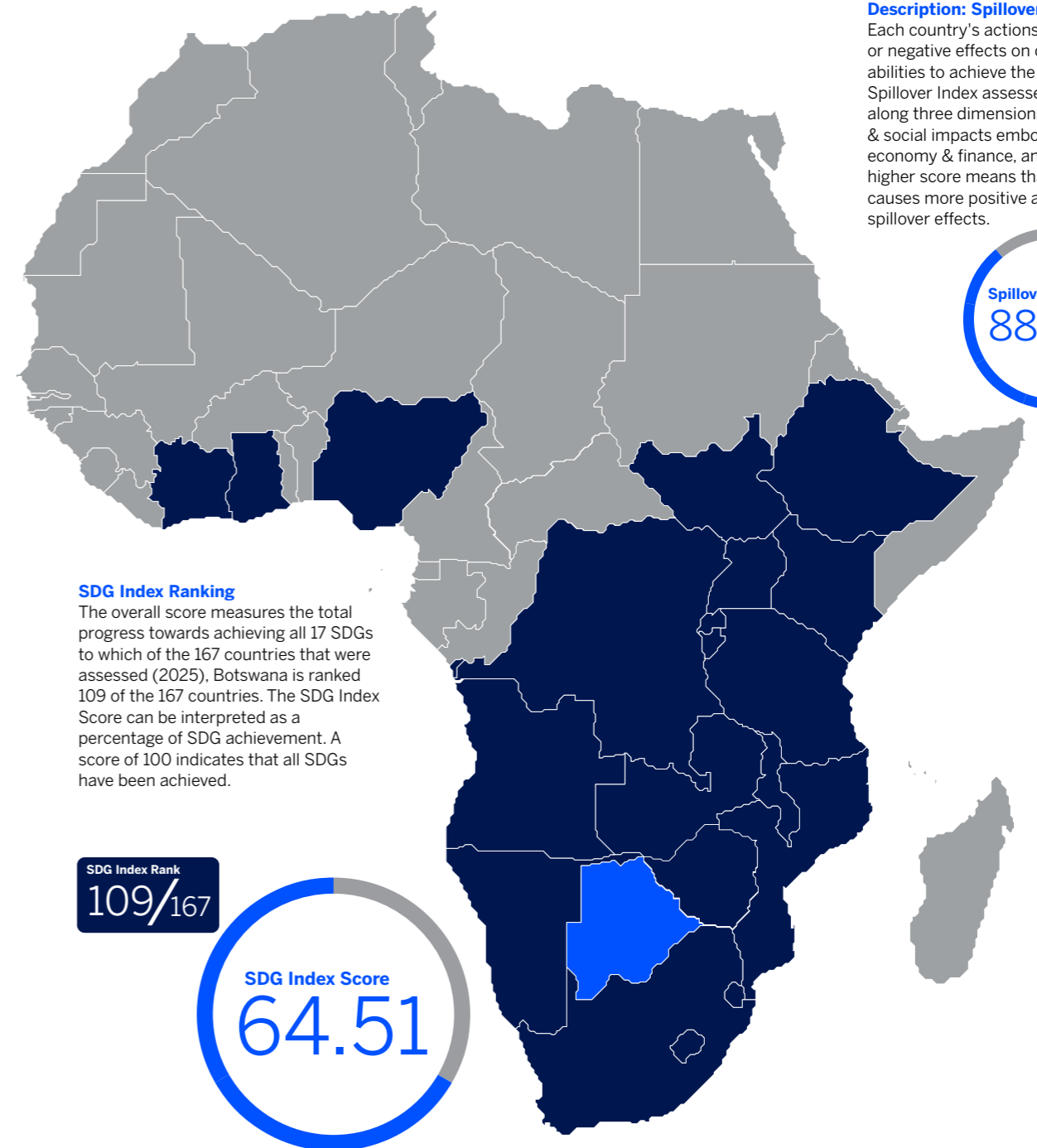
COUNTRY CONTEXT **pg73** | SUSTAINABLE DEVELOPMENT GOALS REPORT **pg74** | UNITED NATIONS GLOBAL COMPACT **pg75** | OUR STRATEGIC PRIORITIES AND VALUE DRIVERS **pg84** | OUR APPROACH TO SUSTAINABILITY **pg85** | GLOBAL REPORTING INITIATIVE **pg88**

Country Context

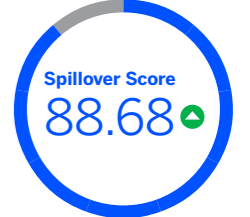
Our sustainability strategy and approach derive out of country context, informed by material issues hence our purpose **“Botswana is our home; we drive her growth.”**

This report reflects Botswana's current development standings against (the country's own sustainable development goals known as **Nationally Determined Contributions (NDC's)** to global **Agenda 2030** as well as other comparators). Our strategy thus borrows its own relevance to the extent possible in line with our core mandate as a bank to highlight our own interventions regarding Botswana's development pathway.

The below highlights the overall Botswana's traction of of the sustainable development goals **Nationally Determined Contributions (NDC's)** across the various seventeen (17) sustainable development goals. This report highlights and draws comparatives of our own interventions and how the Bank contributes to the most relevant SDG's closest to the mandate of our operations.

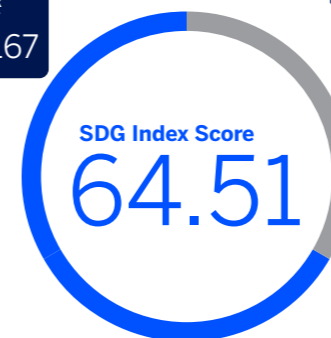


Description: Spillover Score
Each country's actions can have positive or negative effects on other countries' abilities to achieve the SDGs. The Spillover Index assesses such spillovers along three dimensions: environmental & social impacts embodied into trade, economy & finance, and security. A higher score means that a country causes more positive and fewer negative spillover effects.



SDG Index Ranking

The overall score measures the total progress towards achieving all 17 SDGs to which of the 167 countries that were assessed (2025). Botswana is ranked 109 of the 167 countries. The SDG Index Score can be interpreted as a percentage of SDG achievement. A score of 100 indicates that all SDGs have been achieved.



World SDG Dashboard 2025



Dashboards: ● SDG achieved ● Challenges remain ● Significant challenges remain ● Major challenges remain ● Information unavailable
Trends: ▲ On track or maintaining SDG achievement ▲ Moderately improving ▲ Stagnating ▼ Decreasing ● Trend information unavailable

Our Purpose

Botswana is our home, we drive her growth.

Our strategy is built on the foundation of national development priorities, ensuring our growth is synonymous with the country's progress.

Sustainable Development Strategy (SEE)

We align our Social, Economic & Environmental (SEE) impacts with Botswana's National Determined Contributions (NDCs).

- **Challenge:** Stagnation across several critical Sustainable Development Goals (SDGs), including Poverty (SDG 1), Zero Hunger (SDG 2), and Climate Action (SDG 13).
- **Progress:** Moderate improvements noted in Health (SDG 3), Gender Equality (SDG 5), Clean Water (SDG 6), and Infrastructure (SDG 9).
- **Goal:** Accelerating interventions to get Botswana back on track for Ambition 2030.

The Double Materiality Lens

We assess our business strategy through two complementary perspectives to gauge true relevance:

Perspective	Approach	Focus
Impact Materiality	Inside-Out	How our operations affect the environment and society.
Financial Materiality	Outside-In	How external sustainability factors affect our overall long term sustainability as an enterprise.

Through this approach we evaluate the actual or potential positive and negative impacts of the Bank's activities across a range of impacts that are social, economic or environmental (SEE) and across the different sustainable development goals (SDG's).



Our Reporting Approach

This section of the Report demonstrates how our strategy aligns with the United Nations Sustainable Development Goals. Through the initiatives we have undertaken, we show how our products and services go beyond profit and address real and pressing challenges facing Botswana.

Goal 4: Quality Education (Financial Education)

OBJECTIVE

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

Country Context

The Botswana National Financial Inclusion Strategy (NFIS) 2024–2030 sets out a clear ambition: to support sustainable and inclusive economic growth by bringing more of Botswana's population into the financial mainstream. Its focus is on those who have historically been left behind – women, youth and small and medium enterprises (SMEs). Central to this is improving financial and credit literacy, addressing over-indebtedness, and expanding access to affordable, appropriate financial services for all.

Our Response

Financial education is a strategic concern for us. The financial wellbeing of our customers and the growth of our business are inseparable. A customer who understands credit, manages debt responsibly, and plans for the future is a more resilient customer, and a more resilient Botswana.

Examples of programmes

Ledi Lame

The Bank officially launched the Ledi Lame Initiative in May 2025 as part of its commitment to responsible lending and improved customer financial resilience. Ledi Lame is a client-centric initiative designed to support customers experiencing financial distress, particularly those who are unable or are projected to be unable to meet their financial obligations after accounting for essential living expenses.

Aligned with the Botswana's Financial Inclusion Strategy, the programme emphasises financial education, responsible repayment behaviour and improved access to structured financial support mechanisms. Through personalised interventions, the initiative aims to stabilise customers' financial positions and assist them in navigating periods of difficulty without compromising long-term financial wellbeing.

A total of **50** customers at an exposure **P31 million** were assisted in 2025, reflecting the Bank's commitment to proactive engagement and sustainable customer support.

The initiative will continue to play a critical role in strengthening repayment performance and improving overall customer welfare, while reinforcing the Bank's mandate to contribute positively to Botswana's financial inclusion objectives.

Support Offered Under the Initiative

Flexible Repayment Plans: Customised repayment structures tailored to the customer's current financial capacity.

Temporary Payment Relief: Short-term suspension or reduction of installments to support customers facing temporary financial hardship.

Debt Consolidation: An option to consolidate multiple debts into a single, more manageable repayment arrangement, allowing customers to regain control over their finances.



P1.485 million funding advanced to Botswana Stock Exchange to support financial education

Partnering with the Botswana Stock Exchange

Deepening financial literacy requires reaching people early, and that includes the next generation of investors. In partnership with the Botswana Stock Exchange (BSE), we co-hosted the National Level Awards Ceremony of the BSE Stanbic Bank Senior Secondary Schools Finance and Investment Competition 2025.

The competition uses a stock market simulator to give senior secondary school students a practical, technology-driven introduction to capital markets, demystifying investment concepts and cultivating a culture of investing from a young age.

The initiative reflects the BSE's long-term goal of nurturing informed, empowered citizens who actively participate in Botswana's capital markets. As Mr Steve Bothasitse, Deputy Permanent Secretary for Educational Support at the Ministry of Child Welfare and Basic Education, noted, the competition bridges classroom theory and practical application, helping young people discover strengths and interests they might not otherwise have recognised.

For us, it reinforces our commitment to building the investment landscape that Botswana's future demands.

Highlights

Share vouchers awarded to top students

1st Place	2nd Place	3rd Place
Al-Nur School P2,500	Swaneng Hill Senior Secondary P2,000	Pioneer Academy P1,500

Stanbic Bank Botswana & Chief Executive Donate P200 000 To Masunga Primary School

During the year Masunga Primary School received a funding donation of **BWP 200,000** comprising a donation of **BWP 100,000** from the Stanbic Bank Botswana and a matching contribution from the Chief Executive of **BWP 100,000**.

The gesture from the Chief Executive was a donation as a gesture of gratitude and giving back to his former school. The contribution was officially handed over during a ceremony held at Masunga Main Kgotla.



Speaking at the event, Mr Modise expressed his appreciation to Stanbic Bank Botswana for supporting the institution that helped shape his early life. He said his personal contribution was motivated by a deep sense of appreciation and responsibility to give back to the school that laid the foundation for his success.

The school head Mr Bawana Stephen said the historic gift has engraved an ever-lasting legacy in their hearts and will be put to good use for the benefit of the learners the entire school community and the village.

Gabane Primary School – STEAM Graduation Support (BWP 100,000)



In partnership with Gabane Primary School and Stanbic Bank has celebrated the first cohort of graduates from the Gabane STEAM Roadshow. The initiative, which introduced **36** students to hands-on learning in Science, Technology, Engineering, Arts, and Mathematics (STEAM), aims to equip young minds with critical thinking and problem-solving skills for a digital future.

Highlights from our Gabane Primary STEAM Roadshow 2025, our young innovators how explored the world of Science, Technology, Engineering, Arts, and Mathematics (STEAM), gaining hands-on experience with Raspberry Pi and BBC Micro-Bit devices. With mentorship and dedication, they've developed incredible projects that showcase their creativity and problem-solving skills.

The graduation of 36 students from the Gabane Science, Technology, Engineering, Arts, and Mathematics (STEAM) Roadshow has been hailed as a turning point in the country's education system.

The observations were made by Deputy Permanent Secretary in the Ministry of Child Welfare and Basic Education, Kgopotso Ramoroka, who also underscored the importance of early exposure to these specialist subjects.

"This graduation marks the beginning of a new era in Botswana's education landscape," he said. "The skills these students have gained will not only shape their future careers but also contribute to our national development."



Goal 5: Gender Equality

- 📈 Demand for family planning satisfied by modern methods
- 📈 Ratio of female-to-male labor force participation rate
- 📈 Ratio of female-to-male mean years of education received
- 📉 Seats held by women in national parliament

OBJECTIVE

Ensure that women and girls have the same rights, opportunities, and access to resources as men and boys in every area of life, including education, work, leadership, health, and safety.

Country Context

Despite meaningful gains in education, gender inequality in Botswana remains pronounced where it matters most: in economic participation. Women's labour force participation stands at 58%, compared with 73% for men, and women face higher unemployment rates even among those with tertiary qualifications.

A persistent gender wage gap, estimated at between 20% and 22%, means that women continue to earn substantially less than men for comparable work. Structural barriers such as limited access to land, credit and productive assets further constrain women's economic empowerment, particularly in rural areas.

(Source: Botswana Gender Monograph Report 2025, Statistics Botswana)



Priority targets and indicators

- Ensure legal frameworks that promote, enforce and monitor equality and non-discrimination based on sex.
- Ensure women's full and effective participation and equal opportunities for leadership at all decision-making levels (political, economic, public).
- Proportion of women in managerial positions.
- Adopt and strengthen policies and enforceable legislation to promote gender equality at all levels.
- Proportion of countries with systems to track and publicly report allocations for gender equality and women's empowerment.

Our Position

Gender equality and equity are fundamental to our strategic and commercial deliverables. Our view is that we ought to be aware of the structural, cultural, work impediments that could entrench lack of equality and equity in our work environment.

Gender Equality Initiatives

- **Gender parity**
 - Commit to gender balance across all levels, including executive and senior management. Parity goes beyond numbers to ensure lived inclusion in decision-making and organisational culture.
- **Equal pay**
 - Conduct periodic pay-equity reviews to ensure "equal pay for work of equal value," fostering fairness and merit-based reward.
- **Support for women-owned businesses**
 - Intentionally invest in women-led enterprises through capital, mentorship and procurement. Through the Stanbic Bank Empowerment Procurement initiative, we directed **BWP 40 million** to majority-women enterprises in 2025. This remains a key pillar under enterprise growth, job creation, and financial inclusion.
- **Leadership and development**
 - Invest in leadership development and pipeline programmes to support our strategic purpose of driving Botswana's growth.
- **Inclusive culture**
 - Promote a workplace culture of diversity, belonging and inclusion, with a particular focus on advancing women internally and in the communities we serve.

Leadership and Development

Developing leadership capability is critical to the execution of our strategy and the realisation of our purpose. During 2025, we delivered a broad range of learning interventions across the organisation, with a particular focus on future skills and inclusive leadership.

Key highlights for 2025 include:

Leadership Effectiveness:

- Performance to Potential Conversations: 27
- Habits (Act with Courage): 570
- Habits (Inspire Excellence): 575
- Habits (Deliver with Purpose): 442
- GLC Blue Malkia Women In Leadership Training: 3
- The Barbershop Men's Programme: 27
- Future Shift Programme: 8
- ICBC Training Programme: 2

Future Skills

- Data Science Programme: 3
- AI Fundamentals: 331
- Introduction to Sustainability & ESG Principles: 449
- Creating Psychological Safety: 240

Segments

- PPB Client Value Impact Programme Branch Captains: 44
- The Product Learning Journey: 10
- Digital E-commerce Learning Journey: 3
- EVB Business Development Programme: 4
- Data Protection Act Botswana :188

Digital Platforms

To embed a culture of self-directed learning, we allocated 150 digital learning licences to staff: 75 on Coursera and 75 on Udemy.

Highlights

Botswana ranked first for overall Coursera licence utilisation across the Standard Bank Group, and maintained that position in 2025 with a further increase of 22 learning hours completed.

Goal 7: Affordable & Clean Energy

- Population with access to electricity
- Renewable energy share in total final energy consumption
- Population with access to clean fuels and technology for cooking
- CO₂ emissions from fuel combustion per total electricity

OBJECTIVE

By 2030, ensure universal access to affordable, reliable and modern energy services

Country Context
Botswana is exceptionally well-positioned to lead Africa's clean energy transition. The country receives over **3,200 hours** of sunshine annually, with an average solar insolation of **21MJ/m²** — one of the highest in the world. This consistent, high-intensity resource makes Botswana ideally suited for utility-scale solar photovoltaic (PV) and concentrated solar power (CSP) installations. The strategic imperative is clear: leverage this natural advantage to diversify away from coal, improve energy security, and position Botswana as a net energy exporter by 2030.

Botswana has 3,200 hours of sunshine annually. We are turning that into power.

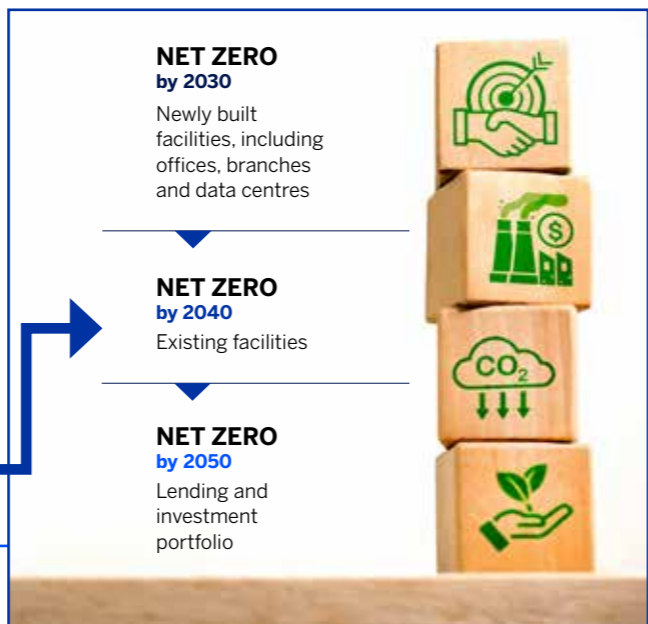
Our Role in Botswana's Energy Transition

We recognise that financing the energy transition is one of the most consequential contributions we can make to its country's future. In line with Botswana's development priorities and our own sustainability commitments, we have deliberately expanded our financing activity in the renewable energy space.

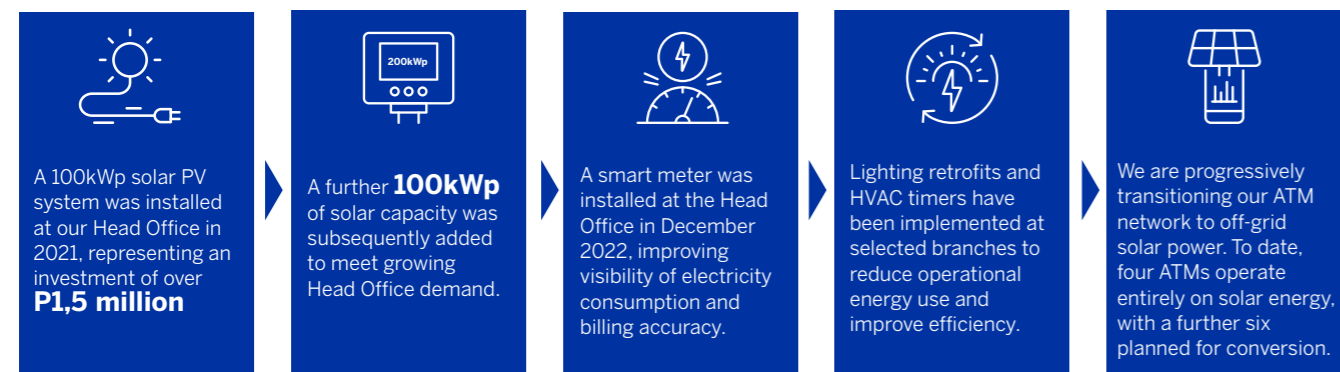
Our most significant intervention to date is the financing of the Jwaneng **100MW** Solar Generation Plant, which is a project that speaks directly to the country's ambition to diversify its energy mix and reduce its dependence on coal. In addition to the solar plant itself, a **132kV** substation and associated transmission infrastructure will be constructed to connect the facility to the national grid. This is infrastructure financing with genuine national impact.

Our Net-Zero Commitments

Our commitment to a cleaner energy future extends to our own operations. We have set clear, time-bound targets for achieving net zero across our business.



Since embarking on this journey, we have implemented a series of tangible operational interventions:



Highlights

- The Jwaneng 100MW Solar Plant: Our financing of this utility-scale project is a cornerstone of Botswana's transition away from coal.
- We invested **P1.57 million** in solar PV for our own Head Office and have transitioned 4 ATMs to be 100% off-grid.

Goal 8: Decent Work & Economic Growth

OBJECTIVE

Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all.

Country Context

Botswana faces a set of structural economic challenges that demand deliberate, sustained intervention. Unemployment remains high, opportunities for young people are constrained, and the economy's dependence on a narrow mineral base creates vulnerability. Diversification is not optional. Tourism, energy, infrastructure development and, critically, the growth of small and medium enterprises all represent pathways to a more resilient and inclusive economy.

At Stanbic, we are uniquely placed to accelerate this transition. Access to capital, financial skills and market knowledge are the building blocks of economic participation. Expanding that access, particularly for those who have historically been excluded, is central to our purpose.

Relevant NDC Targets

- By 2030, achieve full and productive employment and decent work for all women and men, including young people and persons with disabilities, and equal pay for work of equal value.
- Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all.

Our Interventions

The Accelerate Incubator

Our Accelerate incubator continues to serve as a platform for nurturing Botswana's entrepreneurial ecosystem. Through Accelerate, we provide startups and SMEs with the knowledge, networks and exposure they need to grow. We provide this support not just for individual businesses, but for the broader economic diversification agenda that Botswana's future depends upon.

Women's Economic Empowerment – Mascom partnership

Our incubator partnered with Mascom and a number of gender-based violence centres to deliver entrepreneurship training to women survivors of GBV, providing participants with skills in business modelling, starting and running small businesses, and business pitch presentation. Economic independence is one of the most powerful tools available to women navigating difficult circumstances, and we are committed to helping build it.

Highlights

During the Mascom Women's Day event, we facilitated a financial training workshop equipping 50 women with practical financial skills



Creative Business Cup Global

In 2025, we sponsored Botswana's participation in the Creative Business Cup Global competition with **BWP 55,000**, covering the finalist's travel to the global finals held in Copenhagen, Denmark. The result was historic. Botswana's finalist — whose company produces eco-friendly, biodegradable braids from banana stems — won the global competition outright, becoming the first African country ever to do so. It was a remarkable achievement, and a powerful demonstration of what Botswana's creative economy is capable of when it is properly supported and given a platform.

Highlights

The Botswana finalist emerged as the Global Winner—a first for an African country—for her business producing eco-friendly braids from banana stems. This initiative demonstrates the potential for creative innovation to drive job creation and sustainable industrialization.

Grant Funding through the Debswana partnership

Through our partnership with Debswana, we provided **P2 million** in grant funding to **36** entrepreneurs operating within Debswana's zone of influence. These are seed grants, designed to help early-stage businesses procure critical machinery, licences and stock, and to create the foundation for sustainable growth. For many of these entrepreneurs, this funding represents their first meaningful access to capital.

Goal 9: industry, Innovation and Infrastructure

OBJECTIVE

Build resilient infrastructure, promote inclusive and sustainable industrialisation, and foster innovation.

Country Context

Infrastructure is the backbone of economic development. In Botswana, the infrastructure deficit is felt most acutely in housing, a challenge that is a matter of fundamental human dignity.

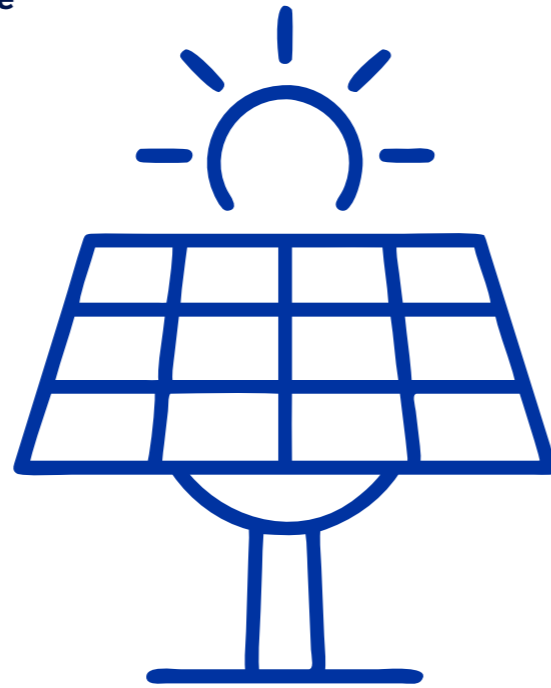
Relevant NDC Target

- Develop quality, reliable, sustainable and resilient regional and cross border infrastructure to support economic development and human well-being, with a focus on affordable and equitable access for all.

Financing National Energy Infrastructure

Botswana currently relies heavily on coal as a primary energy source, which poses a long-term risk to sustainability pathways and climate goals. To achieve energy security and resilience, the country must diversify its energy mix and integrate renewable sources into the national grid.

Stanbic Bank provided project financing for the Jwaneng **100MW** solar generation plant. This comprehensive intervention includes the construction of a **132 KV** substation and transmission facilities to connect the plant directly to the national grid.



Highlights

This project represents a major step toward Botswana's goal of becoming a net exporter of solar energy. It safeguards national energy sufficiency while transitioning the country toward a cleaner, greener development pathway.

Goal 10: Reduced Inequalities

OBJECTIVE

Reduce inequality within and among countries.

Country Context

Inequality is one of Botswana's most persistent and sobering challenges. Despite its status as an upper-middle-income country, Botswana's Gini coefficient stands at **53.3**. This places it among the most unequal nations in the world, and worse off than many of its regional peers in sub-Saharan Africa. Unemployment sits at around **27.6%**, and the distribution of wealth remains deeply skewed. The gains of economic growth have not reached enough Botswana, and the structural barriers that concentrate prosperity at the top are well documented.

Relevant NDC Target

- By 2030, progressively achieve and sustain income growth of the bottom 40% of the population at a rate higher than the national average.

Our Approach

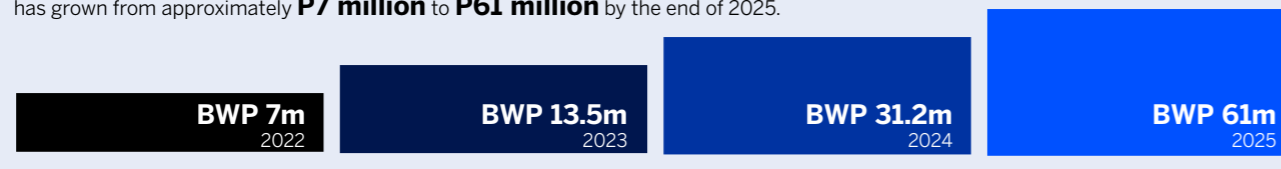
We believe that procurement is one of the most underutilised levers for economic transformation available to a business of our scale. By directing our spending deliberately towards youth- and women-run enterprises, we can use our commercial activity to actively reduce the inequalities that disproportionately affect these groups.

The results over the past four years speak to the potential of this approach. This represents commercial decision-making with social conscience, and we intend to build on this momentum.

Our broader sustainability model is designed to identify, within our ordinary course of business, the opportunities to generate economic participation where it is needed most. The structural inequality challenges facing Botswana will only yield to sustained, deliberate and measurable action. This is what we are committed to delivering.

Impact Highlights 2022-2025: Stanbic Bank Empowerment Procurement (SBEP)

Since inception, our directed procurement spend towards youth- and women-owned businesses has grown from approximately **P7 million** to **P61 million** by the end of 2025.



Goal 10: Reduced Inequalities (continued)

OBJECTIVE

Reduce inequality within and among countries.

Country Context

Rapid urbanisation has placed significant pressure on Botswana's housing stock. For a growing proportion of the population, access to adequate, safe and affordable shelter remains out of reach. This is a challenge that sits at the intersection of economic inequality, urban planning and basic human rights. Addressing it requires more than incremental policy adjustment; it requires creative, cross-sector collaboration and financing models that work for those who need them most.

ARC Collaboration with Stanbic Bank Botswana on Sustainable Architecture Design Challenge

The collaboration between the Architects Registration Council (ARC) and Stanbic Bank Botswana was initiated to create a powerful synergy that would bridge technical design standards with financial feasibility to accelerate sustainable development. The collaboration demonstrated that architectural design competitions can be adopted as alternative cost-effective procurement model - **Kenneth Mmili, Architects Registration Council Registrar.**

Potential Benefits: Reflection on the overall strategic benefits of the collaboration is that to both the ARC, Stanbic Bank and the architectural professionals, the architectural design competition as undertaken, and on the theme used can lead to more affordable, sustainable and quality designs which are aligned with the sustainable development goals. The following are some of the benefits of that could be realised:

- Financial incentives for sustainable architectural designs
- Risk mitigation and enhanced asset value
- Streamlined project implementation access to specialised capital
- Professional development and capacity building

Key collaboration outcomes

- Design quality
- The collaboration demonstrated a potential opportunity to implement innovative, ecofriendly building materials and technologies.
- The platform provided an opportunity for our registered members to showcase their unique design skills.
- The design competition proved that architectural professionals do not only design buildings, but that they have the ability to articulate spaces to evoke customer's emotions, create new ways of using spaces and adapting eco-friendly building models and materials.

Project funding and compliance with SDGs.

To the architectural professionals, the collaboration exhibited an opportunity for easier access to green mortgages and building funding facilities thus providing the Stanbic bank with potential growth in ESG and green asset compliant portfolios.

Operational costs

Well thought, built environment projects have the potential to realise long term savings in energy and water, and this is an enticement to prospective clients and end users of such dwellings.



Regulatory compliance

Moreover, the collaboration promoted that through synergies, it is possible that both parties (professionals, ARC and Stanbic bank) can stay ahead of required ESG-sustainable development building codes thus aligning with global standards.



The collaboration is testimony that partnerships between architectural professionals, the regulator (ARC) and the Stanbic bank basically can centre on specific financial products and design needs that has the potential and capacity to reward high performance architectural designs underpinning regulation, affordability and sustainable development. The partnership is a testament to the fact that architectural professionals who designed the winning prototypes gained a competitive advantage by making their proposed projects bankable.

Goal 13: Climate Action

OBJECTIVE

Take urgent action to combat climate change and its impacts.

Country Context

Climate change presents Botswana with both grave risks and significant opportunities. On the risk side, the increasing frequency and severity of extreme weather events – including the devastating floods experienced earlier this year – underscores the urgent need for adaptive capacity and resilience across communities, infrastructure and the financial system.

On the opportunity side, Botswana's exceptional solar resource, over **3,200 hours** of sunshine per year and among the highest solar irradiance levels in the world, positions the country to become a genuine leader in Africa's clean energy transition.

At Stanbic, we sit at the intersection of both risk and opportunity. Our financing decisions either accelerate or inhibit the transition to a low-carbon economy.

Relevant NDC Target

- Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

Solar Energy Financing for Businesses

As detailed under Goal 7, our MoU with GIZ to provide solar PV financing and technical support to commercial and industrial clients represents a concrete step in redirecting capital towards the green economy. By making renewable energy projects bankable for Botswana's businesses, we are helping to build the decarbonised industrial base that the country's long-term competitiveness requires.

Disaster Relief – P2 Million Contribution

When devastating floods struck Botswana earlier this year, we acted swiftly and contributed **P2 million** to the Private Sector Disaster Response Fund (PSDRF), a Business Botswana-led initiative that mobilises coordinated private sector support during natural disasters, working alongside the National Disaster Management Committee (NDMC) to ensure that relief reaches those who need it efficiently and accountably.

Climate resilience is about standing with communities when climate impacts arrive, as they increasingly will. This contribution reflects both our obligations as a corporate citizen and our recognition that the social costs of climate change fall hardest on those least able to bear them.



Highlights

Contribution of **P2 million** to the Private Sector Disaster Response Fund (PSDRF)

Goal 17: partnerships for the goals

OBJECTIVE

Strengthen the means of implementation and revitalise the global partnership for sustainable development.

Country Context

Sustainable development cannot be achieved alone. The scale and complexity of the challenges Botswana faces demand collaboration: between the public and private sectors, between local institutions and international partners, and between businesses and the communities they serve. Partnership is a core mechanism through which we deliver impact.



GIZ – Solar Energy Financing

Our MoU with the German Development Agency, GIZ, brings together development expertise and commercial banking capability to accelerate Botswana's renewable energy transition. This partnership closes the gap between solar potential and investable projects, and it does so in a way that benefits the country's broader energy security agenda.

Debswana – SME Grant Funding

Through our partnership with Debswana, we provided P2 million in grant funding to 36 entrepreneurs within Debswana's zone of influence. This seed capital helps early-stage businesses acquire critical machinery, licences and stock, and begin building the foundations of sustainable enterprise. It's a partnership that demonstrates how corporate relationships can be leveraged to extend economic opportunity beyond the immediate commercial relationship and into the broader community.

Ministry of Youth and Gender Affairs – EntrenHer Programme

Through this collaboration, we will support women-led enterprises participating in the EntrenHer Programme, an initiative spearheaded by DeBeers Group and UN Women. Our role encompasses fund administration, financial and digital literacy training for beneficiaries, and collaborative monitoring and evaluation of business progress throughout the programme. This partnership brings together government, international development organisations and the private sector around a shared objective: the economic empowerment of Botswana's women entrepreneurs.

BSE – Financial Literacy and Capital Markets Development

Our ongoing collaboration with Botswana Stock Exchange reflects our shared commitment to building a financially literate, investment-ready citizenry. Capital markets development requires patient, sustained effort. We are proud to be a long-term partner in that endeavour. The breadth and quality of our partnerships in 2025 reflect a simple conviction: that the most durable impact is created when institutions bring their distinct strengths to a common purpose. We will continue to seek out and invest in partnerships that advance Botswana's development in ways that neither party could achieve independently.

Highlights

In November 2025, we formalised a strategic partnership with the Ministry of Youth and Gender Affairs through the signing of a Memorandum of Understanding.

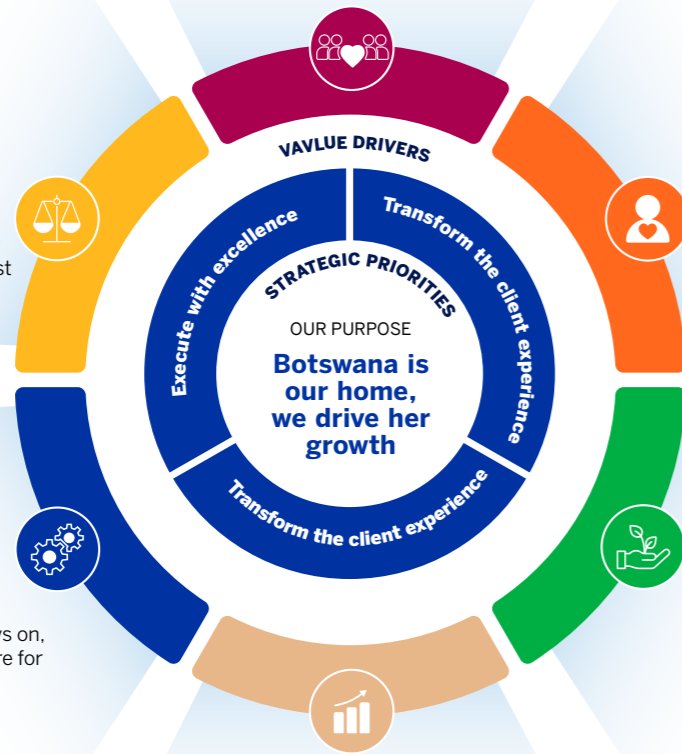
Our strategic priorities and value drivers

Our strategy is underpinned by our purpose. Our strategic priorities will enable us to better fulfil our purpose as we deliver our ambition and achieve our financial targets.



Risk & Conduct

We operate with integrity and hold ourselves to high ethical standards. We understand the risks and opportunities facing our business and have robust policies and processes to manage them. We ensure the security of our information and that of our clients and we guard against cyber threats.



Client Focus

We understand our clients and provide them with the products and services they need to make life better. We are responsive to their changing expectations. We ensure fair outcomes for our clients.

Employee Engagement

Our employees believe in our purpose and their role in achieving it. They are productive, motivated and engaged. They reflect the diversity of the communities in which we work. They strive to learn, grow and adapt to the changing world of work. They feel valued and respected.

Positive Impact

We achieve positive impact by understanding Botswana's needs and challenges and delivering solutions to address these. This includes:

- Financial health and inclusion
- Business growth and job creation
- Climate change mitigation and adaptation
- Infrastructure development.

We balance social, economic and environmental considerations to drive sustainable growth.

Financial Outcome

We deliver sustainable growth and value to our shareholders.

Our Approach To Sustainability

Our strategy is underpinned by our purpose. Our strategic priorities will enable us to better fulfil our purpose as we deliver our ambition and achieve our financial targets.

THE TWO PILLARS OF OUR SUSTAINABILITY APPROACH

To deliver our strategy and achieve our purpose, we ensure that our business activities solve Botswana's challenges and deliver improved prosperity for Botswana. This approach enables us to generate attractive financial outcomes for our shareholders, while generating positive social, economic and environmental impact for the communities in which we operate.

We have made a deliberate commitment to align our strategy to the United Nations Sustainable Development Goals (UN SDGs), the Paris Climate Agreement, the UN Guiding Principles on Business and Human Rights, and sustainable banking frameworks.

This includes identifying opportunities to **maximize positive impact** and **effectively managing risk** and other potentially negative impacts arising from our activities, products and services. Our sustainability approach is underpinned by these two pillars. Follow-up case studies in this report demonstrate how sustainability is part of our business model, product and service offering.

Maximising Positive Impact

Our business activities are intended to drive positive impact in the following four areas:

- Financial health and inclusion
- Business growth and job-creation
- Climate change mitigation and adaptation
- Infrastructure development.

Effectively Managing Risk

We actively identify and manage potential risks and negative impacts, focusing on areas such as:

- Effective management of environmental and social risk associated with our lending and investment activities
- Fair treatment of customers
- Information security, data privacy and cybersecurity
- Combatting financial crime
- Employee engagement. (ENPS example)



Awards & Recognitions

Stanbic Bank Botswana has been recognized at the prestigious 2025 The Banker's Bank of the Year Awards among other leading global banks for its exceptional service to its clients. This award, from the prestigious banking publication in the Financial Times stable, highlights excellence in banking across the globe and recognise banks that have demonstrated strong financial performance, innovation, and the ability to turn challenges into opportunities in an ever-evolving business environment.

Chose Modise, Chief Executive Stanbic Bank Botswana said,

"These accolades are a testament to Stanbic Bank's resolute commitment to advancing Botswana's growth. They underscore the bank's strategic focus on delivering comprehensive and integrated financial solutions that empower individuals, businesses, and communities across the continent. They further propel us to look forward to yet another great performance in 2026. This recognition reflects our commitment to driving Botswana's growth by creating value for investors, businesses, and communities."

The Bank of the Year Awards are regarded as the industry standard for banking excellence. The award affirms our commitment in driving Botswana's growth through products and services innovation.



Citizen Economic Empowerment Programme (CEEP)

The Bank's commitment to citizen empowerment remains integral to its commercial and strategic outcomes. Our programme on citizen economic empowerment underscores these commercial and strategic outcomes. For the year 2025 we disbursed BWP 45 million in line with this key national imperative.

Financing

We remained focused on advancing inclusive growth and supporting a just energy transition. In the energy and infrastructure sector, we enabled renewable energy expansion through a green guarantee for a solar plant for Botswana Power Corporation and supported progress on Sinotswana's large scale solar PV project.

BPC Chec Guarantee

We remained focused on advancing inclusive growth and supporting a just energy transition. In the energy and infrastructure sector, we enabled renewable energy expansion through a green guarantee for a solar plant for Botswana Power Corporation and supported progress on Sinotswana's large scale solar PV project.

BWP 2 million disaster relief fund contribution

Our commitment to national resilience extended to disaster relief, where we contributed to the Private Sector Disaster Response Fund to assist communities affected by flooding.



Driving Botswana's growth by creating shared value and supporting a just energy transition for our communities.



Global Reporting Initiative Topic Standards Report

Our report is aligned to Global Reporting Initiative (GRI) through the relevant topic standards and is premised on identifying and disclosing our organization's most significant impacts on social, economy, environment (SEE) matters.

The GRI reporting standards provide for structured reporting that enables our stakeholders to understand our organization's contributions to sustainable development across different areas and how our business model and strategy addresses these.

This segment is also premised on the principles below explained (materiality, stakeholder inclusiveness, sustainability context and completeness of reporting).

Materiality	Stakeholder Inclusiveness	Sustainability Context	Completeness
We prioritize topics that reflect our capacity to create positive impacts and minimize risks, ensuring alignment with our sustainability strategy.	We recognize and address a diverse range of public interests, evaluating how we meet the expectations of our stakeholders.	We provide context on how our products and services influence and contribute to sustainability efforts.	Our reporting encompasses economic, environmental, and social dimensions, offering a comprehensive view that extends beyond traditional financial reporting.

By adhering to these principles, we aim to deliver transparent and meaningful insights into our sustainability initiatives, demonstrating our commitment to responsible and impactful practices.



GRI 201 Economic Performance

Helps our stakeholders understand our economic value contributions to Botswana's economic development and how these economic impacts align with **driving Botswana's growth** which is our purpose.

201-1 Direct Economic Value Generated and Distributed

- Total Revenue- P2 020 781
- Distribution of value to stakeholders
 - Operating costs – P419 652
 - Retirement costs- P40 358
 - Payments to capital providers
 - Payment to the government
 - Community investments
- Economic value retained

Tax Comparison Table (in Millions)

Tax Type	Legacy 2020(Pm)	Legacy 2021(Pm)	Legacy 2022(Pm)	Letsema 2023(Pm)	Letsema 2024(Pm)	Letsema 2025(Pm)
Indirect Tax	19.4	19.3	25	32	36	80.3
Direct Tax	90.1	38	109	159	192	205.5
PAYE	50.7	50	55	71	75.3	89.8
Total per year	160.2	107.3	189	262	303.3	375.6

Total Taxes by Period (in Millions)

Tax Type	Legacy Total (Pm)	Letsema Total (Pm)
Indirect Tax	63.7	148.3
Direct Tax	237.1	556.5
PAYE	155.7	236.1
Total	456.5	940.9

Growth Between Legacy and Letsema (in Millions)

Tax Type	Growth Amount (Pm)	Percentage Growth (Pm)	Commentary
Indirect Tax	84.6	133%	Increase in tax contribution under Letsema.
Direct Tax	319.4	135%	Increase in tax contribution under Letsema.
PAYE	80.4	52%	Increase in tax contribution under Letsema.

201-2 Financial Implications, Other Risks and Opportunities Due to Climate Change

- Climate related risks & opportunities
- Financial Impacts (costs, revenues, assets values)
- Adaptation and mitigation strategies
- Time horizons (short, medium, long term)
- Strong linkage to TCFD/ IFRS S2 and climate risk management.

We are committed to achieving net-zero emissions by 2050 and support a just energy transition for Botswana. Our climate strategy is built on a practical approach, a commitment to transparency, and a collaborative effort with our clients and stakeholders. In line with the United Nations Sustainable Development Goals (SDG's), Botswana's Nationally Determined Contributions (NDC's) and other key reference instruments like the Paris Agreement, we are committed to achieving net zero commitment. To mitigate risks and shape a sustainable future, we have committed to this net zero transition pathway: Direct operations for newly built facilities by **2030**, Direct operations for existing facilities by **2040**, lending and investing activities by **2050**.

Physical Risks: The Bank takes a keen interest in climate change from a risk and opportunity lens. Our product offering is being widened to include products that address climate risks that are occurring or likely to occur. During 2024, we launched a sustainable architecture challenge to develop and roll out housing plans designed with sustainability in mind. The launch and financing of these housing units is targeted for 2025.

GRI 201- 3 Defined benefit plan obligations and other retirement plans

- Pension and retirement obligations
- Funding status of defined benefit plans
- Employer contributions
- Governance of retirement benefits

Focus on long term employee financial security

GRI 201-4 Financial assistance received from the government

- Tax incentives
- Subsidies
- Grants
- Preferential loans
- Export credits

How GRI 201 series fits into ESG reporting?

Economic (Value creation, climate financial risks, pensions)
Social (Employment benefits, retirement security)
Governance (Transparency, public funds and accountability)

GRI 202 Market Presence

Addresses our market presence, including our hiring practices and compensation compared to prescribed local standards. The disclosure requirements aim to provide insights into how our organisation supports local economy and ensures fair treatment for employees.

202-1 Ratios of standard entry-level wage by gender compared to local minimum wage

We take keen interest in ensuring that our salaries particularly at entry level align not only with laws but that are able to meet the minimum standards set for enabling the decency and dignity of life. Using the current minimum wage Government policy as a guide, our lowly paid employee earnings are **7,500 Pula**. We will continuously review and ensure that our entry level employees are paid wages that can enable them to afford the cost of living.

202-2 Proportion of senior management hired from the local community

The Bank recognises the importance of developing and retaining local leadership capacity as part of its contribution to sustainable economic development. Senior leadership is referred to as **Country Leadership Council (CLC)** and lead specific and material business units.

The composition of CLC is entirely local, demonstrating the Bank's commitment to strengthening its local talent pipeline through leadership development programmes, internal succession plans and targeted skills development initiatives.

In line with **GRI 202-2**, and for purposes of this disclosure senior management refers to individuals who are citizens of Botswana and who are employed within the Country. The Bank's approach to senior management recruitment is guided by its values, governance policies,

- risk management. Priority is appointing qualified local candidates consistent with;
- The Bank's commitment to strong governance
 - Regulatory expectations regarding management oversight and continuity
 - National objectives relating to citizen economic participation and skills development

Governance & Future Focus

The Bank prioritises the appointment of suitably qualified local candidates to senior management positions, in support of regulatory stability, leadership continuity, and local market expertise. This approach is aligned to regulatory expectations for strong local governance, effective oversight and sustainable management structures within licensed financial entities.

GRI 205 Anti-Corruption

Addresses how we manage risks related to corruption, including bribery, extortion, and other unethical practices. Reporting and disclosing against this standard enables us to share our approach to anti-corruption, measures implemented to prevent it, and the outcomes of these efforts.

GRI 205-1 Operations Assessed for Risks Related to Corruption

The Bank manages corruption risks through different frameworks but the most comprehensive of these is the Anti-Corruption and Bribery (ABC) framework which is also underpinned by the Anti Bribery and Corruption policy. There are other enabling and supporting policies such as the gifts and entertainment, whistleblowing, procurement, ethics and conduct policy frameworks that are contributing towards shaping overall corruption risk mitigation for our operations and conduct with third parties.

At an overarching level our frameworks also aligns to the Country's legal instruments such as The Corruption and Economic Crime Act, 1994 of Botswana. We align and work alongside relevant local regulatory bodies such as Financial Intelligence Agency (FIA). On process improvement we are aligning to the recommendation of the Financial Action Task Force (FATF) to ensure that our processes and activities are aligned to FATF's country action plans.

GRI 205-2 Communication and Training about Anti-Corruption Policies and Procedures

An important element of trust and integrity is ensuring that the Bank conducts its business in accordance with the values and the Code of Ethics that the Bank has adopted. It is wholly unacceptable for the Bank and its associated persons to be involved or implicated in any way in bribery, or in any corrupt practice. The Bank further runs a comprehensive set of compulsory trainings on annual basis that are designed to ensure that employees can be able to detect and best handle corruption related incidents. These trainings are critical to ensure organisational resilience and cohesion of culture as mitigation to addressing corruption.

GRI 204 Procurement Practices

This disclosure highlights our sourcing and procurement approach and emphasises how we drive Botswana's growth through economic impact and supplier development.

We aim to show how our procurement decisions foster economic development and align with sustainable development goals (SDG's) as follows.



GRI 204-1 Proportion of Spending on Local suppliers

The Bank has identified procurement from local suppliers as one of its key priorities in line with its impact areas of **enterprise growth and job creation and financial health and inclusion**. We recognise that our procurement practices have direct economic impacts for Botswana and that through our procurement practices we can advance both our commercial and strategic objectives in line with the country's

- In line with our purpose "**Botswana is our home, we drive her growth**" we developed a procurement policy that is designed to drive local empowerment and beneficiation for Botswana's economy and local

enterprises. The policy targets youth and women majority owned companies (50% or more) for empowerment through preference to procure service and goods from their enterprises. During 2025 the Bank procured a total of **BWP 61.2m** (sixty-one million Pula) from women and youth owned enterprises.

- Women owned business **BWP 40.1m**
- Youth owned business **BWP 21.1m**
- In 2024 the Bank procured goods and service worth **BWP 31.2m** and in 2025 this grew to **BWP 61m**. This will remain a strategic focus going into the next 3 years of our strategy.

Forward-Looking Targets

Our commitment to local economic empowerment remains a key component of both our commercial and strategic deliverables. Economic value addition by way of leveraging procurement will remain an important part of this strategy going into the new strategic period 2026 to 2028 .

GRI 206 Anti-Competitive Behaviour

The disclosure enables us to focus on how we manage risks related to anti-competitive practices, such as anti-trust violation, monopolist behaviour, unfair competition. It emphasizes transparency in how we prevent and address these practices to ensure ethical business conduct and fair market competition.

GRI 206-1 Legal Actions for Anti-competitive Behaviour, Anti-Trust, and Monopoly Practices

We remain committed to supporting the work of regulators, including Competition and Consumer Authority and reiterate our belief in and respect for safeguarding consumer and competition rules, protection of consumers and ensure that our business conduct advances fair business practices that also advance right to consumer education and the right to a healthy environment.

GRI 302 Energy

As part of our environmental stewardship, this reporting disclosure enables us to focus and manage our organization's energy consumption and its related impact on sustainability and our efforts to drive energy use efficiency and sustainability impact.

GRI 302-4 Reduction in Energy Consumption

As part of our plan to be energy efficient and sustainable, our climate strategy entails diversifying our energy mix towards renewables and achieving net zero by 2040 for existing facilities.

As part of our net zero pathway we increased our renewables energy mix during 2024 with an additional **100KWp** to reach **200KWp** of the **570KWp** required to be completely off grid for the head office building. This represents an energy mix of 35% renewables and 65% on-grid energy mix for the head office. Furthermore we installed solar at two of our automated teller machines (ATM) sites, in Mochudi and Oodi and these are running off grid.

GRI 401 Employment

Focuses on our approach to employment, covering aspects such as employee turnover, hiring practices, benefits, and labour relations. Our disclosure is intended to promote transparency in how we manage employment related issues.

GRI 401-1 New Employee Hires and Employee Turnover:

The Bank's resourcing mandate is to hire the best talent in the market to fill immediate critical roles that will impact on the long-term success of the business, leveraging on workforce data to understand the skills needed for organisational performance. Through our recruitment practices, we strive to promote fair and consistent processes to meet the resourcing needs of the business in a manner that mitigates risk across the areas of employment legislation, regulatory compliance, and operations. Additionally, we are proactive in developing initiatives to reduce the Bank's turnover levels and increase employee retention through continuously reviewing and improving our Employee Value Proposition (EVP), creating a good employee experience and providing local and international exchange and secondment opportunities for talented employees amongst other initiatives

GRI 401-2 Benefits Provided to Full-Time Employees

The Bank provides certain standard benefits to employees as part of its employee compensations and reward offering, also as part of its employee welfare. Some of these standard benefits include:

- Car allowance
- Housing allowance
- 13th Cheque payable in December
- 15% Pension fund employer contribution
- 100% medical aid cover (4 dependants)
- Staff loans at preferential rates
- Cell phone voucher and allowance (where applicable)
- Discretionary bonus based on performance
- Discounted gym offering to support employees with physical and mental well-being

GRI 401-3 Parental Leave

The Bank provides a **3-months** maternity leave for nursing mothers/employees and **5 days** paternity leave for new fathers.

GRI 402 Labour/ Management Relations

Our disclosure focuses on our approach to managing relationship with employees, particularly in the context that involve significant operational changes, such as restructuring, layoffs etc.

GRI 402-1 Minimum Notice Periods Regarding Operational Changes

The Bank provides employees and their representatives sufficient time also in line with the law ahead of any significant operational change(s). Case in point is the 2023 organisational redesign exercise which impacted seventy-nine (79) Stanbic Bank employees. Employees who were likely to be affected by the change or possible termination of contracts of employment were notified in writing and issued a Section 25 letter. The Bank ensured that affected employees were notified ahead of the changes and the Union was engaged throughout the process to exercise good faith and encourage a consultative dialogue.

Numerous meetings and engagements were held to communicate upcoming changes and rationale behind the change and possible implications for affected employees. The Bank also leveraged on the communication platforms such a 'Lekgotla' to further drive the message to all employees and communicate the next phases of the exercise.

GRI 404 Training and Education

This disclosure highlights importance of our continuous emphasis on learning and workforce development to for organizational success and employee effectiveness in the discharge of their duties.

GRI 404-1 Average Hours of Training per Year per Employee

Training and development plays a key role in our sustainability journey in terms of the future fit and resilience required for our business to succeed for the long term into the future. We attained an average of 89 hours of learning/ training per employee in 2024 with 53%-time allocation of these training hours dedicated to future skills training content.

GRI 405 Diversity and Equal Opportunity

The disclosure standard enabled us to demonstrate our organization's commitment to fostering diversity and safeguarding of equal opportunities in the workplace. It encourages transparency in the workplace composition and highlights our efforts to eliminate discrimination while promoting inclusivity across all levels of the organization.

GRI 405-1 Diversity of Governance Bodies and Employees

The Bank strives to build a rich culture that fosters cohesiveness amongst employees and promotes a healthy equitable and inclusive environment. To advance diversity, equity and inclusion (DEI) efforts we recruit talent from different backgrounds in the market. This gives us the competitiveness and resilience that will sustain us into the future. As one of the DEI highlights for the period under review, the Bank has made great strides in ensuring a workplace that enables women (as a focus group) to grow and advance at all levels of the organisation. Our focus on gender diversity has yielded impressive results. Women make up **53%** of our executive team, a significant increase from 31% four years ago. The calibre and talent of our women is evident through the number of recognitions they receive through the Bank's recognition platforms and awards such as Mark of Excellence awards, Employee of the Quarter both locally and at Group level.

Our diversity also reflects across different age categories ensuring that the company is well balanced, representative of population demographics and that it is able to ensure effective succession planning from the different age group talent pools.

NB: The materiality of these metrics and the need to consistently monitor this data underscores our commitment in ensuring that diversity, equity and inclusion are not compromised and that balance is always maintained to not have over representation.

GRI 406 Non-Discrimination

The standard focuses on non-discrimination, addressing how organisations identify, manage, and prevent incidents of discrimination in their operations and value chain emphasising human rights, and social equity. Key disclosure requirements entail total number of discrimination incidents, corrective actions taken.

GRI 406-1 Incidents of Discrimination and Corrective Actions

The Bank has a clear position on unfair discrimination and has appropriate procedures for managing complaints of unfair discrimination. This ensures that the Bank fulfils its responsibility to provide its employees, clients and stakeholders and the public with a safe environment and services that are free from unfair discrimination. The Bank employees are expected to uphold the values of respect, fairness and courtesy, and to respect human dignity in their professional working relationships. The Bank forbids unfair discrimination and takes a zero-tolerance approach to unfair discrimination and will take the necessary steps to investigate complaints of unfair discrimination. Our commitment and stance to some topical issues is as follows:

LGBTQI+

We note and abide by the laws of the Botswana which also recognise and uphold the rights of the LGBTQI+ community. We are committed to ensuring that we do not discriminate against employees, customers, or clients based on sexual orientation. Our services and working environment are designed inclusive of all people regardless of sexual orientation. Our focus is on promoting inclusivity and belonging for members of the LGBTQI+ community, creating a workplace where everyone feels respected and valued.

Equal pay

Equal pay for work of equal value is a fundamental principle at Stanbic Bank. We value all employees equally and ensure equitable pay across the business. Pay equity reviews help us identify and address any potential gaps, reinforcing our commitment to fairness and transparency.

Disability

Increasing the representation of people living with disabilities in our workforce is a key priority. Our focus is on providing reasonable accommodation. We actively work to remove attitudinal barriers and promote a culture of understanding and respect through awareness and learning initiatives for all employees.

Localised representation

We endeavour to ensure that our employee base is broadly representative at all levels. Representation targets are in place at all levels of the organisation, including the board of directors, executive leadership, and workforce. We believe that diverse and inclusive workplace fosters innovation, creativity, and better decision-making, leading to a stronger and more competitive organisation.

Gender equality

We are committed to advancing gender equity and empowering women in the workplace, marketplace, and community. Our ambition is to achieve gender balance at all levels of the organisation, including our board of directors and executive leadership. We believe that a gender-balanced workforce fosters diversity of thought, leading to better decision-making and stronger business outcomes.

GRI 407 Freedom of Association and Collective Bargaining

The standard emphasizes freedom of association and collective bargaining, essential components of labour and human rights. Its objective is to report on how an organization upholds workers' rights in its operations and supply chain, particularly in contexts where these rights are at risk.

GRI 407-1 Freedom of Association and Collective Bargaining

The Bank recognises that collective bargaining is one of the fundamental policies promoted by the trade dispute Act and the trade unions and employers organisations legislation. We recognise the right of all employees to freedom of association and the freedom not to associate, including the right to collective organisation and representation. We recognise the right of employees to form and join unions of their choice and exercise organisational rights as provided for in terms of the relevant laws. Collective bargaining is, by custom and agreement, restricted to general staff and we respect all the prevailing labour laws. Additionally we subscribe to other international frameworks such as the ILO 87 (Freedom of Association) and 98 (Right to collective Bargaining).

GRI 408 Child Labour

The reporting standard emphasizes the cognizance we have as an organization to identify, prevent and mitigate child labour particularly within our supply chain.

Key disclosures include operations and suppliers at risk for child labour and measures taken to eliminate this risk in line with how we manage risk as a strategy. As part of risk mitigation our environmental and social risk assessment will give focus to sectors such as agriculture and farming enterprises where this risk might be more prevalent.

GRI 408-1 Operations and Supplier at Significant Risk for Incidents of Child Labour

We will strengthen our environmental and risk assessments to understand impacts within the broader supply chain and seek ways of influencing for risk mitigation and prevention where such gaps are identified.

GRI 413 Local Communities

Is a disclosure standard focused on how we manage our impacts on communities, particularly around engagement risk and social license to operate.

GRI 413-1 Operations with Local Community Engagement, Impact Assessments, and Development Programs

We recognise our role in supporting inclusive economic growth alongside driving community development as per our purpose statement. Through our operations and branch network we have undertaken various interventions were targeted at socio-economic impact. During the reporting period we undertook these various initiatives under our Corporate Social Investment (CSI) space.

GRI 415 Public Policy

The standard focuses our organization to disclose on matters relating to public policy and lobbying activities. The standard requires us to disclose our political contributions, lobbying efforts and other forms of influence over public policy to ensure transparency and accountability in our interactions with government and policymakers.

GRI 415-1: Public Policy Engagement and Political Contributions

The Bank policy is against making contributions to political parties, affiliated organizations, or political campaigns. This policy also extends to ensuring that any associated persons appointed are done so legally, ethically, and professionally, according to the policy. Our policy stance is clear that all dealings with government officials will be above board guided by our values, transparency and ethics. The Bank prohibits bribery and corruption in all dealings. This includes situations where a bribe is given, offered, received, or solicited, regardless of the sector.

GRI 418 Customer Privacy

Focuses on customer privacy and how we manage and protect personal data and manage privacy related risks and breaches. For us as a bank this is not peripheral issue. It is a core operational risk, regulatory compliance and trust capital matter.

GRI 418-1 Substantiated Complaints Concerning Breaches of Customer Privacy and Losses of Customer Data

This standard focuses our approach on customer privacy responsibility and the need to report on our efforts to manage and protect customer privacy in the context of our operations. We align our conduct with international privacy and data protection regulations, such as the General Data Protection Regulation (GDPR) and Botswana's Data Protection Act.



5

ANNUAL FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES **pg97** | INDEPENDENT AUDITOR'S REPORT **pg98**
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Statement of Directors' responsibilities

The Group is required by the Companies Act (CAP 42:01) to prepare financial statements for each financial period.

The directors are responsible for the preparation of the Group and Company financial statements of Stanbic Bank Botswana Limited that give a true and fair view; comprising the statements of financial position at 31 December 2025, profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, material accounting policies and the notes to the financial statements, in accordance with IFRS[®] Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards), its interpretations adopted by the IASB[®], and in the manner required by Banking Act (Cap 46:04) of Botswana.

The directors are also responsible for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error, and maintaining adequate accounting records and an effective system of risk management.

The directors, supported by the Board Audit Committee, are satisfied that management introduced and maintained adequate internal controls to ensure that dependable records exist for the preparation of the Group and Company financial statements, to safeguard the assets of the Group and to ensure all transactions are duly authorised.

The directors have made an assessment of the bank and its subsidiaries' ability to continue as going concerns and have no reason to believe these entities will not continue as going concerns in the foreseeable future.

The independent auditor is responsible for reporting on whether the consolidated and separate financial statements give a true and fair view in accordance with the applicable financial reporting framework.

Approval of the Group's financial statements and financial statements of the bank:

The group and the bank's financial statements from page 101 to 188 were approved by the directors on 26 March 2025 and are signed on their behalf by:

Dr TTK Matome
Chairman

C. Modise
Chief Executive



Independent Auditor's Report

To The Shareholders Of Stanbic Bank Botswana Limited

Opinion

We have audited the Consolidated and Separate Financial Statements ('the financial statements') of Stanbic Bank Botswana Limited ('the Company') and its subsidiaries ('the Group'), set out on pages 101 to 188, which comprise the consolidated and separate statements of financial position as at 31 December 2025, and the consolidated and separate statements of profit or loss and other comprehensive income, consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and the notes to the Consolidated and Separate Financial Statements, including a summary of material accounting policies.

In our opinion, the Consolidated and Separate Financial Statements give a true and fair view of the consolidated and separate financial position of the Group and the Company as at 31 December 2025, and their consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

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' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Botswana, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. 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 Consolidated and Separate Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



Partners: CV Ramatlapeng (Botswana)
Associate Directors: T Hove (Zimbabwe) K Zimucha (Zimbabwe)
Associate of Deloitte Africa, a Member of Deloitte Touche Tohmatsu Limited



Independent Auditor's Report (continued)

To The Shareholders Of Stanbic Bank Botswana Limited

Key Audit Matter	How the matter was addressed in the audit
Impairment of Loans and Advances (Consolidated and Separate)	
<p>The determination of credit impairments is complex, requiring significant judgements and assumptions. We considered the impairment of loans and advances to be a matter of significant importance to our current year audit due to the following:</p> <ul style="list-style-type: none"> Loans and advances are material to the financial statements; The level of subjective judgement and assumptions applied in determining the ECL on loans and advances; The uncertainty related to local and global economic stress; and The effect that ECL has on the impairment of loans and advances and the Bank's credit risk management. <p>The Group's and Company's loans and advances broadly fall into three customer segments:</p> <ul style="list-style-type: none"> Corporate and Investment Banking (CIB); Personal and Private Banking (PPB); and Business and Commercial Banking (BCB). <p>We have set out below the risks and responses based on the ECL approach adopted.</p> <p>Corporate and Investment Banking (CIB) exposures are calculated separately based on rating models for each of the asset classes. The Personal and Private Banking (PPB) and Business and Commercial Banking (BCB) portfolios are based on the product categories or subsets of the product categories, with tailored ECL models per portfolio. The impairment provision calculation excludes post-write-off recoveries (PWOR) from the loss given default (LGD) in calculating the ECL. These LGD parameters are aligned to market practice.</p> <p>Management applies professional judgement in developing the credit impairment models, analysing data and determining the most appropriate assumptions and estimates.</p> <p>The inputs into the modelling process require significant management judgement, including:</p> <ul style="list-style-type: none"> The input assumptions and methodologies applied to estimate the probability of default (PD), exposure at default (EAD) and loss given default (LGD) within the ECL calculations; The assessment of whether there has been a significant increase in credit risk (SICR) event since origination date of the exposure to the reporting date; The determination of the lifetime of a financial instrument subject to ECL assessment; and The incorporation of forward-looking information. <p>The Bank individually assesses ECL for watch list accounts and accounts that are credit impaired (Stage 3). All watchlist accounts are considered to have SICR and attract a lifetime ECL.</p> <p>The other key judgements we considered are:</p> <ul style="list-style-type: none"> valuation of collateral held; and estimation of the recoverable amounts and timing of future cash flows. <p>Related disclosures in the Consolidated and Separate Financial statements:</p> <ul style="list-style-type: none"> Note 6 - Accounting policy for financial instruments; Note 21 - Key management assumptions, specifically note 21.1 - Credit impairment losses on loans and advances; Note 22.7 - Credit impairment charges; Note 27 - Loans and advances; and Note 44 - Financial risk management. 	<p>Our audit of the impairment of loans and advances included, inter alia, the following audit procedures which we performed with the assistance of our credit and actuarial experts:</p> <ul style="list-style-type: none"> Across all three segments, we assessed the associated impairment practices applied by management against the requirements of the International Financial Reporting Standard (IFRS) 9 Financial Instruments; We tested the design and implementation of relevant controls over the processes used to calculate impairments; We assessed the Group's macroeconomic scenario estimates and evaluated the outlined methodology, scenario views and associated probabilities in terms of the principles of IFRS 9, including the review of the approval of these macro-economic variables through the appropriate governance structures; and We evaluated the design and implementation and tested the operating effectiveness of controls relating to aging of loans and advances. <p>Below is a summary of the substantive procedures performed for each segment:</p> <p>Personal and Private Banking, and Business and Commercial Banking</p> <p>We performed the following procedures on the ECL for all material portfolios with the assistance of our credit and actuarial experts:</p> <ul style="list-style-type: none"> Obtained an understanding of the methodologies and assumptions used by management in the various ECL model components (PD, EAD, LGD) and assessed these against the requirements of IFRS 9 and industry best practice; Assessed the reasonableness of the SICR criteria adopted by management; Assessed the application of forward-looking information in the ECL calculation; Tested the completeness and accuracy of data inputs into the models by tracing a sample of data inputs back to the information sourced by management from internal systems; Compared the Bank's model output at a parameter level and in total against the independent challenger model output performed by the credit and actuarial experts who assisted us in performing our procedures, and investigated any material variances; Inspected a sample of legal agreements and supporting documentation to assess the legal right to and existence of collateral; Assessed a sample of watch list accounts and accounts that are credit impaired (Stage 3) for reasonableness of collateral valuation considered in assessing ECL; and Assessed the discount rates and periods used for discounting estimated future cash flows for reasonableness. <p>Corporate and Investment Banking</p> <p>We performed the following procedures on the ECL for corporate loans and advances with the assistance of our credit and actuarial experts:</p> <ul style="list-style-type: none"> We assessed, the appropriateness of assumptions made by management in determining the level of impairment, including the probability of default and valuation of collateral and the incorporation of the macro-economic variables; We tested the appropriateness of the forward-looking information to evaluate whether the chosen macro-economic factors provide a reasonable representation of the impact of macro-economic changes on the ECL results; We assessed the reasonability of the credit risk parameters calculated by management; and Compared the Bank's model output at a parameter level and in total against the independent challenger model output performed by the credit and actuarial experts who assisted us in performing our procedures and investigated any material variances. <p>In conclusion, we determined the expected credit loss and related disclosures to be adequate.</p>

Deloitte.**Independent Auditor's Report** (continued)

To The Shareholders Of Stanbic Bank Botswana Limited

Other Information

The Directors are responsible for the other information. The other information comprises the Chairman's report, Chief Executive's report, Chief Finance and Value Management Officer's report, Corporate governance report, Risk management and control, and the Statement of Directors' responsibilities, which we obtained prior to the date of this auditor's report as well as the Integrated Report, which will be made available after the date of our independent auditor's report. The other information does not include the Consolidated and Separate Financial Statements and our auditor's report thereon.

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 on the other information obtained prior to the date of this auditor's report, 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 and fair presentation of the Consolidated and Separate Financial Statements in accordance with IFRS Accounting Standards 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's 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.

The directors are responsible for overseeing the Group's and Company's financial reporting process. 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's 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's 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 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 Financial Statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee 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 Audit Committee, 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.

Deloitte & Touche

Deloitte & Touche
Firm of Certified Auditors
Practising Member: Cecilia Veeta Ramatlapeng (CAP 008 2026)
Partner

31 March 2026
Gaborone

Statement of profit or loss and other comprehensive income

For the year ended 31 December 2025

	Note	Group		Company	
		2025 P000's	2024 P000's	2025 P000's	2024 P000's
Interest income	22.1	2 031 731	1 885 860	2 031 731	1 885 860
Interest expense	22.2	(957 190)	(514 394)	(957 190)	(516 976)
Net interest income		1 074 541	1 371 466	1 074 541	1 368 884
Fee and commission income	22.3	507 639	467 370	490 129	451 895
Fee and commission expense	22.4	(138 452)	(148 999)	(138 452)	(148 999)
Net fee and commission income		369 187	318 371	351 677	302 896
Net trading income	22.5	541 166	241 388	541 166	241 388
Other income	22.6	31 236	19 774	38 595	56 561
Net non-interest income		941 589	579 533	931 438	600 845
Total-net-income		2 016 130	1 950 999	2 005 979	1 969 729
Credit impairment charges	22.7	(84 600)	(42 839)	(84 600)	(42 839)
Net income before operating expenses		1 931 530	1 908 160	1 921 379	1 926 890
Staff costs	22.8	(460 010)	(444 454)	(460 010)	(444 454)
Other operating expenses	22.9	(519 795)	(513 969)	(518 594)	(513 579)
Total operating expenses		(979 805)	(958 423)	(978 604)	(958 033)
Profit before indirect tax		951 725	949 737	(942 775)	968 857
Indirect tax	22.11	(44 400)	(36 397)	(44 352)	(36 356)
Profit before direct tax		907 325	913 340	898 423	932 501
Direct tax	22.11	(197 576)	(205 374)	(195 618)	(202 990)
Profit for the year		709 749	707 966	702 805	729 511

Dr TTK Matome
Chairman

C. Modise
Chief Executive

Statement of financial position

For the year ended 31 December 2025

	Note	Group		Company	
		2025 P000's	2024 P000's	2025 P000's	2024 P000's
Assets					
Cash and balances with Central Bank	23	996 522	281 809	996 522	281 809
Derivative assets	24.3	47 881	20 509	47 881	20 509
Trading portfolio assets	25	147 566	185 709	147 566	185 709
Financial investments	26.1	4 271 709	3 198 417	4 271 709	3 198 417
Loans and advances		21 346 214	23 451 310	21 346 214	23 451 310
Loans and advances to banks	27.1	7 585 011	8 497 257	7 585 011	8 497 257
Loans and advances to customers	27.1	13 761 203	14 954 053	13 761 203	14 954 053
Other assets	28	468 490	224 820	467 143	224 777
Current tax asset	32	82 315	41 285	75 002	35 594
Investment in subsidiaries	29	-	-	1 922	1 922
Intangible assets	30	52 334	77 628	52 334	77 628
Property, equipment and right of use assets	31.1	178 174	145 437	178 174	145 437
Deferred tax asset	32	-	18 451	-	18 368
Total assets		27 591 205	27 645 375	27 584 467	27 641 480
Liabilities					
Derivative liabilities	24.3	29 538	34 892	29 538	34 892
Deposits	34	22 728 800	23 218 095	22 755 522	23 247 023
Deposits from banks	34	2 454 712	2 342 148	2 454 712	2 342 148
Deposits from customer accounts	34	20 274 088	20 875 947	20 300 810	20 904 875
Accruals, deferred income and other liabilities	35	373 050	521 501	369 772	511 916
Trading portfolio Liabilities	33	-	293 863	-	293 863
Debt securities in issue	36	1 179 120	1 016 440	1 179 120	1 016 440
Deferred tax liabilities	32	10 364	-	10 364	-
Total Liabilities		24 320 872	25 084 791	24 344 316	25 104 134
Equity					
Stated capital	37.1	390 177	390 177	390 177	390 177
Reserves	37.3	2 880 156	2 170 407	2 849 974	2 147 169
Equity - attributable to ordinary shareholders		3 270 333	2 560 584	3 240 151	2 537 346
Total liabilities and equity		27 591 205	27 645 375	27 584 467	27 641 480

Dr TTK Matome
Chairman

C. Modise
Chief Executive

Statement of changes in equity

For the year ended 31 December 2025

	Note	Stated capital	Statutory credit reserve	Retained earnings	Total equity
Group		P000's	P000's	P000's	P000's
Balance at 1 January 2025		390 177	154 474	2 015 933	2 560 584
Profit for the year		-	-	709 749	709 749
Total comprehensive income for the year		-	-	709 749	709 749
Dividends paid		-	-	-	-
Balance at 31 December 2025		390 177	154 474	2 725 682	3 270 333

	Note	Stated capital	Statutory credit reserve	Retained earnings	Total equity
Group		P000's	P000's	P000's	P000's
Balance at 1 January 2024		390 177	154 474	1 781 967	2 326 618
Profit for the year		-	-	707 966	707 966
Total comprehensive income for the year		-	-	707 966	707 966
Dividends paid		-	-	(474 000)	(474 000)
Balance at 31 December 2024		390 177	154 474	2 015 933	2 560 584

	Note	Stated capital	Statutory credit reserve	Retained earnings	Total equity
Company		P000's	P000's	P000's	P000's
Balance at 1 January 2025		390 177	154 474	1 992 695	2 537 346
Profit for the year		-	-	702 805	702 805
Total Comprehensive Income for the year		-	-	702 805	702 805
Dividends Paid		-	-	-	-
Balance at 31 December 2025		390 177	154 474	2 695 500	3 240 151

	Note	Stated capital	Statutory credit reserve	Retained earnings	Total equity
Company		P000's	P000's	P000's	P000's
Balance at 1 January 2024		390 177	154 474	1 737 184	2 281 835
Profit for the year		-	-	729 511	729 511
Total comprehensive income for the year		-	-	729 511	729 511
Dividends Paid		-	-	(474 000)	(474 000)
Balance at 31 December 2024		390 177	154 474	1 992 695	2 537 346

Statement of cash flows

For the year ended 31 December 2025

Note	Group		Company	
	2025	2024	2025	2024
	P000's	Restated ¹ P000's	P000's	Restated ¹ P000's
Profit before indirect tax	951 725	949 737	942 775	968 857
Adjusted for:				
Amortisation and impairment of intangible assets	30	25 294	25 293	25 293
Credit impairment charges	22.7	119 668	85 435	85 435
Depreciation - property and equipment	31.2	35 911	32 972	32 972
Depreciation – right of use assets	31.2	12 709	14 053	14 053
Interest expense on lease liabilities	22.2	948	1 289	1 289
Loss on sale of property and equipment	22.9	(3 033)	-	-
Increase in income-earning and other assets ¹	40.1	1 046 218	(3 598 936)	(3 598 733)
Increase in deposits and other liabilities	40.2	(1 148 725)	2 365 725	2 347 106
Preference dividend income-Liberty Holdings	42.5	(11 913)	(9 521)	(9 521)
Dividend income	22.6	-	-	(30 000)
Interest income	22.1	(2 031 731)	(1 885 860)	(1 885 860)
Interest expense	22.2	957 190	514 394	516 976
Cash flows used in operations activities		(45 739)	(1 505 419)	(1 532 133)
Interest received		2 029 731	1 883 657	1 883 657
Interest paid		(785 560)	(588 500)	(591 082)
Indirect tax paid	22.11	(44 400)	(36 397)	(36 356)
Direct tax paid	40.3	(205 556)	(191 811)	(189 556)
Net cash flows used in operating activities		948 476	(438 470)	948 476
Net cash flows used in investing activities		(44 560)	(41 141)	(44 560)
Purchased expenditure on:				
- property (freehold and leasehold)	31.2, 31.4	(12 233)	(11 636)	(12 233)
- equipment	31.2, 31.4	(41 072)	(36 691)	(41 072)
- intangible asset	30	-	-	-
- motor vehicle and furniture	31.2	(8 515)	(1 383)	(8 515)
Proceeds from disposal of equipment		5 347	-	5 347
Dividend received *		-	-	27 000
Preference dividend received-Liberty Holdings *		11 913	8 569	11 913
Net cash flows used in financing activities		146 702	(491 094)	146 702
Unsubordinated debt redeemed	40.4	(250 720)	(300 000)	(250 720)
Subordinated debt issued	40.4	413 400	300 000	413 400
Principal lease payments	35	(15 978)	(17 094)	(17 094)
Dividends paid to shareholder		-	(474 000)	-
Net movement in cash and cash equivalents¹		1 050 618	(970 705)	1 050 618
Cash and cash equivalents at beginning of the year¹		1 428 536	2 399 241	1 428 536
Cash and cash equivalents at end of the year¹	40.5	2 479 154	1 428 536	2 479 154

*dividend payment is net of withholding tax therefore this represents the actual cashflow received.

Material Accounting Policies

For the year ended 31 December 2025

Stanbic Bank Botswana Limited is a company incorporated in the Republic of Botswana. The Bank's registration number is BW0000732198. The consolidated financial statements of the Bank for the year ended 31 December 2025 comprise the Bank and its subsidiaries (together referred to as the "Group"). The Group and Company are primarily involved in investment, corporate and retail banking, and in providing asset management services. The financial statements were approved by the Board of directors on 26 March 2026.

The principal accounting policies applied in the presentation of the Group and Company's financial statements are set out below.

1. Basis of preparation

Statement of compliance

The Group's consolidated and Company's separate financial statements are prepared in accordance with IFRS® Accounting Standards (IFRS) as issued by the International Accounting Standards Board (IFRS Accounting Standards), its interpretations adopted by the International Financial Reporting Interpretations Committee (IFRIC) of the IASB®. The financial statements have been prepared on the historical cost basis except for the material items in the statement of financial position shown under Basis of measurement below.

Basis of measurement

The following principles and accounting policy elections in terms of IFRS Accounting Standards have been made, with reference to the detailed accounting policies indicated in brackets:

- Purchases and sales of financial assets under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned are recognised and derecognised using trade date accounting (accounting policy 6).
- Intangible assets, property, equipment and right of use assets are accounted for at cost less accumulated depreciation/amortisation and impairment (accounting policy 7).
- The portfolio exception to measure the fair value of certain groups of financial assets and financial liabilities on a net basis (accounting policy 6).
- Investments in subsidiaries are accounted for at cost less accumulated impairment losses, where applicable, in the separate financial statements (accounting policy 1).
- Derivatives are initially recognised at fair value (accounting policy 6).
- Trading portfolio assets and liabilities are measured at fair value (accounting policy 6).

Functional and presentation currency

The Group and Company financial statements are presented in Botswana Pula, which is the functional currency of the Stanbic Bank Botswana Limited Group. All amounts are stated in thousands of Pula (P000's), unless indicated otherwise.

Use of estimates and judgments

The preparation of the financial statements in conformity with the IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected. Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in note 21.

Changes in material accounting policies

Adoption of new standards and interpretations effective for the current financial year

The accounting policies are consistent with those reported in the previous year except as required in terms of the adoption of the following:

- **IAS 21 Lack of exchangeability (amendments)** – The amendment clarifies how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendments will be applied retrospectively.

This amendment is not expected to have any material impact on Group and separate financial statements as there are no such transactions

- **Amendments to the Sustainability Accounting Standards Board (SASB) standards to enhance their international applicability.**

The amendments remove and replace jurisdiction-specific references and definitions, without substantially altering industries, topics or metrics. The amendments are intended to help reporting entities apply the SASB Standards regardless of the jurisdiction they are in or the generally accepted accounting principles they report under.

The amendments have been drafted using a combination of the following revision approaches, in order of priority:

- replacing jurisdiction-specific terms with globally applicable references
- providing general descriptions to replace jurisdiction-specific terms
- permitting the application of local jurisdiction laws or regulations that comply with the preparer's legal and regulatory environment to replace jurisdiction-specific terms that are not appropriate
- removing certain jurisdiction-specific metrics that were unsuitable for international application, and
- replacing certain jurisdiction-specific metrics if a relevant replacement could be found that preserved the intention of the original metric.

The amendment is not expected to have a significant impact on the Group and Company's financial statements.

Material Accounting Policies (continued)

For the year ended 31 December 2025

1. Basis of consolidation (continued)

Separate financial statements

Investments in subsidiaries are accounted for at cost less accumulated impairment losses (where applicable) in the separate financial statements. The carrying amounts of these investments are reviewed annually for impairment indicators and, where an indicator of impairment exists, are impaired at the higher of the investment's fair value less costs to sell or value in use.

Consolidated financial statements

The accounting policies of subsidiaries that are consolidated by the Group conform to the Group's accounting policies. Intragroup transactions, balances and unrealised gains/(losses) are eliminated on consolidation. Unrealised losses are eliminated in the same manner as unrealised gains, but only to the extent that there is no evidence of impairment. The proportion of comprehensive income and changes in equity allocated to the Group and non-controlling interest are determined on the basis of the Group's present ownership interest in the subsidiary.

Subsidiaries are consolidated from the date on which the Group acquires control up to the date that control is lost. Control is assessed on a continuous basis.

Common control transactions

Acquisitions	The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The consideration transferred is measured as the sum of the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the acquisition date. The consideration includes any asset, liability or equity resulting from a contingent consideration arrangement. The obligation to pay contingent consideration is classified as either a liability or equity based on the terms of the arrangement. The right to return of previously transferred consideration is classified as an asset. Transaction costs are recognised within profit or loss as and when they are incurred. Where the initial accounting is incomplete by the end of the reporting period in which the business combination occurs (but no later than 12 months since the acquisition date), the Group reports provisional amounts. Where applicable, the Group adjusts retrospectively the provisional amounts to reflect new information obtained about facts and circumstances that existed at the acquisition date and affected the measurement of the provisional amounts. Identifiable assets acquired, liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess (shortage) of the sum of the consideration transferred (including contingent consideration), the value of non-controlling interest recognised and the acquisition date fair value of any previously held equity interest in the subsidiary over the fair value of identifiable net assets acquired is recorded as goodwill in the statement of financial position (gain on bargain purchase, which is recognised directly in non-trading and capital related items). When a business combination occurs in stages, the previously held equity interest is remeasured to fair value at the acquisition date and any resulting gain or loss is recognised in non-trading and capital related items. Increases in the Group's interest in a subsidiary, when the Group already has control, are accounted for as transactions with equity holders of the Group. The difference between the purchase consideration and the Group's proportionate share of the subsidiary's additional net asset value acquired is accounted for directly in equity.
Initial measurement of non-controlling interest	The Group elects on each acquisition to initially measure non-controlling interest on the acquisition date at either fair value or at the non-controlling interest's proportionate share of the investee's identifiable net assets.

Common control transactions, in which the company is the ultimate parent entity both before and after the transaction, are accounted for at book value.

2. Foreign currency translations

Transactions and balances

Foreign currency transactions are translated into the respective group entities' functional currencies at exchange rates prevailing at the date of the transactions (in certain instances a rate that approximates the actual rate at the date of the transactions is utilised, for example, an average rate for a month). Foreign exchange gains and losses resulting from the settlement of such transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates, are recognised in profit or loss (except when recognised in OCI as part of qualifying cash flow hedges and net investment hedges to the extent that the hedge is effective).

Non-monetary assets and liabilities denominated in foreign currencies that are measured at historical cost are translated using the exchange rate at the transaction date, and those measured at fair value are translated at the exchange rate at the date that the fair value was determined. Exchange rate differences on non-monetary items are accounted for based on the classification of the underlying items.

3. Funds management

The Group manages and administers assets held in unit trusts and other investment vehicles on behalf of investors. The Group assesses control on a case-by-case basis, considering factors such as the percentage of ownership, rights held by other parties, and whether the Group acts as a principal or agent. The financial statements of these entities are not included in these consolidated financial statements as these are held in a fiduciary capacity except when the Group controls the entity.

Material Accounting Policies (continued)

For the year ended 31 December 2025

4. Cash and cash equivalents

Cash and cash equivalents disclosed in the statement of financial position and statement of cash flows, consist of cash (coins and bank notes), balances with the central bank and on demand gross loans and advances to banks which are readily convertible to a known amount of cash and available for use by the group within less than three months since initial deposit. These on-demand gross loans and advances to banks are held to meet short term cash commitments, rather than for investment or other purposes. Coins and bank notes and the balances held with the Central Bank are carried at amortised cost. This is the default as the contractual terms do not give rise on specified dates to cash flows that represent solely payments of principal and interest on the principal amount outstanding.

5. Financial instruments

Initial measurement - financial instruments

All financial instruments are measured initially at fair value plus directly attributable transaction costs and fees, except for those financial instruments that are subsequently measured at fair value through profit or loss where such transaction costs and fees are immediately recognised in profit or loss. Financial instruments are recognised (derecognised) on the date the Group and Company commits to purchase (or sell) the instruments (trade date accounting).

Financial assets

Initial recognition

Financial assets are classified in their respective categories and measured at cost or fair value as follows:

Amortised cost	A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): <ul style="list-style-type: none"> Held within a business model whose objective is to hold the debt instrument (financial asset) in order to collect contractual cash flows and The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default.
Fair value through OCI	Includes: <ul style="list-style-type: none"> A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): <ul style="list-style-type: none"> Held within a business model in which the debt instrument (financial asset) is managed to both collect contractual cash flows and sell financial assets; and The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment includes determining the objective of holding the asset and whether the contractual cash flows are consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are not considered de minimis and are inconsistent with a basic lending arrangement, the financial asset is classified as fair value through profit or loss – default. Equity financial assets which are not held for trading and are irrevocably elect (on an instrument-by-instrument basis) to be presented at fair value through OCI.
Held for trading	Those financial assets acquired principally for the purpose of selling in the near term (including all derivative financial assets) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial assets are designated to be measured at fair value through profit or loss to eliminate or significantly reduce an accounting mismatch that would otherwise arise.
Fair value through profit or loss – default	Financial assets that are not classified into one of the above-mentioned financial asset categories.

Material Accounting Policies (continued)

For the year ended 31 December 2025

5. Financial instruments (continued)

Subsequent measurement

Subsequent to initial measurement, financial assets are classified in their respective categories and measured at either amortised cost or fair value as follows:

Amortised cost	<p>Amortised cost using the effective interest method with interest recognised in interest income, less any expected credit impairment losses which are recognised as part of credit impairment charges.</p> <p>Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.</p>
Fair value through OCI	<p>Debt instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When a debt financial asset is disposed of, the cumulative fair value adjustments, previously recognised in OCI, are reclassified to the other gains and losses on financial instruments within non-interest revenue. Expected credit impairment losses are recognised as part of credit impairment charges. However, for these FVOCI debt instruments the expected credit loss is recognised in OCI and does not reduce the carrying amount of the financial asset in the statement of financial position. Interest income on a debt financial asset is recognised in interest income in terms of the effective interest rate method.</p> <p>Dividends received are recognised in interest income within profit or loss.</p> <p>Equity instrument: Fair value, with gains and losses recognised directly in the fair value through OCI reserve. When equity financial assets are disposed of, the cumulative fair value adjustments in OCI are reclassified within reserves to retained income.</p> <p>Dividends received on equity instruments are recognised in other revenue within non-interest revenue.</p>
Held for trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value gains and losses (including interest and dividends) on the financial asset recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.
Fair value through profit or loss – default	<p>Debt instruments - Fair value gains and losses (including interest and dividends) on the financial asset recognised in the income statement as part of other gains and losses on financial instruments within non-interest revenue.</p> <p>Equity instruments - Fair value gains and losses on the financial asset recognised in the income statement as part of other gains and losses on financial instruments. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.</p>

Impairment

Expected credit loss (ECL) is recognised on debt financial assets classified as at either amortised cost or fair value through OCI, financial guarantee contracts that are not designated at fair value through profit or loss as well as loan commitments that are neither measured at fair value through profit or loss nor are used to provide a loan at a below market interest rate.

The measurement basis of the ECL of a financial asset includes assessing whether there has been a Significant Increase in Credit Risk (SICR) at the reporting date which includes forward-looking information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. The measurement basis of the ECL, which is set out in the table that follows, is measured as the unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, the time value of money and forward-looking information.

Stage 1	A 12-month ECL is calculated for financial assets which are neither credit-impaired on origination nor for which there has been a SICR.
Stage 2	A lifetime ECL allowance is calculated for financial assets that are assessed to have displayed a SICR since origination and are not considered low credit risk.
Stage 3 (credit impaired assets)	<p>A lifetime ECL is calculated for financial assets that are assessed to be credit impaired. The following criteria are used in determining whether the financial asset is impaired:</p> <ul style="list-style-type: none"> • default • significant financial difficulty of borrower and/or modification of expected cash flows or loan performance. • probability of bankruptcy or financial reorganisation • disappearance of an active market due to financial difficulties.

Material Accounting Policies (continued)

For the year ended 31 December 2025

5. Financial instruments (continued)

Impairment (continued)

The key components of the impairment methodology are described as follows:

Significant increase in credit risk (SICR)	At each reporting date the Group assesses whether the credit risk of its exposures has increased significantly since initial recognition by considering the change in the risk of default occurring over the expected life of the financial asset. Credit risk of exposures which are overdue for more than 30 days are also considered to have increased significantly.
Low credit risk	Exposures are generally considered to have a low credit risk where there is a low risk of default, the exposure has a strong capacity to meet its contractual cash flow obligations and adverse changes in economic and business conditions may not necessarily reduce the exposure's ability to fulfil its contractual obligations.
Default	<p>The Group's definition of default has been aligned to its internal credit risk management definitions and approaches. A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or groups of financial assets:</p> <ul style="list-style-type: none"> • significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower) • a breach of contract, such as default or delinquency in interest and/or principal payments • disappearance of active market due to financial difficulties • it becomes probable that the borrower will enter bankruptcy or other financial reorganisation • where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Group would not otherwise consider • Exposures which are overdue for more than 90 days are also considered to be in default
Forward-looking information	Forward-looking information is incorporated into the Group's impairment methodology calculations and in the Group's assessment of SICR. The Group includes all forward-looking information which is reasonable and available without undue cost or effort. The information will typically include expected macro-economic conditions and factors that are expected to impact portfolios or individual counterparty exposures.
Write-off	Financial assets are written off when there is no reasonable expectation of recovery. Financial assets which are written off may still be subject to legal enforcement and loan recovery activities.

ECLs are recognised within the statement of financial position as follows:

Financial assets measured at amortised cost (including loan commitments)	Recognised as a deduction from the gross carrying amount of the asset (group of assets). Where the impairment allowance exceeds the gross carrying amount of the asset (group of assets), the excess is recognised as a loss allowance within other liabilities.
Off-balance sheet exposures (excluding loan commitments)	Recognised as a provision within other liabilities.
Financial assets measured at fair value through OCI	Recognised in the fair value reserve within equity. The carrying value of the financial asset is recognised in the statement of financial position at fair value.

Material Accounting Policies (continued)

For the year ended 31 December 2025

5. Financial instruments (continued)

Reclassification

Reclassifications of debt financial assets are permitted when, and only when, the Group changes its business model or management of financial assets, in which case all affected financial assets are reclassified. Reclassifications are accounted for prospectively from the date of reclassification as follows:

Financial assets that are reclassified from amortised cost to fair value are measured at fair value at the date of reclassification with any difference in measurement basis being recognised in other gains and losses on financial instruments.

Financial liabilities Initial recognition

Financial liabilities are classified in their respective categories and measured at cost or fair value as follows:

Nature

Held-for-trading	Those financial liabilities incurred principally for the purpose of repurchasing in the near term (including all derivative financial liabilities) and those that form part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking.
Designated at fair value through profit or loss	Financial liabilities are designated to be measured at fair value in the following instances: <ul style="list-style-type: none"> to eliminate or significantly reduce an accounting mismatch that would otherwise arise where the financial liabilities are managed, and their performance evaluated and reported on a fair value basis. where the financial liability contains one or more embedded derivatives that significantly modify the financial liability's cash flows.
Amortised cost	All other financial liabilities not included in the above categories.

Subsequent measurement

Subsequent to initial measurement, financial liabilities are classified in their respective categories and measured at either amortised cost or fair value as follows:

Held-for-trading	Fair value, with gains and losses arising from changes in fair value (including interest and dividends) recognised in trading revenue.
Designated at fair value through profit or loss	Fair value, with gains and losses arising from changes in fair value (including interest and dividends but excluding fair value gains and losses attributable to own credit risk) are recognised in the other gains and losses on financial instruments as part of non-interest revenue. Fair value gains and losses attributable to changes in own credit risk are recognised within OCI, unless this would create or enlarge an accounting mismatch in which case the own credit risk changes are recognised within trading revenue.
Amortised cost	Amortised cost using the effective interest method recognised in interest expense.

Material Accounting Policies (continued)

For the year ended 31 December 2025

5. Financial instruments (continued)

Derecognition and modification of financial assets and liabilities

Financial assets and liabilities are derecognised in the following instances:

	DERECOGNITION	MODIFICATION
Financial assets	<p>Financial assets are derecognised when the contractual rights to receive cash flows from the financial assets have expired, or where the Group has transferred its contractual rights to receive cash flows on the financial asset such that it has transferred substantially all the risks and rewards of ownership of the financial asset. Any interest in the transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.</p> <p>The Group enters into transactions whereby it transfers assets, recognised in its statement of financial position, but retains either all or a portion of the risks or rewards of the transferred assets. If all or substantially all risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with the retention of all or substantially all risks and rewards include securities lending and repurchase agreements.</p> <p>When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction, similar to repurchase transactions. In transactions where the Group neither retains nor transfers substantially all the risks and rewards of ownership of a financial asset, the asset is derecognised if control over the asset is lost. The rights and obligations retained in the transfer are recognised separately as assets and liabilities as appropriate.</p> <p>In transfers where control over the asset is retained, the Group continues to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.</p>	<p>In determining whether a modification is substantial, for a financial asset, qualitative factors are considered and for a financial liability, both qualitative and quantitative factors are considered.</p> <p>Where an existing financial asset or liability is replaced by another with the same counterparty on substantially different terms, or the terms of an existing financial asset or liability are substantially modified, such an exchange or modification is treated as a derecognition of the original asset or liability and the recognition of a new asset or liability at fair value, including calculating a new effective interest rate, with the difference in the respective carrying amounts being recognised in other gains and losses on financial instruments within non-interest revenue. The date of recognition of a new asset is consequently considered to be the date of initial recognition for impairment calculation purposes.</p> <p>If the terms are not substantially different for financial assets or financial liabilities, the Group recalculates the new gross carrying amount by discounting the modified cash flows of the financial asset or financial liability using the original effective interest rate. The difference between the new gross carrying amount and the original gross carrying amount is recognised as a modification gain or loss within credit impairments (for distressed financial asset modifications) or in other gains and losses on financial instruments within non-interest revenue (for all other modifications).</p>
Financial liabilities	Financial liabilities are derecognised when the financial liabilities' obligation is extinguished, that is, when the obligation is discharged, cancelled or expires.	

Material Accounting Policies (continued)

For the year ended 31 December 2025

5. Financial instruments (continued)

Financial guarantee contracts

A financial guarantee contract is a contract that requires the Group (issuer) to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A loan commitment is a firm commitment to provide credit under specified terms and conditions. It is a binding promise from a lender that a specified amount of loan or line of credit will be made available to the named borrower at a certain interest rate, during a certain period and, usually, for a certain purpose.

Financial guarantee contracts are initially recognised at fair value, which is generally equal to the premium received, and then amortised over the life of the financial guarantee. Financial guarantee contracts (that are not designated at fair value through profit or loss) are subsequently measured at the higher of the:

- ECL calculated for the financial guarantee; or
- unamortised premium.

Derivatives

In the normal course of business, the Group enters into a variety of derivative transactions for trading purposes. Derivative financial instruments are entered into for trading purposes, interest rate, inflation, credit, commodity and equity exposures. Derivative instruments used by the Group in trading activities include swaps, options, forwards, futures and other similar types of instruments based on foreign exchange rates, credit risk, inflation risk, interest rates and the prices of commodities and equities.

Derivatives are initially recognised at fair value. Derivatives that are not designated in a qualifying hedge accounting relationship are classified as held-for-trading with all changes in fair value being recognised within trading revenue. This includes forward contracts to purchase or sell commodities, where net settlement occurs or where physical delivery occurs, and the commodities are held to settle another derivative contract. All derivative instruments are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Foreign currency risk

The Group and Company operate internationally and are exposed to foreign exchange risk and translation risk. Foreign exchange risk arises from recognised assets and liabilities and future highly probable forecast commercial transactions denominated in a currency that is not the functional currency of the Group and Company. The risk is evaluated by measuring and monitoring the net foreign monetary asset value and the forecast highly probable foreign currency income and expenditures of the relevant Group entity for each respective currency. Foreign currency risk is hedged with the objective of minimising the earnings volatility associated with assets, liabilities, income and expenditure denominated in a foreign currency.

Translation risk arises on consolidation from recognised assets and liabilities denominated in a currency that is not the reporting currency of the Group and Company. The risk is evaluated by measuring and monitoring the net foreign non-monetary asset value of the relevant Group entity for each respective currency.

The Group and Company use a combination of currency forwards, swaps and foreign denominated cash balances to mitigate against the risk of changes in the future cash flows and functional currency value on its foreign-denominated exposures. Under the Group's policy, the critical terms of these instruments must align with the foreign currency risk of the hedged item and is hedged on a 1:1 hedgeratio or where currency is managed on a portfolio basis the weighted expected foreign cash flows are aligned.

The Group and Company elect for each foreign currency hedging relationship, using either foreign currency forwards and swaps, to either include or exclude the currency forward points (basis) contained in the derivative instrument from the hedging relationship. This election is based on the currency pair involved, the shape of the yield-curve and the direction of the foreign currency hedged risk. The basis is determined using the differential between the contracted forward rate and the spot market exchange rate and is discounted, where material. Where the basis is excluded from the hedging relationship this is deferred in other comprehensive income and recognised in profit or loss as appropriate during the hedging relationship.

Interest rate risk

Banking book-related market risk exposure principally involves managing the potential adverse effect of interest rate movements on banking book earnings (IRRBB) (net interest income and banking book mark-to-market profit or loss) and the economic value of equity. The Group and Company's approach to managing IRRBB is governed by applicable regulations and is influenced by the competitive environment in which the Group and Company operate. The Group and Company's treasury and capital management team monitors banking book interest rate risk on a monthly basis operating under the oversight of Group ALCO. The Group and Company's interest rate risk management is predominantly controlled by a central unit under Treasury and Capital Management (TCM) department under approved policies. TCM department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Material Accounting Policies (continued)

For the year ended 31 December 2025

6. Non-financial assets

Type and initial and subsequent measurement	Useful lives, depreciation/ amortisation method or fair value basis	Impairment															
<p>Tangible assets (property, equipment, land and right-of-use assets)</p> <p>Property and equipment items are initially recognised at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Land is measured at cost less accumulated impairment losses</p> <p>Costs that are subsequently incurred are included in the asset's related carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. Expenditure, which does not meet these criteria, is recognised in operating expenses as incurred.</p> <p>Where significant parts of an item of property or equipment have different useful lives, they are accounted for as separate major components of property and equipment.</p>	<p>Property and equipment are depreciated on the straight-line basis over estimated useful lives (see below) of the assets to their residual values. Land is not depreciated.</p> <table border="1"> <tr> <td>Equipment</td> <td>Computer equipment Office equipment Furniture and fittings</td> <td>4 to 5 years 3 to 10 years 5 to 13 years</td> </tr> <tr> <td>Motor vehicles</td> <td></td> <td>4 to 5 years</td> </tr> <tr> <td>Leasehold buildings</td> <td></td> <td>Shorter of useful life of the improvement or Lease period</td> </tr> <tr> <td>Freehold buildings</td> <td></td> <td>40-50 years</td> </tr> <tr> <td>Land</td> <td></td> <td>Not depreciated</td> </tr> </table>	Equipment	Computer equipment Office equipment Furniture and fittings	4 to 5 years 3 to 10 years 5 to 13 years	Motor vehicles		4 to 5 years	Leasehold buildings		Shorter of useful life of the improvement or Lease period	Freehold buildings		40-50 years	Land		Not depreciated	<p>These assets are reviewed for impairment at each reporting date and tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.</p> <p>An impairment loss is recognised in non-trading and capital related items for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined as the higher of an asset's fair value less costs to sell and value in use.</p> <p>Fair value less costs to sell is determined by ascertaining the current market value of an asset and deducting any costs related to the realisation of the asset.</p> <p>In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.</p> <p>For the purposes of assessing impairment, assets that cannot be tested individually are Grouped at the lowest cash generating units (CGUs).</p> <p>Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets in the CGU on a pro rata basis. The carrying amount of these other assets may, however, not be reduced below the higher of the CGU's fair value less costs to sell and its value in use.</p> <p>Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed through non-trading and capital related items only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.</p>
	Equipment	Computer equipment Office equipment Furniture and fittings	4 to 5 years 3 to 10 years 5 to 13 years														
	Motor vehicles		4 to 5 years														
	Leasehold buildings		Shorter of useful life of the improvement or Lease period														
	Freehold buildings		40-50 years														
	Land		Not depreciated														
<p>The residual values, useful lives and the depreciation method applied are reviewed, an adjusted if appropriate, at each financial year end.</p>																	

Material Accounting Policies (continued)

For the year ended 31 December 2025

6. Non-financial assets (continued)

<p>Computer software Costs associated with developing or maintaining computer software programmes and the acquisition of software licenses are generally recognised as an expense as incurred.</p> <p>However, direct computer software development costs that are clearly associated with an identifiable and unique system, which will be controlled by the Group and have a probable future economic benefit beyond one year, are recognised as intangible assets.</p> <p>Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses from the date that the assets are available for use.</p> <p>Expenditure subsequently incurred on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.</p>	<p>Amortisation is recognised in operating expenses on a straight-line basis at rates appropriate to the expected lives of the assets (five to twelve years) from the date that the asset is available for use.</p> <p>Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if necessary.</p>	<p>Intangible assets that have an indefinite useful life are tested annually for impairment and additionally when an indicator of impairment exists.</p> <p>The accounting treatment for computer software and other intangible assets is otherwise the same as for tangible assets.</p>
<p>Derecognition Non-financial assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. The gain or loss on derecognition is recognised in profit or loss and is determined as the difference between the net disposal proceeds and the carrying amount of the non-financial asset.</p>		

7. Provisions, contingent assets and contingent liabilities

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are determined by discounting the expected future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability. The Group's provisions typically (when applicable) include the following:

- Provisions for legal claims
Provisions for legal claims are recognised on a prudent basis for the estimated cost for all legal claims that have not been settled or reached conclusion at the reporting date. In determining the provision management considers the probability and likely settlement (if any). Reimbursements of expenditure to settle the provision are recognised when and only when it is virtually certain that the reimbursement will be received.
- Provision for onerous contracts
A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.
- Contingent assets
Contingent assets are not recognised in the annual financial statements but are disclosed when, as a result of past events, it is probable that economic benefits will flow to the Group, but this will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events which are not wholly within the Group's control.
- Contingent liabilities
Contingent liabilities include certain guarantees (other than financial guarantees) and letters of credit and are not recognised in the annual financial statements but are disclosed in the notes to the annual financial statements unless the probabilities of materialising are considered remote.

8. Employee benefits

Type and description	Statement of financial position	Statement of other comprehensive income	Statement of profit or loss
Defined contribution plans The Group operates a single defined contribution plan.	Accruals are recognised for unpaid contributions until the employee leaves employment of the Group.	No direct impact.	Group contributions are recognised as an operating expense in the periods during which services are rendered by the employees.
Short-term benefits Short-term benefits consist of salaries, accumulated leave obligations, bonuses and any non-monetary benefits such as medical aid contributions.	A liability is recognised for the amount expected to be paid under short-term cash bonus plans or accumulated leave if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.	No direct impact.	Short-term employee benefit obligations are measured on an undiscounted basis and are expensed in operating expenses as the related service is provided.

Material Accounting Policies (continued)

For the year ended 31 December 2025

9. Tax

Type	Description, recognition and measurement	Offsetting
Direct taxation: current tax	<p>Current tax is recognised in the direct taxation line in profit or loss except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI.</p> <p>Current tax represents the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous years.</p>	<p>Current and deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.</p>
Direct taxation: deferred tax	<p>Deferred tax is recognised in direct taxation except to the extent that it relates to a business combination (relating to a measurement period adjustment where the carrying amount of the goodwill is greater than zero), or items recognised directly in equity or in OCI.</p> <p>Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. Deferred tax is not recognised for the following temporary differences:</p> <ul style="list-style-type: none"> • the initial recognition of goodwill; • the initial recognition of assets and liabilities in a transaction that is not a business combination, which affects neither accounting nor taxable profits or losses; and • investments in subsidiaries and associates (excluding mutual funds) where the Group controls the timing of the reversal of temporary differences and it is probable that these differences will not reverse in the foreseeable future. <p>The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of the asset or liability and is not discounted.</p> <p>Deferred tax assets are recognised to the extent that it is probable that future taxable income will be available against which the unused tax losses can be utilised. 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.</p> <p>Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally, the Group is unable to control the reversal of the temporary difference for associates unless there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference.</p> <p>Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.</p>	
Indirect taxation	Indirect taxes, including non-recoverable value added tax (VAT), skills development levies and other duties for banking activities, are recognised in the indirect taxation line in the income statement.	Not applicable
Dividend tax	Taxes on dividends declared by the Group are recognised as part of the dividends paid within equity, as dividend tax represents a tax on the shareholder and not the Group. Dividend tax withheld by the Group on dividends paid to its shareholders and payable at the reporting date to the Botswana Unified Revenue Services (where applicable) is included in 'Other liabilities' in the statement of financial position.	Not applicable

Material Accounting Policies (continued)

For the year ended 31 December 2025

10. Fair value

In terms of IFRS, the Group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date under current market conditions. Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value, it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability that market participants would take into account when pricing the asset or liability at the measurement date.

Fair value hierarchy

The Group's financial instruments that are both carried at fair value and for which fair value is disclosed are categorised by the level of fair value hierarchy. The different levels are based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Hierarchy levels

The levels have been defined as follows:

Level 1

Fair value is based on quoted market prices (unadjusted) in active markets for an identical financial asset or liability. An active market is a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2

Fair value is determined through valuation techniques based on observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices. This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3

Fair value is determined through valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instrument being valued and the similar instrument.

Hierarchy transfer policy

Transfers of financial assets and financial liabilities between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Inputs and valuation techniques

Fair value is measured based on quoted market prices or dealer price quotations for identical assets and liabilities that are traded in active markets, which can be accessed at the measurement date, and where those quoted prices represent fair value. If the market for an asset or liability is not active or the instrument is not quoted in an active market, the fair value is determined using other applicable valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. These include the use of recent arm's length transactions, discounted cash flow analyses, pricing models and other valuation techniques commonly used by market participants.

Fair value measurements are categorised into level 1, 2 or 3 within the fair value hierarchy based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement.

Where discounted cash flow analyses are used, estimated future cash flows are based on management's best estimates and a market-related discount rate at the reporting date for an asset or liability with similar terms and conditions.

If an asset or liability measured at fair value has both a bid and an ask price, the price within the bid-ask spread that is most representative of fair value is used to measure fair value.

The fair value of the following items included in cash and cash equivalents is the same as the amortised cost value, as amortised cost items are initially measured at fair value: cash and balances with the central bank and on demand gross loans and advances to banks which are readily convertible to a known amount of cash that has not been adjusted for expected credit losses. The fair value of these items of cash and cash equivalents as well as deposits and debt funding that are mostly redeemable on demand does not change, as there are no adjustments made to these items subsequent to initial recognition. These items are included in level 1 of the fair value hierarchy.

The Group's valuation control framework governs internal control standards, methodologies, and procedures over its valuation processes, which include the following valuation techniques and main inputs and assumptions per type of instrument:

Material Accounting Policies (continued)

For the year ended 31 December 2025

10. Fair value (continued)

Inputs and valuation techniques (continued)

Item and description	Valuation technique	Main inputs and Assumptions
Derivative financial instruments Derivative financial instruments comprise foreign exchange and interest rate that are either held-for-trading or designated as hedging instruments in hedge relationships.	Standard derivative contracts are valued using market accepted models and quoted parameter inputs. More complex derivative contracts are modelled using more sophisticated modelling techniques applicable to the instrument. Techniques include: • Discounted cash flow model • combination technique models.	For level 2 and 3 fair value hierarchy items: • discount rate* • spot prices of the underlying • correlation factors
Trading assets and trading liabilities Trading assets and liabilities comprise instruments which are part of the Group's underlying trading activities. These instruments primarily include sovereign and corporate debt, commodities, collateral, collateralised lending agreements and equity securities. Financial investments Financial investments are trading financial assets and primarily comprise of sovereign and corporate debt, listed and unlisted equity instruments.	Where there are no recent market transactions in the specific instrument, fair value is derived from the last available market price adjusted for changes in risks and information since that date. Where a proxy instrument is quoted in an active market, the fair value is determined by adjusting the proxy fair value for differences between the proxy instrument and the financial investment being fair valued. Where proxies are not available, the fair value is estimated using more complex modelling techniques. These techniques include discounted cash flow and Black-Scholes models using current market rates for credit, interest, liquidity, volatility, and other risks. Combination techniques are used to value unlisted equity securities and include inputs such as earnings and dividend yields of the underlying entity.	For level 2 and 3 fair value hierarchy items: • discount rate*
Loans and advances to banks and customers Loans and advances comprise: Loans and advances to banks: call loans, loans granted under resale agreements and balances held with other banks. Loans and advances to customers comprise: mortgage loans (home loans and commercial mortgages), other asset-based loans, including collateralised debt obligations and other secured and unsecured loans (card debtors, overdrafts, other demand lending, term lending and loans granted under resale agreements).	For certain loans fair value may be determined from the market price of a recently occurring transaction adjusted for changes in risks and information between the transaction and valuation dates. Loans and advances are reviewed for observed and verified changes in credit risk and the credit spread is adjusted at subsequent dates if there has been an observable change in credit risk relating to a particular loan or advance. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value. Discounted cash flow models incorporate parameter inputs for interest rate risk, foreign exchange risk, liquidity and credit risk, as appropriate. For credit risk, probability of default and loss given default parameters are determined using credit default swaps (CDS) markets, where available and appropriate, as well as the relevant terms of the loan and loan counterparty such as the industry classification and subordination of the loan.	For level 2 and 3 fair value hierarchy items: • discount rate*
Deposits and debt funding Deposits from banks and customers comprise amounts owed to banks and customers, deposits under repurchase agreements, negotiable certificates of deposit, credit-linked deposits and other deposits.	For certain deposits, fair value may be determined from the market price on a recently occurring transaction adjusted for all changes in risks and information between the transaction and valuation dates. In the absence of an observable market for these instruments, discounted cash flow models are used to determine fair value based on the contractual cash flows related to the instrument. The fair value measurement incorporates all market risk factors, including a measure of the Group's credit risk relevant for that financial liability. The market risk parameters are valued consistently to similar instruments held as assets stated in the section above. The credit risk of the reference asset in the embedded CDS in credit-linked deposits is incorporated into the fair value of all credit-linked deposits that are designated to be measured at fair value through profit or loss. For collateralised deposits that are designated to be measured at fair value through profit or loss, such as securities repurchase agreements, the credit enhancement is incorporated into the fair valuation of the liability.	For level 2 and 3 fair value hierarchy items • discount rate*

Material Accounting Policies (continued)

For the year ended 31 December 2025

10. Fair value (continued)

* Discount rates, where applicable, include the risk-free rate, risk premiums, liquidity spreads, credit risk (own and counterparty as appropriate), timing of settlement, storage/service costs, prepayment and surrender risk assumptions and recovery rates/loss given default.

Portfolio valuations

The Group has elected to adopt the portfolio exception to measure the fair value of certain Group's of financial assets and financial liabilities. This exception permits the Group of financial assets and financial liabilities to be measured at fair value on a net basis, with the net fair value being allocated to the financial assets and financial liabilities.

Day one profit or loss

For financial instruments, where the fair value of the financial instrument differs from the transaction price, the difference is commonly referred to as day one profit or loss. Day one profit or loss is recognised in profit or loss immediately where the fair value of the financial instrument is either evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models with only observable market data as inputs.

Day one profit or loss is deferred where the fair value of the financial instrument is not able to be evidenced by comparison with other observable current market transactions in the same instrument or is determined using valuation models that utilise non-observable market data as inputs.

The timing of the recognition of deferred day one profit or loss is determined individually depending on the nature of the instrument and availability of market observable inputs. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement.

11. Equity

Ordinary shares are classified as equity. Stated capital is recognised at the fair value of consideration received. Incremental costs directly attributable to the issue of new shares or options are deducted from the initial measurement of the equity instrument.

Dividends on ordinary shares

Dividend distribution to ordinary shareholders is recognised with equity upon approval by the Company's directors. Dividends on ordinary shares are charged gross of withholding tax to equity in the period in which they are declared. Dividends declared after the statement of financial position date are disclosed in the notes to the financial statements.

12. Equity-linked transactions

Equity-settled share-based payments

The ultimate holding company, Standard Bank Group Limited, operates two equity settled share-based compensation plans through which certain key management staff of the Bank are compensated.

The fair value of equity settled share options is determined on the grant date and accounted for as an employee service expense over the vesting period of the share options, with a corresponding increase in the share-based payment reserve. Non-market vesting conditions, such as the resignation of employees and retrenchment of staff, are not considered in the valuation but are included in the estimate of the number of options expected to vest. At each reporting date, the estimate of the number of options expected to vest is reassessed and adjusted against income over the remaining vesting period. The reserve and its accounting thereof are maintained from Group.

Cash-settled share-based payments

Share-based payments are accounted for as liabilities at fair value until the date of settlement. The liability is recognised over the vesting period and is revalued at every reporting date up to and including the date of settlement. All changes in the fair value of the liability are recognised in operating expenses (staff costs). The awards vest over the specified period of service and/or once the performance conditions are met.

Material Accounting Policies (continued)

For the year ended 31 December 2025

13. Leases

Lessee accounting policies

Type	Statement of financial position	Income Statement
IFRS 16 – lessee accounting policies		
Single lessee accounting model All leases are accounted for by recognising a right-of-use asset and a lease liability except for: • leases of low value assets; and • leases with a duration of twelve months or less.	<p>Lease liabilities: Initially measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate implicit in the lease unless (as is typically the case for the Group) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. The Group's internal funding rate is the base on which the incremental borrowing rate is calculated. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate. On initial recognition, the carrying value of the lease liability also includes:</p> <ul style="list-style-type: none"> • Amount expected to be payable under any residual value guarantee; • The exercise price of any purchase option granted in favour of the Group, should it be reasonably certain that this option will be exercised; • Any penalties payable for terminating the lease, should the term of the lease be estimated on the basis of this termination option being exercised. <p>Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.</p>	Interest expense on lease liabilities: A lease finance cost, determined with reference to the interest rate implicit in the lease or the Group's incremental borrowing rate, is recognised within interest expense over the lease period.
	<p>Right of use assets: Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:</p> <ul style="list-style-type: none"> • lease payments made at or before commencement of the lease; • initial direct costs incurred; and • the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset. <p>The Group applies the cost model subsequent to the initial measurement of the right of use assets.</p>	Depreciation on right of use assets: Subsequent to initial measurement, the right of use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset should this term be shorter than the lease term unless ownership of the underlying asset transfers to the Group at the end of the lease term, whereby the right of use assets are depreciated on a straight-line basis over the remaining economic life of the asset. This depreciation is recognised as part of operating expenses.
Single lessee accounting model (continued)	Termination of leases: When the Group or lessor terminates or cancels a lease, the right of use asset and lease liability are derecognised.	Termination of leases: On derecognition of the right of use asset and lease liability, any difference is recognised as a derecognition gain or loss in profit or loss.
All leases that meet the criteria as either a lease of a low value asset or a short-term lease are accounted for on a straight-line basis over the lease term.	Accruals for unpaid lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease expense are recognised.	Payments made under these leases, net of any incentives received from the lessor, are recognised in operating expenses on a straight-line basis over the term of the lease. When these leases are terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the period in which termination takes place.

Material Accounting Policies (continued)

For the year ended 31 December 2025

13. Leases (continued)

Lessee accounting policies (continued)

Type	Statement of financial position	Income Statement
IFRS 16 – lessee accounting policies (continued)		
Reassessment and modification of leases	<p>Reassessment of lease terms and lease modifications that are not accounted for as a separate lease: When the Group reassesses the terms of any lease (i.e. it re-assesses the probability of exercising an extension or termination option) or modifies the terms of a lease without increasing the scope of the lease or where the increased scope is not commensurate with the stand-alone price, it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at the applicable rate at the date of reassessment or modification. The carrying amount of lease liability is similarly revised when the variable element of future lease payments dependent on a rate or index is revised.</p> <p>For reassessments to the lease terms, an equivalent adjustment is made to the carrying amount of the right of use asset, with the revised carrying amount being depreciated over the revised lease term. However, if the carrying amount of the right of use asset is reduced to zero any further reduction in the measurement of the lease liability is recognised in profit or loss.</p> <p>For lease modifications that are not accounted for as a separate lease, an equivalent adjustment is made to the carrying amount of the right of use asset, with the revised carrying amount being depreciated over the revised lease term. However, for lease modifications that decrease the scope of the lease the carrying amount of the right-of-use asset is decreased to reflect the partial or full termination of the lease, with any resulting difference being recognised in profit or loss as a gain or loss relating to the partial or full termination of the lease.</p>	
	<p>Lease modifications that are accounted for as a separate lease: When the Group modifies the terms of a lease resulting in an increase in scope and the consideration for the lease increases by an amount commensurate with a stand-alone price for the increase in scope, the Group accounts for these modifications as a separate new lease. This accounting treatment equally applies to leases which the Group elected the short-term lease exemption and the lease term is subsequently modified.</p>	

Operating leases – lessor

All leases that do not meet the criteria of a financial lease are classified as operating leases. The asset underlying the lease continues to be recognised and accounted for in terms of the relevant Group accounting policies. Accruals for outstanding lease charges, together with a straight-line lease asset or liability, being the difference between actual payments and the straight-line lease income are recognised. Operating lease income net of any incentives given to lessees, is recognised on the straight-line basis or a more representative basis where applicable over the lease term and is recognised in operating expenses.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of a penalty is recognised as operating expenses in the period in which termination takes place.

14. Revenue and expenditure

Banking activities

Revenue is derived substantially from the business of banking and related activities and comprises interest income, fee and commission revenue, trading revenue and other non-interest revenue.

Net interest income

Interest income and expense (with the exception of borrowing costs that are capitalised on qualifying assets, that is assets that necessarily take a substantial period of time to get ready for their intended use or sale and which are not measured at fair value) is recognised in net interest income using the effective interest method for all interest-bearing financial instruments. In terms of the effective interest method, interest is recognised at a rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, where appropriate, a shorter period, to the net carrying amount of the financial asset or financial liability. Direct incremental transaction costs incurred, and origination fees received, including loan commitment fees, as a result of bringing margin-yielding assets or liabilities into the statement of financial position, are capitalised to the carrying amount of financial instruments that are not at fair value through profit or loss and amortised as interest income or expense over the life of the asset or liability as part of the effective interest rate.

Where the estimates of payments or receipts on financial assets or financial liabilities are subsequently revised, the carrying amount of the financial asset or financial liability is adjusted to reflect actual and revised estimated cash flows. The carrying amount is calculated by computing the present value of the adjusted cash flows at the financial asset or financial liability's original effective interest rate. Any adjustment to the carrying value is recognised in net interest income.

When a financial asset is classified as stage 3 impaired, interest income is calculated on the impaired value (gross carrying amount less specific impairment) based on the original effective interest rate. The contractual interest income on the gross exposure is suspended and is only recognised in credit impairments when the financial asset is reclassified out of stage 3.

Material Accounting Policies (continued)

For the year ended 31 December 2025

14. Revenue and expenditure (continued)

Net fee and commission income

Net Fee and commission revenue, including accounting transaction fees, card-based commission, documentation and administration fees, electronic banking fees, foreign currency service fees, insurance-based fees and commissions, and placement fees and syndication fees are recognised as the related services are performed.

Loan commitment fees for loans that are not expected to be drawn down are recognised on a straight-line basis over the commitment period. Loan syndication fees, where the Group does not participate in the syndication or participates at the same effective interest rate for comparable risk as other participants, are recognised as revenue when the syndication has been completed. Syndication fees that do not meet these criteria are capitalised as origination fees and amortised as interest income.

The fair value of issued financial guarantee contracts on initial recognition is amortised as income over the term of the contract.

Fee and commission expenses included in net fee and commission revenue are mainly transaction and service fees relating to financial instruments, which are expensed as the services are received. Expenditure is recognised as fee and commission expense where the expenditure is linked to the production of fee and commission revenue.

Trading revenue

Trading revenue comprises all gains and losses from changes in the fair value of trading assets and liabilities, together with related interest income, expense and dividends.

Dividend income

Dividends are recognised in interest income (other revenue) for debt (equity instruments) when the right to receipt is established.

Other gains/losses on financial instruments

Includes:

- Fair value gains and losses on debt financial assets that are at fair value through profit or loss;
- Gains and losses arising from the derecognition of financial assets and financial liabilities classified as at amortised cost;
- Gains and losses arising from the reclassification of a financial asset from amortised cost to fair value;
- Gains and losses arising from the modification of a financial asset (which is not distressed) and financial liability as at amortised cost.

Other revenue

Other revenue comprises of revenue that is not included in any of the categories mentioned above.

This could include dividends on equity financial assets, underwriting profit from the group's short-term insurance operations and related insurance activities and re-measurement gains and losses from contingent consideration on disposals and purchases.

Offsetting

Income and expenses are presented on a net basis only when permitted by IFRS, or for gains and losses arising from a Group of similar transactions.

15. Segment reporting

An operating segment is a component of the Group engaged in business activities, whose operating results are reviewed regularly by management in order to make decisions about resources to be allocated to segments and assessing segment performance. The Group's identification of segments and the measurement of segment results are based on the Group's internal reporting to the chief operating decision makers, comprising of the chief executive and members of the finance executive members of the CLC.

16. Fiduciary activities

The Group commonly engages in trust or other fiduciary activities that result in the holding or placing of assets on behalf of individuals, trusts, post-employment benefit plans and other institutions. These assets and the income arising directly thereon are excluded from these financial statements as they are not assets of the Group. However, fee income earned, and fee expenses incurred by the Group relating to the Group's responsibilities from fiduciary activities are recognised in profit or loss.

17. Non-trading and capital related items

Non-trading and capital related items primarily include the following:

- gains and losses on disposal of subsidiaries, joint ventures and associates (including foreign exchange translation gains and losses);
- gains and losses on the disposal of property and equipment and intangible assets;
- Impairment and reversals of impairments of joint ventures and associates;
- impairment of investments in subsidiaries, property and equipment, and intangible assets; and
- other items of a capital related nature.

18. Statutory credit risk reserve

The statutory credit risk reserve represents the amount by which local regulatory authorities require in addition to the IFRS impairment provision. Changes in this reserve are accounted for as transfers to and from retained earnings as appropriate.

Material Accounting Policies (continued)

For the year ended 31 December 2025

19. New standards and interpretations not yet adopted

The following new or revised standards and amendments that are applicable to the Group and its subsidiaries are not yet effective for the year ended 31 December 2025 and have not been applied in preparing these financial statements.

Pronouncement	Title	Effective date
Amendments to IFRS 9 and IFRS 7	<p>Amendments to the Classification and Measurement of Financial Instruments</p> <p>These amendments address diversity in accounting practice by making the requirements more understandable and consistent. The amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) are:</p> <p>Derecognition of a financial liability settled through electronic transfer: The amendments to the application guidance of IFRS 9 permit an entity to deem a financial liability (or part of it) that will be settled in cash using an electronic payment system to be discharged before the settlement date if specified criteria are met. An entity that elects to apply the derecognition option would be required to apply it to all settlements made through the same electronic payment system.</p> <p>Classification of financial assets:</p> <p>Contractual terms that are consistent with a basic lending arrangement. The amendments to the application guidance of IFRS 9 provide guidance on how an entity can assess whether contractual cash flows of a financial asset are consistent with a basic lending arrangement. The amendments add examples of financial assets that have, or do not have, contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.</p> <p>Assets with non-recourse features. The amendments enhance the description of the term 'non-recourse'. A financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.</p> <p>Contractually linked instruments. The amendments clarify the characteristics of contractually linked instruments that distinguish them from other transactions. The amendments also note that not all transactions with multiple debt instruments meet the criteria of transactions with multiple contractually linked instruments. In addition, the amendments clarify that the reference to instruments in the underlying pool can include financial instruments that are not within the scope of the classification requirements.</p> <p>Disclosures:</p> <p>Investments in equity instruments designated at fair value through other comprehensive income. The requirements in IFRS 7 are amended for disclosures that an entity provides in respect of these investments. In particular, an entity would be required to disclose the fair value gain or loss presented in other comprehensive income during the period, showing separately the fair value gain or loss that relates to investments derecognised in the period and the fair value gain or loss that relates to investments held at the end of the period.</p> <p>Contractual terms that could change the timing or amount of contractual cash flows. The amendments require the disclosure of contractual terms that could change the timing or amount of contractual cash flows on the occurrence or non-occurrence of a contingent event that does not relate directly to changes in a basic lending risks and costs. The requirements apply to each class of financial asset measured at a amortised cost or fair value through other comprehensive income and each class of financial liability measured at a amortised cost.</p> <p>At the date of initial application of the amendments an entity shall disclose for each class of financial assets that changed measurement category as a result of applying the amendments:</p> <p>a) the measurement category and carrying amount determined immediately before the amendments were applied; and</p> <p>(b) the measurement category and carrying amount determined immediately after the amendments were applied.</p> <p>An entity is required to apply the amendments retrospectively. An entity is not required to restate prior periods to reflect the application of the amendments, but may do so if, and only if, it is possible to do so without the use of hindsight. The amendments will be applied prospectively.</p> <p>The amendment has a significant impact on the Group and Company's financial statements as the bank's electronic transactions already meet the criteria set by the amendments.</p>	1 January 2026

Material Accounting Policies (continued)

For the year ended 31 December 2025

20. New standards and interpretations not yet adopted (continued)

Annual Improvements to IFRS Accounting Standards – Volume 11	<p>Annual Improvements to IFRS Accounting Standards - Volume 11</p> <p>The IASB has issued various amendments and clarifications to existing IFRS, none of which is expected to have a material impact on the Group and Company's financial statements.</p> <p>The pronouncement comprises the following amendments:</p> <p>IFRS 1 First-time Adoption of International Financial Reporting Standards:</p> <ul style="list-style-type: none"> • Hedge accounting by a first-time adopter <p>IFRS 7 Financial Instruments: Disclosures:</p> <ul style="list-style-type: none"> • Gain or loss on derecognition • Disclosure of deferred difference between fair value and transaction price • Introduction and credit risk disclosures <p>IFRS 9 Financial Instruments</p> <ul style="list-style-type: none"> • Lessee derecognition of lease liabilities • Transaction price <p>IAS 7 Statement of Cash Flows</p> <ul style="list-style-type: none"> • Cost method 	1 January 2026
IFRS 18	<p>Presentation and Disclosures in Financial Statements (IFRS 18)</p> <p>In April 2024, the IASB issued a new IFRS Accounting Standard to improve reporting of financial performance by requiring defined subtotals in the statement of profit or loss, requiring disclosure about management-defined performance measures, and adding new principles for aggregation and disaggregation of information and ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 Presentation of Financial Statements. IFRS 18 is effective from 1 January 2027 with earlier application permitted. IFRS 18 will be retrospectively applied. The Standard Bank Group is in the planning phase of determining the impact on the group's annual financial statements.</p>	1 January 2027
IFRS 19	<p>Subsidiaries without Public Accountability: Disclosure (IFRS 19)</p> <p>In May 2024, the IASB issued IFRS 19 that permits eligible subsidiaries to use IFRS Accounting Standards with reduced disclosures. Applying IFRS 19 will reduce the costs of preparing subsidiaries' financial statements while maintaining the usefulness of the information for users of their financial statements. When a parent company prepares consolidated financial statements that comply with IFRS Accounting Standards, its subsidiaries are required to report to the parent using IFRS Accounting Standards. However, for their own financial statements, subsidiaries are permitted to use IFRS Accounting Standards, the IFRS for SMEs Accounting Standard or national accounting standards. Subsidiaries are eligible to apply IFRS 19 if they do not have public accountability and their parent company applies IFRS Accounting Standards in their consolidated financial statements. A subsidiary does not have public accountability if it does not have equities or debt listed on a stock exchange and does not hold assets in a fiduciary capacity for a broad group of outsiders.</p> <p>The amendment is not expected to have a significant impact on the financial statements of the subsidiaries of SBBL. IFRS 19 will however, not be applicable to the Group's annual financial statements.</p>	1 January 2027

Notes to the financial statements

For the year ended 31 December 2025

21. Key management assumptions

In preparing the group and company financial statements, estimates and assumptions are made that could materially affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements, collectively referred to as key management assumptions, are continually evaluated and are based on factors such as historical experience and current best estimates of future events. The estimates and judgements below have remained unchanged unless otherwise stated. The following represents the most material key management assumptions applied in preparing these financial statements. The key management assumptions indicated apply to Group and Company, unless otherwise stated.

21.1. Credit impairment losses on loans and advances

Expected credit loss (ECL) on financial assets

During the current reporting period models have been enhanced but no material changes to assumptions have occurred.

ECL on financial assets – drivers

For the purpose of determining the ECL:

- The Personal and Private Banking (PPB) and Business and Commercial Banking (BCB) portfolios are based on the product categories or subsets of the product categories, with tailored ECL models per portfolio. The impairment provision calculation excludes post-write-off recoveries (PWOR) from the loss given default (LGD) in calculating the ECL. These LGD parameters are aligned to market practice.
- Corporate and Investment Banking (CIB) exposures are calculated separately based on rating models for each of the asset classes.

ECL measurement period

The ECL measurement period for stage 1 exposures is 12 months (or the remaining tenor of the financial asset for CIB exposures if the remaining lifetime is less than 12 months).

- A loss allowance over the full lifetime of the financial asset is required if the credit risk of that financial instrument has increased significantly since initial recognition (stage 2).
- A lifetime measurement period is applied to all credit impaired (stage 3) exposures.
- Lifetimes include consideration for multiple default events, i.e. where defaulted exposures cure and then subsequently re-default. This consideration increases the lifetime periods and the potential ECL.
- The measurement periods for unutilised loan commitments utilise the same approach as on-balance-sheet exposures.

Significant increase in credit risk (SICR) and low credit risk PPB and BCB

In accordance with IFRS9, all exposures are assessed to determine whether there has been SICR at the reporting date, in which case an impairment provision equivalent to the lifetime expected loss is recognised. SICR thresholds, which are behaviour score based, are derived for each portfolio vintage of exposures with similar credit risk and are calibrated over time to determine which exposures reflect deterioration relative to the originated population and consequently reflect an increase in credit risk. Behaviour score cards are based on a combination of factors which include the information relating to customers, transactions and delinquency behaviour (including the backstop when contractual payments are more than 30 days past due) to provide a quantitative assessment (score), and more specifically, a ranking of customer creditworthiness. The creditworthiness of a customer is summarised by a score, with high scores corresponding to low-risk customers, and conversely, low scores corresponding to high-risk customers. These scores are often taken into account in determining the probability of default (PD) including relative changes in PD. Credit risk has increased since initial recognition when these criteria are met.

The Group and Company determines the SICR threshold by utilising an appropriate transfer rate of exposures that are less than 30 days past due (DPD) to stage 2. This transfer rate is such that the proportion of the 0-29 DPD book transferred into stage 2 is no less than the observed 12-month roll rate of 0-29 days accounts into 30 or more days in arrears.

The SICR thresholds are reviewed regularly to ensure that they are appropriately calibrated to identify SICR by portfolio vintage and to consequently facilitate appropriate impairment coverage.

Where behaviour scores are not available, historical levels of delinquency are applied in determining whether there has been SICR. For all exposures, the rebuttable presumption of 30 days past due as well as exposures classified as either debt review or as 'watch-list' are used to classify exposures within stage 2.

In accordance with the Bank of Botswana (BoB) Circular No 1 (refer Bank of Botswana website), a bank shall comply with the accounting treatment of the modified financial instrument as required by the IFRS 9 method. In applying the IFRS 9 a bank should correctly attribute loan quality ranking using its best judgement and understanding of the customer's risk profile and the general economy. All loans meeting the qualifying criteria for the three-month moratorium shall not be recognised as non-performing. Therefore, for regulatory reporting requirement purposes, a bank shall not raise specific provisions against such loans, except if, for accounting and tax purposes, such a provision is required.

Notes to the financial statements (continued)

For the year ended 31 December 2025

21. Key management assumptions (continued)

21.1. Credit impairment losses on loans and advances (continued)

CIB (including certain BCB exposures)

The Group uses a 25-point master rating scale to quantify the credit risk for each exposure. On origination, each client is assigned a credit risk grade within the Group's 25-point master rating scale. Ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data for the applicable portfolio. These credit ratings are evaluated at least annually or more frequently as appropriate.

CIB exposures are evaluated for SICR by comparing the credit risk grade at the reporting date to the origination credit risk grade. Where the relative change in the credit risk grade exceeds certain pre-defined ratings' migration thresholds or, when a contractual payment becomes more than 30 days overdue (IFRS 9's rebuttable presumption), the exposure is classified within stage 2. These pre-defined ratings' migration thresholds have been determined based on historic default experience which indicate that higher rated risk exposures are more sensitive to SICR than lower risk exposures. Based on an analysis of historic default experience, exposures that are reclassified by the Group's master rating scale as investment grade (within credit risk grade 1-12 of the Group's 25-point master rating scale) are assessed for SICR at each reporting date but are considered to be of a low credit risk customer. To determine whether a client's credit risk has increased significantly since origination, the Group and Company would need to determine the extent of the change in credit risk using the table below.

Standard Bank (SB) master rating scale band	SICR trigger (from origination)
SB 1 – 12	Low credit risk
SB 13 – 20	3 rating or more
SB 21 – 25	1 rating or more

The SICR methodology remains unchanged (comparing the credit risk grading) to determine whether these exposures are classified within Stage 1 or Stage 2. The credit risk grade is assessed at the time of the relief, and subsequently monthly reviews of the status of the request and client's performance are conducted.

Incorporation of forward-looking information in ECL measurement

For PPB and BCB products the forward-looking economic expectations are included in the ECL where adjustments are made based on the Group's macroeconomic outlook, using models that correlate these parameters with macroeconomic variables. Where modelled correlations are not viable or predictive, adjustments are based on expert judgement to predict the outcomes based on the group's macroeconomic outlook expectations. In addition to forward-looking macroeconomic information, other types of FLI, such as specific event risks and industry data, have been taken into account in ECL estimates when required, through the application of out-of-model adjustments. These out-of-model adjustments are subject to Credit Committee oversight and approval for statutory reporting.

The Group's macroeconomic outlooks are incorporated in CIB's client rating and include specific forward-looking economic considerations for the individual client. The client rating thus reflects the expected client risk for the Group's expectation of future economic and business conditions. Further adjustments, based on point-in-time market data, are made to the PDs assigned to each risk grade to produce PDs and ECL representative of existing market conditions.

Default

The definition of default, which triggers the credit impaired classification (stage 3), is based on the Group's internal credit risk management approach and definitions. Whilst the specific determination of default varies according to the nature of the product, it is compliant to the Basel definition of default, and generally determined as occurring at the earlier of:

- where, in the Group's view, the counterparty is unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The Group has not rebutted IFRS 9's 90 days past due rebuttable presumption.

Write off policy

An impaired loan is written off once all reasonable attempts at collection have been made and there is no material economic benefit expected from attempting to recover the balance outstanding. The following criteria must be met before a financial asset can be written off:

- the financial asset has been in default for the period defined for the specific product (i.e. VAF, homes loans, etc.) which is deemed sufficient to determine whether the entity is able to receive any further economic benefit from the impaired loan; and
- at the point of write-off, the financial asset is fully impaired (i.e. 100% allowance) with no reasonable expectations of recovery of the asset, or a portion thereof.

As an exception to the above requirements, where the exposure is secured (or for collateralised structures), the impaired loan can only be written off once the collateral has been realised. Post realisation of the collateral, the shortfall amount can be written off if it meets the second requirement listed above. The shortfall amount does not need to meet the first requirement to be written off.

For unsecured exposures, post write-off collection and enforcement activities include outsourcing to external debt collection agents as well as, collection/settlement arrangements to assist clients to settle their outstanding debt. The Group continuously monitors and reviews when exposures are written off, the levels of post write-off recoveries as well as the key factors causing post write-off recoveries, which ensure that the Group's point of write-off remains appropriate and that post write-off recoveries are within expectable levels after time.

Notes to the financial statements (continued)

For the year ended 31 December 2025

21. Key management assumptions (continued)

21.1. Credit impairment losses on loans and advances (continued)

Repossessions

When certain conditions come into effect the Bank may repossess the underlying collateral. Repossessions are initiated by a formal letter of demand. Once the assets have been taken into custody they are valued by approved valuers. All costs charged, for example legal fees and repair costs are booked against the account. A repossessed asset is released on condition that the arrears together with repossession expenses are fully paid. Alternatively, the repossessed assets may be sold within 120 days, through a public auction or offer sale. When the Bank takes possession of collateral which is not cash or not readily convertible into cash the Bank determines a minimum sale amount and auctions the asset for the pre-set sale amount.

Events leading to repossession include:

- Voluntary or Custody surrender pending payment of arrears
- Handed in by the administrator/trustee of a deceased or insolvent estate; and
- Where goods have been found abandoned and / or the customer has absconded

Curing

Continuous assessment is required to determine whether the conditions that led to a financial asset being considered to be credit impaired (i.e., stage 3) still exist. Distressed restructured financial assets that no longer qualify as credit impaired remain within stage 3 for a minimum period of six months (i.e., six full consecutive monthly payments per the terms and conditions). In the case of financial assets with quarterly or longer dated repayment terms, the classification of a financial asset out of stage 3 may be made subsequent to an evaluation by the Group's CIB or PPP and BCB Credit Risk Management Committee, such evaluation will take into account qualitative factors in addition to compliance with payment terms and conditions of the agreement. Qualitative factors include compliance with covenants and compliance with existing financial asset terms and conditions.

Where it has been determined that a financial asset no longer meets the criteria for significant increase in credit risk, the financial asset will be moved from stage 2 (lifetime expected credit loss model) back to stage 1 (12-month expected credit loss model) prospectively.

Forward-looking economic expectations which were applied in the determination of the ECL at the reporting date:

Range of base, bullish and bearish forward-looking economic expectations were determined, as at 31 December 2025, for inclusion in the Group's forward-looking process and ECL calculation.

Economic expectation

- Botswana's economic growth is expected to contract by 0.9% in 2025, primarily because of a diamond market contraction. "Looking ahead, the economy is expected to contract further this year". The continued decline is mainly due to a fall in diamond production, partly offset by construction projects financed by the fiscal expansion. In the medium term, growth is expected to converge towards 2.9%, as diamond mining recovers.
- Headline inflation was 3.9% in December 2025, increasing by 0.1 percentage points from November 2025, remaining within the medium-term objective range of 3 – 6%, and was higher than the 1.7% recorded in December 2024. Inflation between November and December 2025 increased slightly, reflecting upward price movements in transport, miscellaneous goods and services, and food categories, while housing and utilities prices moved in the opposite direction due to electricity tariff adjustments.
- Monetary Policy Committee (MPC) of the Bank of Botswana maintained the Monetary Policy Rate (MoPR) at 3.5%, following a significant 160 basis points increase from 1.9% in October 2025.
- Botswana Current Account Balance: In the second quarter of 2025, Botswana recorded a current account surplus of 6,723.02 BWP Million, compared to a deficit of 670.35 BWP Million in the first quarter of 2025. Data is updated quarterly and averaged 490.76 BWP Million from 2004 to 2025. Sluggish government spending, amidst efforts to rein in public sector expenditure and strengthen oversight of state-owned enterprises, may impel softer growth in the medium term of state-owned enterprises, may impel softer growth in the medium term.

Main macroeconomic factors

The following table shows the main macroeconomic factors used to estimate the allowances for credit losses on loans. For each scenario, namely, the base case, bullish and bearish scenario, the average values of the factors over the next 12 months and over the remaining forecast period are presented below:

2025	Base scenario ³		Bearish scenario ³		Bullish scenario ³	
	Next 12 months ¹	Remaining forecast period ²	Next 12 months ¹	Remaining forecast period ²	Next 12 months ¹	Remaining forecast period ²
	(%)	(%)	(%)	(%)	(%)	(%)
Inflation	4.00	4.00	4.00	4.51	4.00	2.55
Real GDP	(1.30)	3.09	(1.30)	3.51	(1.30)	5.61
6 months T-bill	9.0	7.27	9.0	8.42	9.00	6.20
Policy rate	3.50	3.00	3.50	2.40	3.50	2.50
Exchange rate (USD/BWP)	14.14	14.75	14.14	15.57	14.10	14.11

¹ Revised as at 31 December 2025. Next 12 months following 31 December 2025 is 1 January 2026 to 31 December 2026.

² The remaining forecast period is 2026 to 2027.

³ The scenario weighting is: Base at 60.0%, Bull at 10.0% and Bear at 30.0%. There has been a weighting change driven by the optimistic position by the Bank and the evident signs of GDP growth and reduced risk of default or credit losses.

Notes to the financial statements (continued)

For the year ended 31 December 2025

21. Key management assumptions (continued)

21.1. Credit impairment losses on loans and advances (continued)

2024	Base scenario ³		Bearish scenario ³		Bullish scenario ³	
	Next 12 months ¹	Remaining forecast period ²	Next 12 months ¹	Remaining forecast period ²	Next 12 months ¹	Remaining forecast period ²
	(%)	(%)	(%)	(%)	(%)	(%)
Inflation	3.29	2.99	4.81	4.51	1.78	1.48
Real GDP	4.66	4.13	3.06	3.51	6.53	4.75
6 months T-bill	3.41	3.47	5.19	8.42	1.85	1.81
Bank rate	1.65	1.90	2.15	2.40	1.15	1.40
Exchange rate (USD/BWP)	12.97	13.66	14.85	15.57	11.70	12.77

¹ Revised as at 31 December 2024. Next 12 months following 31 December 2024 is 1 January 2025 to 31 December 2025.

² The remaining forecast period is 2025 to 2026.

³ The scenario weighting is: Base at 60.0%, Bull at 25.0% and Bear at 15.0%. There has been a weighting change driven by the optimistic position by the Bank and the evident signs of GDP growth and reduced risk of default or credit losses.

Sensitivity analysis of CIB forward looking impact on IFRS 9 provision

Management assessed and considered the sensitivity of the IFRS 9 provision against the forward-looking economic conditions at a client level. The reviews and ratings of each client are performed at least annually. This process entails credit analysts completing a credit scorecard and incorporating forward looking information. The weighting is reflected in both the determination of significant increase in credit risk as well as the measurement of the resulting IFRS 9 provision for the individual client. Therefore, the impact of forward-looking economic conditions is embedded into the total IFRS 9 provision for each CIB client and cannot be stressed or separated out of the overall CIB IFRS 9 provision.

Sensitivity analysis of PPB and BCB forward looking impact on IFRS 9 provision

The following table shows a comparison of the forward-looking impact on the IFRS 9 provision as at 31 December 2025 based on the probability weightings of the above three scenarios resulting from recalculating each of the scenarios using a 100% (2024:100%) weighting of the above factors.

Forward looking impact on IFRS 9 provision	Allowances for credit losses (P000's)	
	2025	2024
Scenarios		
100% Bear	251 409	433 631
100% Base	213 505	108 329
100% Bull	192 477	89 676

Forward looking expectations

- The Standard Bank Group Economics Research team assists the Group to determine the macroeconomic outlook for commodities over a planning horizon of at least three years. The outlook is provided to the Chief Finance and Value Management Officer for review and the Asset and Liability Committee (ALCO) for approval.
- Macroeconomic outlooks take into account various variables such as gross domestic product, central bank policy interest rates, inflation, exchange rates and treasury bill rates.
- Narratives of economic outlooks, being bear, base and bull cases, are compiled and typically include consideration of the economic background, sovereign risk, foreign exchange risk, financial sector and monetary policy stance.
- Probabilities are assigned to each of the bear, base and bull cases based on primary macroeconomic drivers that are reviewed monthly.
- The forward-looking economic expectations are updated on a bi-annual basis or more regularly when deemed appropriate.

Management judgmental adjustments

As mentioned in the sections above in determining the forward-looking impact, from an IFRS 9 perspective the Group has forecasted three possible future macroeconomic scenarios, being the base, bear and bull scenarios, and attributed weightings to these three scenarios. Determining these scenarios and the assumptions underlying them are complex.

Management judgmental adjustments are required in terms of IFRS 9 to take into account factors that do not form part of the normal modelling process and/or the above-mentioned macroeconomic scenarios. These factors are incorporated as part of management judgmental adjustments. These factors may result from model or data limitations, recent events or expert credit judgement and are applied at a segment, industry or client level. These management judgmental adjustments are reviewed as part of the governance process surrounding credit risk and ECL.

Management judgmental adjustments incorporated in the calculation of ECL are set out below:

	2025	2024
PPB and BCB industry and macroeconomic adjustments ¹	18 505	12 511
CIB sovereign adjustment ²	-	-
Total	18 505	12 511

¹ Additional impairments held to incorporate industry and macroeconomic factors which were not included in the underlying modelling. During 2025, industries experiencing continued and increased risk, influencing the assumptions applied in determining ECL as discussed above, including the agriculture industry.

² Additional impairments held to incorporate the credit risk relating to sovereign exposures.

Notes to the financial statements (continued)

For the year ended 31 December 2025

21. Key management assumptions (continued)

21.2. Fair value of financial instruments

In terms of IFRS, the Group is either required to or elects to measure a number of its financial assets and financial liabilities at fair value, being the price that would, respectively, be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market between market participants at the measurement date. Regardless of the measurement basis, the fair value is required to be disclosed, with some exceptions, for all financial assets and financial liabilities.

Fair value is a market-based measurement and uses the assumptions that market participants would use when pricing an asset or liability under current market conditions. When determining fair value, it is presumed that the entity is a going concern and is not an amount that represents a forced transaction, involuntary liquidation or a distressed sale. Information obtained from the valuation of financial instruments is used to assess the performance of the Group and, in particular, provides assurance that the risk and return measures that the Group has taken are accurate and complete.

The Group's valuation control framework governs internal control standards, methodologies and procedures over its valuation processes.

21.3. Valuation process

Prices quoted in an active market: The existence of quoted prices in an active market represents the best evidence of fair value. Where such prices exist, they are used in determining the fair value of financial assets and financial liabilities.

Valuation techniques: Where quoted market prices are unavailable, the Group establishes fair value using valuation techniques that incorporate observable inputs, either directly, such as quoted prices, or indirectly, such as those derived from quoted prices, for such assets and liabilities. Parameter inputs are obtained directly from the market, consensus pricing services or recent transactions in active markets, whenever possible. Where such inputs are not available, the Group makes use of theoretical inputs in establishing fair value (unobservable inputs). Such inputs are based on other relevant input sources of information and incorporate assumptions that include prices for similar transactions, historic data, economic fundamentals, and research information, with appropriate adjustments to reflect the terms of the actual instrument being valued and current market conditions. Changes in these assumptions would affect the reported fair values of these financial instruments. Valuation techniques used for financial instruments include the use of financial models that are populated using market parameters that are corroborated by reference to independent market data, where possible, or alternative sources, such as, third-party quotes, recent transaction prices or suitable proxies. The fair value of certain financial instruments is determined using industry standard models such as, discounted cash flow analysis and standard option pricing models. These models are generally used to estimate future cash flows and discount these back to the valuation date. For complex or unique instruments, more sophisticated modelling techniques may be required, which require assumptions or more complex parameters such as correlations, prepayment spreads, default rates and loss severity.

Valuation adjustments: Valuation adjustments are an integral part of the valuation process. Adjustments include, but are not limited to:

- credit spreads on illiquid issuers
- implied volatilities on thinly traded instruments
- correlation between risk factors
- prepayment rates
- other illiquid risk drivers.

In making appropriate valuation adjustments, the Group applies methodologies that consider factors such as bid-offer spreads, liquidity, counterparty and own credit risk. Exposure to such illiquid risk drivers is typically managed by:

- using bid-offer spreads that are reflective of the relatively low liquidity of the underlying risk driver;
- raising day one profit provisions in accordance with IFRS;
- quantifying and reporting the sensitivity to each risk driver; and
- limiting exposure to such risk drivers and analysing the exposure on a regular basis.

Validation and control: All financial instruments carried at fair value, regardless of classification, and for which there are no quoted market prices for that instrument, are fair valued using models that conform to international best practice and established financial theory. These models are validated independently by the Group's model validation unit and formally reviewed and approved by the Group market risk methodologies committee. This control applies to both off-the-shelf models, as well as those developed internally by the Group. Further, all inputs into the valuation models are subject to independent price validation procedures carried out by the Group's market risk unit. Such price validation is performed on at least a monthly basis, but daily where possible given the availability of the underlying price inputs. Independent valuation comparisons are also performed, and any significant variances noted are appropriately investigated. Less liquid risk drivers, which are typically used to mark level 3 assets and liabilities to model, are carefully validated and tabled at the monthly price validation forum to ensure that these are reasonable and used consistently across all entities in the Group. Sensitivities arising from exposures to such drivers are similarly scrutinised, together with movements in level 3 fair values. They are also disclosed on a monthly basis at the market risk and asset and liability committees.

Portfolio exception: The Group has on meeting certain qualifying criteria, elected the portfolio exception which allows an entity to measure the fair value of certain Groups of financial assets and financial liabilities on a net basis similar to how market participants would price the net risk exposure at the measurement date. Other financial instruments, not at level 3, are utilised to mitigate the risk of these changes in fair value.

The fair value of financial instruments, such as Treasury Bills, Corporate and Government Bonds which are not actively traded on open markets but are purchased via an auction process are determined by using valuation techniques. Wherever possible, models use only observable market data such as bid prices and market yields. Changes in assumptions could affect the reported fair values of financial instruments.

Notes to the financial statements (continued)

For the year ended 31 December 2025

21. Key management assumptions (continued)

21.4. Current and deferred tax

The Group is subject to direct and indirect taxation. There may be transactions and calculations for which the ultimate tax determination has an element of uncertainty in the ordinary course of business. The Group and Company recognise provisions for tax based on objective estimates of the amount of taxes that may be due. Where the final tax determination is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions, disclosed in note 22.11 and note 32, respectively, in the period in which such determination is made.

Uncertain tax positions, which do not meet the probability criteria defined within IFRS, are not provided for but are rather disclosed as contingent liabilities or assets as appropriate. 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.

Deferred tax assets are only recognised to the extent that sufficient taxable profits will be generated in order to realise the tax benefit. 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.

The Group and Company are subject to direct and indirect taxation requirements which are determined with reference to transactions and calculations for which the ultimate tax determination has an element of uncertainty in the ordinary course of business. The Group recognises provisions for tax based on objective estimates of the amount of taxes that may be due.

21.5 Computer software intangible asset

The Group reviews its assets under construction and assets brought into use for impairment at each reporting date and tests the carrying value for impairment whenever events or changes in circumstances indicate that the carrying amount (or components of the carrying amount) may not be recoverable. These circumstances include, but are not limited to, new technological developments, obsolescence, changes in the manner in which the software is used or is expected to be used, changes in discount rates, significant changes in macroeconomic circumstances or changes in estimates of related future cash benefits. The impairment tests are performed by comparing an asset's recoverable amount to its carrying amount. The recoverable amount is determined as the higher of an asset's fair value less the cost of disposal and its value in use. The value in use is calculated by estimating future cash benefits that will result from each asset and discounting those cash benefits at an appropriate discount rate.

During 2025, the Group's computer software intangible assets' recoverable amounts were determined to be higher than their carrying amounts and no impairment losses were recognised (2024: PNil impairment losses recognised).

The review and testing of assets for impairment inherently require significant management judgement as it requires management to derive the estimates of the identified assets' future cash flows in order to derive the asset's recoverable amount. No indication of impairment was observed.

21.6 Provisions

The principal assumptions taken into account in determining the value at which provisions are recorded, include determining whether there is an obligation, as well as assumptions about the probability of the outflow of resources and the estimate of the amount and timing for the settlement of the obligation. For legal provisions, management assesses the probability of the outflow of resources by taking into account historical data and the status of the claim in consultation with the Group's legal counsel. In determining the amount and timing of the obligation once it has been assessed to exist, management exercises its judgement by taking into account all available information, including that arising after the reporting date up to the date of the approval of the financial results. Refer to note 35 for provisions and other liabilities disclosures.

Notes to the financial statements (continued)

For the year ended 31 December 2025

22. Statements of profit or loss and other comprehensive income information

22.1 Interest income

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Interest on loans and advances	1 848 035	1 752 137	1 848 035	1 752 137
Interest on financial investments	183 696	133 723	183 696	133 723
	2 031 731	1 885 860	2 031 731	1 885 860

22.2 Interest expense

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Interest on deposits - current and savings accounts	11 097	10 430	11 097	10 448
Interest on deposits - call, and term	835 905	415 453	835 905	418 017
Interest on deposits- debt securities in issue	87 635	78 868	87 635	78 868
Interest on lease liabilities	948	1 289	948	1 289
Interest on deposits with banks	21 605	8 354	21 605	8 354
	957 190	514 394	957 190	516 976

22.3 Fee and commission income

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Documentation and admin fees	117 682	110 952	117 682	110 951
Electronic banking transaction fees	34 930	26 884	34 930	26 884
Point of presentation transaction fees	14 737	15 323	14 737	15 323
Guarantee fees	17 347	13 681	17 347	13 681
Insurance commissions	14 084	14 514	-	-
Card based commission	215 526	215 370	215 526	215 370
Foreign currency service fees	27 793	17 347	24 367	17 347
Service and penalty fees on current accounts	24 401	20 262	24 401	20 262
ATM fees	11 175	12 090	11 175	12 090
Script and security fees	12 891	13 418	12 891	13 418
Other fees ¹	17 073	7 529	17 073	6 569
	507 639	467 370	490 129	451 895

¹Other primarily comprises of fee and commission revenue earned on sundry services such as arrangement, agency and asset management fees as well as guarantee and commitment commissions.

Fee and commission income reported above relates to the financial assets or liabilities not carried at FVTPL.

Notes to the financial statements (continued)

For the year ended 31 December 2025

22. Statements of profit or loss and other comprehensive income information (continued)

22.3 Fee and commission income (continued)

Performance obligations and revenue recognition policies

The principal assumptions taken into account for fee and commission income from contracts with customers is measured based on the considerations specified in a contract with a customer. The Group recognises revenue when it transfers control over a service to a customer.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition
Documentation, admin fees.	This relates to fee and commission income related to the loans and advances to customers.	Revenue from documentation and admin fees are recognised on a straight-line basis over the commitment period. The amounts to be recognised in future months are recognised as other liabilities.
Transaction-based fees - electronic banking transactions fees, point of presentation transaction fees, ATM fees and script and security fees and other fees including guarantees.	Transaction-based fees such as electronic banking fees, point of presentation fees, ATM fees, script and security fees, are charged to the customer's account when the transaction takes place.	Revenue related to transaction based fees is recognised at the point in time when the transaction takes place.
Account servicing fees – foreign currency service fees, service and penalty fees on current accounts	Account servicing fees are charged on a monthly basis.	The fees are recognised as the services are performed and received. Penalty fees are also recognised when the customer has defaulted on their obligation.
Insurance and card-based commissions.	Commission income relating to insurance (new business or renewals) and card based activities.	The fees are recognised as the services are performed and received.

22.4 Fee and commission expense

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Card based expenses	138 452	148 951	138 452	148 951
Other fees	-	48	-	48
Fee and commission expense	138 452	148 999	138 452	148 999

Fee and commission expense reported above relates to the financial assets or liabilities not carried at FVTPL.

22.5 Net trading income

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Gain on foreign exchange dealings	525 945	228 843	525 945	228 843
Net (loss)/profit on financial instruments held for trading	15 221	(4 158)	15 221	(4 158)
	541 166	224 685	541 166	224 685

22.6 Other income

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Preference dividend (note 42.5)	11 913	9 521	11 913	9 521
Sundry income	19 323	10 253	19 316	10 307
Dividend income (note 42.5)	-	-	-	30 000
Management fees	-	-	7 366	6 733
	31 236	19 774	38 595	56 561

Notes to the financial statements (continued)

For the year ended 31 December 2025

22. Statements of profit or loss and other comprehensive income information (continued)

22.7 Credit impairment charges

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Net expected credit loss raised and (released)	119 668	85 435	119 668	85 435
Financial investments (note 26.5)	35	(9)	35	(9)
Loans and advances (note 27.2) *	119 652	87 630	119 652	87 630
Letters of credit, guarantees and commitments	(19)	(2 186)	(19)	(2 186)
Recoveries on loans and advances previously written off	(35 068)	(42 596)	(35 068)	(42 596)
	84 600	42 839	84 600	42 839

*The increase in impairments in the current year was driven by materialized credit risk, predominantly affecting the retail portfolio. This deterioration stems from pockets of retrenchments and challenging economic conditions that have impaired borrowers' repayment capacity. The impact was further accelerated by the recalibration of our risk model drivers, which more accurately captured the elevated credit risk environment

22.8 Staff costs

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Salaries and allowances*	419 652	407 764	419 652	407 764
Retirement benefit costs	40 358	36 690	40 358	36 690
	460 010	444 454	460 010	444 454

*There is a share-based expense of about P6.6 million (2024: P5.3 million).

22.9 Other operating expenses

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Amortisation – intangible assets (note 30)	25 294	25 293	25 294	25 293
Auditor's remuneration	5 891	6 218	5 681	6 218
- Audit fees (current year)	4 650	5 022	4 440	5 022
- Audit fees (prior year under provision)	1 241	1 196	1 241	1 196
Depreciation property plant and equipment (note 31.2)	48 320	47 025	48 320	47 025
- Property - Freehold	1 376	1 333	1 376	1 333
- Property - Leasehold	2 190	813	2 190	813
- Equipment – Computers and office equipment	27 496	26 054	27 496	26 054
- Equipment – Motor vehicles	806	1 172	806	1 172
- Equipment – Furniture and fittings	3 743	3 600	3 743	3 600
- Right of use of assets	12 709	14 053	12 709	14 053
- Leases of low value assets and short-term leases	8	15	8	15
- Expenses relating to leases of low-value items	8	15	8	15
Information technology	117 571	96 262	117 571	96 262
Communication, marketing and advertising	50 036	44 546	50 036	44 546
Repairs and maintenance	19 068	16 299	19 058	16 299
Professional fees	22 166	44 672	21 386	39 263
Head office franchise fee	60 202	58 598	60 202	58 598
Gain on sale of plant and equipment	(3 033)	-	(3 033)	-
Travel and entertainment	12 602	16 120	12 602	16 120
Training expenses	3 787	4 176	3 787	4 176
Administration and general expenses*	88 793	74 819	88 793	74 819
Insurance expenses ¹	30 631	25 541	30 631	25 541
Security expenses ¹	18 218	17 359	18 218	17 359
Commission paid ¹	6 981	23 896	6 981	23 896
Bank charges ¹	13 270	13 130	13 270	13 130
	519 795	513 969	518 594	513 579

Notes to the financial statements (continued)

For the year ended 31 December 2025

22. Statements of profit or loss and other comprehensive income information (continued)

22.9 Other operating expenses (continued)

¹In the current year administration and general were further disaggregated, with the prior year figures restated.

*Contained in administration and general expenses is sundry expenses, subscriptions, irrecoverable losses and other miscellaneous expenses.

The net gain from foreign exchange for Group and Company relating to information technology, franchise fees and administration and general expenses included in other operating expenses amounts to P12.341 million (2024: P5.127 million).

22.10 Non-executive directors' emoluments

Remuneration report

The table below presents the remuneration received by the Directors as required by King IV Code.

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Short term benefits	10 753	7 844	10 549	8 084
Non-Executive Directors				
Dr Tebogo TK Matome	1 379	918	1 379	918
Mohamed Ismail ³	-	140	-	140
Rudolph De Wet ³	-	164	-	164
Mthabisi Bokete	892	704	892	704
Larona Lesedi Somolekae	941	704	941	704
Mark Haskins	967	745	967	745
Butler D Phirie	1 009	704	1 009	704
Antonio C Cautinho ³	-	488	-	488
Lungisa Fuzile ¹	791	562	791	562
Batsho Pamela Growth	1 016	704	1 016	704
Michaela Alves Da Silva	910	656	910	656
Yvette Mogatusi ²	75	30	-	-
Chedza Balopi	105	30	-	-
Richard C Irvine	926	541	926	541
Agnes Tsholofelo Khunwana	910	213	910	213
Michael Kgengwenyane	808	541	808	541
Mphoeng Mphoeng	24	-	-	-
	10 753	7 844	10 549	7 784

Refer to Note 43 for remuneration received by executive management.

¹The remuneration for the director is paid to Stanbic Africa Holdings Limited.

²The director resigned from the Board during current reporting period.

³The director's fees relate to the prior reporting period and the directors resigned as at end the previous reporting period.

Notes to the financial statements (continued)

For the year ended 31 December 2025

22. Statements of profit or loss and other comprehensive income information (continued)

22.11 Taxation

(a) Amounts recognised in profit or loss

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Indirect taxation				
- Value added tax	44 400	36 397	44 352	36 356
Direct taxation				
Total direct taxation	197 576	205 374	195 618	202 990
- Current year	197 576	205 374	195 618	202 990
- current tax	177 399	198 850	175 440	196 466
- deferred tax *	20 177	695	20 178	695
-withholding tax**	-	5 829	-	5 829

*Temporary differences increased during the year due to higher mark-to-market (MTM) provisions, resulting in a corresponding rise in deferred tax charge movement.

** No dividends were declared or paid during the current year; consequently, no withholding tax arose 2025: Nil (2024: P3.952 million).

(b) Botswana tax rate reconciliation (%)

	Group		Company	
	2025 %	2024 %	2025 %	2024 %
Direct taxation charge for the year as a percentage of profit before direct tax:	21.8	22.5	21.8	21.7
The charge for the year has been (increased)/reduced as a consequence of:				
- Non-deductible expenses ¹	(1)	(0.3)	(1)	0.3
- Other adjustments*	1.2	-	1.2	-
- Withholding tax received	-	(0.2)	-	-
Statutory tax rate	22	22	22	22

¹Comprises of donations, subscriptions, and entertainment.

*Other adjustments relate to taxable reclassifications.

23. Cash and balances with the Central Bank

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Coins and bank notes	234 193	258 845	234 193	258 845
Balances with the Central Bank	762 329	22 964	762 329	22 964
	996 522	281 809	996 522	281 809

For the current year, the Central Bank decided to reduce the PRR to NIL, resulting in the Bank not holding any funds as a reserve requirement (2023: P329 million held as reserve requirement). The carrying amount of cash and bank balances is approximately equal to their fair value.

Maturity analysis:	Group	Company
Maturing within 1 month	2025 P000's	2024 P000's
	996 522	281 809
	996 522	281 809

Notes to the financial statements (continued)

For the year ended 31 December 2025

24. Derivative financial instruments

The Bank trades derivative instruments on behalf of customers and for its own positions. The Group transacts derivative contracts to address customer demands both as a market maker in the wholesale market and in structuring tailored derivatives for customers. The Group also takes proprietary positions for its own accounts. Trading derivatives include foreign exchange derivatives. Foreign exchange derivatives consist of forward exchange contracts and swaps. All derivatives are classified as derivatives held for trading.

24.1 Fair values

The fair value of a derivative financial instrument, for quoted instruments is the quoted market price and for unquoted instruments the present value of the positive or negative cash flows and is based on those which would have occurred if the rights and obligations arising from that instrument were closed out in an orderly marketplace transaction at year end.

24.2 Notional amount

The gross notional amount is the sum of the absolute value of all bought and sold contracts. The amount should be used only as a means of assessing the Group's participation in derivative contracts.

24.3 Derivative assets and liabilities

2025 Group	Maturity analysis of net fair value						
	Within 1 year P000's	After 1 year, within 5 years P000's	After 5 years P000's	Net fair value P000's	Fair value of assets P000's	Fair value of liabilities P000's	Net notional amount P000's ¹
Derivatives held for trading							
Foreign exchange derivatives	18 343	-	-	18 343	47 881	(29 538)	1 271 396
- Forwards and swaps	18 343	-	-	18 343	47 881	(29 538)	1 271 396
2025 Company							
Derivatives held for trading							
Foreign exchange derivatives	18 343	-	-	18 343	47 881	(29 538)	1 271 396
- Forwards and swaps	18 343	-	-	18 343	47 881	(29 538)	1 271 396

2024 Group	Maturity analysis of net fair value						
	Within 1 year P000's	After 1 year, within 5 years P000's	After 5 years P000's	Net fair value P000's	Fair value of assets P000's	Fair value of liabilities P000's	Net notional amount P000's ¹
Derivatives held for trading							
Foreign exchange derivatives	(14 383)	-	-	(14 383)	20 509	(34 892)	1 912 297
- Forwards and swaps	(14 383)	-	-	(14 383)	20 509	(34 892)	1 912 297
2024 Company							
Derivatives held for trading							
Foreign exchange derivatives	(14 383)	-	-	(14 383)	20 509	(34 892)	1 912 297
- Forwards and swaps	(14 383)	-	-	(14 383)	20 509	(34 892)	1 912 247

¹The notional amount is the sum of the absolute value of all bought and sold contracts for both derivative assets and liabilities. The amount cannot be used to assess the market risk associated with the positions held and should be used only as a means of assessing the Group's participation in derivative contracts.

24.4 Use and measurement of derivative instruments

In the normal course of business, the Group enters into a variety of derivative transactions for trading that include swaps and forwards. The risks associated with derivative instruments are monitored in the same manner as for the underlying instruments. Risks are also measured across the product range in order to take into account possible correlations.

The fair value of all derivatives is recognised on the statement of financial position and is only netted to the extent that a legal right of set-off exists and there is an intention to settle on a net basis.

Swaps are transactions in which two parties exchange cash flows on a specified notional amount for a predetermined period. The major type of swap transactions undertaken by the Group are cross currency interest rate swaps.

Cross currency interest rate swaps involve the exchange of interest payments based on two different currency principal balances and interest reference rates and generally also entail exchange of principal amounts at the start and / or end of the contract.

Forwards are contractual obligations to buy or sell financial instruments on a future date at a specified price. Forward contracts are tailor-made agreements that are transacted between counterparties in the market.

Notes to the financial statements (continued)

For the year ended 31 December 2025

25. Trading portfolio assets

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Listed – Government bonds	477	606	477	606
Unlisted – Trading Loans	147 089	185 103	147 089	185 103
	147 566	185 709	147 566	185 709
Maturity analysis:				
Maturing within 1 month	147 089	185 583	147 089	185 583
Maturing after 1 month but within 6 months	-	126	-	126
Maturing after 12 months	477	-	477	-
	147 566	185 709	147 566	185 709

a. Redemption value

Dated trading assets had a redemption value as at 31 December 2025 of P147,566 million (2024: P185,615 million) for the Group and Company.

26. Financial investments

26.1 Classification

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Listed – Government and corporate bonds	339 126	596 992	339 126	596 992
Unlisted – Other	3 932 583	2 601 425	3 932 583	2 601 425
	4 271 709	3 198 417	4 271 709	3 198 417
Comprising:				
Government bonds	152 509	411 138	152 509	411 138
Corporate bonds	186 617	185 854	186 617	185 854
Bank of Botswana Certificates	3 932 583	2 601 425	3 932 583	2 601 425
	4 271 709	3 198 417	4 271 709	3 198 417

Maturity analysis

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
<i>The maturities represent periods to contractual redemption of the investment securities recorded.</i>				
Maturing within 1 month	399 771	1 565 082	399 771	1 565 082
Maturing after 1 month but within 6 months	3 532 813	1 112 65	3 532 813	1 112 654
Maturing after 6 months but within 12 months	-	432 327	-	432 327
Maturing after 12 months	339 125	88 354	339 125	88 354
	4 271 709	3 198 417	4 271 709	3 198 417

The maturities above represent periods to contractual redemption of the investment securities recorded.

Net financial investments measured at amortised cost	4 271 709	3 198 417	4 271 709	3 973 002
Gross financial investments measured at amortised cost	4 271 778	3 198 451	4 271 778	3 973 071
Less: Expected credit loss for financial investments measured at amortised cost	(69)	(34)	(69)	(34)
	4 271 709	3 198 417	4 271 709	3 805 364

Notes to the financial statements (continued)

For the year ended 31 December 2025

26. Financial investments (continued)

26.2 Redemption value

Dated investment securities have a redemption value of P4,341 billion (2024: P3,220 billion) for the Group and for the Company at the maturity date. Included in these amounts are dated pledged assets with a redemption value of P300 million (2024: P1,430 billion) for the Group and Company (refer to note 26.7 for further details).

26.3 Investment registers

Registers of the investment securities are available for inspection by members, or their authorised agents at the registered offices of the bank and its subsidiaries.

26.4 Fair value

The carrying amount of unlisted investments approximates their fair value. All unlisted investments were fairvalued at 31 December 2025 based on ruling prices at reporting date. Refer to note 38.3 for the fair value hierarchy.

26.5. Reconciliation of expected credit losses for debt financial investments measured at amortised cost

Group and Company	Opening ECL 1 January 2025 P000's	Income statement movements				Net ECL raised/ (released) ¹ P000's	Closing ECL 31 December 2025 P000's
		ECL on new exposure raised P000's	Change in ECL due to modifications P000's	Subsequent changes in ECL P000's	Change in ECL due to derecognition P000's		
Bank	34	35	-	-	-	35	69
Stage 1	34	35	-	-	-	35	69
Stage 2	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-
Total	34	35	-	-	-	35	69

¹Net impairments raised/(released) less recoveries of amounts written off in previous years equals income statement impairment charge (refer credit impairment charges note).

Group and Company	Opening ECL 1 January 2024 P000's	Income statement movements				Net ECL raised/ (released) ¹ P000's	Closing ECL 31 December 2024 P000's
		ECL on new exposure raised P000's	Change in ECL due to modifications P000's	Subsequent changes in ECL P000's	Change in ECL due to derecognition P000's		
Corporate	-	-	-	-	-	-	-
Stage 1	-	-	-	-	-	-	-
Stage 2	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-
Sovereign	39	38	-	(43)	-	(5)	34
Stage 1	39	38	-	(43)	-	(5)	34
Stage 2	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-
Bank	4	-	-	-	(4)	(4)	-
Stage 1	4	-	-	-	(4)	-	-
Stage 2	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-
Total	43	38	-	(43)	(4)	(9)	34

¹Net impairments raised/(released) less recoveries of amounts written off in previous years equals income statement impairment charge (refer credit impairment charges note).

Notes to the financial statements (continued)

For the year ended 31 December 2025

26. Financial investments (continued)

26.7 Pledged assets and assets not derecognised

Assets are pledged as collateral under repurchase agreements with the Central Bank. Mandatory reserve deposits are also held with the Central Bank in accordance with statutory requirements.

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Fair value of assets pledged as security	300 000	1 430 655	300 000	1 430 655

Maturity analysis

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Maturing within 1 month	300 000	1 430 655	300 000	1 430 655
	300 000	1 430 655	300 000	1 430 655

The carrying amount of total financial assets that have been pledged as collateral for liabilities (including amounts reflected above) at 31 December 2025 is P300 million (2024: 1.431 billion) for the Group and Company. The assets pledged comprises Bank of Botswana instruments.

The assets pledged by the Group are strictly for the purpose of providing collateral to the counterparty. The counterparty is permitted to sell and/or re-pledge the assets to the extent reflected above. These transactions are conducted under terms that are usual and customary to security lending, securities borrowing and lending activities. The carrying amount of the pledged assets is equal to the fair value.

27. Loans and advances

The Group and Company extends advances to the personal, commercial and corporate sectors as well as to the public sector. Advances made to individuals are mostly in the form of mortgages, instalment credit, overdrafts and credit card borrowings. A significant portion of the Group's advances to commercial and corporate borrowers consist of advances made to companies engaged in manufacturing, finance, mining and service industries.

27.1 Loans and advances net of impairment

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Loans and advances to banks*	7 585 011	8 497 257	7 585 010	8 497 257
- Balances with banks **	7 588 209	8 502 221	7 588 208	8 502 221
- Expected credit loss for loans to banks	(3 198)	(4 964)	(3 198)	(4 964)
Loans and advances to customers	13 761 203	14 954 053	13 761 203	14 954 053
Gross loans and advances to customer	14 285 749	15 434 851	14 285 749	15 434 851
- Mortgage lending	2 125 488	2 140 825	2 125 488	2 140 825
- Vehicle asset lending	1 464 215	1 598 816	1 464 215	1 598 816
- Overdrafts and other demand lending	547 494	655 543	547 494	655 543
- Medium-term advances	9 681 104	10 487 580	9 681 104	10 487 580
- Card debtors	45 428	44 712	45 428	44 712
Other instruments	422 020	507 375	422 020	507 375
Expected credit loss for loans and advances to customers	(524 546)	(480 798)	(524 546)	(480 798)
Net loans and advances	21 346 214	23 451 310	21 346 203	23 451 310
Comprising:				
Gross loans and advances	21 873 958	23 937 072	21 873 958	23 937 072
Less: credit impairments (note 27.2)	(527 744)	(485 762)	(527 744)	(485 762)
Net loans and advances	21 346 214	23 451 310	21 346 214	23 451 310

* Included in the loans and advances to banks are related party balances further disclosed under note 42.6.

There were no modifications that resulted in economic gain or loss.

** Included in loans and advances to banks is an amount of P1.482 billion (2024: P1.147 billion) relating to on-demand gross loans and advances to banks that qualifies as cash equivalents, refer to note 40.5, for group and company.

Notes to the financial statements (continued)

For the year ended 31 December 2025

27. Loans and advances (continued)

27.1 Loans and advances net of impairment (continued)

	Group		Company	
	2024 P000's	2023 P000's	2024 P000's	2023 P000's
Maturity analysis:				
The maturities represent periods to contractual redemption of the loans and advances recorded.				
Redeemable on demand *	2 710 239	1 665 556	2 710 239	1 665 556
Maturing within 1 month	3 624 952	5 138 059	3 624 952	5 138 059
Maturing after 1 month but within 6 months	2 238 429	2 820 408	2 238 429	2 820 408
Maturing after 6 months but within 12 months	183 467	361 577	183 467	361 577
Maturing after 12 months	12 589 127	13 465 710	12 589 127	13 465 710
	21 346 214	23 451 310	21 346 214	23 451 310

* Included in Redeemable on demand is an amount of P1.482 billion (2024: P1.147 billion) relating to on-demand gross loans and advances to banks that qualifies as cash equivalents, refer to note 40.5, for group and company.

Notes to the financial statements (continued)

For the year ended 31 December 2025

27. Loans and advances (continued)

27.2 Credit impairments for loans and advances

Reconciliation of expected credit losses for loans and advances measured at amortised cost

Group and Company	Opening ECL 1 January 2024 P000's	(To)/From Stage 1	From/(To) Stage 2	From/(To) Stage 3	Total Transfer between stages P000's Stage3	ECL on new exposure raised P000's	Change in ECL due to modifications P000's	Subsequent changes in ECL P000's	Changes in ECL due to derecognition P000's	New impairments raised/ (released) P000's	Impaired accounts written-off P000's	Exchange and other movements P000's	Closing ECL 31 December 2024 P000's
Mortgages	(220 552)	(28 490)	15 650	12 840	-	(3 979)	-	144 096	(1)	140 116	3 225	2 203	(75 008)
Stage 1	(9 315)	-	19 710	8 780	28 490	(326)	-	(22 145)	-	(22 471)	-	-	(3 296)
Stage 2	(16 640)	(19 710)	-	4 060	(15 650)	(3 594)	-	12 996	(1)	9 401	-	-	(22 889)
Stage 3	(194 596)	(8 780)	(4 060)	-	(12 840)	(59)	-	153 245	-	153 186	3 225	2 203	(48 822)
Vehicle and Asset Finance	(97 818)	(36 268)	26 645	9 623	-	(11 679)	-	7 153	-	(4 526)	1 074	(5 513)	(106 783)
Stage 1	(5 516)	-	31 235	5 033	36 268	(1 031)	-	(33 416)	-	(34 447)	-	-	(3 695)
Stage 2	(30 415)	(31 235)	-	4 590	(26 645)	(10 447)	-	21 826	-	11 379	-	-	(45 681)
Stage 3	(61 887)	(5 033)	(4 590)	-	(9 623)	(201)	-	18 743	-	18 542	1 074	(5 513)	(57 407)
Card Debtors	(11 589)	-	-	-	-	(141)	-	(779)	-	(920)	-	-	(12 509)
Stage 1	(2 208)	-	-	-	-	-	-	(3 968)	-	(3 968)	-	-	(6 176)
Stage 2	(7 617)	-	-	-	-	-	-	939	-	939	-	-	(6 678)
Stage 3	(1 764)	-	-	-	-	(141)	-	2 250	-	2 109	-	-	345
Corporate	(19 944)	4 862	(4 862)	-	-	-	-	7 434	-	7 434	-	-	(12 509)
Stage 1	(13 175)	-	(4 862)	-	(4 862)	-	-	6 068	-	6 068	-	-	(11 969)
Stage 2	(6 769)	4 862	-	-	4 862	-	-	1 366	-	1 366	-	-	(541)
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Sovereign	(434)	-	-	-	-	-	-	717	-	717	-	-	283
Stage 1	(418)	-	-	-	-	-	-	717	-	717	-	-	299
Stage 2	(16)	-	-	-	-	-	-	-	-	-	-	-	(16)
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Other instruments	(135 450)	(53 812)	(7 818)	61 630	-	(28 238)	-	(206 080)	-	(234 318)	81 288	(32 739)	(321 219)
Stage 1	(48 854)	-	14 347	39 465	53 812	(6 389)	-	(36 996)	-	(43 385)	-	-	(38 427)
Stage 2	(34 081)	(14 347)	-	22 165	7 818	(16 376)	-	(17 137)	-	(33 513)	-	-	(59 776)
Stage 3	(52 515)	(39 465)	(22 165)	-	(61 630)	(5 473)	-	(151 947)	-	(157 420)	81 288	(32 739)	(223 016)
TOTAL	(485 786)	(113 708)	29 615	84 093	-	(44 037)	-	(47 459)	(1)	(91 497)	85 587	(36 049)	(527 744)

*Other instruments on the above table also represent exposure for overdrafts, medium term loans and other instruments reflected under note 27.1 Corporate and Sovereign which are internal naming for the CIB segment included medium-term advances under note 27.1. For the current year loan balance increased while impairments decreased driven by change in drivers such as probability of default, coverage ratios and book distribution.

** The contractual outstanding amount on financial assets that were written off during the current reporting period that are still subject to enforcement activities is P85.5 million (2024: P120.9 million).

***The disclosure note includes information relating to contractual amount of financial assets written off during the year and are still subject to enforcement activities.

Notes to the financial statements (continued)

For the year ended 31 December 2025

Notes to the financial statements (continued)

For the year ended 31 December 2025

27. Loans and advances (continued)

27.2 Credit impairments for loans and advances (continued)

Reconciliation of expected credit losses for loans and advances measured at amortised cost (continued)

A reconciliation of the expected credit loss for loans and advances, by class:

Group and Company	Opening ECL 1 January 2024 P000's	(To)/From Stage 1	From/(To) Stage 2	From/(To) Stage 3	Total Transfer between stages P000's Stage3	ECL on new exposure raised P000's	Change in ECL due to modifications P000's	Subsequent changes in ECL P000's	Changes in ECL due to derecognition P000's	New impairments raised/(released) P000's	Impaired accounts written- off P000's	Exchange and other movements P000's	Closing ECL 31 December 2024 P000's
Mortgages	(190 679)	(3 591)	(7 548)	11 138	-	(2 361)	-	(17 132)	-	(19 493)	3 542	(13 922)	(220 552)
Stage 1	(19 248)	-	(5 092)	8 682	3 591	(498)	-	6 840	-	6 342	-	-	(9 315)
Stage 2	(25 763)	5 092	-	2 456	7 548	(1 863)	-	3 439	-	1 575	-	-	(16 640)
Stage 3	(145 668)	(8 682)	(2 456)	-	(11 138)	-	-	(27 410)	-	(27 410)	3 542	(13 922)	(194 597)
Vehicle and Asset Finance	(76 261)	(18 534)	4 238	14 295	-	(9 460)	-	(12 354)	-	(21 814)	4 825	(4 568)	(97 818)
Stage 1	(6 013)	-	5 882	12 651	18 534	(2 653)	-	(15 384)	-	(18 037)	-	-	(5 516)
Stage 2	(37 595)	(5 882)	-	1 644	(4 238)	(5 092)	-	16 511	-	11 419	-	-	(30 415)
Stage 3	(32 653)	(12 651)	(1 644)	-	(14 295)	(1 715)	-	(13 481)	-	(15 196)	4 825	(4 568)	(61 887)
Card Debtors	(5 445)	(1 581)	1 581	-	-	(168)	-	(7 716)	-	(7 884)	1 741	-	(11 589)
Stage 1	(2 580)	-	1 581	-	1 581	-	-	(1 209)	-	(1 209)	-	-	(2 208)
Stage 2	(3 074)	(1 581)	-	-	(1 581)	-	-	(2 962)	-	(2 962)	-	-	(7 617)
Stage 3	209	-	-	-	-	(168)	-	(3 546)	-	(3 714)	1 741	-	(1 764)
Corporate	(23 801)	7	(7)	-	-	(3 036)	-	7 508	-	3 857	-	-	(19 944)
Stage 1	(16 018)	-	(7)	-	(7)	(3 036)	-	5 934	-	2 850	-	-	(13 175)
Stage 2	(7 783)	7	-	-	7	-	-	1 574	-	1 007	-	-	(6 769)
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Sovereign	(1 695)	-	-	-	-	(7 375)	-	2 246	-	1 261	-	-	(434)
Stage 1	(132)	-	-	-	-	(7 375)	-	-	-	(286)	-	-	(418)
Stage 2	(1 563)	-	-	-	-	-	-	2 246	-	1 547	-	-	(16)
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Other instruments	(183 439)	(38 970)	(12 004)	50 974	-	(46 278)	-	6 752	-	(45 324)	110 873	(17 560)	(135 450)
Stage 1	(68 318)	-	(4 393)	43 363	38 970	(28 832)	-	(4 516)	-	(19 505)	-	-	(48 853)
Stage 2	(16 579)	4 393	-	7 611	12 004	(8 303)	-	8 839	-	(29 506)	-	-	(34 081)
Stage 3	(98 542)	(43 363)	(7 611)	-	(50 974)	(9 143)	-	2 429	-	3 688	110 873	(17 560)	(52 515)
TOTAL	(481 320)	(62 669)	(13 739)	76 408	-	(68 679)	-	(20 696)	-	(89 397)	120 981	(36 050)	(485 786)

*Other instruments on the above table also represent exposure for overdrafts, medium terms loans and other instruments reflected under note 27.1

Corporate and Sovereign which are internal naming for the CIB segment rare included medium-term advances under note 27.1. For the current year loan balance decreased however there was increase in impairments driven by change in drivers such as probability of default, coverage ratios and book distribution. Increase in default rates for Mortgages and term loans particularly directly linked to a once-off event from one client who experience a credit strain also increased the impairment for the period.

** The contractual outstanding amount on financial assets that were written off during the current reporting period that are still subject to enforcement activities is P120.9 million (2023: P92.6 million).

***The gross amortised carrying account for the modified accounts before restructuring was P150 million as at the reporting date. The facility has not yet been cured to stage 1.

****The disclosure note has now included information relating to contractual amount of financial assets written off during the year and are still subject to enforcement activities which was not included in the prior year.

Notes to the financial statements (continued)

For the year ended 31 December 2025

Notes to the financial statements (continued)

For the year ended 31 December 2025

27. Loans and advances (continued)

27.2 Credit impairments for loans and advances (continued)

Industry Segmental Analysis 2025	Group and Company			
	Stage 1 P000's	Stage 2 P000's	Stage 3 P000's	Total P000's
Agriculture	2 032	27 254	243	29 529
Construction	317	100	1 514	1 931
Finance, real estate and other business services	16 505	27 115	160 312	203 931
Individuals	44 379	80 605	166 807	291 791
Manufacturing	31	505	26	562
	63 264	135 579	328 901	527 744

2024	Stage 1	Stage 2	Stage 3	Total
	P000's	P000's	P000's	P000's
Agriculture	1 418	6 075	5 060	12 553
Construction	727	361	1 631	2 719
Finance, real estate and other business services	22 958	8 022	141 817	172 797
Individuals	54 047	81 001	162 106	297 154
Manufacturing	313	78	148	539
	79 463	95 537	310 762	485 762

28. Other assets

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Items in the course of collection *	353 749	142 316	360 165	142 273
Prepayments and other debtors	114 741	82 504	106 978	82 504
	468 490	224 820	467 143	224 777

*Comprises of sundry debtors mainly on transactions processed on behalf of clients.

Maturity analysis

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Receivable within 12 months	468 490	224 820	467 143	224 777
	468 490	224 820	467 143	224 777

Classification analysis

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Financial	353 749	111 467	360 165	132 265
Non-Financial	114 741	113 353	114 741	92 512
	468 490	224 820	467 143	224 777

Notes to the financial statements (continued)

For the year ended 31 December 2025

29. Investment in subsidiaries

	Holding (%)	Company	
		2025 P000's	2024 P000's
Investment in subsidiaries:			
- Stanbic Insurance Services Proprietary Limited	100	919	919
- Stanbic Nominees Botswana Proprietary Limited	100	3	3
- Stanbic Financial Services Proprietary Limited	100	1 000	1 000
Carrying value at end of the year		1 922	1 922

There is no accumulated impairment on the investments in subsidiaries as the recoverable balance is higher than carrying amount. There are no significant restrictions on the ability of subsidiaries to transfer funds to the Group in the form of dividends.

30. Intangible assets

	2025 P000's	Group		Company	
		2024 P000's	2025 P000's	2024 P000's	
Computer software					
Cost at beginning of year	285 238	285 238	285 238	285 238	285 238
Disposals	(4 260)	-	(4 260)	-	-
Cost at end of the year	280 978	285 238	280 978	285 238	285 238
Accumulated amortisation at beginning of the year	(207 610)	(182 317)	(207 610)	(182 317)	(182 317)
Amortisation	(25 294)	(25 293)	(25 294)	(25 293)	(25 293)
Amortisation retired	4 260	-	4 260	-	-
Accumulated amortisation at end of the year	(228 644)	(207 610)	(228 644)	(207 610)	(207 610)
Balance at end of the year	52 334	77 628	52 334	77 628	77 628

31. Property, equipment and right of use assets

Group and Company	2025	2025	2025	2024	2024	2024
	Cost P000's	Accumulated depreciation P000's	Net book value P000's	Cost P000's	Accumulated depreciation P000's	Net book value P000's
Property						
Freehold	56 766	(15 290)	41 476	57 370	(14 719)	42 651
Leasehold	44 424	(32 795)	11 629	33 677	(30 604)	3 073
Right of use of assets	113 877	(98 614)	15 263	92 978	(85 905)	7 073
	215 067	(146 699)	68 368	184 025	(131 228)	52 797
Equipment						
Computer and office equipment	309 168	(227 831)	81 337	283 792	(215 820)	67 972
Motor vehicles	11 447	(9 504)	1 943	11 898	(9 150)	2 748
Furniture and fittings	67 555	(41 029)	26 526	59 568	(37 648)	21 920
	388 170	(278 364)	109 806	355 258	(262 618)	92 640
Total property, equipment and right of use assets	603 237	(425 063)	178 174	539 283	(393 846)	145 437

The fair value of completed freehold property was based on valuations performed by registered valuers and was estimated at P97.765 million (2024: P97.765 million) for the Group and Company.

Notes to the financial statements (continued)

For the year ended 31 December 2025

31. Property, equipment and right of use assets (continued)

31.2 Movement 2025

Group and Company	Net book value 2024 P000's	Additions/ transfers 2025 P000's	Net book value of disposals 2025 P000's	Depreciation 2025 P000's	Net book Value 2025 P000's
Property					
Freehold	42 651	1 486	(1 285)	(1 376)	41 476
Leasehold	3 073	10 747	-	(2 191)	11 629
Right of use of assets	7 073	20 899	-	(12 709)	15 263
	52 797	33 132	1 285	(16 276)	68 368
Equipment					
Computer and office equipment	67 972	41 072	(211)	(27 496)	81 337
Motor vehicles	2 748	-	-	(805)	1 943
Furniture and fittings	21 920	8 515	(166)	(3 743)	26 526
	92 640	49 587	(377)	(32 045)	109 806
Total property, equipment and right of use assets	145 437	82 719	(1 662)	(48 320)	178 174

31.3 Summary 2024

Group and Company	2024 Cost P000's	2024 Accumulated depreciation P000's	2024 Net book value P000's	2023 Cost P000's	2023 Accumulated depreciation P000's	2023 Net book value P000's
Property						
Freehold	57 370	(14 719)	42 651	55 404	(13 386)	42 017
Leasehold	33 677	(30 604)	3 073	33 551	(29 790)	3 761
Right of use of assets	92 978	(85 905)	7 073	83 435	(71 853)	11 582
Total property, equipment and right of use assets	184 025	(131 228)	52 797	172 390	(115 029)	57 360
Equipment						
Computer and office equipment	283 792	(215 820)	67 972	249 658	(189 765)	59 893
Motor vehicles	11 898	(9 150)	2 748	10 515	(7 978)	2 537
Furniture and fittings	59 568	(37 648)	21 920	57 010	(34 049)	22 961
	355 258	(262 618)	92 640	317 183	(231 792)	85 391
Total property, equipment and right of use assets	539 283	(393 846)	145 437	489 573	(346 821)	142 752

Notes to the financial statements (continued)

For the year ended 31 December 2025

31. Property, equipment and right of use assets (continued)

31.4 Movement 2024

Group and Company	Net book value 2023 P000's	Additions/ Transfers 2024 P000's	Net book value of disposals 2024 P000's	Depreciation 2024 P000's	Net book value 2024 P000's
Property					
Freehold	42 017	1 967	-	(1 333)	42 651
Leasehold	3 761	125	-	(813)	3 073
Right of use of assets	11 582	9 544	-	(14 053)	7 073
	57 360	11 636	-	(16 199)	52 797
Equipment					
Computer and office equipment	59 893	34 133	-	(26 054)	67 972
Motor vehicles	2 537	1 383	-	(1 172)	2 748
Furniture and fittings	22 962	2 558	-	(3 600)	21 920
	85 392	38 074	-	(30 826)	92 640
Total property, equipment and right of use assets	142 752	49 710	-	(47 025)	145 437

31.5 Leasehold property

The leasehold property at Lot 14437, Gaborone is occupied under a fifty-year fixed period state grant lease commencing 8 August 1986

31.6 Leases

Leases as lessee

The Group leases properties for its branches and ATMs. These leases typically run for a period of 5 years with an option to renew the lease at the end of the lease term. Lease payments are negotiated at the end of every lease term to align with market rentals.

Information about leases for which the Group is a lessee is presented on the next page:

Notes to the financial statements (continued)

For the year ended 31 December 2025

31. Property, equipment and right of use asset (continued)

31.6 Leases (continued)

a. Right of use assets

Right of use assets refer to leased properties that do not meet the definition of investment property and are presented as property, plant and equipment (see note 31.1).

Group and Company	Land and buildings P000's	Total P000's
Balance at 1 January 2025	7 073	7 073
Depreciation charge for the year	(12 709)	(12 709)
Additions to the right of use assets	20 899	20 899
Balance 31 December 2025	15 263	15 263

Group and Company	Land and buildings P000's	Total P000's
Balance at 1 January 2025	11 582	11 582
Depreciation charge for the year	(14 053)	(14 053)
Additions to the right of use assets	9 544	9 544
Balance 31 December 2024	7 073	7 073

b. Amounts recognised in profit or loss

Group and Company	Land and buildings	2025 P000's	2024 P000's
Leases			
Interest on lease liabilities		(948)	(1 289)
Expenses relating to short term leases		-	-
Expenses relating to low value assets, excluding short term leases of low value assets		(2 939)	(825)
Total expenses		(3 887)	(2 114)

c. Amounts recognised in profit or loss

Group and Company	2025 P000's	2024 P000's
Total cash outflow for leases	(15 978)	(17 094)

Notes to the financial statements (continued)

For the year ended 31 December 2025

32. Deferred and Current tax

Deferred tax analysis

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Property and equipment timing differences	(21 011)	(17 089)	(21 011)	(17 089)
Fair value adjustments of financial instruments	(4 071)	3 083	(4 071)	3 083
Deferred income	7 132	7 909	7 132	7 909
Royalties accrued	988	1 635	988	1 635
Bonuses accrued	8 994	12 637	8 994	12 637
IFRS 9 transition adjustment: Remaining temporary differences	6 359	7 988	6 359	7 988
Right of use of asset	(3 358)	(1 556)	(3 358)	(1 556)
Lease liability	2 595	1 304	2 595	1 304
Other differences*	(7 991)	2 540	(7 991)	2 457
Deferred tax (liability)/ asset	(10 364)	18 451	(10 364)	18 368

	2025 P000's	2024 P000's	2025 P000's	2024 P000's
	Deferred tax balance at beginning of the year	18 451	12 621	18 368
Various categories of (reversing)/originating temporary differences for the year:	(28 815)	5 830	(28 732)	5 830
- Depreciation	(3 923)	(135)	(3 923)	(135)
- Unwinding of IFRS Day 1 tax asset	(1 630)	(1 919)	(1 630)	(1 919)
- Fair value adjustments of financial instruments	(7 154)	3 416	(7 154)	3 416
- Deferred income	(777)	1 284	(777)	1 284
- Other differences	(15 331)	3 184	(15 248)	3 184
Deferred tax balance at end of the year	(10 364)	18 451	(10 364)	18 368

The deferred tax liability is recognised for all taxable temporary differences, based on the principle that these differences will result in amounts being taxable in future periods when the related assets are recovered or liabilities are settled.

*Other differences relate to temporary differences such as IFRS 2 share-based-payment provisions, irrecoverable losses, prepayments etc.

Current tax analysis

		Group		Company	
		2025 P000's	2024 P000's	2025 P000's	2024 P000's
Opening balance- refundable		41 285	54 934	35 594	50 678
Current charge	22.11	(177 399)	(198 850)	(175 440)	(196 466)
Tax paid for the year	40.3	205 556	191 811	203 337	189 556
Other adjustments*		12 873	(6 610)	11 511	(8 174)
Closing balance		82 315	41 285	75 002	35 594

*Other adjustments include the prior years deferred tax impact of additions at P6.717 million (2024: P6.717) and withholding tax on interest on corporate deposits P1.317 million (P2024: P1.648 million).

Notes to the financial statements (continued)

For the year ended 31 December 2025

33. Trading portfolio liabilities

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Listed – Government bonds	-	-	-	-
Unlisted – Other	-	293 863	-	293 863
	-	293 863	-	293 863
Comprising:				
Government bonds	-	-	-	-
Unlisted – Corporate deposits	-	293 863	-	293 863
	-	293 863	-	293 863
Maturity analysis:				
Maturing within 1 month	-	293 863	-	293 863
Maturing after 6 months but within 12 months	-	-	-	-
Maturing after 12 months	-	-	-	-
	-	293 863	-	293 863

a. Redemption value

Dated trading liabilities have redemption value of PNil (2024: P293.908 million) for the Group and Company on maturity date.

34. Customer and bank deposits

Deposit products include cheque accounts, savings accounts, call and notice deposits, fixed deposits, and negotiable certificates of deposit.

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Deposits from banks	2 454 712	2 342 148	2 454 712	2 342 148
Deposits from customers	20 274 088	20 875 947	20 300 810	20 904 875
- Current and savings accounts	4 497 429	4 650 462	4 524 151	4 679 390
- Call, term, and negotiable certificates of deposits	15 776 659	16 225 485	15 776 659	16 225 485
Customer and bank deposits	22 728 800	23 218 095	22 755 522	23 247 023

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's

Maturity analysis:

The maturity analysis is based on the remaining periods to contractual maturity from year end.

Redeemable on demand	15 580 426	16 998 515	15 607 148	17 027 443
Maturing within 1 month	3 325 509	1 729 727	3 325 509	1 729 727
Maturing after 1 month but within 6 months	2 962 436	2 424 070	2 962 436	2 424 070
Maturing after 6 months but within 12 months	790 463	2 003 374	790 463	2 003 374
Maturing after 12 months	69 966	62 409	69 966	62 409
	22 728 800	23 218 095	22 755 522	23 247 023

Notes to the financial statements (continued)

For the year ended 31 December 2025

35. Accruals, deferred income, and other liabilities

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Items in process of clearing	203 112	333 288	203 021	321 656
Provisions	516	7 273	859	7 273
Expected credit loss for off-balance sheet exposures	310	541	310	541
Deferred income	32 418	35 951	32 418	35 951
Other liabilities *	123 447	129 778	114 565	131 825
Accruals	138	7 430	4 490	7 430
Lease liability	13 109	7 240	13 109	7 240
	373 050	521 501	369 772	511 916

*Other liabilities in Group include employee related provisions, accrued expenses such as IT related costs, franchise fee and tax provision (PAYE) payable the following month at P109.060 million (2024: P63.774 million), P14.387 million (2024: P16.933 million) and nil (2024: P9.004 million) respectively.

Maturity analysis

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Payable within 1 year	373 050	521 501	369 772	511 916
	373 050	521 501	369 772	511 916

Provisions

The following table sets out a reconciliation of provisions.

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Balance at beginning of the year	7 273	17 333	7 273	17 333
Provisions made during the year	24 763	1 650	24 763	1 650
Provisions used during the year	(31 520)	(11 710)	(31 177)	(11 710)
Balance at end of the year	516	7 273	859	7 273

Reconciliation of expected credit losses for off-balance sheet exposures

GROUP AND COMPANY	Opening balance	Net ECL released/ (raised)	Closing balance
	P000's	P000's	P000's
Letters of credit, bank acceptances and guarantees			
2025			
Stage 1	(508)	231	(277)
Stage 2	(3)	-	(3)
Stage 3	(30)	-	(30)
Total	(541)	231	(310)
2024			
Stage 1	(721)	213	(508)
Stage 2	(129)	126	(3)
Stage 3	(30)	-	(30)
Total	(880)	339	(541)

Notes to the financial statements (continued)

For the year ended 31 December 2025

35. Accruals, deferred income, and other liabilities (continued)

Reconciliation of lease liabilities

The Group has entered into various non-cancellable lease agreements in respect of rented premises. Leases are contracted up to periods of 5 years, some with renewal options. Rental charges under these contracts escalate at fixed percentages of 5.0% to 10.0% per annum and include minimum monthly payments.

	Balance at 1 January 2025 P000's	Additions/ modification P000's	Interest expense P000's	Payments ¹ P000's	Balance at 31 December 2025 P000's
GROUP AND COMPANY					
Buildings	7 240	20 899	45	(15 075)	13 109
Branches	-	-	783	(783)	-
ATM space	-	-	120	(120)	-
Total	7 240	20 899	948	(15 978)	13 109

¹ These amounts relate to the principal and interest lease payments as disclosed in the statement of cash flow.

	Balance at 1 January 2024 P000's	Additions/ modification P000's	Interest expense P000's	Payments ¹ P000's	Balance at 31 December 2024 P000's
GROUP AND COMPANY					
Buildings	13 502	9 543	104	(15 909)	7 240
Branches	-	-	922	(922)	-
ATM space	-	-	263	(263)	-
Total	13 502	9 543	1 289	(17 094)	7 240

¹ These amounts relate to the principal lease payments as disclosed in the statement of cash flow.

Maturity analysis: Discounted	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Within 1 year	5 187	1 265	5 187	1 265
More than 1 year but less than 5 years	7 922	5 975	7 922	5 975
Total lease liabilities	13 109	7 240	13 109	7 240

Maturity analysis: Un-Discounted	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Within 1 year	5 679	3 487	5 679	3 487
More than 1 year but less than 5 years	12 123	16 466	12 123	16 466
Total lease liabilities	17 802	19 953	17 802	19 953

The amounts in the table include undiscounted cash flows, which include estimated interest payment for the current active lease agreements.

Notes to the financial statements (continued)

For the year ended 31 December 2025

36. Debt securities in issue

Unsecured subordinated redeemable bonds qualifying as secondary capital in terms of applicable banking legislation:

	Redeemable Date	Start date	Group		Company	
			2025 P000's	2024 P000's	2025 P000's	2024 P000's
SBBL 077	02-Dec-34	02-Dec-24	280 000	280 000	280 000	280 000
SBBL 078	02-Dec-34	02-Dec-24	20 000	20 000	20 000	20 000
SBBL 072	07-Jul-32	07-Jul-22	105 720	105 720	105 720	105 720
SBBL 073	07-Jul-32	07-Jul-22	110 000	110 000	110 000	110 000
Total subordinated debt			515 720	515 720	515 720	515 720

	Maturity Date	Start date	Group		Company	
			2025 P000's	2024 P000's	2025 P000's	2024 P000's
SBBL 070	09-Oct-25	09-Oct-20	-	132 520	-	132 520
SBBL 071	09-Oct-25	09-Oct-20	-	118 200	-	118 200
SBBL 074	29-Jul-27	29-Jul-22	50 000	50 000	50 000	50 000
SBBL 075	29-Jul-27	29-Jul-22	50 000	50 000	50 000	50 000
SBBL-0328-76	14-Mar-28	14-Mar-23	150 000	150 000	150 000	150 000
SBBL 079	26-Sep-32	26-Sep-25	220 000	-	220 000	-
SBBL-CRB-1128-80	06-Nov-28	06-Nov-25	24 000	-	24 000	-
SBBL-CRB-1130-81	06-Nov-30	06-Nov-25	169 400	-	169 400	-
Total unsubordinated debt			663 400	500 720	663 400	500 720
Total debt			1 179 120	1 016 440	1 179 120	1 016 440

Subordinated liabilities	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
More than 5 years	515 720	515 720	515 720	515 720
Total subordinated debt	515 720	515 720	515 720	515 720

Unsubordinated liabilities	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Within 1 year	-	250 720	-	250 720
More than 1 year but less than 5 years	274 000	250 000	274 000	250 000
More than 5 years	389 400	-	389 400	-
Total unsubordinated debt	663 400	500 720	663 400	500 720

Debt securities in issue and subordinated liabilities are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue. Subsequently they are measured at amortised cost using the effective interest method.

The Group and Company did not default on principal or interest and there were no breaches with respect to their liabilities during the current and prior periods.

The bonds constitute direct subordinated and unsecured obligations of the Group and Company and are subordinated to the unsubordinated, unsecured claims of general creditors of the Group and Company and claims of depositors. The notes are not subordinated to any categories of share capital or other subordinated obligations of the Group and Company. They rank pari passu among themselves.

The subordinated bonds form part of the Tier II Capital for the purpose of calculating capital adequacy.

Notes to the financial statements (continued)

For the year ended 31 December 2025

37. Stated capital and other reserves

37.1 Stated capital

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
31 936 205 (2024: 31 936 205) ordinary shares of no-par value				
	390 177	390 177	390 177	390 177
	390 177	390 177	390 177	390 177

Stated capital comprises the total amount authorised and subscribed for 31.936 million issued and fully paid ordinary shares of no-par value (2024: 31.936 million).

The holders of issued shares are entitled to receive dividends as declared from time to time and are entitled to one vote per ordinary share on a poll at meetings of the Company. All ordinary shares rank equally about the Company's residual assets.

37.2 Statutory credit risk reserve

Local legislation requires the Bank to make appropriation to a general banking reserve for unforeseeable risks and future losses. The general provisions eligible for inclusion in Tier II is limited to a maximum of 1.25 percentage points of credit risk weighted assets, this is the amount that is also considered as the statutory credit reserve.

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Opening balance	154 474	154 474	154 474	154 474
Closing balance	154 474	154 474	154 474	154 474

37.3. Reserves

Share-based payment reserve

Standard Bank Group has two equity-settled, namely the Group Share Incentive Scheme and the Equity Growth Scheme. The Group Share Incentive Scheme confers rights to employees to acquire ordinary shares at the value of the Standard Bank Group share price at the date the option is granted. The Equity Growth Scheme was implemented in 2005 and represents appreciation rights allocated to employees. The eventual value of the right is settled by the issue of shares equivalent, in value, to the value of rights.

The two schemes have five different sub-types of vesting categories as illustrated by the following table:

Vesting category	Year	% vesting	Expiry
Type A	3, 4, 5	50, 75, 100	10 years
Type B	5, 6, 7	50, 75, 100	10 years
Type C	2, 3, 4	50, 75, 100	10 years
Type D	2, 3, 4	33, 67, 100	10 years
Type E	3, 4, 5	33, 67, 100	10 years

Reconciliation of the movement of share options and appreciation rights is detailed on the next page. Since the share-based schemes are managed and administrated in the Republic of South Africa the amounts are shown in Rands:

Group Share Incentive Scheme	Option price range (Rands)		Number of options	
	2025	2024	2025	2024
Options outstanding at the beginning of the year		3 591		7 855
Net Transfers		-		-
Exercised		(2 877)		(4 264)
Options outstanding at the end of the year	179.82	714		3 591

The weighted average share price for the year was R179.82 (2024: R123.40). The BWP/ZAR exchange rate used is 1.21 at 31 December 2025.

The weighted average share price for the year was P179.82.

Notes to the financial statements (continued)

For the year ended 31 December 2025

37. Stated capital and other reserves (continued)

37.3. Share-based payment reserve (continued)

The following options granted to employees, including executive directors, had not been exercised as at 31 December 2025:

Number of ordinary shares	Option price range (Rands)	Weighted average price (Rands)	Option period
714	133.50	179.82	Year to 31 December 2025

The following options granted to employees, including executive directors, had not been exercised as at 31 December 2023:

Number of ordinary shares	Option price range (Rands)	Weighted average price (Rands)	Option period
3 591	145.28	123.40	Year to 31 December 2024

Group Equity Growth Scheme	Average price range (Rands)		Number
	2025	2024	2024
Rights outstanding at the beginning of the year	-	-	-
Net Transfers	-	-	-
Exercised¹	-	-	-
Rights outstanding at the end of the year	-	-	-

There are no instruments on the above instrument however available.

Notes:

¹During the year, SBG shares Nil (2024: Nil) were issued to settle the appreciated rights value.

²At the end of the year the Group would need to issue Nil (2024: Nil) SBG shares to settle the outstanding appreciated rights value. The following rights granted to employees, including executive directors, had not been exercised as at 31 December 2025:

Number of rights	Award price range (Rands)	Weighted average price (Rands)	Rights period
-	-	-	Year to 31 December 2025

There were no rights granted to employees as at 31 December 2024:

Summary total reserves

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Statutory credit risk reserve	154 474	154 474	154 474	154 474
Retained earnings	2 725 682	2 015 933	2 695 500	1 992 695
Closing total reserves	2 880 156	2 170 407	2 849 974	2 147 169

Notes to the financial statements (continued)

For the year ended 31 December 2025

38. Classification of assets and liabilities 38.1 Accounting classification and fair values

All financial assets and liabilities have been classified according to their measurement category per IFRS 9, with disclosure of the fair values provided.

Group 31 December 2025	Note	Fair value through profit or loss				Total carrying amount P000's	Fair value P000's
		Held for trading P000's	Fair value through profit / loss – default P000's	Amortised cost P000's	Non- financial assets / liabilities P000's		
Assets							
Cash and balances with the central bank	23	-	-	996 522	-	996 522	996 522
Derivative assets	24.3	47 881	-	-	-	47 881	47 881
Trading portfolio assets	25	147 566	-	-	-	147 566	147 566
Financial investments	26.1	-	-	4 271 709	-	4 271 709	4 271 709
Loans and advances to banks	27.1	-	-	7 585 011	-	7 585 011	7 585 011
Loans and advances to customers	27.1	-	-	13 761 203	-	13 761 203	13 761 203
Other assets	28	-	-	353 749	114 741	468 490	468 490
		195 447	-	26 968 194	114 741	27 278 382	27 278 382
Liabilities							
Derivative liabilities	24.3	29 538	-	-	-	29 538	29 538
Deposits from banks	34	-	-	2 454 712	-	2 454 712	2 454 712
Deposits from customers	34	-	-	20 274 088	-	20 274 088	20 274 088
Debt securities in issue	36	-	-	1 179 120	-	1 179 120	1 179 120
Accruals, deferred and other liabilities	35	-	-	90 863	282 187	373 050	373 050
		29 538	-	23 998 783	282 187	24 310 508	24 310 508

All financial assets and liabilities have been classified according to their measurement category per IFRS 9, with disclosure of the fair values provided.

Group 31 December 2024	Note	Fair value through profit or loss				Total carrying amount P000's	Fair value P000's
		Held for trading P000's	Fair value through profit / loss – default P000's	Amortised cost P000's	Non- financial assets / liabilities P000's		
Assets							
Cash and balances with the central bank	23	-	-	281 809	-	281 809	281 809
Derivative assets	24.3	20 509	-	-	-	20 509	20 509
Trading portfolio assets	25	185 709	-	-	-	185 709	185 709
Financial investments	26.1	-	-	3 198 417	-	3 198 417	3 198 417
Loans and advances to banks	27.1	-	-	8 497 257	-	8 497 257	8 497 257
Loans and advances to customers	27.1	-	-	14 954 053	-	14 954 053	14 954 053
Other assets	28	-	-	111 467	113 353	224 820	224 820
		206 218	-	27 043 003	113 353	27 362 574	27 362 574
Liabilities							
Derivative liabilities	24.3	34 892	-	-	-	34 892	34 892
Deposits from banks	34	-	-	2 342 148	-	2 342 148	2 342 148
Deposits from customers	34	-	-	20 875 947	-	20 875 947	20 875 947
Debt securities in issue	36	-	-	1 016 440	-	1 016 440	1 016 440
Other liabilities	35	-	-	84 340	437 161	521 501	521 501
Trading portfolio liabilities	33	293 863	-	-	-	293 863	293 863
		328 755	-	24 318 875	437 161	25 084 791	25 084 791

Notes to the financial statements (continued)

For the year ended 31 December 2025

38. Classification of assets and liabilities (continued) 38.1 Accounting classification and fair values (continued)

All financial assets and liabilities have been classified according to their measurement category per IFRS 9, with disclosure of the fair values provided.

Company 31 December 2025	Note	Fair value through profit or loss				Total carrying amount P000's	Fair value P000's
		Held for trading P000's	Fair value through profit / loss – default P000's	Amortised cost P000's	Non- financial assets / liabilities P000's		
Assets							
Cash and balances with the central bank	23	-	-	996 522	-	996 522	996 522
Derivative assets	24.3	47 881	-	-	-	47 881	47 881
Trading assets	25	147 566	-	-	-	147 566	147 566
Financial assets	26.1	-	-	4 271 709	-	4 271 709	4 271 709
Loans and advances to banks	27.1	-	-	7 585 011	-	7 585 011	7 585 011
Loans and advances to customers	27.1	-	-	13 761 203	-	13 761 203	13 761 203
Other assets	28	-	-	360 165	106 978	467 143	467 143
		195 447	-	26 974 610	106 978	27 277 035	27 277 035
Liabilities							
Derivative liabilities	24.3	29 538	-	-	-	29 538	29 538
Deposits from banks	34	-	-	2 454 712	-	2 454 712	2 454 712
Deposits from customers	34	-	-	20 300 810	-	20 300 810	20 300 810
Debt securities in issue	36	-	-	1 179 120	-	1 179 120	1 179 120
Accruals deferred and other liabilities	35	-	-	90 863	278 909	369 772	369 772
		29 538	-	24 025 505	278 909	24 333 952	24 333 952

All financial assets and liabilities have been classified according to their measurement category per IFRS 9, with disclosure of the fair values provided.

Company 31 December 2024	Note	Fair value through profit or loss				Total carrying amount P000's	Fair value P000's
		Held for trading P000's	Fair value through profit / loss – default P000's	Amortised cost P000's	Non- financial assets / liabilities P000's		
Assets							
Cash and balances with the central bank	23	-	-	281 809	-	281 809	281 809
Derivative assets	24.3	20 509	-	-	-	20 509	20 509
Trading assets	25	185 709	-	-	-	185 709	185 709
Financial assets	26.1	-	-	3 198 417	-	3 198 417	3 198 417
Loans and advances to banks	27.1	-	-	8 497 257	-	8 497 257	8 497 257
Loans and advances to customers	27.1	-	-	14 954 053	-	14 954 053	14 954 053
Other assets	28	-	-	111 467	113 310	224 777	224 777
		206 218	-	27 043 003	113 310	27 362 531	27 362 531
Liabilities							
Derivative liabilities	24.3	34 892	-	-	-	34 892	34 892
Deposits from banks	34	-	-	2 342 148	-	2 342 148	2 342 148
Deposits from customers	34	-	-	20 904 875	-	20 904 875	20 904 875
Debt securities in issue	36	-	-	1 016 440	-	1 016 440	1 016 440
Other liabilities	35	-	-	84 340	427 576	511 916	511 916
Trading portfolio liabilities	33	293 863	-	-	-	293 863	293 863
		328 755	-	24 347 803	427 576	25 104 134	25 104 134

Notes to the financial statements (continued)

For the year ended 31 December 2025

38. Classification of assets and liabilities (continued)

38.2. Financial assets and liabilities measured at fair value - Fair value hierarchy

Group	Note	2025				2024			
		Level 1 P000's	Level 2 P000's	Level 3 P000's	Total P000's	Level 1 P000's	Level 2 P000's	Level 3 P000's	Total P000's
Assets									
Trading portfolio assets	25	408	147 158	-	147 566	606	185 103	-	185 709
Derivative assets	24.3	-	47 881	-	47 881	-	20 509	-	20 509
Total assets at fair value		408	195 039	-	195 447	606	205 612	-	206 218
Liabilities									
Derivative liabilities	24.3	-	29 538	-	29 538	-	34 892	-	34 892
Trading portfolio liabilities	33	-	-	-	-	-	293 863	-	293 863
Total liabilities at fair value		-	29 538	-	29 538	-	328 755	-	328 755

- The above table reflects all assets and liabilities measured at fair value.
- Recurring fair value measurements of assets or liabilities are those assets and liabilities that IFRS require or permit to be carried at fair value in the statement of financial position at the end of each reporting period.

Company	Note	2025				2024			
		Level 1 P000's	Level 2 P000's	Level 3 P000's	Total P000's	Level 1 P000's	Level 2 P000's	Level 3 P000's	Total P000's
Assets									
Trading portfolio assets	25	408	147 158	-	147 566	606	185 103	-	185 709
Derivative assets	24.3	-	47 881	-	47 881	-	20 509	-	20 509
Total assets at fair value		408	195 039	-	195 447	606	205 612	-	206 218
Liabilities									
Derivative liabilities	24.3	-	29 538	-	29 538	-	34 892	-	34 892
Trading portfolio liabilities	33	-	-	-	-	-	293 863	-	293 863
Total liabilities at fair value		-	29 538	-	29 538	-	328 755	-	328 755

- The above table reflects all assets and liabilities measured at fair value.
- Recurring fair value measurements of assets or liabilities are those assets and liabilities that IFRS require or permit to be carried at fair value in the statement of financial position at the end of each reporting period.

Notes to the financial statements (continued)

For the year ended 31 December 2025

38. Classification of assets and liabilities (continued)

38.3. Assets and liabilities not measured at fair value - Fair value hierarchy

Group	Note	2025				2024			
		Level 1 P000's	Level 2 P000's	Level 3 P000's	Total P000's	Level 1 P000's	Level 2 P000's	Level 3 P000's	Total P000's
Assets									
Cash balances***	23	996 522	-	-	996 522	281 809	-	-	281 809
Financial Investments *	26.1	339 126	3 932 583	-	4 271 709	596 992	2 601 425	-	3 198 417
Loans and advances to banks	27.1	-	-	7 585 011	7 585 011	-	-	8 497 257	8 497 257
Loans and advances to customers	27.1	-	-	13 761 203	13 761 203	-	-	14 954 053	14 954 053
Other assets**	28	-	-	353 749	353 749	-	-	224 820	224 820
Total		1 335 648	3 932 583	21 699 963	26 968 194	878 801	2 601 425	23 676 130	27 156 356
Liabilities									
Deposits from banks	33	-	2 454 712	-	2 454 712	-	2 342 148	-	2 342 148
Deposits from customers	33	-	20 274 088	-	20 274 088	-	20 875 716	-	20 875 716
Debt securities in issue	36	-	1 179 120	-	1 179 120	-	1 016 440	-	1 016 440
Other liabilities	35	-	-	90 863	90 863	-	-	521 501	521 501
Total		-	23 907 920	90 863	23 998 783	-	24 234 304	521 501	24 755 805

*The fair value for Financial Investments reflects classification of treasury bills under level 2.

**The fair value for other assets reflects the classification of financial assets only and exclude non-financial assets.

***Classification of cash balances shows classification of amortised cost.

All other assets and liabilities measured at amortised cost approximate their fair values.

Company	Note	2025				2024			
		Level 1 P000's	Level 2 P000's	Level 3 P000's	Total P000's	Level 1 P000's	Level 2 P000's	Level 3 P000's	Total P000's
Assets									
Cash balances***	23	996 522	-	-	996 522	281 809	-	-	281 809
Financial Investments *	26.1	339 126	3 932 583	-	4 271 709	596 992	2 601 425	-	3 198 417
Loans and advances to banks	27.1	-	-	7 585 011	7 585 011	-	-	8 497 257	8 497 257
Loans and advances to customers	27.1	-	-	13 761 203	13 761 203	-	-	14 954 053	14 954 053
Other assets**	28	-	-	360 165	360 165	-	-	224 777	224 777
Total		1 335 648	3 932 583	21 706 379	26 974 610	878 801	2 601 425	23 676 087	27 156 313
Liabilities									
Deposits from banks	33	-	2 454 712	-	2 454 712	-	2 342 148	-	2 342 148
Deposits from customers	33	-	20 300 810	-	20 300 810	-	20 904 875	-	20 904 875
Debt securities in issue	36	-	1 179 120	-	1 179 120	-	1 016 440	-	1 016 440
Other liabilities	35	-	-	90 863	90 863	-	-	511 916	511 916
Total		-	23 934 642	90 863	24 025 505	-	24 263 463	511 916	24 775 379

*The fair value for Financial Investments reflects classification of treasury bills under level 2.

**The fair value for other assets reflects the classification of financial assets only and exclude non-financial assets.

***Classification of cash balances shows classification of amortised cost.

All other assets and liabilities measured at amortised cost approximate their fair values.

Notes to the financial statements (continued)

For the year ended 31 December 2025

39. Commitments and contingencies

39.1 Contingent liabilities

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Letters of credit	19 385	32 727	19 385	32 727
Guarantees	2 602 195	1 697 407	2 602 195	1 697 407
Irrevocable unutilised facilities	1 715 757	1 410 942	1 715 757	1 410 942
Revocable unutilised facilities	425 902	274 975	425 902	274 975
	4 030 936	3 416 051	4 030 936	3 416 051

Expected credit losses of P310 000 were recognised in respect of off-balance sheet items at the reporting date (2024: P540 740).

These are commitments for credit facilities which the bank would only be liable to settle upon satisfaction of certain requirements, however, if the requirements are deemed successful the bank would be liable to a total cost of P2 141 658 (2024: P1 685 917) which is fully collateralised. Management assessment of the financial in relation to the above-mentioned liabilities associated with the customers, indicates that it is highly unlikely that the bank would incur such a liability.

39.2 Commitments

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Capital expenditure authorised ¹	5 381	13 858	5 381	13 858

¹Capital expenditure will be funded from internal resources.

39.3 Lease liabilities

The Group has entered into various non-cancellable lease agreements in respect of rented premises. Leases are contracted up to periods of 5 years, some with renewal options. Rental charges under these contracts escalate at fixed percentages of 5.0% to 10.0% per annum and include minimum monthly payments.

39.4 Legal proceedings defended

In the ordinary course of business, the Bank is involved as a defendant in litigation, lawsuits and other proceedings. Management recognises the inherent difficulty of predicting the outcome of defended legal proceedings. Nevertheless, based on management's knowledge from investigation, analysis and after consulting with legal counsel, management believes that there are no individual legal proceedings that are currently assessed as being 'likely to succeed and material' or 'unlikely to succeed but material should they succeed'. The Bank is also the defendant in some legal cases for which the Bank is fully indemnified by external third parties, none of which are individually material. Management is accordingly satisfied that the legal proceedings currently pending against the Bank should not have a material adverse effect on the Group's financial position and the directors are satisfied that the Bank has adequate insurance programmes and, where required in terms of IFRS for claims that are probable, provisions in place to meet claims that may succeed.

Notes to the financial statements (continued)

For the year ended 31 December 2025

40. Statements of cash flows information

40.1 Movement in income-earning and other assets

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Financial assets	(1 073 362)	(606 947)	(1 073 362)	(606 947)
Trading assets	35 577	182 497	35 577	182 497
Loans and advances ¹	2 355 045	3 913 411	2 355 045	3 913 381
Derivative assets	(27 372)	19 132	(27 372)	19 132
Other assets *	(243 670)	90 843	(242 366)	90 670
	1 046 218	3 598 936	1 047 522	3 598 733

*Comprises mainly of prepayments and other receivables

40.2 Increase in deposits and other liabilities

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Customers' current, savings, other deposit accounts and deposits from banks	(714 528)	2 017 574	(716 734)	2 004 893
Trading liabilities	(293 863)	290 451	(293 863)	290 451
Derivative liabilities	(5 354)	34 892	(5 354)	34 892
Other liabilities	(134 980)	22 808	(127 403)	16 870
	(1 148 725)	2 365 725	(1 143 354)	2 347 106

40.3 Direct taxation paid

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Current and deferred tax at beginning of the year	(59 736)	(67 557)	(53 962)	(63 217)
Income statement charge	206 130	205 374	204 171	202 990
Current tax adjustment	(12 873)	(5 742)	(11 511)	(4 179)
Less tax paid for the year	(205 556)	(191 811)	(203 337)	(189 556)
Current and deferred tax at end of the year	(72 035)	(59 736)	(64 639)	(53 962)

40.4 Reconciliation of debt issued

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Balance at beginning of the year	1 016 440	1 016 440	1 016 440	1 016 440
Unsubordinated debt redeemed	(250 720)	(300 000)	(250 720)	(300 000)
Unsubordinated debt issued	413 400	300 000	413 400	300 000
Balance at end of the year	1 179 120	1 016 440	1 179 120	1 016 440
Interest paid on unsubordinated debt	38 141	16 779	38 141	16 779

40.5 Cash and cash equivalents

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Cash and balances with the Central bank	996 522	281 809	996 522	281 809
On-demand gross loans and advances to banks (Note 27.1)	1 482 632	1 146 727	1 482 632	1 146 727
Balance at end of the year ¹	2 479 154	1 428 536	2 479 154	1 428 536

Notes to the financial statements (continued)

For the year ended 31 December 2025

41. Third party funds under management

The Group provides discretionary and non-discretionary investment management services to institutional investors. Commissions and fees earned in respect of trust management activities performed are included in profit or loss.

Assets managed on behalf of third parties include:

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Fund management				
- Unit trusts	27 055 627	26 049 062	27 055 627	26 049 062
	27 055 627	26 049 062	27 055 627	26 049 062
Geographical area				
- Domestic	26 459 124	25 163 169	26 459 124	25 163 169
- Foreign	596 503	885 893	596 503	885 893
	27 055 627	26 049 062	27 055 627	26 049 062

42. Related party transactions

42.1. Parent

Stanbic Bank Botswana Limited is a wholly owned subsidiary of Stanbic Africa Holdings Limited. The ultimate holding company is Standard Bank Group Limited.

42.2. Fellow subsidiaries

Details of effective interest and investments in subsidiaries are disclosed in note 29.

In addition, the following are also subsidiaries and fellow subsidiaries of the holding company:

- Standard Bank South Africa
 - Standard Lesotho Bank
 - Standard Bank Namibia
 - Standard Bank Eswatini
 - Standard Bank Properties
- Stanbic Africa Holdings
 - CFC Stanbic Holdings, Kenya
 - Stanbic Bank Ghana
 - Stanbic Bank Tanzania
 - Stanbic Bank Uganda
 - Stanbic Bank Zambia
 - Stanbic Bank Zimbabwe
 - Stanbic IBTC Bank, Nigeria
 - Standard Bank Malawi
 - Standard Bank Mauritius
 - Standard Bank Mozambique
 - Standard Bank RDC
- Standard International Holdings
 - Standard Bank plc
- Standard Bank Group International
 - Stanbic International Insurance, Isle of Man
- Standard Bank Offshore Group
 - Standard Bank Isle of Man

42.3 Subsidiaries of Stanbic Bank Botswana Limited

- Refer to note 29 for details of subsidiaries of Stanbic Bank Botswana Limited.

42.4 Entities under common control

- Liberty Holdings Botswana
- Liberty Life Botswana

Notes to the financial statements (continued)

For the year ended 31 December 2025

42. Related party transactions (continued)

42.5 Related party transactions

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Interest income				
- Standard Bank Isle of Man	268 720	213 469	268 720	299 683
- Standard Bank South Africa	18 256	17 539	18 256	20 327
Management fee income				
- Stanbic Insurance Services *	-	-	6 481	5 148
- Stanbic Financial Services*	-	-	1 665	1 586
Preference dividend income				
- Liberty Holdings Botswana	11 913	9 521	11 913	9 521
Dividend				
- Standard Bank South Africa	-	(474 000)	-	(474 000)
- Stanbic Insurance Services	-	-	-	30 000
Interest expense				
- Standard Bank South Africa	(772)	(139)	(772)	(139)
IT charges				
- Standard Bank South Africa - Africa Division	(57 016)	(55 873)	(57 016)	(55 873)
IC expenses				
- Standard Bank South Africa – Direct Cost	(2 682)	(2 651)	(2 682)	(2 651)
- Standard Bank South Africa - Other	(1 291)	(368)	(1 291)	(368)
Franchise fees				
- Standard Bank South Africa - Africa Division	(60 201)	(58 597)	(60 201)	(58 597)
Trading Revenue				
- Standard Bank South Africa	62 738	3 612	62 738	3 612
Fees and commission income				
- Standard Bank South Africa	-	(48)	-	(48)
Staff Costs				
- Standard Bank South Africa	(238)	-	(238)	-
Travel and Entertainment				
- Standard Bank South Africa	(12)	-	(12)	-
Other Income				
- Standard Bank South Africa	7 365	-	7 365	-

The Bank has relationships with the following entities:

Liberty Holdings Botswana – the Bank owns preference shares in Liberty Holdings Botswana through which a preference dividend is earned equivalent to a share in the profits of Liberty Life Botswana at the back of the Bank's loan book that is underwritten by Liberty Life Botswana.

Interest is earned on the placement accounts and is priced at market rate. Management fees are charged at prevailing market rates per agreement, depending on the cost of service rendered to subsidiaries and the fees are payable monthly. Franchise fees are at 3% of net income and are payable on a quarterly basis. Other charges are based on the market rates depending on the type of service rendered.

*The intercompany transactions and balances relating to the subsidiaries of Stanbic Bank Botswana Limited have been removed as they have been eliminated as part of consolidation entries.

Notes to the financial statements (continued)

For the year ended 31 December 2025

42. Related party transactions (continued)

42.6 Related party balances

	Group		Company	
	2025 P000's	2024 P000's	2025 P000's	2024 P000's
Derivative assets				
- Standard Bank South Africa	31 187	2 170	31 187	2 170
- Standard Kenya	-	-	-	-
Trading assets				
- Standard Bank Isle of Man	-	-	-	-
Loans and advances				
- Standard Bank South Africa	1 160 642	914 919	1 160 642	914 919
- Standard Bank Isle of Man	5 236 795	6 037 945	5 236 795	6 037 945
- Stanbic Bank Zambia	381	364	381	364
- Stanbic Bank Kenya	585	295	585	295
Deposits and current accounts				
- Standard Bank South Africa	(877 452)	(428 345)	(877 452)	(428 345)
- Stanbic Bank Zambia	(153)	(581)	(153)	(581)
- Stanbic Bank Zimbabwe	(852)	(888)	(852)	(888)
- Standard Lesotho Bank	(264)	(16)	(264)	(16)
- Standard Bank Malawi	(42)	(357)	(42)	(357)
- Standard Bank Namibia	(297)	-	(297)	-
- Standard Bank Eswatini	(7)	(91)	(7)	(91)
Other receivables				
- Stanbic Insurance Services *	-	-	654	1 292
- Standard Bank South Africa	20 028	18 357	20 028	18 357
- Stanbic Financial Services*	-	-	899	1 165
Preference dividends receivable				
- Liberty Holdings Botswana	11 913	9 521	11 913	9 521
Other liabilities				
- Standard Bank South Africa	(17 747)	(23 538)	(17 747)	(23 538)
- Stanbic Bank Uganda Ltd	(5)	(1)	(5)	(1)
- Stanbic Financial Services*	-	(2 565)	-	(2 565)
- Stanbic IBTC Holdings PLC	(11)	(12)	(11)	(12)
- Stanbic Insurance Services*	-	-	(4 456)	(4 543)
Derivative liabilities				
- Standard Bank South Africa	(136)	(16 992)	(136)	(16 992)
Trading Securities				
- Standard Bank South Africa	150 464	-	150 464	-
- Standard Bank Isle of Man	8	-	8	-

*The intercompany transactions and balances relating to the subsidiaries of Stanbic Bank Botswana Limited have been removed as they have been eliminated as part of consolidation entries.

Notes to the financial statements (continued)

For the year ended 31 December 2025

43. Key management personnel

Key management personnel for the Group and Company of Stanbic Bank Botswana Limited has been defined as the Board of Directors and the executive committee of Stanbic Bank Botswana Limited active for 2025 and 2024. The definition of key management includes the close members of family of key management personnel and any entity over which key management exercise control. Close members of family are those family members who may be expected to influence or be influenced by that individual in their dealings with Stanbic Bank Botswana Limited. They may include the individual's domestic partner and children, the children of the individual's domestic partner and dependents of the individual or the individual's domestic partner.

Interest rates charged on balances outstanding from key management are at the prevailing prime rate minus two for mortgage loans, vehicle and asset finance and other loans respectively. The loans are repayable monthly over a maximum of 20 years, 72 months and 72 months for mortgage loans, vehicle and asset finance and other loans respectively. The mortgage loans and vehicle and asset finance loans are secured over property of the respective borrowers. Other loans are not secured.

43.1 Key management personnel transactions and balances

	2025 P000's	2024 P000's
Short-term employee benefits	51 523	41 567
Post-employment benefits	4 109	3 642
Salaries and other short-term benefits	55 632	45 209
Mortgage loans ¹		
- Loans outstanding at beginning of year	33 795	16 054
- Loans granted during the year	1 570	19 542
- Loan repayments during the year	(5 350)	(3 569)
- Interest earned	6 314	1 768
Loans outstanding at the end of the year	36 329	33 795
Interest rate range for the year	4.01-5.01%	4.01-5.63% of prime rate
Mortgage loans are repayable monthly over a maximum of 20 years. These loans are secured by properties whose fair value is above the outstanding balances.		
Vehicle and asset finance ¹		
- Loans outstanding at beginning of year	187	672
- Loans granted during the year	6 525	187
- Loan repayments during the year	(889)	(688)
- Interest earned	702	16
Loans outstanding at the end of the year	6 525	187
Interest rate range for the year	4.01-5.01%	5.63%
Other loans ¹		
- Loans outstanding at beginning of year	2 565	911
- Loans granted during the year	1 286	2 003
- Loan repayments during the year	(1 364)	(476)
- Interest earned	965	127
Loans outstanding at the end of the year	3 452	2 565
Interest rate range for the year	4.01-5.01%	5.63%
Interest income earned	18 535	18 535
Deposits ²		
- Deposits outstanding at beginning of year	4 118	3 306
- Net change in deposits during the year	(878)	812
- Deposits outstanding during the year	3 240	4 118
Interest rate range for the year	3.2%	0.9%
Interest expense	156	31

¹The loans disclosed in this note are for management in their capacity as employees. No impairment has been recognised in respect of loans granted to key management (2024: Nil).

² Deposits include cheque accounts, savings accounts, call and notice deposits and fixed deposits.

Notes to the financial statements (continued)

For the year ended 31 December 2025

44. Financial risk management

44.1. Strategy in using financial instruments

By their nature, the Group and Company's activities are principally related to the use of financial instruments including derivatives. The Group accepts deposits from customers at both fixed and floating rates of interest and for various periods and seeks to earn above-average interest margins by investing these funds in high-quality assets. The Group seeks to increase these margins by consolidating short-term funds and lending for longer periods at higher rates, while maintaining sufficient liquidity to meet all claims that might fall due.

The Group and Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to-date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk management is carried out by a central treasury department under policies approved by the Board. The Treasury and Capital Management department identifies, evaluates and hedges financial risk in close co-operation with the Group and Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments. In addition, internal audit is responsible for the independent review of risk management and the control environment. The most important types of risk are credit risk, liquidity risk, market risk and other operational risk. Market risk includes currency risk, interest rate and other price risk.

The Group and Company also seek to raise their interest margins by obtaining above-average margins, net of allowances, through lending to commercial and retail borrowers with a range of credit standing. Such exposures involve not just on-balance sheet loans and advances; the Group and Company also enter into guarantees and other commitments such as letters of credit and performance, and other bonds.

The Group and Company also trade in financial instruments where they take positions in traded and over-the-counter instruments to take advantage of short-term market movements in equities and bonds and in currency, interest rate and commodity prices. The Board places trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions as recommended by ALCO.

Foreign exchange and interest rate exposures associated with derivatives are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

44.2 Capital management

The Group's objectives when managing capital, which is a broader concept than the 'equity' on the face of the statement of financial position are:

- To comply with the capital requirements set by the Bank of Botswana, Non-Bank Financial Institutions Regulatory Authority and all the applicable regulatory institutions for the businesses the Group operates;
- To safeguard the Group's ability to continue as a going concern so that it can continue to operate and to provide returns for shareholders and benefits for other stakeholders;
- To maintain a strong capital base to support the development of its business; and
- To maintain depositor and creditor confidence

The Bank through its TCM unit and oversight of ALCO, monitors capital adequacy with the aim of taking decisions that optimise capital. The Group monitors the adequacy of its capital using ratios established by the Bank of Botswana, which ratios are broadly in line with those for the Bank for International Settlements (BIS). Risk-weighted assets (RWA) represent an aggregated measure of different risk factors affecting the evaluation of financial products and transactions in a bank. The aggregation considers credit, market and operational risk. These ratios measure capital adequacy by comparing the Bank's eligible capital with its balance sheet assets, off-balance-sheet commitments and market and other risk positions at weighted amounts to reflect their relative risk.

The market risk approach covers the general market risk and the risk of open positions in currencies and debt and equity securities. Assets are weighted according to broad categories of notional credit risk, being assigned a risk weighting according to the amount of capital deemed to be necessary to support them. Four categories of risk weights (0 percent, 20 percent, 50 percent and 100 percent) are applied; for example, cash and Bank of Botswana Certificates have a zero-risk weighting which means no capital is required to support the holding of these assets. Property, plant and equipment carries a 100 percent risk weighting, meaning that it must be supported by capital equal to 15 percent of the carrying amount. Certain asset categories have intermediate weightings.

The Group is required at all times to maintain a core capital (Tier I) of not less than 6.25 percent (2023: 6.25 percent) of the total risk adjusted assets plus risk adjusted off balance sheet items and a total capital (Tier I + Tier II) of not less than 12.5 percent (2023: 12.5 percent) of its total risk adjusted assets plus risk adjusted off balance sheet items. There were no breaches of this requirement during the current or previous year.

Off-balance-sheet credit related commitments and forwards are taken into account by applying different categories of credit conversion factors, designed to convert these items into balance sheet equivalents. The resulting credit equivalent amounts are then weighted for credit risk using the same percentages as the balance sheet assets.

Tier I capital consists of shareholders' equity comprising paid up share capital, share premium and retained earnings less intangible assets and investments in financial companies, not consolidated. Tier II capital includes the Bank's eligible long-term loans and general provisions. Subordinated term debt eligible for Tier II capital is limited to 50 percent of authorised core capital.

Notes to the financial statements (continued)

For the year ended 31 December 2025

44. Financial risk management (continued)

44.2 Capital management (continued)

Capital adequacy

	Company	
	2025	2024
	P000's	P000's
Capital base:		
- Shareholders' equity	3 116 005	2 406 110
- Statutory credit risk reserve	154 474	154 474
- Intangibles	(52 334)	(77 628)
Tier I Capital	3 218 145	2 482 956
General provisions	187 322	201 601
Subordinated debt instrument	515 720	515 720
Tier II Capital	703 042	717 321
Sum of Tier I and Tier II capital (a)	3 921 187	3 200 277
Risk adjusted exposure:		
- Credit risk	14 985 742	16 128 107
- Operational risk	1 885 586	1 675 581
- Market risk	495 517	249 513
Total risk adjusted exposure (b)	17 366 845	18 053 201
Capital adequacy ratio (a/b x 100)	22.58%	17.73%
Bank of Botswana recommended ratio	12.5%	12.5%

44.3. Credit risk

Definition

Credit risk is the risk of loss arising out of the failure of obligors to meet their financial or contractual obligations when due. It is composed of obligor risk (including borrowers and trading counterparties), concentration risk and country risk.

Approach to managing and measuring credit risk

The Group's credit risk is a function of its business model and arises from wholesale and retail loans and advances, underwriting and guarantee commitments, as well as from the counterparty credit risk arising from derivative and securities financing contracts entered into with our customers and trading counterparties. The Board Credit Committee's ensures effective credit governance for the adequate management, measurement, monitoring and control of credit risk. The management of credit risk is aligned to the Group's three lines of defence framework. The business functions own the credit risk assumed by the Group and, as the first line of defence, are primarily responsible for its management, control and optimisation in the course of business generation. The Credit function acts as the second line of defence and is responsible for providing independent and objective approval and oversight for the credit risk-taking activities of business, to ensure the process of procuring revenue, while assuming risk, is undertaken with integrity. Further second-line oversight is provided by the Group risk function through independent credit risk assurance.

The third line of defence is provided by internal audit, under its mandate from the Board Audit Committee.

Credit risk is managed through:

- maintaining a culture of responsible lending and a robust risk policy and control framework;
- identifying, assessing and measuring credit risk across the Group, from an individual facility level through to an aggregate portfolio level;
- defining, implementing and continually re-evaluating risk appetite under actual and stressed conditions;
- monitoring the Group's credit risk exposure relative to approved limits; and
- ensuring that there is expert scrutiny and approval of credit risk and its mitigation independently of the business functions.

A credit portfolio limit framework has been defined to monitor and control the credit risk profile within the Group's approved risk appetite. All primary lending credit limits are set and exposures measured on the basis of risk weighting in order to best estimate exposure at default (EAD). Pre-settlement counterparty credit risk (CCR) inherent in trading book exposures is measured on a potential future exposures (PFE) basis, modelled at a defined level of confidence, using approved methodologies and models, and controlled within explicit approved limits for the counterparties concerned.

Notes to the financial statements (continued)

For the year ended 31 December 2025

44. Financial risk management (continued)

44.3. Credit risk (continued)

Credit risk mitigation

Wherever warranted, the Group will attempt to mitigate credit risk, including CCR to any counterparty, transaction, sector, or geographic region, so as to achieve the optimal balance between risk, cost, capital utilisation and reward. Risk mitigation may include the use of collateral, the imposition of financial or behavioural covenants, the acceptance of guarantees from parents or third parties, the recognition of parental support, and the distribution of risk.

Collateral, parental guarantees, credit derivatives and on- and off-balance sheet netting are widely used to mitigate credit risk. Credit risk mitigation policies and procedures ensure that risk mitigation techniques are acceptable, used consistently, valued appropriately and regularly, and meet the risk requirements of operational management for legal, practical and timely enforcement. Detailed processes and procedures are in place to guide each type of mitigation used.

In the case of collateral where the Group has an unassailable legal title, the Group's policy is such that collateral is required to meet certain criteria for recognition in loss given default (LGD) modelling, including that it:

- is readily marketable and liquid;
- is legally perfected and enforceable;
- has a low valuation volatility;
- is readily realisable at minimum expense;
- has no material correlation to the obligor credit quality; and
- has an active secondary market for resale.

The main types of collateral obtained by the Group for its banking book exposures include:

- mortgage bonds over residential, commercial and industrial properties;
- cession of book debts;
- pledge and cession of financial assets;
- bonds over plant and equipment;
- the underlying movable assets financed under leases; and
- instalment sales.

There has not been change to this policy and it was consistently applied in the current financial period.

Reverse repurchase agreements and commodity leases to customers are collateralised by the underlying assets.

Guarantees and related legal contracts are often required, particularly in support of credit extension to groups of companies and weaker obligors. Guarantors include banks, parent companies, shareholders and associated obligors. Creditworthiness is established for the guarantor as for other obligor credit approvals.

For trading and derivative transactions where collateral support is considered necessary, the Group typically uses internationally recognised and enforceable International Swaps and Derivatives Association (ISDA) agreements, with a credit support annexure (CSA).

Other credit protection terms may be stipulated, such as limitations on the amount of unsecured credit exposure acceptable, collateralisation if the mark-to-market credit exposure exceeds acceptable limits, and termination of the contract if certain credit events occur, for example, downgrade of the counterparty's public credit rating.

Wrong-way risk arises in transactions where the likelihood of default (i.e. the probability of default (PD) by a counterparty) and the size of credit exposure (as measured by EAD) to that counterparty tend to increase at the same time. This risk is managed both at an individual counterparty level and at an aggregate portfolio level by limiting exposure to such transactions, taking adverse correlation into account in the measurement and mitigation of credit exposure and increasing oversight and approval levels. The Group has no appetite for wrong-way risk arising where the correlation between EAD and PD is due to a legal, economic, strategic or similar relationship (i.e. specific wrong-way risk). General wrong-way risk, which arises when the correlation between EAD and PD for the counterparty, due mainly to macro factors, is closely managed within existing risk frameworks.

To manage actual or potential portfolio risk concentrations in areas of higher credit risk and credit portfolio growth, the Group implements hedging and other strategies from time-to-time. This is done at individual counterparty, sub-portfolio and portfolio levels through the use of syndication, distribution and sale of assets, asset and portfolio limit management, credit derivatives and credit protection.

Credit portfolio characteristics and metrics

Maximum exposure to credit risk

Debt financial assets at amortised cost as well as off-balance sheet exposure subject to an ECL are analysed and categorised based on credit quality using the Group's master ratings scale. Exposures within Stage 1 and 2 are rated between 1 to 25 in terms of the Group's master ratings scale. The Group uses a 25-point master ratings scale to quantify the credit risk for each borrower (corporate asset classes) or facility (specialised lending and retail asset classes), as illustrated in the table below. These ratings are mapped to PDs by means of calibration formulae that use historical default rates and other data from the applicable PPB and BCB portfolios. The Group distinguishes between through-the-cycle PDs and point-in-time PDs, and utilises both measures in decision-making, managing credit risk exposures and measuring impairments against credit exposures. Exposures which are in default are not considered in the 1 to 25-point master rating scale.

Notes to the financial statements (continued)

For the year ended 31 December 2025

44. Financial risk management (continued)

44.3. Credit risk (continued)

Credit portfolio characteristics and metrics

Default

The Group's definition of default has been aligned to its internal credit risk management definitions and approaches. Whilst the specific determination of default varies according to the nature of the product, it is generally determined (aligned to the BASEL definition) as occurring at the earlier of:

- where, in the Group's view, the counterparty is considered to be unlikely to pay amounts due on the due date or shortly thereafter without recourse to actions such as the realisation of security; or
- when the counterparty is past due for more than 90 days (or, in the case of overdraft facilities in excess of the current limit).

The Group did not rebut IFRS 9's 90 days past due rebuttable presumption.

A financial asset is considered to be in default when there is objective evidence of impairment. The following criteria are used in determining whether there is objective evidence of impairment for financial assets or Groups of financial assets:

- significant financial difficulty of borrower and/or modification (i.e. known cash flow difficulties experienced by the borrower);
- a breach of contract, such as default or delinquency in interest and/or principal payments;
- disappearance of active market due to financial difficulties;
- it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; or
- where the Group, for economic or legal reasons relating to the borrower's financial difficulty, grants the borrower a concession that the Group would not otherwise consider.

Exposures which are overdue for more than 90 days are also considered to be in default.

Notes to the financial statements (continued)

For the year ended 31 December 2025

44. Financial risk management (continued)

44.3. Credit risk (continued)

i) Maximum exposure to credit risk before collateral held or other credit enhancements 2025

Group and Company

IFRS: MAXIMUM EXPOSURE TO CREDIT RISK BY CREDIT QUALITY

	Total P'000's	SB 1 - 12		SB 13 - 20		SB 21 - 25		Default	Total gross carrying amount of default exposures	Securities and expected recoveries on specifically impaired loans	Interest in suspense	Balance sheet expected credit loss	Gross Default coverage %	Non-performing loans %	
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3							
															P'000
Loans and advances at amortised cost															
Personal and Business Banking	10 096 490	-	-	8 958 165	-	-	527 167	545 149	545 149	263 679	66 009	262 892			
Mortgage loans	2 125 488	-	-	1 719 162	-	-	177 749	208 731	208 731	205 982	19 846	53 228	35%	10%	
Vehicle and asset finance	1 464 215	-	-	1 179 062	-	-	195 003	80 069	80 069	24 727	10 081	46 381	71%	5%	
Card debtors	45 428	-	-	30 271	-	-	11 868	3 289	3 289	-	-	3 226	98%	7%	
Other loans and advances	6 461 359	-	-	6 029 670	-	-	142 547	253 060	253 060	32 970	36 082	163 628	79%	4%	
<i>Personal unsecured lending</i>	5 508 912	-	-	5 271 272	-	-	142 547	76 249	76 249	-	18 844	68 372	100%	1%	
Business and other lending	952 447	-	-	758 398	-	-	-	176 811	176 811	32 970	17 238	95 256	62%	19%	
Corporate and Investment Banking	11 777 457	1 379 746	-	2 759 013	36 237	-	14 253	-	-	-	-	-	-	-	-
Corporate	4 189 249	1 379 746	-	2 759 013	36 237	-	14 253	4 545	-	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Banking	7 588 208	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross carrying amount of loans and advances at amortised cost	21 873 947	1 379 746	-	11 717 178	36 237	-	156 420	525 565	525 565	229 402	36 050	274 712	-	-	-
Less: Total expected credit loss for loans and advances	(527 744)														
Net carrying amount of loans and advances at amortised cost	21 346 203														

Other loans and advances on the above table also represents exposure for overdrafts, medium term loans and other instruments reflected under note 27.1 whereas corporate and sovereign which are internal naming for the CIB segment are included medium-term advances under note 27.1.

The collateral/securities are in line with the applicable collateral policies which have not changed compared to the prior year.

Financial assets at amortised cost					
Corporate	186 617	186 617			
Sovereign	4 085 161	4 085 161			
Gross carrying amount of financial assets	4 271 778				
Less: Total expected credit loss for financial assets	(69)				
Net carrying amount of financial assets	4 271 709				
Letters of credit and bankers' acceptances	19 385	19 385			
Guarantees	2 602 195	2 602 195	-	-	-
Irrevocable and revocable unutilised facilities	2 141 659	2 141 659	-	-	-
Total exposure to off-balance sheet credit risk	4 763 239	4 763 239	-	-	-
Expected credit loss for off balance sheet exposures 1	(310)				
Net carrying amount of off-balance sheet	4 762 929				
Total exposure to credit risk on financial assets subject to an expected credit loss	30 380 852				
Exposures not subject to ECL:					
Cash and balances with Central Banks	996 552				
Derivative assets	47 881				
Trading assets	147 566				
Other financial assets	353 749				
Total exposure to credit risk	31 926 600				

The exposure not subject to ECL relate to items that are not recorded at amortised cost and in addition to address IFRS 7 disclosures, the above table does not include information about financial instruments for which no ECL is recognised due to collateral as the policy of provisioning only calls for collateral upon default which is disclosed under note 44.3 Loans and advances individually impaired.

*Total exposure to off-balance sheet credit risk have been changed to align to note 39.1 however this has not materially changed the note.

Notes to the financial statements (continued)

For the year ended 31 December 2025

Notes to the financial statements (continued)

For the year ended 31 December 2025

44. Financial risk management (continued) 44.3. Credit risk (continued)

i) Maximum exposure to credit risk before collateral held or other credit enhancements 2024

	Total P'000's	SB 1 - 12		SB 13 - 20		SB 21 - 25		Default	Total gross carrying amount of default exposures	Securities and expected recoveries on specifically impaired loans	Interest in suspense	Balance sheet expected credit loss	Gross Default coverage %	Non-performing loans %
	P'000	Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3						
Loans and advances at amortised cost														
Personal & Business Banking	11 162 412	-	-	10 484 972	-	-	151 875	525 565	525 565	229 402	36 050	255 945		
Mortgage loans	2 109 301	-	-	1 725 427	-	-	42 221	341 653	341 653	177 840	17 602	145 295	48%	16%
Vehicle and asset finance	1 589 681	-	-	1 460 849	-	-	60 624	68 208	68 208	24 220	4 568	26 625	46%	4%
Card debtors	44 712	-	-	40 081	-	-	1 448	3 183	3 183	-	-	2 805	88%	7%
Other loans and advances	7 418 718	-	-	7 258 615	-	-	47 582	112 521	112 521	27 342	13 881	81 220	85%	2%
<i>Personal unsecured lending</i>	6 224 393	-	-	6 154 601	-	-	9 707	60 085	60 085	-	9 077	58 608	113%	1%
Business and other lending	1 194 325	-	-	1 104 014	-	-	37 875	52 436	52 436	27 342	4 804	22 612	52%	4%
Corporate & Investment Banking	12 774 660	9 349 194	-	3 306 341	114 580	-	4 545	-	-	-	-	-	-	-
Corporate Sovereign	4 272 439	846 973	-	3 306 341	114 580	-	4 545	-	-	-	-	-	-	-
Banking	8 502 221	8 502 221	-	-	-	-	-	-	-	-	-	-	-	-
Other services	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gross carrying amount of loans and advances at amortised cost	23 937 072	9 349 194	-	13 791 313	114 580	-	156 420	525 565	525 565	229 402	36 050	255 945		
Less: Total expected credit loss for loans and advances	(485 762)													
Net carrying amount of loans and advances at amortised cost	23 451 310													
<i>Other loans and advances on the above table also represent exposure for overdrafts, medium-term loans and other instruments reflected under note 27.1 whereas corporate and sovereign which are internal naming for the CIB segment are included medium-term advances under note 27.1.</i>														
Financial assets at amortised cost														
Corporate Sovereign	2 349 383	2 349 383												
Gross carrying amount of financial assets	2 349 383													
Less: Total expected credit loss for financial assets	(34)													
Net carrying amount of financial assets	2 349 349													
Letters of credit and bankers' acceptances	32 727	-	-	32 727	-	-	-	-	-	-	-	-	-	-
Guarantees	1 697 407	685 094	-	1 006 302	5 636	-	-	-	-	-	-	-	-	375
Irrevocable and revocable unutilised facilities	1 683 917	272 913	-	588 186	802 021	-	20 797	-	-	-	-	-	-	-
Total exposure to off-balance sheet credit risk	3 414 051	958 007	-	1 627 215	807 657	-	20 797	-	-	-	-	-	-	375
Expected credit loss for off-balance sheet exposures 1	(541)													
Net carrying amount of off-balance sheet	3 413 510													
Total exposure to credit risk on financial assets subject to an expected credit loss	29 214 169													
Exposures not subject to ECL:														
Cash and balances with Central Banks	281 809													
Derivative assets	-													
Trading assets	185 709													
Other financial assets	1 073 208													
Total exposure to credit risk	30 754 895													

The exposure not subject to ECL relate to items that are not recorded at amortised cost and in addition to address IFRS7 disclosures, the above table does not include information about financial instruments for which no ECL is recognised due to collateral as the policy of provisioning only calls for collateral upon default which is disclosed under note 44.3 Loans and advances individually impaired.

*Total exposure to off-balance sheet credit risk have been changed to align to note 39.1 however this has not materially changed the note.

Notes to the financial statements (continued)

For the year ended 31 December 2025

Notes to the financial statements (continued)

For the year ended 31 December 2025

44. Financial risk management (continued)

44.3. Credit risk (continued)

i) Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

Group	Maximum exposure	
	2025 P000's	2024 P000's
Credit risk exposures relating to on-balance sheet assets excluding Impairments are as follows:		
Loans and advances to banks	7 588 208	8 502 221
Financial investments		
- Other unlisted instruments	186 617	185 854
- Government bonds	152 509	411 138
- Bank of Botswana Certificates	3 932 652	2 601 425
Loans and advances to customers (gross)	14 285 749	15 434 851
Loans to individuals and SME's		
- Mortgage lending	2 125 488	2 140 825
- Vehicle and asset financing	1 464 215	1 598 816
- Overdrafts and other demand lending	547 494	655 543
- Medium-term advances	5 689 257	6 852 506
- Revolving credit accounts and card debtors	45 428	44 712
Loans to corporate entities		
- Overdrafts and other demand lending	422 020	507 375
- Medium-term advances	3 991 847	3 635 074
Trading assets		
Cash and balances with central banks	996 552	281 809
Other assets	353 749	111 467
Credit risk exposures relating to off-balance sheet assets are as follows:		
Financial guarantees	2 602 195	1 697 407
Letters of credit	19 385	32 727
Irrevocable unutilised facilities	1 715 757	1 410 942
Revocable unutilised facilities	425 902	274 975
As at 31 December	32 259 275	30 944 816

Notes to the financial statements (continued)

For the year ended 31 December 2025

44. Financial risk management (continued)

44.3. Credit risk (continued)

i) Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

The above table represents a worst-case scenario of credit risk exposure to the bank as at 31 December 2025 and 2024, and any collateral held or other credit enhancements attached. For on-balance-sheet assets, the exposures set out above are based on gross carrying amounts as reported in the statement of financial position.

As shown above, 68% of the total maximum exposure is derived from loans and advances to banks and customers (2024: 77%); 12% represents investments in Bank of Botswana securities (2024: 8%).

Management is confident in its ability to continue to control and sustain minimal exposure of credit risk to the bank resulting from both its loans and advances portfolio and debt securities based on the following:

- Mortgage loans, which are 15% (2024: 16%) of loans and advances to customers are backed by collateral and
- 98% of the loans and advances to customers portfolio are considered to be neither past due nor impaired (2024: 97%)

Description of collateral held as security and other credit enhancements, in respect of the exposure above is as follows:

	2025 P000's	2024 P000's
For loans and advances, the Group holds the following collateral:		
Property bonds and other collateral	11 340 859	12 858 091
	11 340 859	12 858 091

Description of collateral held as security and other credit enhancements, in respect of the exposure to off-balance sheet assets as per above table is as follows:

	2025 P000's	2024 P000's
Cash cover	732 416	745 858
Sundry securities (properties, government guarantees and others)	2 499 373	1 040 917
	3 231 789	1 786 775

The Group holds collateral against loans and advances to customers in the form of mortgage interest over property, other registered securities over assets and guarantees. The amount and type of collateral required depends on an assessment of the credit risk of the counterparty. The main types of collateral are as follows:

- for securities lending and reverse repurchase transactions, cash or securities;
- for commercial lending, charges over real estate properties, inventory and trade receivables; and
- for retail lending, mortgages over residential properties.

Further information of the impairment allowance for loans and advances to banks and to customers is provided in Note 22.7.

The special mention category above in note 44.3 incorporates all the past due but not impaired financial assets. The assets within this category fall within the 30–90-day overdue period.

The balance of repossessed assets is as follows:

	2025 P000's	2024 P000's	2025 P000's	2024 P000's
			Loan balance outstanding	Forced sale value
Property bonds and other collateral*	3 363	792	1 733	188

Notes to the financial statements (continued)

For the year ended 31 December 2025

44. Financial risk management (continued)

44.3. Credit risk (continued)

a) Loans and advances individually impaired

Credit quality per class of financial assets

The credit quality of financial assets is managed by the Group and Company using internal credit ratings. The table below shows the credit quality by class of financial asset for credit risk related items, based on the Group's credit rating system.

Credit quality	Impaired P000's	2025		2024		Net impaired loans P000's
		Security against impaired loans P000's	Net impaired loans P000's	Security against impaired loans P000's	Net impaired loans P000's	
Loans and advances to customers	545 149	263 679	328 901	525 565	229 432	310 762
<i>Personal and Business Banking</i>	545 149	263 679	328 901	525 565	229 432	310 762
- Mortgage lending	208 731	205 982	141 821	341 653	177 870	147 548
- Vehicle and asset financing	80 069	24 727	56 570	68 208	24 220	61 627
- Card debtors	3 289	-	3 289	3 183	-	2 805
- Other loans and advances	253 060	32 970	127 221	112 521	27 342	98 782
Total recognised financial instruments	545 149	263 679	328 901	525 565	229 432	310 762

b) Loans and advances to banks

The total gross amount of individually impaired loans and advances to banks as at 31 December 2025 was Nil (2024: Nil). No collateral is held by the bank in respect of these balances.

c) Concentrations of risk of financial assets with credit risk exposure

The following table breaks down the Group and Company's main credit exposure at their carrying amounts, as categorised by the industry sectors of our counterparties:

2025	Financial institutions P000's	Manufacturing and agriculture P000's	Transport energy and mining P000's	Trade and business services P000's	Individuals P000's	Others P000's	Total P000's
Loans and advances to banks	7 588 208	-	-	-	-	-	7 588 208
<i>Financial investments</i>							
- Bank of Botswana Certificates	3 923 652	-	-	-	-	-	3 923 652
- Corporate bond	186 617	-	-	-	-	-	186 617
- Government bonds	152 509	-	-	-	-	-	152 509
Loans and advances to customers (Gross)	989 347	508 567	867 310	3 441 720	8 137 569	341 236	14 285 749
<i>Trading assets</i>							
As at 31 December 2025	12 840 333	508 567	867 310	3 441 720	8 137 569	341 236	26 136 735
As at 31 December 2024	13 069 297	263 768	935 310	3 905 159	8 339 870	622 085	27 135 489

Notes to the financial statements (continued)

For the year ended 31 December 2025

44. Financial risk management (continued)

44.3. Credit risk (continued)

c) Concentrations of risk of financial assets with credit risk exposure (continued)

2024	Financial institutions P000's	Manufacturing and agriculture P000's	Transport energy and mining P000's	Trade and business services P000's	Individuals P000's	Others P000's	Total P000's
Loans and advances to banks	8 502 221	-	-	-	-	-	8 502 221
<i>Financial investments</i>							
- Bank of Botswana Certificates	2 601 425	-	-	-	-	-	2 601 425
- Corporate bond	185 854	-	-	-	-	-	185 854
- Government bonds	411 138	-	-	-	-	-	411 138
Loans and advances to customers (Gross)	1 368 659	263 768	935 310	3 905 159	8 339 870	622 085	15 434 851
<i>Trading assets</i>							
As at 31 December 2024	13 069 297	263 768	935 310	3 905 159	8 339 870	622 085	27 135 489
As at 31 December 2023	15 674 913	245 027	651 655	651 554	5 883 995	668 636	23 775 780

Segmental analysis - industry net of impairments:

	Group 2025	2024	Company 2025	2024
	P000's	P000's	P000's	P000's
Agriculture	249 170	239 550	249 170	239 550
Construction	139 919	101 419	139 919	101 419
Electricity	528 276	272 674	528 276	272 674
Finance, real estate and other business services	11 530 884	11 629 086	11 530 884	11 629 086
Individuals	7 815 418	8 106 660	7 815 418	8 106 660
Manufacturing	229 094	464 043	229 094	464 043
Mining	52 031	65 613	52 031	65 613
Other	7 787	385 239	7 787	385 239
Transport	20 702	595 273	20 702	595 273
Wholesale	772 933	1 591 753	772 933	1 591 753
	21 346 214	23 451 310	21 346 214	23 451 310

Notes to the financial statements (continued)

For the year ended 31 December 2025

44. Financial risk management (continued)

44.4 Market risk

The Group and Company takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency, and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

Interest rate risk

The Group and Company takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks. Interest margins may increase as a result of such changes but may reduce or create losses in the event that unexpected movements arise. The Asset and Liability Committee (ALCO) sets limits on the level of mismatch of interest rate repricing that may be undertaken, which is monitored daily.

The table below summarises the Group and Company exposure to interest rate risks and effects to both profit and loss and equity as at the reporting date. Included in the table are the Group and Company assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates. The Group and Company does not bear an interest rate risk on off balance sheet items.

Group As at 31 December 2025	Up to 1 month P000's	1 – 6 months P000's	6 – 12 months P000's	Over 1 year P000's	Non-interest sensitive P000's	Total P000's
Assets						
Cash and balances with Central Bank	-	-	-	-	996 522	996 522
Derivative assets	-	-	-	-	47 881	47 881
Trading assets	-	-	-	-	147 566	147 566
Financial investments	698 409	3 234 175	-	339 125	-	4 271 709
Loans and advances to banks	5 877 242	1 711 164	-	-	-	7 588 406
Loans and advances to customers	14 219 715	-	-	-	-	14 219 715
Other assets	-	-	-	-	468 490	468 490
Total assets	20 795 366	4 945 339	-	339 125	1 660 459	27 740 289
Liabilities and shareholders' equity						
Derivative liabilities	-	-	-	-	29 538	29 538
Deposits from banks	2 152 753	280 075	-	27 889	-	2 460 717
Deposits from customers	16 817 564	2 684 819	790 463	44 966	-	20 337 812
Other liabilities	-	-	-	-	373 050	373 050
Subordinated debt	-	-	-	1 179 120	-	1 179 120
Shareholders' equity	-	-	-	-	3 270 333	3 270 333
Total equity and liabilities	18 970 317	2 964 894	790 463	1 251 975	3 672 921	27 650 570
Total interest repricing gap	1 825 049	1 980 445	(790 463)	(912 850)	(2 012 462)	

Notes to the financial statements (continued)

For the year ended 31 December 2025

44. Financial risk management (continued)

44.4 Market risk (continued)

Interest rate risk (continued)

Group As at 31 December 2024	Up to 1 month * P000's	1 – 6 months * P000's	6 – 12 months * P000's	Over 1 year * P000's	Non-interest sensitive * P000's	Total P000's
Assets						
Cash and balances with Central Bank	-	-	-	-	281 809	281 809
Derivative assets	-	-	-	-	20 509	20 509
Trading assets	-	-	-	-	185 709	185 709
Financial investments	1 565 082	1 112 654	432 327	88 354	-	3 198 417
Loans and advances to banks	5 580 785	2 180 285	69 978	-	666 209	8 497 257
Loans and advances to customers	5 398 801	-	-	-	-	15 398 801
Other assets	-	-	-	-	224 820	224 820
Total assets	22 544 668	3 292 939	502 305	88 354	1 379 056	27 807 322
Liabilities and shareholders' equity						
Derivative liabilities	-	-	-	-	34 892	34 892
Trading Liabilities	-	-	-	-	293 863	293 863
Deposits from banks	1 677 835	357 282	307 031	-	-	2 342 148
Deposits from customers	17 992 045	2 165 724	692 903	25 275	-	20 875 947
Other liabilities	-	-	-	-	521 501	521 501
Subordinated debt	-	293 920	132 520	590 000	-	1 016 440
Shareholders' equity	-	-	-	-	2 560 584	2 560 584
Total equity and liabilities	19 669 880	2 816 926	1 132 454	615 275	3 410 840	27 645 375
Total interest repricing gap	2 874 788	476 013	(630 149)	(526 921)	(2 031 784)	

Notes to the financial statements (continued)

For the year ended 31 December 2025

44. Financial risk management (continued)

44.4 Market risk (continued)

Interest rate risk (continued)

The effective interest rates by major currency for monetary financial instruments not carried at fair value through profit or loss at 31 December 2025 and 31 December 2024 were in the following ranges:

2025	EUR	USD	GBP	ZAR	BWP
Assets					
Bank of Botswana Certificates	-	-	-	-	5.68
Financial investments – Corporate	-	-	-	-	7.40
Loans and advances to banks	1.9	4.27	3.83	-	1.09
Loans and advances to customers	-	7.80	-	7.96	11.91
Liabilities					
Deposits from banks	-	2.27	-	5.8	2.41
Deposits from customers	0.8	0.05	-	1.30	7.70
Subordinated unsecured capital notes	-	-	-	-	8.08
NCDs	-	-	-	-	7.00
2024					
Assets					
Bank of Botswana Certificates	-	-	-	-	3.54
Financial investments – Corporate	-	-	-	-	7.91
Loans and advances to banks	3.17	5.24	5.42	5.58	1.09
Loans and advances to customers	-	7.73	-	8.66	10.47
Liabilities					
Deposits from banks	2.80	1.34	-	4.25	1.79
Deposits from customers	0.10	0.07	0.18	1.72	2.26
Subordinated unsecured capital notes	-	-	-	-	5.60
NCDs	-	-	-	-	6.36

Interest rate sensitivity analysis

Interest rate sensitivity tests are performed on the Group's statements of financial position and reviewed by the ALCO. The table below presents the potential effects to both profit and loss and equity that could arise if interest rates rise or fall by 200 basis points at the reporting date.

	2025 P000's	2024 P000's
Deposits from customers		
200 basis points parallel increase – gains	110 596	120 107
200 basis points parallel decrease – losses	(148 391)	(161 527)

Notes to the financial statements (continued)

For the year ended 31 December 2025

44. Financial risk management (continued)

44.4 Market risk (continued)

Interest rate risk (continued)

Interest rate benchmarks and reference interest rate reform: In 2014, the Financial Stability Board initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. The review sought to replace existing Interbank Offered Rates (IBORs) with Alternative Risk-free Rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets. The transition of USD LIBOR was completed in September 2024 when synthetic USD LIBOR ceased to be published, and focus had now shifted to the Interest Rate Benchmark Reform in South Africa.

During 2020, the SARB indicated its intention to move away from JIBAR and subsequently identified a potential successor rate in the form of the South African Rand Overnight Index Average Rate (ZARONIA), with the rate selection being based on the successful outcome of back testing over a 5-year period. The ZARONIA rate was published for observation during 2022 and was formally endorsed as the successor rate in 2023. The Market Practitioner Group (MPG) is a joint public and private sector body established by the SARB to manage the Interest Rate Benchmark Reform in South Africa. The body has established a series of work streams, through which specific industry issues can be addressed and key decisions made, and has agreed to specific milestones to support the transition. The group is a member of MPG and has launched an internal project with work streams that align to the scope and timelines of the industry initiative.

The industry guidelines recommend no new JIBAR-linked contracts from the third quarter of 2026. From this date onwards, new exposures will be booked using ZARONIA or other suitable rates such as the central bank policy rate.

Existing JIBAR-linked contracts maturing after the formal cessation date will form part of the group's transition plan. The different calculation basis for JIBAR and ZARONIA may necessitate adjustments to contracts that are subject to transition to ensure economic equivalence.

Standard Bank is a member of MPG and has launched internal work streams that mirror those of the MPG to ensure alignment with the scope and timelines of the industry initiative. Proactive communication with clients will be ongoing during transition through multiple platforms such as webinars, client meetings and industry events ensuring awareness of key decisions, developments, requirements and timing in anticipation of the official transition earmarked for 2026.

Financial instruments impacted by the reform which are yet to transition are shown below.

	ZAR JIBAR 2025 P000's	ZAR JIBAR 2024 P000's
Total assets recognised on the balance sheet subject to IBOR reform	88 608	326 267
Loans and Advances ¹	88 608	326 267

¹ Gross carrying amount excluding allowances for expected credit losses

Notes to the financial statements (continued)

For the year ended 31 December 2025

44. Financial risk management (continued)

44.4 Market risk (continued)

Foreign exchange risk

The Group and Company are exposed to foreign exchange movements. The Asset and Liability Committee sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily.

The Group had the following significant foreign currency exposure positions (all amounts expressed in thousands of Botswana Pula). The reported cash balances include physical foreign currency notes and coins held by the Bank to facilitate customer transactions and operational needs. These balances do not represent monetary assets subject to foreign exchange risk revaluation, as they are not held for investment or speculative purposes but rather for liquidity and transactional purposes:

As at 31 December 2025	EUR P000's	USD P000's	ZAR P000's	Other P000's	Total P000's
Cash and balances with Central Bank	4 690	29 463	3 715	1 265	39 133
Loans and advances	612 934	6 481 554	901 982	222 916	8 219 386
Loans and advances to banks	257 253	5 268 049	624 390	220 226	6 369 918
Loans and advances to customers	355 681	1 213 505	277 592	2 690	1 849 468
Other assets	144	277 883	5	156	278 188
Total assets	617 768	6 788 901	905 702	224 337	8 536 707
Liabilities					
Deposit and current accounts	272 233	5 732 753	692 671	223 202	6 920 859
Deposits from customers	272 145	4 714 227	513 339	214 175	5 713 886
Other liabilities	88	1 018 526	179 332	9 027	1 206 973
Net on-balance sheet position	345 535	1 056 148	213 031	1 135	1 615 849
Net off-balance sheet financial position	(254)	(605 622)	(190 062)	2 702	(793 235)
Overall net position	345 281	450 526	22 969	3 837	822 613

As at 31 December 2024	EUR P000's	USD P000's	ZAR P000's	Other P000's	Total P000's
Assets					
Cash and balances with Central Bank	5 237	50 229	5 283	585	61 334
Loans and advances	602 245	6 952 181	907 900	189 732	8 652 058
Loans and advances to banks	504 667	6 143 284	761 122	188 786	7 597 859
Loans and advances to customers	97 578	808 897	146 778	946	1 054 199
Other assets	2	273 891	223 349	23	497 266
Total assets	607 484	7 276 301	1 136 532	190 340	9 210 658
Liabilities					
Deposit and current accounts	507 677	6 389 328	852 440	193 768	7 943 213
Deposits from customers	255 822	5 698 302	820 662	158 684	6 933 470
Other liabilities	251 855	691 026	31 778	35 084	1 009 743
Net on-balance sheet position	99 807	886 973	284 092	(3 428)	1 267 445
Net off-balance sheet financial position	(49 927)	(547 152)	(258 375)	(8 600)	(864 054)
Overall net position	49 880	339 821	25 717	(12 028)	403 391

Foreign currency risk sensitivity analysis

The table that follows reflects the expected financial impact, in Pula equivalent, resulting from a 10% shock to foreign currency risk exposures, against BWP. The sensitivity analysis is based on net open foreign currency exposures arising from foreign-denominated financial assets and liabilities inclusive of derivative financial instruments, cash balances, and accruals, but excluding net assets in foreign operations. The sensitivity analysis reflects the sensitivity of profit or loss on the group's foreign denominated exposures.

Notes to the financial statements (continued)

For the year ended 31 December 2025

44. Financial risk management (continued)

44.4 Market risk (continued)

Foreign exchange risk (continued)

10% upward movement:

	2025 P000's	2024 P000's
USD (Sensitivity of the BWP depreciation)	8 105	6 854
ZAR (Sensitivity of BWP depreciation)	1 813	1 723
EUR (Sensitivity of BWP depreciation)	90	89
Total Movement	10 008	8 656

Foreign Risk Sensitivity analysis

	2025 P000's	2024 P000's
USD (Sensitivity of the BWP depreciation)	6 631	25 601
ZAR (Sensitivity of BWP depreciation)	1 484	1 414
EUR (Sensitivity of BWP depreciation)	74	65
Total Movement	8 189	27 080

The above reflects impact on profit and loss and equity on the 10% movement of the BWP currency on equal opposite signs for the bank's major currencies.

44.5 Liquidity risk

Liquidity risk is the risk that the Group and Company is unable to meet its payment obligations associated with its financial liabilities when they fall due and to replace funds when they are overdrawn. The consequence may be the failure to meet obligations to repay depositors and fulfil commitments to lend.

The Group is exposed to daily calls on its available cash resources from overnight deposits, current accounts, maturing deposits, and calls on cash settled contingencies. The Group does not maintain cash resources to meet all of these needs as experience shows that a minimum level of reinvestment of maturing funds can be predicted with a high level of certainty.

The Asset and Liability Committee (ALCO) sets limits on the minimum proportion of maturing funds available to meet such calls and on the minimum level of inter-bank and other borrowing facilities that should be in place to cover withdrawals at unexpected levels of demand.

The Group's liquidity management process, as carried out within the Group and monitored by a separate team in Treasury, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. These include replenishment of funds as they mature or are borrowed by customers. The Group maintains an active presence in global money markets to enable this to happen.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- Monitoring balance sheet liquidity ratios against internal and regulatory requirements.
- Managing the concentration and profile of debt maturities.
- Monitoring and reporting take the form of cash flow measurement and projections for the next day, week and month respectively, as these are key periods for liquidity management.
- The starting point for those projections is an analysis of the contractual maturity of the financial liabilities and the expected collection date of the financial assets.

Treasury also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Group. It is unusual for banks to be completely matched since business transacted is often of uncertain terms and of different types. An unmatched position potentially enhances profitability but can also increase the risk of losses.

The maturities of assets and liabilities and the ability to replace, at an acceptable cost, interest-bearing liabilities as they mature, are important factors in assessing the liquidity of the Group and its exposure to changes in interest rates and exchange rates.

The following table analyses assets and liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date and undiscounted basis based on the earliest date on which the group can be required to pay and will, therefore, not agree directly to the balances disclosed in the consolidated statement of financial position.

Notes to the financial statements (continued)

For the year ended 31 December 2025

44. Financial risk management (continued)

44.5 Liquidity risk (continued)

Group	Up to 1 month	1 – 6 months	6 – 12 months	Over 1 year	Undated	Total
As at 31 December 2025	P000's	P000's	P000's	P000's	P000's	P000's
Assets						
Cash and balances with Central Bank	996 522	-	-	-	-	996 522
Derivative assets	-	47 881	-	-	-	47 881
Trading assets	147 089	-	-	477	-	147 566
Financial investments	698 409	3 234 175	-	339 125	-	4 271 709
Loans and advances to banks	5 877 242	1 711 164	-	-	-	7 588 406
Loans and advances to customers	453 493	595 791	194 614	12 975 817	-	14 219 715
Other assets	-	-	-	-	468 490	468 490
Total financial assets	8 172 755	5 589 011	194 614	13 315 419	468 490	27 740 289
Liabilities						
Derivative liabilities	-	29 538	-	-	-	29 538
Deposits from banks	2 152 753	280 075	-	27 889	-	2 460 717
Deposits from customers	16 817 564	2 684 819	790 463	44 966	-	20 337 812
Debt securities in issue	-	-	-	1 179 120	-	1 179 120
Other liabilities	-	-	-	373 050	-	373 050
Total financial liabilities	18 970 317	2 994 432	790 463	1 625 025	-	24 380 237
Net liquidity gap	(10 797 562)	2 594 579	(595 849)	11 690 394	468 490	3 360 052

Managing liquidity risk

The Bank manages liquidity in accordance with applicable regulations and within the Bank's risk appetite framework. The liquidity risk management governance framework supports the measurement of liquidity across both the corporate and retail sectors to ensure that the payment obligations can be met at all times under both normal and stressed conditions. Further, liquidity risk management ensures that the Bank has appropriate amount, diversification and tenor of funding and liquidity to support its asset base at all times.

As at 31 December 2024	Up to 1 month	1 – 6 months	6 – 12 months	Over 1 year	Undated	Total
	P000's	P000's	P000's	P000's	P000's	P000's
Assets						
Cash and balances with Central Bank	281 809	-	-	-	-	281 809
Derivative assets	-	20 509	-	-	-	20 509
Trading assets	185 094	126	-	489	-	185 709
Financial investments	2 589 509	-	-	608 908	-	3 198 417
Loans and advances to banks	5 585 748	2 180 285	69 978	-	666 210	8 502 221
Loans and advances to customers	597 329	651 141	296 756	13 853 575	-	15 398 801
Other assets	-	-	-	-	224 777	224 777
Total financial assets	9 239 489	2 852 061	366 734	14 462 972	890 987	27 812 243
Liabilities						
Derivative liabilities	-	34 892	-	-	-	34 892
Deposits from banks	1 677 835	357 282	307 031	-	-	2 342 148
Deposits from customers	17 992 045	2 165 724	692 903	25 275	-	20 875 947
Debt securities in issue	-	-	250 720	765 720	-	1 016 440
Other liabilities	-	-	-	531 868	-	531 868
Total financial liabilities	19 669 880	2 557 898	1 250 654	1 322 863	-	24 801 295
Net liquidity gap	(10 430 391)	294 163	(883 920)	13 140 109	890 987	3 010 948

Notes to the financial statements (continued)

For the year ended 31 December 2025

45. Subsidiaries

Subsidiary	Nature of operation	Stated capital	Effective holding 2025	Effective holding 2024	Book value of shares 2025	Book value of shares 2024
		P000's	%	%	P000's	P000's
Stanbic Insurance Services (Proprietary) Limited	Insurance agency	919	100	100	919	919
Registered Office	Plot 50672 Fairgrounds Office Park Gaborone					
Business Address	Plot 50672 Fairgrounds Office Park Gaborone					
Stanbic Nominees Botswana (Proprietary) Limited	Custodial services	3	100	100	3	3
Registered office	Plot 28892, Twin Towers West Wing First Floor Fairgrounds Gaborone					
Business Address	Plot 50672 Fairgrounds Office Park Gaborone					
Stanbic Financial Services (Proprietary) Limited	Market Maker	1 000	100	100	1 000	1 000
Registered office	Plot 28892, Twin Towers West Wing First Floor Fairgrounds Gaborone					
Business Address	Plot 50672 Fairgrounds Office Park Gaborone					

Notes to the financial statements (continued)

For the year ended 31 December 2025

46. Segment reporting

The Bank continues to implement its evolving operating models and while aligning with the strategic priorities.

The client segments will be responsible for designing and executing the client value proposition strategy. Client segments will own the client relationship and create multi product customer experiences to address life events distributed through our client engagement platforms.

The principal business units for the Group are as follows:

Business units	Scope of operations
Corporate and Investment Banking (CIB)	The CIB segment serves large companies (multinational, regional and domestic), government, parastatals and institutional clients. Our clients leverage our in-depth sector and regional expertise, our specialist capabilities, and our access to global capital markets for advisory, transactional, trading and funding support.
Business and Commercial Banking (BCB)	The BCB segment provides broad based client solutions for a wide spectrum of small and medium sized businesses as well as large commercial enterprises. Our client coverage support extends across a wide range of industries, sectors and solutions that deliver the necessary advisory, networking and sustainability support required by our clients to enable their growth.
Personal and Private Banking (PPB)	The PPB segment offers tailored and comprehensive banking and beyond financial services solutions. We serve individual clients across Africa ranging from wealth and investment to private and personal banking markets by enabling their daily lives throughout their life journeys.
Corporate functions	<p>These include our specialist technical functions to align to the Bank's platform banking capabilities through:</p> <ul style="list-style-type: none"> - Technology <p>These are supported by other functions being:</p> <ul style="list-style-type: none"> - Finance and Value Management - Risk and Corporate Services - Legal and Governance - Compliance - People and Culture - Credit - Operations <p>To ensure operational efficiencies, assurance function is carried out by:</p> <ul style="list-style-type: none"> - Internal Audit

Notes to the financial statements (continued)

For the year ended 31 December 2025

46. Segment reporting (continued)

2025 Group	Corporate and Investment Banking P000's	Business and Commercial Banking P000's	Personal and Private Banking P000's	Corporate functions P000's	Total P000's
Net interest income	436 403	289 958	336 346	11 834	1 074 541
Non-interest income	635 325	171 542	261 573	(126 851)	941 589
Net fee and commission income	71 451	167 609	227 501	(97 374)	369 187
Net trading income	563 250	-	-	(22 084)	541 166
Other income	624	3 933	34 072	(7 393)	31 236
Total income	1 071 728	461 500	597 919	(115 017)	2 016 130
Credit impairment charges	7 452	(23 301)	(68 751)	-	(84 600)
Income after credit impairment charges	1 079 180	438 199	529 168	(115 017)	1 931 530
Total operating expenses	(390 732)	(341 659)	(352 926)	105 512	(979 805)
Amortisation and depreciation	(3 273)	(6 319)	(57 968)	(6 054)	(73 614)
Staff costs	(58 575)	(50 634)	(144 406)	(206 394)	(460 010)
Other operating expenses	(328 884)	(284 706)	(150 552)	317 961	(446 181)
Net income before indirect tax	688 448	96 540	176 242	(9 505)	951 725
Indirect tax	(7 775)	(4 469)	(22 425)	(9 731)	(44 400)
Profit / (loss) before direct tax	680 673	92 071	153 817	(19 236)	907 325
Direct tax	(149 834)	(20 174)	(32 284)	4 716	(197 576)
Profit / (loss) after tax	530 839	71 897	121 533	(14 520)	709 749
Operating information					
Total assets	16 943 916	1 817 853	8 639 568	189 868	27 591 205
Total liabilities	16 115 239	1 562 276	7 299 913	(656 556)	24 320 872

2024 Group	Corporate and Investment Banking P000's	Business and Commercial Banking P000's	Personal and Private Banking P000's	Corporate functions P000's	Total P000's
Net interest income	479 827	357 359	539 327	(5 047)	1 371 466
Non-interest income	308 459	153 621	225 481	(108 028)	579 533
Net fee and commission income	57 304	153 668	202 158	(94 759)	318 371
Net trading income	248 164	-	-	(6 776)	241 388
Other income	2 991	(47)	23 323	(6 493)	19 774
Total income	788 286	510 980	764 808	(113 075)	1 950 999
Credit impairment charges	7	(23 014)	(19 832)	-	(42 839)
Income after credit impairment charges	788 293	487 966	744 976	(113 075)	1 908 160
Total operating expenses	(368 508)	(330 630)	(368 739)	109 454	(958 423)
Amortisation and depreciation	(3 244)	(4 514)	(59 781)	(4 773)	(72 312)
Staff costs	(70 854)	(64 685)	(139 374)	(169 541)	(444 454)
Other operating expenses	(294 410)	(261 431)	(169 584)	283 768	(441 657)
Net income before indirect tax	419 785	157 336	376 237	(3 621)	949 737
Indirect tax	(5 378)	790	(19 726)	(12 083)	(36 397)
Profit / (loss) before direct tax	414 407	158 126	356 511	(15 704)	913 340
Direct tax	(91 281)	(34 898)	(76 818)	(2 377)	(205 374)
Profit / (loss) after tax	323 126	123 228	279 693	(18 081)	707 966
Operating information					
Total assets	16 157 364	2 000 613	9 312 671	174 727	27 645 375
Total liabilities	15 241 020	1 675 203	8 400 022	(231 454)	25 084 791

