KEEP GROWING.

Stanbic Bank Botswana Limited

INTEGRATED REPORT 2024

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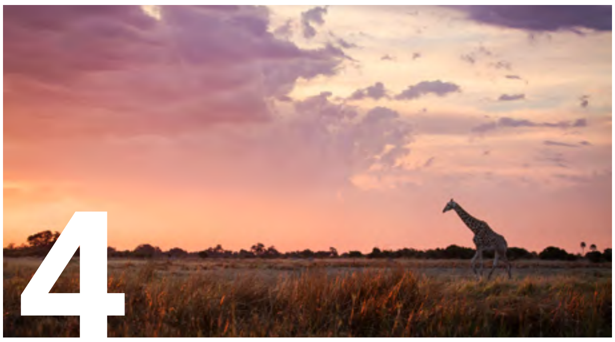

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INTRODUCTION

EMBRACING THE JOURNEY OF GROWTH

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OUR APPROACH TO VALUE CREATION

Why we exist

Botswana is our home, we drive her growth

Informing our thinking

We believe in the transformative power of financial services to uplift lives, strengthen communities, and drive progress for every Motswana. This commitment is reflected in our Purpose: **Botswana is our home, we drive her growth.** This simple statement inspires us to make a tangible, lasting impact on society. Every day, we have the opportunity to be a catalyst for change, shaping a future where 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 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 Values

Serving our customers
We put our customers at the heart of everything we do

Constantly raising the bar
We strive for excellence, always seeking ways to improve

Delivering to our stakeholders
We create sustainable value for our clients, communities, and shareholders

Being proactive
We anticipate challenges and seize opportunities to drive success

Working in teams
Collaboration is key to delivering impactful solutions

Growing our people
We invest in our people's growth and development

Respecting each other
We foster an inclusive and supportive environment

Upholding the highest standards
Integrity and accountability guide all our actions

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

Our Strategy

Our ***Letsema*** strategy has reached its third year, marking significant progress towards our goal of becoming Botswana's leading financial services provider. Through a risk-based approach, we are shaping industry trends and firmly positioning Stanbic Bank Botswana for sustainable growth.

letsema 2025

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

We categorise our impact in relation to SDGs

SUSTAINABLE DEVELOPMENT GOALS

SDGs	Impact area
4, 5, 11	Financial inclusion
5, 8, 9	Job creation and enterprise growth
13	Sustainable finance and climate change
7, 9	Infrastructure
4, 5	Education
3, 5	Health

WHO WE ARE

CELEBRATING A YEAR OF GROWTH, IMPACT AND NEW POSSIBILITIES

For 32 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:

Personal and Private Banking (PPB)
For individuals who demand more from their bank

Business and Commercial Banking (BCB)
Giving SMEs and enterprises a route to scalability

Corporate and Investment Banking (CIB)
Financing the ambitions of multinationals and industry leaders.

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:

ENTREPRENEURSHIP AND EMPLOYABILITY	HEALTH AND EDUCATION	SPORTS AND ARTS
Empowering youth, fueling citizen growth	Investing in vulnerable communities	Supporting champions and visionaries

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%	100%	100%
Stanbic Financial Services Pty Ltd	Stanbic Nominees Botswana Pty Ltd	Stanbic Insurance Services Pty Ltd

Our physical footprint

Branches (including in-store)	ATMs	Workforce
13	79	645

- Gaborone: Six branches.
- Other Locations: Francistown, 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.

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

Euromoney Awards for Excellence
Best Bank for ESG 2024

Global Banking and Finance
Best Corporate Bank Botswana 2024
Best Bank for Sustainable Development Botswana 2024
Best Investment Bank Botswana 2024
Best Trade Finance Bank Botswana 2024
The Next 100 Global Companies

Inaugural Visa Bank Awards
Visa Payments Excellence Award 2024
Visa Brand Awareness Award 2024

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 company 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.

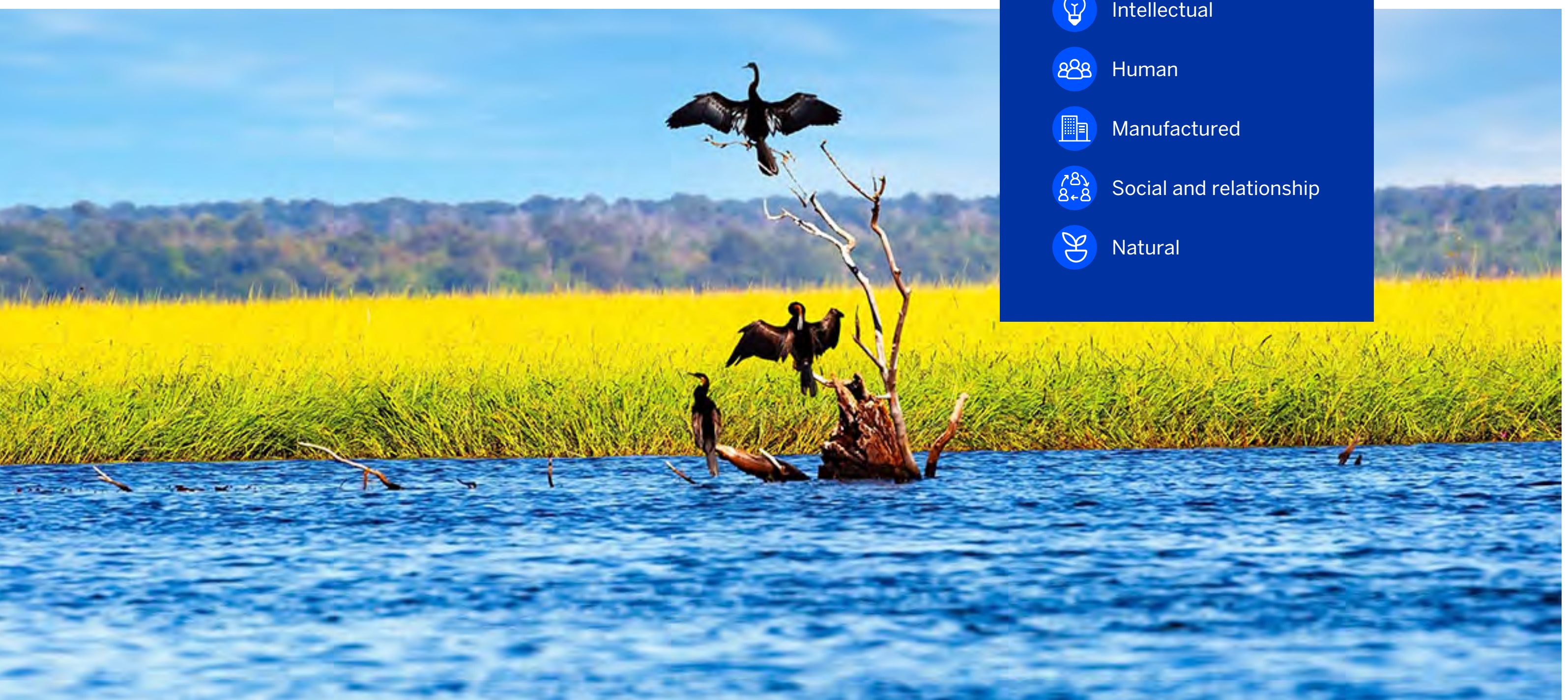
A complete view of performance	Stronger stakeholder engagement	Future-focused decision-making
We present financial and non-financial data cohesively, ensuring a balanced perspective on our success.	Customers, investors, regulators and employees gain a deeper understanding of our strategy and impact.	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 collabouration 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.

1993

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

1994

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

1999

We introduced online banking for the first time through the Customer Access terminal System.

2001

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

2002

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

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.

2004

Our Business Banking department was born, answering the call for our Commercial, Enterprise and SME clients. We also consolidated our Francistown operations to Galo Mall.

2006

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

2008

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

2009

Reflecting our new positioning in the market, we adopted the new tagline: **Moving Forward.**

2010

We introduced the first of its kind '**Bank in a Box**' in Mogoditshane and Molepolole. We eagerly entered into a financial literacy partnership with the Ministry of Education which began in junior secondary schools and was later rolled out to the public.

2011

We embarked on our sponsorship of Morupule Coal Mine's Annual GM's Cycle Challenge, where proceeds were donated to vulnerable communities in Palapye and the surrounding areas.

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.

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.

2014

We became the official sponsors of Botswana's landmark outdoor entertainment venue, the Stanbic Bank Piazza.

2015

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

2016

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

2017

We relocated the Broadhurst branch to Airport Junction and extended our footprint to Acacia Mall. Stanbic Bank Botswana Limited celebrated 25-years of moving forward.

2018

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

2019

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

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.**

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.

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.

2023

Our ***Letsema*** corporate strategy is embedded into the Bank, solidifying our platform-based vision for the business.

2024

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

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DRIVEN BY A HIGHER PURPOSE

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CHAIRMAN'S REPORT

Dr Tebogo T.K. Matome
Chairman of the Board

A Year of Immense Resilience and Forward Momentum

As Chairman of the Stanbic Bank Botswana Board, it is my distinct honour to present the performance for the year 2024, marking the second year of our ***Letsema*** strategy. The past year has been a testament to our resilience and adaptability, as we achieved strong results that underscore the robustness of our strategy amidst a challenging and dynamic business environment. If one word defines our journey, it is momentum—propelling us forward as we responsibly create and deliver shared value to our clients, employees, communities, and shareholders.

Navigating an evolving landscape

The year 2024 was marked by significant developments, including economic uncertainties, geopolitical tensions, extreme weather events, evolving consumer expectations, regulatory shifts, and advancements in digital financial services. On the home front, the Botswana economy faced a downturn due to a slump in the global diamond market, which plays a pivotal role in our economy. The World Bank projects Botswana's GDP growth at 1% for 2024, a sharp decline from 2.7% in 2023 and 5.5% in 2022.

Amid the ongoing transformation of financial services, driven by evolving customer expectations and regulatory shifts, I am pleased to report that the Bank embraced this transition not as a challenge, but as a golden opportunity to provide tailored client solutions. I commend the Bank's unwavering commitment to delivering stakeholder value with agility, underpinned by a steadfast focus on governance and a strong sense of social responsibility.

Profit for the year before taxes (PBT)

P950 million

2023: P661 million

Botswana's GDP growth

1%

2023: 2.7%

Performance that reflected our purpose

Stanbic Bank Botswana Limited ("the Bank" or "SBBL") achieved a remarkable 43.7% year-on-year growth in Profit Before Tax (PBT), closing at P950 million. This outstanding performance reflects our strategic focus on innovation, a transformative digital journey, loan book optimisation, and enhanced credit risk management—further positioning the Bank for sustained growth and stability.

Our success is deeply rooted in our Purpose: **"Botswana is our home, we drive her growth."** This guiding principle shapes every decision we make to deliver meaningful impact, as evident in several key areas:

- Targeted stakeholder engagement was foundational to deepening our understanding of not only our clients' needs but also those of our employees, communities, and shareholders. This comprehensive approach allowed us to offer valuable guidance and support across all levels, reinforcing our commitment to creating shared value for all our stakeholders.
- Our dedicated employees are the driving force behind our remarkable achievements. Their unwavering commitment, resilience, and innovative solutions enabled us to navigate challenges and seize opportunities, ensuring the continued growth and success of our organisation.
- Our commitment to fostering a culture of continuous learning has significantly enhanced individual capabilities and contributed to our overall success. Over the past year, we have made substantial investments in developing specialized future-ready skills, equipping our employees with the knowledge and competencies needed to excel in their roles and adapt to an ever-evolving business landscape. Furthermore, we continued exporting our skilled staff to other markets, highlighting their expertise, and contributing to the global exchange of knowledge and best practices.
- An integral part of our purpose is rooted in the active role we play in the well-being and development of the community. Our participation in local initiatives that address common societal challenges has allowed us to build strong, lasting relationships while making a positive impact. From supporting education and healthcare initiatives to promoting affordable housing, our efforts have contributed to building more resilient and inclusive communities.

To validate our efforts as a leading financial services partner, we received several accolades among them, *Best Corporate Bank Botswana 2024 by Global Banking and Finance* and *Best Bank for Sustainable Development Botswana 2024 by Global Banking and Finance* - that highlight our commitment to excellence, innovation, and customer satisfaction. These recognitions not only honour our achievements but also motivate us to continue providing top-notch financial services and fostering strong, trust-based relationships with our clients.

Building Strong Relationships with Clients: Our Commitment to Excellence

Our dedicated team of professionals has worked tirelessly to ensure that every interaction with our clients is characterised by responsiveness, transparency, and integrity. As part of our ongoing digital journey, we have invested significantly in advanced technologies and innovative tools to enhance service delivery, streamline communication, and provide real-time support. These digital advancements have not only strengthened our operational efficiency but also redefined how we connect with and empower our clients in an increasingly connected world.

Our devotion to building strong relationships extends beyond business transactions; it is founded on a genuine desire to see our clients thrive. We believe that their success is our success, and we are steadfast in our resolve to be their trusted partner at every step.

Governance: Leading with integrity

Strong governance is the cornerstone of our success. At Stanbic, we embrace this responsibility with the utmost seriousness, using prudent decision-making as a driving force for the Bank's long-term growth and stability. Our Board exemplifies the highest standards of corporate governance, embodying transparency, accountability, and ethical leadership. I am particularly gratified by the diverse composition of the Board and Country Leadership Council, encompassing a rich blend of gender, ethnicity, age, and professional expertise, ensuring the interests of all our stakeholders are thoroughly represented and effectively addressed.

I am pleased to welcome Mr. Michael Kgengwenyane, Mr. Richard Irvine, Dr Agnes Khunwana and Ms. Realeboga Phoi who joined the Board during the reporting period. Their addition will no doubt bring further strength to the Board.

In summary I see two distinct opportunities for the Board to leverage: enhancing our responsiveness to emerging risks and further strengthening our stakeholder engagement. These insights will guide our continuous improvement efforts as we strive to uphold the trust placed in us by our clients, employees, and shareholders.

Advancing Social, Economic, and Environmental Inclusion

In the past year, the Bank has made significant strides in promoting social, economic, and environmental inclusion. We firmly believe that fostering an inclusive society is essential for sustainable development and the well-being of our communities. This is premised on our ESG and Sustainability framework which underscores our growth on a sustainable path model.

Our dedication to social inclusion is evident in our efforts to create an environment where everyone feels valued and respected. We have started programmes that promote diversity, equity, and inclusion within our workforce and the communities we serve. Through targeted outreach initiatives, we have supported underrepresented groups, ensuring they have access to opportunities and resources that empower them to thrive. The progress made so far serves as a foundation and establishes a new benchmark for us to aspire towards.

We believe that promoting equitable access to economic opportunities is both a moral imperative and a catalyst for sustainable growth and prosperity for all. Our efforts have been concentrated on creating pathways for economic participation for underserved communities. By forming strategic partnerships with local organizations, we have introduced programmes designed to provide entrepreneurship support and access to financial services. These initiatives have empowered individuals, as well as small and medium enterprises (SMEs), to grow their businesses and achieve financial independence. Moving forward, we will explore ways to expand and scale these interventions through our strategy and product offerings.

Environmental sustainability is a critical component of our inclusion strategy. Our projects have focused on reducing our carbon footprint, supporting renewable energy, encouraging sustainable practices, and promoting conservation efforts. We are dedicated to preserving our natural resources and ensuring that future generations can enjoy a healthy and thriving environment. Recognising the need to address climate change mitigation and adaptation as key focus areas, we are committed to tackling energy exclusion—a significant challenge and opportunity for our country. To this end, we are supporting government strategic projects that aim to provide electricity to off-grid areas through solar energy solutions.

A Bank for the future

With the second year of our three-year ***Letsema*** strategy now behind us, we set our sights firmly on the horizon ahead. Our focus remains on staying ahead of the curve, seizing new opportunities, and building a bank that meets today's needs while shaping tomorrow's aspirations. To achieve this, we will prioritise:

- **Defending and strengthening our market position:** We will proactively identify and capitalise on emerging trends and opportunities, ensuring that our bank remains competitive. By leveraging data analytics and market insights, we will strategically expand our presence in high-growth areas, reinforcing our competitive edge and solidifying our position as a market leader.
- **Attracting and retaining a skilled workforce that will ensure we realize our strategic priorities while serving our clients brilliantly:** Our commitment to talent development will be paramount as we invest in comprehensive training programs, foster a culture of continuous learning, and create an inclusive work environment that attracts top talent. By prioritising employee well-being and career growth, we will cultivate a workforce that is motivated, innovative, and dedicated to delivering exceptional service to our clients.
- **Leveraging emerging technologies to tailor our client interactions and fast-track growth:** We will capitalise on the power of emerging technologies such as artificial intelligence to enhance our client interactions and streamline our operations. By adopting a customer-centric approach, we will provide personalised solutions, seamless digital experiences, and real-time support, driving growth and ensuring client satisfaction.
- **Driving inclusive and sustainable economic growth and supporting the transformation of our country:** Our commitment to social and environmental responsibility will guide us as we implement initiatives that promote economic inclusion, sustainable development, and community empowerment. By partnering with local organisations, investing in green technologies, and advocating for equitable policies, we will contribute to the transformation of our country and create a positive impact on society.

Gratitude and commitment

I would like to extend my deepest gratitude to our valued clients, our regulators being the Bank of Botswana, and the Non-Bank Financial Institutions Regulatory Authority, my fellow board members, Standard Bank Group colleagues, the Country Leadership Council, and the entire Mighty Blue Team for their unwavering support. Special thanks to our outgoing board members, Antonio Coutinho, Mohammed Ismail, and Rudy De Vet, for their passionate service. Gentlemen, I bid you farewell and wish you all the best in your future endeavours.

As we look to the future, our success will be driven by three critical pillars: our capable and dedicated employees, digital transformation, and the formation of strong collabourations. Through these efforts, we aim to create innovative solutions and deliver meaningful impact that resonates with our stakeholders and the broader community. In alignment with our purpose statement, **"Botswana is our home. We drive her growth."** we remain steadfast in our commitment to the nation's development and prosperity. Together, we will push boundaries, embrace change, and forge a legacy of excellence.

Dr Tebogo T.K. Matome
Chairman of the Board

Social Economic, and Environmental Inclusion

An inclusive society is essential for sustainable growth and the wellbeing of our communities

CHIEF EXECUTIVE'S REPORT

Chose Modise
Chief Executive

Compelling purpose, positive habits and beliefs, authentic intentions and actions, the culture at the heart of our organisational success. It is my pleasure to present the Stanbic Bank Botswana Limited Integrated Report for the financial year ended 31 December 2024 including our Audited Financial Statements.

In its second year, our ***Letsema*** 2025 strategy continues to deliver way ahead of plans as evidenced by strong financial and non-financial performance metrics. These results highlight the Bank's strategic resilience and capability in navigating our increasingly challenging economic landscape. This remarkable accomplishment stems from our continuous environmental scanning, allowing us to proactively identify risks and opportunities, model scenarios, and reshape our business operations accordingly.

Our Purpose, **"Botswana is our home, we drive her growth,"** is where we draw our inspiration from. It kept us going amidst unfavourable economic conditions characterised by declining mining revenues and rising unemployment.

The Bank achieved an impressive profit before tax of P950 million, representing a 43.7% increase from P661 million in 2023. This remarkable growth can be broadly attributed to the robustness of our strategy, the agility of our execution, and our relentless focus on client and employee experience. This is evident in the growing confidence of our customers in our ability to address their everyday needs, as reflected in positive feedback from our NPS survey across various segments and in accolades such as the *Best Corporate Bank Botswana 2024 by Global Banking and Finance*. Our continued deepening of client understanding, process optimization, and data driven decisions have led to a very sound control environment and sustainable client revenue growth.

Championing Client Needs

We consistently prioritise our clients in every decision and action we take. Our goal is to redefine their experiences, helping them reach their full potential in a holistic, efficient, and convenient manner. We are continually advancing our personalization capabilities and enhancing our analytics to offer tailored services and products that meet their unique needs. By deepening relationships and improving accessibility and responsiveness through our updated service models, we have expanded our ecosystem and increased our client interactions and touch points.

Digital banking solutions have played a crucial role in our growth, as continuous improvements to our platforms have made transactions easier, faster, and more seamless for our clients. The positive trend in customer satisfaction and brand warmth validated our efforts, showing that our clients value the seamless and secure banking experiences we offer.

As a trusted partner, we have supported our clients across various sectors in achieving their short, medium-term and long-term goals. This support is evident in the growth of our balance sheet and the increase in customer transactions across all segments and channels. In every interaction, whether it involves financing, sponsorship, or thought leadership, our objective remains the same: to ensure that our role is purposeful and creates lasting impact.

The Heartbeat of Our Brand

Our employees are the key drivers of our client-centric culture. As a people-centred organization, we take pride in being human at heart and recognize the pivotal role our employees play in our success. Their capabilities are essential to our strategic execution, and we are committed to continuously growing and empowering our people, while adapting to our strategic goals and the evolving needs of our clients. In 2023, we underwent an organizational redesign, and I am pleased to report that a year later, we have achieved our objective. Our operational structures have proven fit for purpose and are aligned with the Bank's future growth aspirations. Additionally, we have integrated the necessary skills and competencies required to lead in a highly competitive industry.

Several key developments have been implemented to enhance the employee value proposition as part of our ongoing effort to make Stanbic an employer that prioritizes staff welfare and goes the extra mile to ensure their needs are well taken care of. The positive trend in employee engagement survey results affirms that our people feel engaged and valued for their contributions.

We remain committed to attracting, retaining, and nurturing our talent. A standout example of our investment in talent was the 2024 Graduate Development Programme, which welcomed ten bright minds from diverse backgrounds. This talent intervention reinforced our dedication to addressing youth unemployment in Botswana. Our strong focus on people has been validated by the Standard Bank Group award for the best employer in Africa and our ranking among the top 20 Employers worldwide, testament to our robust people-driven culture across the Group by Forbes in 2024.

At Stanbic we are also committed to building a diverse, equitable, and inclusive environment where every individual feels valued, respected, and empowered. Our belief is that diversity strengthens our organization, drives innovation, and contributes to our overall success. We prioritise fostering an inclusive culture that supports the empowerment of women, people with disabilities, and all under-represented groups. Noteworthy outcomes include the accelerated development of women in senior leadership positions, achieving 57% representation in the country leadership structure and an additional 45% in bank-wide senior leadership, up from 31% in 2021.

Profit for the year before taxes (PBT)

P950 million

2023: P661 million

Cost-to-Income Ratio

49.1%

2023: 52.8%

Capital Adequacy Ratio

17.73%

2023: 19.92%

Executing with Excellence

The Bank prioritises safeguarding the assets of our clients, shareholders, and other stakeholders under our custody. As such, we adhere to comprehensive Risk and Conduct and Operational Excellence frameworks, which are integral to our six strategic value drivers alongside clients, employees, financial outcome, and sustainability. We uphold strict principles of integrity and ethics, ensuring that prudence and discipline are exercised in our daily operations, with a strong focus on operational excellence. These principles have enabled us to maintain a robust control environment free of unethical behaviour, as evidenced by our improved cost to income (CTI) ratio, credit loss ratio (CLR) and well-managed compliance environment.

In accordance with regulatory developments, we have successfully implemented the requirements of the Data Protection Act, 2023. We assure our clients that the privacy of their data is of utmost importance to us.

At Stanbic Bank, we uphold the highest standards of corporate governance, operating within a structured framework aligned with King IV principles and regulatory guidelines. We will continue to enhance our governance framework, ensuring transparency and accountability at all levels of the organisation.

As a reflection of our strong financial health and prudent risk management, the Bank maintained a Capital Adequacy Ratio (CAR) of 17.73%, well above the regulatory threshold.

Growth on a Sustainable Path

Since our inception as an operating entity in Botswana, our journey has been characterized by a synergy of business success and sustainable development. We recognize that our future prosperity is intrinsically tied to sustainable progress, and that our commercial fundamentals will remain robust if the foundation they are built upon is well-maintained. This philosophy has earned us recognition as the *Best Bank for ESG 2024 by Euromoney*. Our sustainability framework serves as this foundation, striving to minimize risks and maximize positive impacts on our stakeholders, including communities, clients, and the country.

This Report offers an overview of our efforts to pursue growth on a sustainable path, highlighting some of the significant achievements made during the year under review. To align with best practices, we have committed to the United Nation's Global Compact (UNGC) communication on progress reporting. This commitment allows us to adhere to international best standards, strive for excellence, and learn from leading global businesses. Additionally, we have aligned our reporting with Global Reporting Initiative (GRI) standards. By adopting these two frameworks, we aim to use a common sustainability language understood by all and ensure our practices meet the highest standards available. This approach helps us minimize risks in our business operations.

In our pursuit of maximizing positive impact, we initiated several groundbreaking projects and transactions, some of which are market firsts in design and impact. Throughout the year, we facilitated one of the first sustainability-linked loans in partnership with ABSA Bank and NORSAD Capital, demonstrating how competitors can collaborate for a greater cause. Additionally, we maintained our commitment to SME growth by providing flexible, inclusive financing solutions to support their progress.

We spearheaded a pioneering nature conservation financing deal with Wilderness Safaris, acting as the sustainability structuring agent and sole lender. Additionally, we have partnered with and supported initiatives for our clients in the mining sector, by offering funding that enables local communities to benefit from the mining value chain.

Our partnership with the National Blood Transfusion Services (NBTS) underscores our commitment to looking beyond our core commercial objectives and responding to other equally important national needs critical for all of us who call Botswana our home. Green financing has been a central focus, leading to increased loan disbursements aimed at setting our country on a sustainable, eco-friendly path. This area will continue to receive heightened attention going forward.

Showcasing these initiatives is vital not just as new offerings, but for comprehending their impact within the broader context of expanding financial services and developing the local market. Importantly, it is essential to recognize how they address previously unexplored financing areas and facilitate the inclusion of individuals and SMEs in obtaining support.

Looking ahead

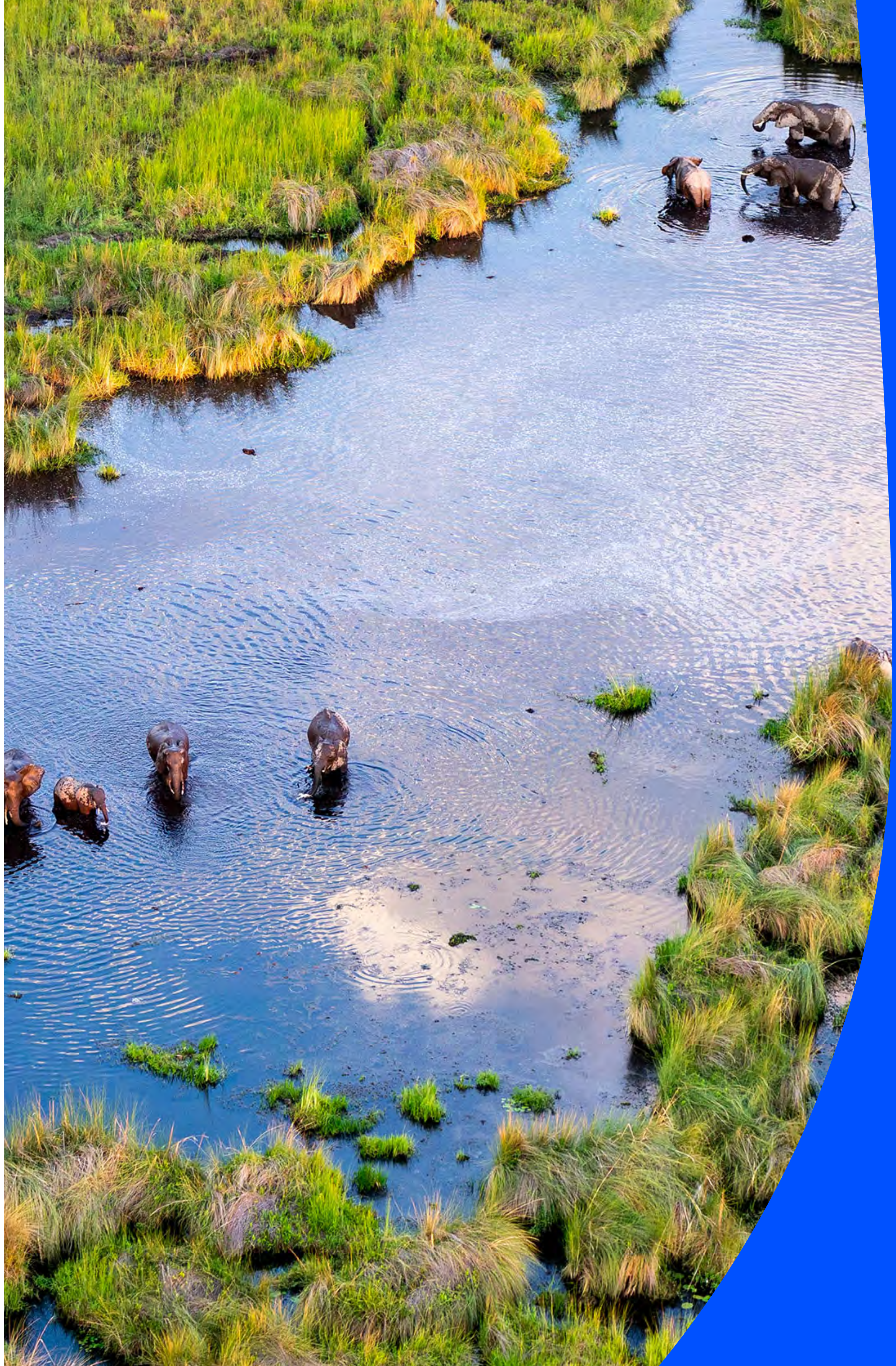
Our strategic vision remains decisively clear as we diligently pursue the objectives of 'Transforming client experience', 'Executing with excellence,' and 'Delivering sustainable growth and value'. As we enter the last year of the 3-year Letsema strategy we are already well ahead in the attainment of our goals.

I want to take this moment to express my heartfelt gratitude to our shareholders for your unwavering support. The Board of Directors and my fellow Country Leadership Council who are wholeheartedly dedicated to delivering sustainable value and strong returns through our strategic initiatives and robust governance.

To my colleagues at Stanbic Bank, "The Changemakers "your exceptional dedication to excellence and commitment to our clients exemplifies our identity. Together, we will continue to navigate challenges and seize opportunities, driving our collective success. Our efforts in digital banking and innovation have significantly boosted client satisfaction and engagement.

And lastly, to our esteemed clients: Thank you for choosing us. We are committed to upholding our promise of making your dreams possible in 2025 and beyond.

Chose Modise
Chief Executive



Our clients come first

We redefine their experiences, helping them to reach their full potential in a holistic, efficient and convenient manner.

CHIEF FINANCE AND VALUE MANAGEMENT OFFICER'S REPORT

Realeboga Phoi
Chief Finance and Value Management Officer

Overview – Economic landscape

Global economy – Growth expectations remain uncertain

The global economic outlook remains uncertain with varying growth expectations across major economies. The outlook is characterised by rising global trade frictions and shifting economic policies under new governments. The global economy is expected to show moderate growth at around 3,3% in both 2025 and 2026 (World Economic Outlook), broadly unchanged from the 2024 forecast. Emerging markets are expected to grow faster than advanced economies, moderated by developed economies which are expected to see slower growth. Globally, geopolitical volatility remains a threat and the prevailing tensions are expected to pose risks to global trade. Central Banks continue to make decisions on interest rates to counter the effects of these challenges, with a number of rate adjustments expected to take place in some economies. Climate change is also expected to pose challenges, but economies are exploring mitigants which are expected to create a focus in renewable energy.

Local economic performance – Continued Diamond sector pressures

Botswana's political landscape remains stable, following a peaceful transition of power in the October 2024 general elections, setting an example globally. The Botswana economy continues to experience strain as the region and global economies at large go through waves of inflation and disinflation. Botswana's economy is expected to slow down to 1% in 2024 (World Bank) mainly at the back of the continued strain in the diamond mining sector, a contraction from 2.7% in the comparative year. Weaker demand for natural diamonds and the growing popularity of lab-grown diamonds continue to put pressure on the economy. Though there is a structural change in the global diamond market, growth is expected to rebound in the medium term, driven by the expected pickup in the global demand for diamonds and the efforts undertaken to diversify the economy – (World Bank). The need for economic diversification has become paramount.

Strategic impact

We remain proud to report that the ***Letsema*** 2025 strategy, in the second year of its three years, has proven effective in multiple facets. Through our strong commitment to deliver our strategy we have seen a culmination in accelerated financial performance, as well as improvement in efficiencies. This is trackable through growth in our customer base (evidenced by balance sheet growth), improved customer retention as well as improved staff efficiencies, marked by an improved Cost-To-Income (CTI) ratio, Cost Of Funding (COF) as well as Credit Loss Ratio (CLR).

Following the organisational redesign in 2023, the Bank was able to fill all vacancies and recorded an improved Net Income before operating expenses of 25.3%. This demonstrates the effectiveness of the exercise coupled with our strong talent management program.

The Bank further revisited its client engagement frameworks across the segments to ensure client solutions are well informed. This is seen in the 18.6% growth in operating expenses where investments in technologies as well as process enhancement were employed to ensure sustainability and consistency in client experience, pain-points which have been highlighted by customers in various feedback platforms continue to be solved.

Financial Performance

The Bank reported a 10.4% growth in the balance sheet, which has consequently driven a 43.7% growth in profit before taxation, and a 46.3% growth in profit after taxes. The growth is driven largely by the attainment of strategic intents namely, optimisation in processes and capital consumption. This has largely been supported by the use of data driven analytics together with an enhanced client engagement model that seeks to co-create. The client engagement model largely seeks to drive client-led solutions as well as being an integral part of client journeys. Our partnership with ***Kwenantle***, which was driven by the client's strategic outlook, ensuring we have embedded a sustainable framework in the solution we extended, is an example of this.

All segments continue to post impressive results amidst challenging market conditions, as outlined below:

Corporate and Investment Banking (CIB)

CIB remains resilient amidst a challenging macro-economic environment delivering headline earnings growth of 22.7% to P323 million. This has largely been supported by loan origination, driven by our local corporate strategy – supporting home grown names with ambitions on the African continent. Further growth was also anchored on the energy transition strategy and the demand for sustainable finance products. Deposits from customers also grew due to increased activity within our Transactional Banking business. Non-Interest revenue grew by 16.1% mainly due to strong trading activities in the last quarter of 2024 driven by increased client activity and liquidity management opportunities.

Business and Commercial Banking (BCB)

BCB continues to record strong performance despite a reduction in profitability by 4.9%. The segment has continued to improve book quality and closes the year with a credit loss ratio of less than 2%. Further, the segment has seen an overall improvement in credit impairments with fewer instances of strained clients in comparison to preceding years. The segment has also made deliberate efforts around client retention, seeing progress made in investment in supporting technologies in this space. This makes it easy for clients to interact with our solutions at their comfort. Capacity has been released to ensure teams focus on servicing clients in much needed areas such as streamlining processes to complement the system enhancements as well as solution for specialised transactions. The outlook for BCB remains optimistic as our strategy is aligned to Government interests and we will seek to partner to solution for national interests, supporting local businesses.

Personal and Private Banking (PPB)

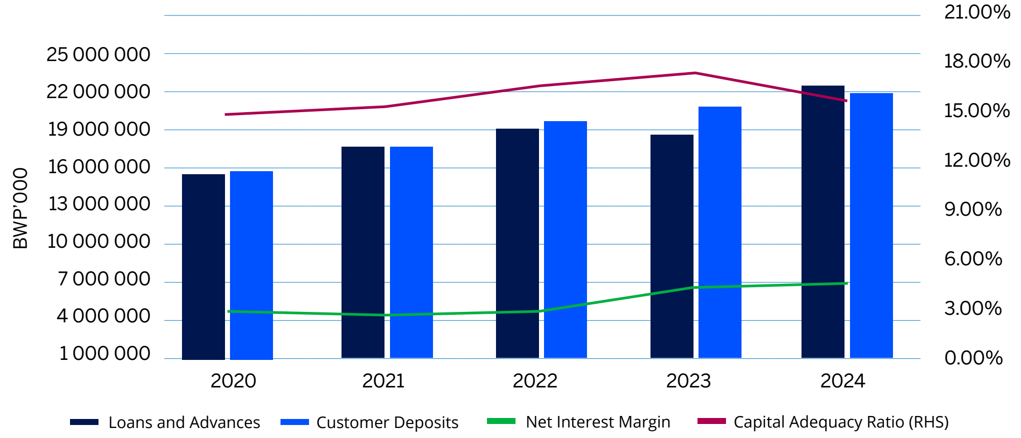
Data analytics have been at the helm of the significant improvement in profitability, a growth of more than 100%, alongside a significant improvement in credit impairments. Behavioral analytics have aided in identifying fit-for-purpose solutions for clients per segment and ensuring the right levels of services are extended. The segment has seen a 29.8% growth in Non-Interest Income. This is largely driven by enhancements in system accessibility, improving transactability, together with leaner processes which have made for simplified processing of client transactions. This has significantly boosted customer retention as seen by 19.2% growth in liabilities.

Balance sheet

Balance sheet structure

The Bank grew its balance sheet by 10.4% enabled by a 9.4% growth in deposits. The growth in customer loans was driven largely by growth in PPB and CIB. This is following enhancements in credit risk management processes specifically in the PPB segment. An improvement in rehabilitation and recoveries was seen, following the Bank's investment in training its people as well as a robust talent management framework. The Bank has over the years increased investment considerably in restructuring the credit risk management landscape, tightening policies, and improving processes. The Data team has also been up-skilled to enhance data driven credit scoring as well as to improve recoverability on stressed portfolios. These efforts have seen an improvement in credit loss ratio from 0.6% to 0.2%, and a 60.8% improvement in credit impairments despite a 12.2% growth in customer loans and advances. This is clear proof that the Bank is effectively delivering on one of its key strategic objectives, balance sheet optimisation.

Balance sheet efficiency



Growth in customer deposits was also driven by PPB and CIB, testament to the enhanced customer value propositions as well as investments in technology, which have enabled transactability for our clients. We continue to maintain the trust of our clients and remain focused on enhancing quality of relationship management. Data driven behavioral analytics have also enabled the Bank to study clients' behavioral patterns and informed appropriate client segmentation, resulting in more appropriate client solutions. The Bank continues to draw closer to clients for feedback and co-creation in line with clients' needs, per our commitment to solve for client and address real needs.

Liquidity and Capital management

The Bank remains alert to optimal utilisation of capital. In 2024 the Bank remained well capitalised, closing the financial year with a Capital Adequacy Ratio (CAR) of 17.73%. In the same financial year, the Bank declared a total of P474 million in dividends to its parent Stanbic Africa Holdings Limited (SAHL).

The Bank's leadership, through its Assets and Liabilities Committee (ALCO), is charged with the management of liquidity risk. In the year just ended, the Bank's loan to deposit ratio closed at 74.2%, an increase from 69% in the prior year. The increase is driven by growth in loans to customers given the supportive customer deposit base. The Bank continues to respond to the market's cyclical liquidity movements and has been able to continue operations throughout the year.

Income Statement

Total Operating income

Total operating income continues to grow amidst market liquidity volatility and a competitive landscape, posting 19.6% growth. This growth is as a result of a 23.4% growth in Net interest Income as well as a 15.6% growth in Net fee and commission income driven by customer growth especially in PPB. Balance sheet optimisation, as a core commitment to efficiency drive, led to a 20.4% decline in interest expense despite a 9.4% growth in deposits. Interest income saw a 6.6% growth.

Non-Interest Revenue grew by 11.4% with fees and commissions and trading revenue reflecting growth of 15.6% and 6.7% respectively. Transactional volume driven fees had an uplift boosted by client acquisitions across segments, campaigns around different product offerings, as well as efficiencies brought about by technology infrastructure enhancements to improve accessibility and transactability.

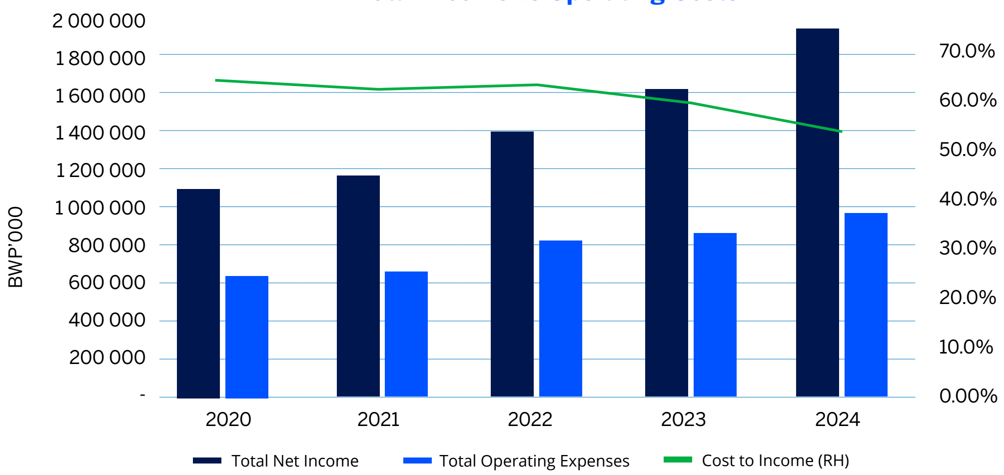
Credit Impairments

Our credit risk control environment remains robust supported by a healthier loan book as evidenced by a Credit loss ratio of 0.2% (2023:0.6%). Though all segments reflected reduced impairments impact, there have been pockets of notable risks across products and segments which were managed well through effective credit collections and rehabilitation strategies.

Operating expenses

Costs reflect an 11.3% growth from 2023, however, showing an improved cost to income ratio (CTI) of 49.1% from 52.8% in 2023. Cost growth is aligned to the Bank's strategic focus areas around people, compliance costs, IT security and other technological enhancements in support of business growth and improving client experience across our product offerings.

Total Income vs Operating Costs



Outlook

2025 outlook remains positive with government aspirations to invest heavily on social economics tackling low wages, youth unemployment and increased subsidies on utilities amongst other things. These correlate well with our purpose and vision centred around growing Botswana by optimising opportunities by excellent execution and exceptional client experience to drive sustainable growth and value. However, uncertainties remain as no significant government policy changes have been made to date. Changes to date include change of SDR/ZAR weights to an equal contribution and the lifting of vegetables import ban. The Bank is, however, optimistic that it will be able to traverse the challenges in the market owing to the improvements and investments made in the last few years, which will enable it to continue servicing clients effectively.

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

Accelerated financial performance

Is a product of the growth in our customer base, improved customer retention and greater internal efficiencies.

03

TRUST AND TRANSPARENCY

CORPORATE GOVERNANCE REPORT **pg28** | BOARD OF DIRECTORS **pg30** | OUR CORPORATE GOVERNANCE PRINCIPLES **pg36** | OUR PEOPLE **pg56** | COUNTRY LEADERSHIP COUNCIL **pg60** | OUR STAKEHOLDERS **pg62** | RISK MANAGEMENT AND CONTROL **pg64** | OUR TOP ENTERPRISE RISKS **pg72**

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.

The Stanbic Bank Botswana Limited Board

Our Board of Directors is made up of individuals with vast experience and diverse complimentary 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 approval 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, whilst tapping from 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 millennials.

OUR APPROACH TO GOVERNANCE

As a member of the Standard Bank Group, Stanbic Bank Botswana Limited's approach to corporate governance enables integrated thinking and decision-making. This means looking to balance between providing 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.

Board Composition Summary and Profiles

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 set forth by the Banking Act, the Companies Act, and the Bank's Constitution, which stipulates a minimum of 7 and a maximum of 15 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 steer the Bank toward sustainable growth and long-term success.

Subsidiaries

Stanbic Insurance Services Proprietary Limited

This company undertakes the provision of asset protection and credit life insurance products in collabouration with various insurance underwriters. Sales of these products have become embedded in the Bank's sales processes. The company reported a profit after tax of P7.248 million (2023: P6.984 million).

Stanbic Nominees Botswana Proprietary Limited

Stanbic Bank Botswana Limited (the Bank), through its custody business, manages clients' funds and investments in securities. The NBFIRA requires banks to separate assets managed on behalf of third parties from their own. Stanbic Nominees Botswana Proprietary Limited was established to comply with this requirement. The Company was established to ring-fence assets managed on behalf of the Bank's customers. The Company acts in a nominee capacity, which results in securities being registered in its name on behalf of the Bank's customers. The securities are not assets of the company as the company does not control the stocks and no benefits are expected to flow to the company from these investments. As such, the securities are not reflected on the company's statement of financial position but disclosed as third-party assets under management in note 41 of these financial statements.

Stanbic Financial Services Proprietary Limited

Stanbic Financial Services Proprietary Limited was set up to separate investment advisory and market maker activities from banking activities. Set up in 2020, the new entity, was fully licensed by the NBFIRA in July 2021. The company reported a profit after tax of P1.206 million (2023: P150 110).

Appointment Process

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 transparent, rigorous, and aligned with both regulatory requirements and the Bank's strategic needs.

When appointing directors, the Board considers the minimum regulatory requirements outlined in the Companies Act and the Banking Act. Additionally, a comprehensive skills matrix is utilised to identify any gaps in the Board's collective expertise. 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.

A rigorous assessment process is undertaken for prospective directors, including enhanced due diligence, in line with the Bank of Botswana's fit and proper requirements. This ensures that all directors are well-equipped to contribute impactfully to the Bank's governance and strategic direction. Candidates are evaluated on their skills, experience, availability, possible conflicts of interest and likely fit. Demonstrated integrity, proven leadership and other time commitments are also considered. In accordance with the Companies Act and the Bank's Constitution, a director appointed by the board holds office until the first annual general meeting after their appointment, when their appointment is presented to shareholders for approval.

The Board appointment process is outlined below:

1. Board Remuneration Committee recommends a candidate to the Board.
2. The Board approves the candidate's nomination and the commencement of the regulatory process.
3. The Bank of Botswana conducts a fit-and-proper assessment and provides a statement of no objection. The South African Reserve Bank also conducts a similar process.
4. The Board approves the candidate as a director.
5. The director retires at the next AGM and is re-elected by shareholders.

Appointments and resignations

During 2024, the Board saw three resignations, and these were followed by the appointment of four new directors, three independent non-executive directors and a second executive director. These appointments were made in full compliance with the Bank's Nomination and Appointment Policy for Directors and the Bank of Botswana Corporate Governance Guidelines, ensuring that the process was transparent, merit-based, and aligned with the Bank's strategic objectives. The following appointments and resignations were recorded during the 2024 financial year, with all new directors only assuming office after approval by the Bank of Botswana:

Appointments		
Michael Kgengwenayne	Independent Non-Executive Director	19 April 2024
Richard Christopher Irvine	Independent Non-Executive Director	15 May 2024
Dr Agnes Tsholofelo Khunwana	Independent Non-Executive Director	14 August 2024
Realeboga Phoi	Executive Director	14 August 2024

Resignations		
Philippus Rudolph De-Wet	Independent Non-Executive Director	22 March 2024
Mohamed Ismail	Independent Non-Executive Director	22 March 2024
Antonio Caroto Coutinho	Non-Executive Director	29 November 2024

Board 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. For the financial year 2024, the newly appointed directors have been formally inducted following the completion of all necessary appointment processes, including regulatory and governance approvals. In line with the King IV Code and corporate governance best practices, the induction ensures directors are well-prepared to fulfil their roles effectively. Key elements of the induction include understanding the Bank's purpose, vision, and values; familiarising directors with governance structures, compliance requirements, and the Bank's founding documents, 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, Chief Executive, Chairman, 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 program 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

Overall board meeting attendance

94%

GENDER

Male 62% | **Female 38%**

13 Board members

INDEPENDENCE

Independent non-executive directors	Non-executive director	Executive directors
10	1	2

NATIONALITY

Batswana	South Africans	British
10	2	1

TENURE (years)

<1	1 – 3	4 – 10
4	7	2

AGE

30 – 40	41 – 50	51 – 60	61 – 70
3	3	5	2

The Board's composition is carefully structured to ensure a balance of skills, experience, independence, and diversity, enabling it to provide effective oversight and strategic guidance. The rigorous appointment process, guided by the Nomination and Appointment Policy for Directors and combined with a focus on forward-looking skills and regulatory compliance, underscores the Board's commitment to governance excellence and the sustainable delivery of the Bank's purpose and strategic objectives. The Board fully complied with this policy when appointing directors in the financial year 2024, ensuring a transparent and merit-based approach to director recruitment.

Directors' Profiles

Dr Tebogo TK Matome 57

Board Chairman

NATIONALITY **Motswana**

APPOINTED **2017**

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

COMMITTEE MEMBERSHIP:
Board Information Technology Committee • Board Remunerations Committee

BOARD MEETING ATTENDANCE
9/9

Chose Modise 50

Chief Executive

NATIONALITY **Motswana**

APPOINTED **2022**

APPOINTMENT DATE
1 January 2022

QUALIFICATIONS
Chartered Accountant • Advanced Management Program (Harvard Business School) • Fellow Member of Association of Chartered Certified Accountants (FCCA) • Fellow Member of Botswana Institute of Chartered Accounts (FCPA)

KEY SKILLS
Leadership and Culture • Governance and Risk Management • Strategy and Financial Controls

COMMITTEE MEMBERSHIP
None

BOARD MEETING ATTENDANCE
9/9

NON-EXECUTIVE DIRECTORS (INDEPENDENT)

Mthabisi Bokete 31

NATIONALITY **Motswana**

APPOINTED **2020**

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

COMMITTEE MEMBERSHIP
Board Information Technology Committee (Chair) • Board Risk Management Committee

BOARD ATTENDANCE: 9/9

Butler Phirie 63

NATIONALITY **Motswana**

APPOINTED **2022**

QUALIFICATIONS
Fellow Member of Association of Chartered Certified Accountants (FCCA) • Fellow Member of Botswana Institute of Chartered Accounts (FCPA) • Bachelor of Commerce Degree

KEY SKILLS
Finance and Accounting • Audit • Taxation

COMMITTEE MEMBERSHIP
Board Audit Committee (Chair)

BOARD ATTENDANCE
8/9

Mark Haskins 43

NATIONALITY **Motswana**

APPOINTED **2022**

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

KEY SKILLS
Entrepreneurship • Credit Management • Technology

COMMITTEE MEMBERSHIP
Board Credit Committee (Chair) • Board Information Technology Committee

BOARD ATTENDANCE
9/9

Larona Somolekae 38

NATIONALITY **Motswana**

APPOINTED **2022**

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 High Courts of Botswana

KEY SKILLS
Corporate Finance and Transactions • Commercial and Banking Law • Risk Management

COMMITTEE MEMBERSHIP
Board Risk Management Committee (Chair) • Board Remuneration Committee

BOARD ATTENDANCE
9/9

NON-EXECUTIVE DIRECTORS (INDEPENDENT)

Batsho Groth 59

NATIONALITY
Motswana

APPOINTED **2022**

QUALIFICATIONS
Masters in Business Administration (University of Suffolk) • Certified Global Remuneration Professional (GRP) (WorldatWork, USA) • Bachelor of Science Applied Psychology specialising in Occupational Psychology (University of Wales Institute of Science and Technology)

KEY SKILLS
Human Resources and Remuneration Management • Stakeholder Management • Entrepreneurship

COMMITTEE MEMBERSHIP
Board Remuneration Committee (Chair) • Board Credit Committee

BOARD ATTENDANCE
8/9

Michaela Alves Da Silva 38

NATIONALITY
British

APPOINTED **2023**

QUALIFICATIONS
Chartered Global Management Accountant (UK) • Fellow Member of Botswana Institute of Chartered Accounts (FCPA) • Member of the Institute of Chartered Global Management Accountants (CGMA)

KEY SKILLS
Finance, Accounting and Audit • Mergers and Acquisitions • Corporate Business Strategy

COMMITTEE MEMBERSHIP
Board Audit Committee

BOARD ATTENDANCE: 9/9

Michael Kgengwenyane 55

NATIONALITY
Motswana

APPOINTED **2024**

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

BOARD ATTENDANCE
8/8

Richard Christopher Irvine 63

NATIONALITY
South African

APPOINTED **2024**

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

BOARD ATTENDANCE
8/8

NON-EXECUTIVE DIRECTORS (INDEPENDENT)

Dr Agnes Tsholofelo Khunwana 55

NATIONALITY
Motswana

APPOINTED **2024**

QUALIFICATIONS
Doctor Of Business Administration (Business School Netherlands) • Master Of Science in Strategic Management (University of Derby) • Bachelor Of Commerce (University of Botswana) • Fellow - Chartered Institute of Global Management Accountants (FCMA - UK) • Certificate In ESG • Aviation Leadership Development Program (IATA/Harvard)

KEY SKILLS
Finance and Accounting • Audit • Business Strategy

COMMITTEE MEMBERSHIP
Board Audit Committee

BOARD ATTENDANCE
3/4

Lungisa Fuzile 58

NATIONALITY
South African

APPOINTED **2022**

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

KEY SKILLS
Banking Financial Regulation • Financial Assets and Liability Management • Regulatory and Fiscal Policy Implementation and Management

COMMITTEE MEMBERSHIP
Board Risk Management Committee • Board Remunerations Committee

BOARD ATTENDANCE
7/9

EXECUTIVE DIRECTOR

Realeboga Phoi 41

CHIEF FINANCE AND VALUE MANAGEMENT OFFICER

NATIONALITY
Motswana

APPOINTED **2024**

QUALIFICATIONS
Association Of Chartered Certified Accountants (ACCA) • Fellow Member of Association of Chartered Certified Accountants (FCCA) • Fellow Member of Botswana Institute of Chartered Accounts (FCPA) • Association of Accounting Technicians (AAT)

KEY SKILLS
Banking and Insurance • Strategic Financial Management • Audit and Assurance

COMMITTEE MEMBERSHIP
None

BOARD ATTENDANCE
4/4

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 office of the Secretariat conducts an annual benchmarking exercise, focusing on competitor financial institutions and other non-bank financial institutions, to evaluate board fees and other forms of remuneration. Based on this exercise, a recommendation on appropriate fees is made to the Board and ultimately presented to shareholders for approval at the Annual General Meeting (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 as outlined in King IV.

The proposed board fees for the financial year 2024 have been reviewed and benchmarked against industry peers to ensure they reflect the responsibilities, time commitment, and expertise required of directors. The fees are designed to 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 remuneration received by the Directors is presented at note 22.10 as required by King IV Code.


MEANINGFUL
IMPACT
EVERY DAY

OUR CORPORATE GOVERNANCE PRINCIPLES

Introduction

The King IV Code on Corporate Governance (King IV) forms the cornerstone of our corporate governance principles and practices.

This section of the Integrated Report demonstrates how the board applied the King IV principles to set and steer the strategic direction of the Bank and ensured oversight and monitoring of the Bank's performance through appropriate accountability.

Application of the King IV principles is achieved through two mechanisms:

Internal controls
Adherence to the Bank's constitution, frameworks, standards, policies, and mandates, which cover all aspects of the Bank's activities.

External regulations
Compliance with all applicable regulatory requirements, including the Companies Act, Banking Act, Basel Corporate Governance Principles for Banks, BSE Listings Requirements and King IV.

PRINCIPLE 1

Leadership

The Board leads the Bank ethically and effectively

Stanbic Bank Botswana Limited has a unitary board, comprising a total of thirteen (13) board members with two executive directors and eleven (11) non-executive directors. The majority of the non-executive directors, including the Board Chair are independent.

The Board acts as a cohesive unit with the collective experience and expertise of all the directors, serves as the custodian of good governance, recognising 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 as a collective and led by the Chairman, is responsible to ensure that its conduct and that of Management, in the way they make decisions and engage with stakeholders, is aligned with the Standard Bank Group's values and the code of ethics and conduct. The Board and Management are therefore expected to set the ethical tone from the top and to exemplify ethical conduct. They are expected to be the example of ethical leadership.

The groupwide personal account trading policy, as well as the directors' and prescribed officers' dealing in group securities policy, prohibit directors and employees from trading in securities during closed periods, as well as during self-imposed embargo periods. In addition, certain nominated employees are prohibited from trading in designated securities due to the price-sensitive information they may obtain in their positions. Compliance with policies is monitored on an ongoing basis and any breaches are dealt with according to the provisions of the applicable policy.

The Board has adopted the following Policies to ensure ethical conduct in the Bank:

The Directors Code of Conduct and Ethics Policy

This Policy is designed to ensure that Conflicts of interest are managed fairly between SBBL and its Directors; and business is conducted with the highest standards of professional behaviour, business conduct and sustainable banking practices. The Policy requires that directors should conduct themselves honestly, in good faith and in the best interests of the Bank and that they at all times execute their duties with due care and diligence whilst also ensuring that they disclose any real or potential conflict of interest that they may have regarding any matter that may come before the Board or its Committees. The Policy requires that a Director should abstain from discussions and voting on any matter in which the Director has or may have a conflict of interest. Minutes of meetings should also reflect such declarations and conflicts, and how these were managed.

Conduct Risk Policy

The main purpose of the Conduct Risk Policy is to curb inappropriate conduct and behaviour in the execution of business activities of the Bank. The Policy ensures that there is monitoring and oversight of Conduct Risk and that such monitoring and oversight is effective.

Anti Bribery and Corruption Policy

The Policy aims to ensure the Bank and its associated persons operate in compliance to all applicable Anti Bribery and Corruption laws, rules and standards thereby ensuring that the Bank maintains a culture that actively seeks to prevent bribery and corruption and thereby ensuring that the Bank's business is conducted with integrity and transparency.

Whistleblowing Policy

This Policy promotes the disclosure of information by employees and external parties on actual and/or suspected acts of fraud, corruption and other unethical practices which are occurring, occurred in the past or are likely to occur in the future. The Policy provides for the protected disclosure of any attempted, suspected, or actual unlawful, irregular and/or unethical behaviour that employees, non-employees and/or other third parties come across in the Bank. It is therefore an avenue that enables employees and other stakeholders to seek advice or report concerns about unethical or unlawful behaviour on a confidential basis. Information on the Whistleblowing Policy and processes as well as training is provided to staff on a regular basis.

The Board has further delegated responsibilities to its Board Committees to consider and review, at least quarterly, reports from Management on ethics, conduct and culture in the Bank. The Mandate of the Board Audit Committee provides that the Committee is to monitor investigations on financial crime, monitor ethical conduct of the Bank's senior management, and review reports on violations of the Code of Ethics. The Committee further reviews the procedures established for employees to make confidential submissions regarding inappropriate accounting and other business matters.

The Risk Committee has the delegated responsibility to monitor matters of conduct on behalf of the Board and is required to review risk and conduct matters which include the review of processes put in place to disclose of information to customers, manage and resolve customer complaints and compliance with the code of ethics. For the reporting period the Board Risk Committee considered Risk and Conduct Reports on a quarterly basis.

The Board Remuneration Committee reviews the recognition and reward system to ensure alignment to the Remuneration Policy. The Remuneration Policy requires that the Bank should measure and reward for value delivered by employees but should also make adjustment for risk assumed including unethical conduct.

PRINCIPLE 3

Responsible Corporate Citizenship

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

The Bank's strategy, purpose and conduct align with the principles of being a good corporate citizen. In agreeing the Bank's strategy, the board considers the social, economic, and natural environments in which the Bank operates. It considers a full range of issues that influence the sustainability of the Bank's business, and which create value over the long term. As an African business, the Bank understands the challenges and benefits of doing business in Africa and owes its existence to the people and societies within which it operates.

The Bank is committed therefore not only to the promotion of economic development but also to the strengthening of civil society and human well-being.

The Bank concentrates its social investment expenditure in defined focus areas in order to make the greatest impact. These areas of focus are subject to annual revision as the country's socioeconomic needs change.

As a member of the Standard Bank Group, the Bank shares in the Group's commitment to sustainable development and ethical business practice is premised on the belief that the only way to grow shareholder value and manage business risk over the long term is to do our best to meet the needs of all our stakeholders. As such we continue to manage the Group's non-financial impacts and contributions in a balanced and considered manner – seeking to align the interests and expectations of all our stakeholders in a way that unites commercial opportunity with social and environmental responsibility.

It is the policy of the Group to set aside a considerable proportion of its after-tax profits for community development and support. Social and environmental responsibility remains an important part of the Group's culture.

The Bank's **Sustainability Report** provides further details on this.

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 2024, 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, assessment of progress made towards the strategy, and risks that may prevent the Bank from achieving its strategy.

Board Meetings

The Board meeting process is meticulously designed to ensure effective governance, strategic oversight, and informed decision-making, in alignment with the King IV Code on Corporate Governance and international best practices. The process emphasises regulatory compliance, the Bank's strategic objectives, and forward-looking deliverables, and is structured as follows:

1. **Agenda Preparation and Planning**
   The Company Secretary, in collabouration with the Chief Executive (CE) and the Board Chair, 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 and group. 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.

2. **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 issues. Particular 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.

3. **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.

4. **Closed Sessions for Non-Executive Directors**
   When deemed necessary, non-executive directors convene in closed sessions, excluding the executive directors. These sessions, led by the Board Chair, 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 Standard Bank Group Africa Regions Chief Executive, as appropriate, to ensure alignment and address any concerns raised.

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

- Client focus
- Employee engagement
- Risk and conduct
- Operational excellence
- Financial outcome
- Positive impact

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. It ensures that the Board remains focused on driving the Bank's strategic objectives while maintaining compliance with regulatory requirements and delivering forward-looking outcomes. Furthermore, emphasises alignment with King IV principles, and highlights the Board's commitment to governance best practices.

PRINCIPLE 4 (continued)

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 Chair to request for specific matters to 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 of engagements at the meetings.

Conflict of Interest

Pursuant to their fiduciary duties, members of the Board are committed to acting in the best interest of the Bank in good faith and without undue personal conflict. All Board decisions are consistently based on ethical foundations in line with the Bank's values. The Board has therefore set in place processes to manage conflicts of interests as and when they arise.

Before assumption of office, directors declare their professional and business interests to the Board, and this declaration is continuously reviewed and updated where there are changes. Further, on an annual basis, directors complete their declaration of interest forms, a process driven by the Company Secretary. The Board is aware of directors' outside commitments and how these can affect their ability to perform their duties. In the current year, the board was satisfied that directors allocated sufficient time to enable them to discharge their responsibilities effectively.

At the beginning of each meeting all members are required to declare any conflicts of interest they have in respect of matters on the agenda. Any such conflicts are proactively managed, as determined by the Board and subject to legal provisions. Where conflicts have been identified, directors recuse themselves from the meeting when the board considers any matters in which they may be conflicted.

The Company Secretary maintains a register of directors' interests.

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. For the year ending 31 December 2024, the Bank has produced an Integrated Report as well as a Sustainability Report. These two new 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 2024. 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 has overall responsibility for governance in the Bank and retains effective control through the Corporate Governance Framework. 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 Boards 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 look 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

Our Board of Directors have collective skills and diverse expertise, and these are paramount in providing effective oversight and governance in the running of the Bank. As a unitary board, their combined experience, qualifications, and independent perspectives enable them to offer informed guidance, rigorous oversight, and constructive challenge, ensuring the Bank's strategic objectives are met while maintaining robust governance standards. The Board's ability to leverage its diverse skill set fosters integrated thinking, which is essential for aligning the Bank's strategy with sustainable value creation. Non-executive directors, specifically, play a critical role by providing independent and objective judgement, monitoring executive management's performance, and ensuring that strategic delivery remains within the approved measures and this collective approach not only enhances the Bank's strategic agility but also strengthens its resilience in navigating complex and dynamic environments. By fostering a culture of accountability, innovation, and ethical leadership, the Board ensures the Bank remains well-governed, stakeholder-focused, and capable of delivering long-term value, thereby upholding the principles of King IV and demonstrating corporate governance excellence.

PRINCIPLE 7 (continued)

Key Collective Skills and Contributions:

Skill	Description	Members with Skill	Value Provided
Banking and other Financial Services	Experience in banking including investment banking, retail banking, global financial markets, or consumer products; and/ or experience in other financial services, including insurance and asset management.	11/13	The Board's deep experience in banking enables them to critically evaluate the Bank's business model, strategies, and competitive positioning. This expertise ensures that the Bank remains agile and responsive to industry trends and challenges.
Doing business in sub-Saharan Africa, International Markets	Experience in diverse geographic, political, and regulatory environments in Sub-Saharan African markets and international financial markets, meeting client needs in these jurisdictions.	10/13	With significant experience in diverse geographic, political, and regulatory environments across Sub-Saharan Africa and international financial markets, the Board is well-equipped to oversee the Bank's operations and client service delivery. This skill ensures the Bank can effectively navigate complex markets and meet the needs of its customers in varied jurisdictions.
Client / Stakeholder Management	Experience in monitoring and improving client and stakeholder relationships.	13/13	The Board's universal expertise in monitoring and improving client and stakeholder relationships ensures that the Bank maintains strong, trust-based relationships with its stakeholders. This skill is critical for resolving issues effectively and fostering long-term partnerships that support the Bank's growth and reputation.
Risk and Capital Management and Controls	Skills and experience in assessment and management of risk (including non-financial risk) and capital management.	12/13	The Board's strong skills in risk assessment, capital management, and controls enable them to oversee the Bank's risk framework effectively in line with regulatory requirements and international standards. Their ability to understand and mitigate both financial and non-financial risks ensures the Bank operates within its risk appetite and maintains financial stability.
Accounting and Auditing	Knowledge of or experience in accounting, financial reporting or auditing processes and standards.	8/13	With a solid foundation in accounting, financial reporting, and auditing processes, the Board provides rigorous oversight of the Bank's financial position and condition. This expertise ensures accurate financial reporting and supports the Board in assessing the Bank's strategic objectives from a financial perspective.
Technology / Cybersecurity	Experience with or oversight of innovative technology, cybersecurity, information systems/data management, fintech or privacy management	6/13	The Board's experience in innovative technology, cybersecurity, information systems, and data management enables them to oversee the security of the Bank's operations, assets, and systems. This skill is vital as the Bank continues to invest in digitisation and technology-driven solutions to enhance customer experience and operational efficiency.
Leadership of a large complex organisation	Senior executive experience managing business operations and strategic planning.	12/13	The Board's experience in managing complex business operations and strategic planning ensures they can effectively oversee the Bank's multifaceted operations. This skill is critical for aligning the Bank's activities with its long-term strategic goals.
People Development, Diversity and Inclusion and Remuneration	Experience in senior executive development, succession planning, diversity, inclusion, and executive remuneration.	12/13	The Board's expertise in people development, succession planning, diversity, inclusion, and remuneration enables them to oversee the Bank's efforts to recruit, retain, and develop key talent. This skill ensures the Bank remains competitive in attracting top talent and aligns executive compensation with performance and governance standards.
Public Company Governance	Knowledge of public company governance matters, policies, and best practices.	12/13	The Board's knowledge of public company governance and regulations ensures that the Bank adheres to high governance standards. This skill is essential for shaping the Bank's operation, interacting with stakeholders, and understanding the impact of governance practices on the Bank's operations.
Regulation / Public Policy / Macroeconomic Policy	Understanding of and experience in regulated businesses, regulatory requirements, including conduct and culture, and relationships with global regulators.	12/13	The Board's understanding of regulated businesses, regulatory requirements, and macroeconomic policy enables them to oversee the Bank's compliance with applicable regulations. This skill ensures the Bank maintains strong relationships with regulators and operates with integrity and transparency and most importantly protects its license to operate.
Environmental / Social	Knowledge and experience in how the Bank's activities affect the environment (including impact on climate change) and society (including consumer protection, community development and protection of human rights, etc).	10/13	The Board's knowledge of environmental and social issues, including climate change, consumer protection, and community development, ensures the Bank operates as a responsible corporate citizen. This skill enables the Board to oversee the Bank's impact on society and the environment, aligning its operations with sustainable development goals.

PRINCIPLE 7 (continued)

Ongoing Director Education

Ongoing director education is a key contributor towards the Board's awareness of trends as well as skill development to empower directors to provide more effective oversight of the Bank. Directors are kept abreast of applicable laws and regulations, changes to legislation, standards and codes, and relevant financial sector developments that could affect the Bank and its operations. Continuing board education sessions are scheduled in advance to ensure full board participation. Ongoing director education ensures that the board has both the awareness of relevant trends and the appropriate skills to offer relevant counsel and provide effective oversight on a forward-looking manner for the long sustainability of the Bank.

During the year under review the following training topics were considered:

- Corporate Governance
- Fiduciary Responsibilities
- Common and Statutory Law of Directors
- Conflicts of Interest
- Financial Performance Interpretation
- Accounting Policies/Standards
- ESG Trends, Risks, and Opportunities
- Data Privacy
- Cyber Security
- IT Integration

Board Succession

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

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 Annual General Meeting (AGM). Non-executive directors who retire by rotation and are available and eligible, may stand for re-election at the same AGM.

Independence Assessment

The Bank of Botswana Guidelines on Corporate Governance defines independence of a directors as an individual who is neither a shareholder, a representative of a shareholder, an employee of the Bank or its related party or holding company. King IV adds that there should be no interest, position, association, or relationship, that from the perspective of a reasonable and informed third party, is likely to influence unduly or cause bias in decision-making.

On an annual basis, the Board deliberates and approves the categorisation of directors as independent after an assessment of each director. The assessment process includes a self-assessment by each director as well as consideration of each director's circumstances by the Board.

To promote and enhance diversification, transparency and independence of the Board, the representation of the related persons of the board is restricted to one-third of the board membership in line with the Bank of Botswana Guidelines on Corporate Governance.

For the year under review, 10 of the non-executive directors retained their independence status, with none being declassified as such. The Bank has 1 non-executive director who is classified as a related person, which is within the threshold set by the Bank of Botswana Guidelines on Corporate Governance.

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 Chair 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 assists 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, which are essential for any organisation's success. Our core belief, **"Botswana is our home, we drive her growth,"** shapes our purpose and ensures that every individual within the Bank is recognised and empowered to contribute meaningfully to our strategic objectives. By establishing clear roles and responsibilities, we foster accountability, transparency, and fairness—key elements for maintaining trust among all stakeholders, including shareholders, regulatory bodies, the community, employees, the Board of Directors, its committees, and executive management.

This structured approach aligns seamlessly with our strategy, which places our people at the heart of achieving excellence. It guarantees that all actions are guided by the Bank's purpose and values.

The Board is dedicated to operating within a robust governance framework that adheres to the Companies Act and the Banking Act. This commitment underscores our pursuit of the highest standards of corporate governance. By embracing the principles of King IV, we ensure that our governance practices promote ethical leadership, integrated thinking, and sustainable value creation.

This transparent framework empowers the Board and executive management to effectively oversee operations, manage risks, and achieve our strategic goals while remaining accountable to all stakeholders. Ultimately, this approach not only enhances our capacity to drive Botswana's growth but also solidifies our reputation as a trusted and responsible institution committed to excellence in all aspects of our operations.

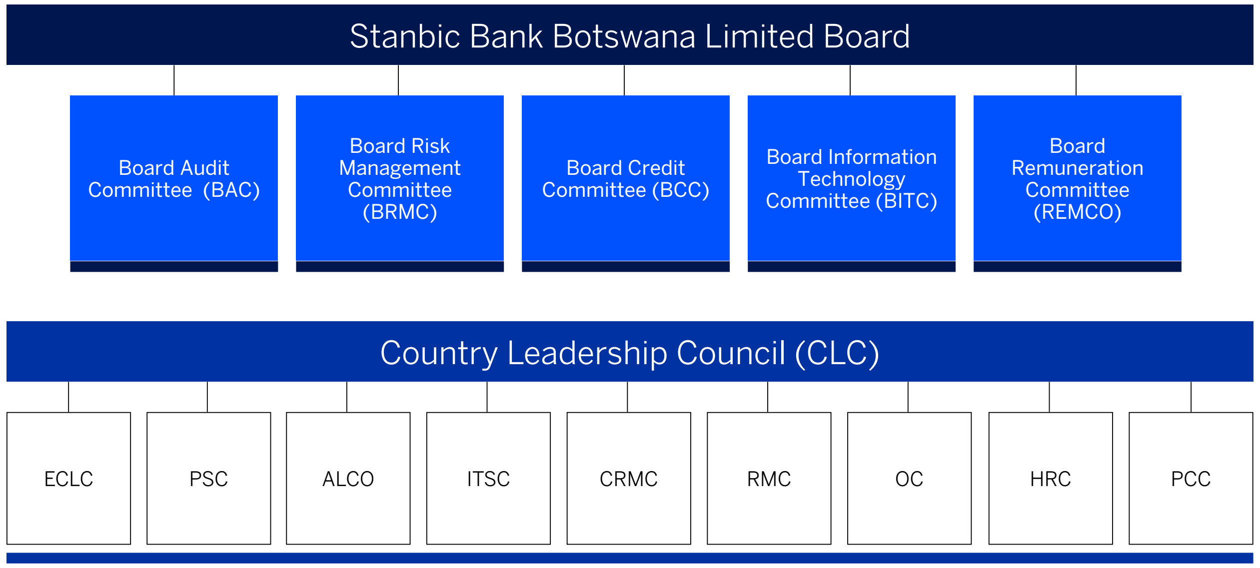
The Board remains ultimately responsible for the management of the business and affairs of the Bank. The Board exercises this responsibility through its governance structures. Without abdicating its responsibility, the Board has delegated certain functions to its committees in line with the corporate governance framework as well as relevant legislation. This allows the Board to allocate sufficient attention to the matters reserved for its decision-making, while also ensuring that delegated matters receive in-depth focus.

Each of the Board Committees have a mandate reviewed and approved by the Board annually, that sets out the terms of reference for the respective Committee. The Board considers its members' skills, experiences, independence status, as well as applicable legislation and corporate governance guidelines, when determining composition of its committees. This ensures alignment with the deliverables specific to each committee.

Committee chairs are accountable for the effective functioning of Board Committees. They provide verbal updates and submit reports to the Board on committee activities at each Board meeting. The minutes of Board Committee meetings are also included in the Board packs for noting. Annually, committee chairmen provide the Board with an opinion on the committees' effectiveness.

As part of our governance framework for 2024, the committees have attested to the Board that they have fulfilled their responsibilities in accordance with their terms of reference. This confirmation further reinforces our commitment to governance and accountability.

GOVERNANCE STRUCTURE



ECLC: Extended CLC
ALCO: Assets and liabilities management committee
ITSC IT Steering Committee
CRMC: Credit risk management committee
RMC: Risk management committee
OC: Operations committee
PSC: Projects Steering committee.
HRC: High-risk committee
PCC: People and culture committee

PRINCIPLE 8 (continued)

BOARD AUDIT COMMITTEE (BAC)

Butler Phirie
Chairman

Pursuant to the provisions of the Bank of Botswana Corporate Governance Guidelines, none of the members of the BAC serve in any other Board Committee.

The Audit Committee's purpose is to oversee the Bank's internal controls, assurance functions, and compliance with regulations. They evaluate the effectiveness of audit and compliance functions, promote communication among stakeholders, ensure financial statement integrity, and foster a strong control environment.

For the year under review, the Committee has successfully fulfilled its obligations in accordance with its mandate and has attested same to the Board. In executing the committee's responsibilities as outlined in the Committee's terms of reference, the following key focus areas were addressed:

- Reviewed and approved the internal audit charter and the internal audit plan, as well as ensuring compliance to the audit plan.
- Evaluated quarterly reports from internal audit, which included progress on audit plan delivery.
- Approved the budget, reviewed financial reports, including quarterly financial updates and budgets, and updates on liquidity and capital planning and management
- Assessed reports on fraud risk and investigations.
- Considered and approved the appointment of the external auditor including the auditors' fees and reviewed the external auditor's reports.
- Approval of the audit scope
- Monitoring the performance of external and internal auditors
- Ensure timely approval of the financial reports.
- Reviewed reports on financial crime and fraud incidents.

BOARD AUDIT COMMITTEE ATTENDANCE 2024

	19/03/2024 **Q1**	19/06/2024 **Q2**	20/08/2024 **Q3**	12/11/2024 **Q4**
B Phirie (Chair)	✓	✓	✓	✓
C Coutinho	✓*	✓*	✓*	✓*
M Alves Da Silva	✓	✓	✓	✓
A Khunwana*	n/a	n/a	n/a	✓

*A Khunwana was appointed to the committee on 14 August 2024

KEY
✓ Attended ✓* Invitee to the committee n/a - Not a member of the committee

PRINCIPLE 8 (continued)

BOARD RISK MANAGEMENT COMMITTEE (BRMC)

Larona Somolekae
Chairman

The Risk Management Committee has been delegated for ensuring the quality and integrity of the Bank's risk and compliance management and functions. Its primary responsibilities include ensuring that the Bank has a risk management framework that identifies, assesses, monitors, and manages risks effectively, in line with its risk appetite, regulatory requirements, and strategic objectives. The Committee plays a vital role in safeguarding the organisation's resilience, sustainability, and ability to deliver value to stakeholders while maintaining compliance with applicable laws and regulations. The Committee's scope covers various risk disciplines, including credit, operational, liquidity, market, compliance, and liquidity risks, as well as key risks such as interest rate, operational, compliance, legal, and reputational risks. Ultimately, the Committee aims to ensure the Bank operates with a strong risk management framework, compliance with regulations, and effective risk monitoring, enabling it to identify and mitigate potential risks and maintain a robust risk culture.

For the year under review, the Committee has effectively fulfilled its obligations in accordance with its mandate. In discharging its responsibilities, as outlined in the Committee's terms of reference, key focus areas were carefully considered and approved. These included:

- The assessment and approval of the Bank's risk appetite statement and risk profile for the Bank's operations.
- Quarterly reviews of detailed risk management reports, encompassing critical risk types such as credit, operational, liquidity and market risks across the Bank.
- Additionally, quarterly reports on legal and reputational risks were reviewed.
- Addressed regulatory matters, including updates on regulatory developments, with a continued emphasis on Anti-Money Laundering (AML) and Data Protection Act compliance.
- Approved the macroeconomic scenarios utilized in the Internal Capital Adequacy Assessment Process (ICAAP) stress testing exercises.

These activities underscore the Committee's commitment to robust risk oversight and governance.

BOARD RISK MANAGEMENT COMMITTEE ATTENDANCE 2024

	18/03/2024 Q1	19/06/2024 Q2	18/08/2024 Q3	11/11/2024 Q4
L Somolekae (Chair)	✓	✓	✓	✓
A Coutinho*	✓	n/a	n/a	n/a
M Bokete	✓	✓	✓	✓
L Fuzile	✓	✓	✓	✓
R Irvine**	n/a	✓	✓	✓
M Kgengwenyane***	n/a	✓	✓	✓

*A Coutinho resigned from the committee on 22 March 2024
**R Irvine was appointed to the committee on 15 May 2024
***M Kgengwenyane was appointed to the committee 19 April 2024

KEY
✓ Attended ✓* Invitee to the committee n/a Not a member of the committee

PRINCIPLE 8 (continued)

BOARD CREDIT COMMITTEE (BCC)

Mark Haskins
Chairman

The Board Credit Committee's purpose to ensure effective credit governance for the adequate management, measurement, monitoring, and control of credit risk. To achieve this, the Committee reviews and oversees the overall lending policy, directs the formulation, review, and monitoring of credit policies and procedures, ensures effective procedures for managing non-performing loans, addresses issues materially impacting the Bank's credit risk management, and delegates and reviews lending of related parties including lending limits for senior management.

For the year under review, the Committee has successfully met its mandated obligations. In fulfilling its responsibilities as defined in its terms of reference, key strategic areas of focus included:

- Supporting clients through the provision of repayment moratoriums to aid in the management of their financial performance during the prevailing economic climate and maintaining an appropriate risk appetite for the Bank's credit offerings.
- Approval and monitoring of facilities in excess of 10% of unimpaired capital
- Ensured that lending and/or transactions to related parties are done at arm's length.
- Review and Monitor the Non-Performing loans.
- Review and monitor the credit loss ratio.

BOARD CREDIT COMMITTEE ATTENDANCE 2024

	09/01/2024 Special	20/03/2024 Q1	26/04/2024 Special	17/06/2024 Q2	21/08/2024 Q3	13/11/2024 Q4
M Ismail (Chair)*	✓	✓	n/a	n/a	n/a	n/a
P R De Wet **	✓	✓	n/a	n/a	n/a	n/a
B Groth	✓	✓	✓	✓	✓	✓
M Haskins (Chair)***	✓	✓	✓	✓	✓	✓
A Coutinho****	n/a	n/a	✓	-	✓	-
R Irvine*****	n/a	n/a	n/a	✓	✓	✓

* M Ismail retired from the committee on 22 March 2024
** P R De Wet retired from the committee on 22 March 2024
***M Haskins was appointed as the chair of the committee on 22 March 2024
****A Coutinho was appointed to the committee on 22 March 2024 and resigned on 29 November 2024
*****R Irvine was appointed to the committee on 15 May 2024

KEY
✓ Attended ✓* Invitee to the committee n/a - Not a member of the committee - absent

PRINCIPLE 8 (continued)

BOARD REMUNERATION COMMITTEE (REMCO)

Batsho Dambe-Groth
Chairman

The Committee's primary role is to oversee the development and implementation of effective people and culture and remuneration strategies and policies within the Bank, ensuring alignment with the Bank's culture, objectives, long-term strategy, risk appetite, and performance control environment. It is responsible for ensuring that appropriate policies are established to attract and retain staff with essential skills and a clear succession plan, as well as implementing reward measures consistent with the Bank's pay philosophy and market trends.

For the year under review, the Committee has successfully met its mandated obligations. In fulfilling its responsibilities as defined in its terms of reference, key areas of focus included:

- Review of the talent and succession planning, with specific attention to executive management succession plans.
- Review and oversee the design and operation of the rewards and compensation system.
- The selection of Directors for approval by the Board of Directors based on defined skills matrix.
- Approve key members of senior management.
- Oversee the performance of the Chief Executive, key members of senior management and heads of control functions ensuring that their remuneration is designed in a manner to avoid conflict of interest.
- Review and approve the Employee Value Proposition to determine a sustainable and equitable balance and mix of salaries, and benefits.
- Monitor and review assessed impact of the implementation of the remuneration system at least annually to assess whether the Bank-wide remuneration system is creating the desired incentives for managing risk, capital and liquidity.

BOARD REMUNERATION COMMITTEE ATTENDANCE 2024

	20/02/2024 Special	20/04/2024 Q1	17/06/2024 Q2	21/08/2024 Q3	13/11/2024 Q4
R De Wet (Chair)*	✓	✓	n/a	n/a	n/a
M Ismail**	✓	✓	n/a	n/a	n/a
B Groth (Chair)***	✓	✓	✓	✓	✓
Dr TTK Matome	✓	✓	✓	✓	✓
L Somolekae****	n/a	n/a	✓	✓	✓
A Coutinho*****	n/a	n/a	-	✓	-

* R De Wet retired from the committee on 22 March 2024
** M Ismail retired from the committee on 22 March 2024
***B Groth was appointed as the chairperson of the committee on 22 March 2024
****L Somolekae was appointed to the committee 22 March 2024
*****A Coutinho was appointed to the committee on 22 March 2024 and resigned on 29 November 2024

KEY
✓ Attended   ✓* Invitee to the committee   n/a - Not a member of the committee   - absent

PRINCIPLE 8 (continued)

BOARD INFORMATION TECHNOLOGY COMMITTEE (BITC)

Mthabisi Bokete
Chairman

The Board Information Technology Committee is mandated to guide Information and Technology decisions within the Bank, ensuring they align with strategic objectives of the Bank. The Committee's key purpose is to assist the Board in fulfilling its oversight responsibilities for technology and information governance, ensuring prudent and reasonable steps are taken. By delegating authority to this Committee, the Board aims to maintain effective governance of technology and information, supporting the Bank's strategic goals.

For the year under review, the Committee has successfully met its mandated obligations. In fulfilling its responsibilities as defined in its terms of reference, key strategic areas of focus included:

- Oversee the Bank's investments, operations, and strategy related to Information Technology (IT)
- Review and monitoring of the Bank's cyber security
- Monitor the progress of major technology related projects

	18/03/2024 Q1	19/06/2024 Q2	18/08/2024 Q3	11/11/2024 Q4
M Bokete (Chair)	✓	✓	✓	✓
Dr TTK Matome	✓	✓	✓	✓
M Haskins	✓	✓	✓	✓
L Somolekae*	✓	n/a	n/a	n/a
L Fuzile**	n/a	✓	✓	✓
M Kgenyengwane***	n/a	✓	✓	✓

*L Somolekae resigned from the committee on 22 March 2024
**L Fuzile appointed to the committee on 22 March 2024
***M Kgengwenyane was appointed to the committee on 19 April 2024

KEY
✓ Attended   ✓* Invitee to the committee   n/a - Not a member of the committee   - absent

PRINCIPLE 9

Evaluation and Performance of the Board

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

To review its effectiveness the Board has used a combination of the following:

- Face-to-face feedback sessions, mandate compliance self-reviews and structured Board Evaluations.
- Face-to-face feedback sessions are informal where the Chairman periodically engages with the Directors individually to give and receive feedback on areas of improvement.
- Mandate self-reviews entail a detailed assessment of the board and board committees' compliance with the provisions of their respective mandates. This is done annually and involves each committee reviewing its own performance against the mandate and thereafter attesting to the board that the committee has met it mandate. All committees conducted self-reviews and attested to the Board to have fulfilled their mandate.

In the reporting period the Board commissioned an external evaluation of Board and Board Committees effectiveness. The evaluation formats took the form of a detailed questionnaire shared with directors electronically. The questionnaire was supplemented by structured individual interviews with each of the directors. The evaluation covered an assessment of the full board; all committee assessments; individual director assessments; Chairpman's Assessment; and the support rendered by the Company Secretary function. The results of the external evaluation indicated that overall, board and committee performance was effective. The evaluation determined that the Board had a clear understanding of the company's core business, strategic direction, and all other resources necessary to meet its objectives. The size of the Board was considered adequate to ensure effectiveness and overall, the board was operating effectively across the evaluated themes.

Key Findings

The key findings from the evaluation included the following:

- The content of the Board and Board Committee charters aligned with the requirements of prevailing legislation and regulations including the Banking Act, the Bank of Botswana Guidelines on Corporate Governance for Banks/Financial Institutions, King IV and the Governance Framework adopted by the Bank.
- Board/Committee Agendas were clear and provided a flow of information through the meeting.
- The reports received by the Board were such as to enable the board to be the custodian of and the focal point of corporate governance.
- There is a good balance (representation) of Directors in the Board, with most Directors being independent.
- The Board had set up critical committees and had defined the roles and responsibilities of the Committees.
- Independent Director remuneration was appropriate, reasonable, and fair given the time and services they provide to the Board.

The Board agreed on an action plan to address the areas of improvement raised. Training was organised by the Company Secretary function taken into consideration the specific training needs requested by the Board. The Board finalised its succession plan; The Board at its meetings continued to reflect on stakeholder identification and engagement and this remains a key focus for the Board.

The Board is satisfied that the evaluation process is improving its performance and effectiveness and will continue to find ways to ensure effectiveness in all areas.

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 is responsible for appointing the Chief Executive and has, without abdication of accountability, delegated the responsibility for the day-to-day management of the Bank to the Chief Executive. 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 CE. Whilst delegating authority to management the Board has, through the Constitution and the Board of Directors Mandate, reserved certain powers for itself.

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, who is 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 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 is ultimately responsible for governance of risk. However, this function has been delegated to the Board Risk Management Committee (BRMC) for more focus. BRMC ensures oversight over the governance of risk by setting the direction for how the Bank's risk management should be approached and addressed. The Committee regularly reviews and assesses the adequacy and effectiveness of the risk management framework by ensuring that risk management standards and policies are in place which support the Bank's strategy, are fit for purpose, and are effective operationally. It evaluates and agrees the nature and extent of opportunities and associated risks that the Bank is willing to take in pursuit of its strategic objectives and supports a climate of discipline and control.

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 views technology and information as integral components for not only driving the Bank's strategy, but as vital for any organisation's survival in the new industrial revolution. The Board has delegated governance of technology and information to the Board IT Committee (BITC).

The BITC assists with the oversight of the strategic direction and transformation of the Bank's information security, technology, and data capabilities. It ensures that prudent and reasonable steps are taken to govern technology and information in line with King IV.

The Board Risk Management Committee and the Board Audit Committee also play a role in the governance of technology and information. The BRMC has oversight on non-financial risk, which includes technology and information risks. The BAC monitors the implementation of remedial actions listed in the internal and external audit reports that pertain to technology and information.

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 is committed to the principle of doing the right business the right way, which encompasses complying with applicable legislation, regulations, standards, and codes. Oversight over compliance management is delegated to the BAC.

The Head: Compliance reports to the BAC and enjoys unfettered access to the Committee. The BAC receives reports on the status of the Bank's compliance risk management, significant areas of non-compliance, and interaction with regulators, on a quarterly basis.

PRINCIPLE 14

Remuneration Governance

The Board ensures that the group 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 reviewed and adopted the remuneration policy which sets out the elements of remuneration that are offered in the organisation.

Non-executive directors' remuneration is determined by shareholders in a general meeting on recommendation by the board and with the support and oversight of the Group Remuneration Committee. Non-executive directors' remuneration is reviewed on an annual basis and benchmarked against local peers. Non-executive directors do not receive shares or options or any incentive in addition to fees.

	Sitting Fee	Annual Retainer
Board		
Chair	49,095.00	196,381.00
Member	32,730.00	98,191.00
Board Committees (Other than BAC)		
Chair	23,378.72	62,343.24
Member	15,585.81	47,380.87
Board Audit Committee Fees		
Chair	40,913.00	115,210.00
Member	32,730.00	99,500.00

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 has oversight over assurance providers. The Board Audit Committee is responsible for recommending the appointment of auditors to the Board and overseeing the external audit process. The Board Audit Committee has been delegated the responsibility to ensure that all assurance activities are well coordinated and complimentary.

The Board Audit Committee mandate requires that the Committee provides oversight over the application of a combined assurance model. The Audit Committee reviews the plans and work outputs of both external and internal auditors as well as work on the compliance and operational risk and assesses their adequacy to address all significant financial risks faced by the business or which can impair the integrity of information used for decision making and external reporting.

The Board Audit Committee is responsible for overseeing the Internal Audit function. The Committee reviews and approves the annual internal audit charter and audit plan, and evaluates the independence, effectiveness and performance of the internal audit department and its compliance with its charter. The Committee has further been tasked the responsibility to review significant issues raised in the internal audit processes and the adequacy of corrective action in response to such findings; it assesses the adequacy of the performance of the internal audit function and adequacy of the available internal audit resources.

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 group over time.

The Board understands the value of a stakeholder-inclusive approach in execution of its duties. The Bank's stakeholder engagement activities are underpinned by stakeholder engagement principles that set out the formal processes and areas of responsibility. The Bank's stakeholder engagement report forms part of the Board's agenda and is considered by the Board in its meetings.

Through the stakeholder engagement processes, the Bank is committed to understanding and being responsive to the interests and expectations of stakeholders and to partnering with them to find solutions to sustainability challenges.

8. Application of King IV

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

The Standard Bank Group complies with the principles of the Code of Corporate Practices and Conduct (King Code). The principles of the King Code determine the standards for the Group's governance framework and practices. Stanbic Bank Botswana Limited (the Bank) is guided by these principles. In addition, compliance with applicable legislation, regulations, standards and codes remains an essential characteristic of the Bank's culture. The Board of Directors monitor compliance with these by means of management reports. Information on the outcomes of any significant interaction with key stakeholders, such as the Bank's regulators, is also provided to the Board. The Bank complies with all applicable legislation, regulations, standards and codes in Botswana.

The below broadly highlights how the principles were applied.

KING IV Principle	Reference
Principle 1: The governing body should lead ethically and effectively.	Information regarding the Board's declaration of interest practices and independence assessments are outlined on page 40 and 43 respectively.
Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	Practices that the Board has set in place and actively monitors towards governing the ethics of the Bank are outlined on page 37.
Principle 3: The governing body should ensure that the organisation is and is seen to be a responsible corporate citizen.	The Bank's Sustainability Report provides further detail on the Bank's responsible corporate citizenry.
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.	Information regarding the Board's role in strategy development, strategy execution and monitoring are outlined on page 39.
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.	This Integrated Report is one of the ways the Board ensure that stakeholders are informed about the Bank's performance and prospects. Further details may be seen on page 40, while the financial statements are on page 105.
Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation.	Detail on the Bank's Corporate Governance Framework and its application by the Board may be seen on page 41.
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.	Articulation on the Board's composition is on page 41.
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.	Information on the Board Committees is found on page 44.
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.	Articulation of the Board's evaluation process and findings are outlined on page 50.
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 Bank's delegation of authority process is outlined on page 51.
Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving strategic objectives.	Details on how the Board governs risks and the activities of the Board Risk Management Committee are on page 51 and 46, respectively.
Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	Details on how the Board governs technology and information and the activities of the Board IT Committee are on page 52 and 49, respectively.
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.	Details on how the Board governs compliance and the compliance functions of the activities of the Board Audit Committee are on page 52 and 45, respectively.
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.	Information regarding Board of Directors remuneration and remuneration governance is found on pages 33, 52 and 143.
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, through the Board Audit Committee oversees and empowers the external auditors, internal auditors, as well as the compliance function to ensure an effective control environment.
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 Stakeholder Engagement Report is on page 62.
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.	Not applicable

OUR PEOPLE STORY

At Stanbic Bank, we foster an environment that empowers our people to become the best versions of themselves. When personal growth happens on a micro level, national growth occurs on a macro level.

Our strong employer brand is deeply embedded in our culture, making it our true competitive advantage. Our purpose, strategy and values are interwoven with this culture, shaping everything we do.

Employee Engagement

Every voice matters. Through our annual employee engagement survey, our people actively contribute to shaping the Bank's culture. Their passion and advocacy for the brand and our clients have propelled Standard Bank Group to be recognised among the Top 20 Best Employers globally by Forbes and first in Africa in 2024.

As we approach the culmination of our ***Letsema*** 2025 strategy, our commitment to enhancing the employee experience is evident in our latest Employee Net Promoter Score (eNPS) of +53, a significant improvement from +41 in 2023, surpassing our target of +50.

Accelerating Culture and Embedding Leadership Effectiveness

Investing in our leaders means investing in the future of our organisation. In 2024, we successfully completed a deliberate talent acquisition programme, filling all Country Leadership Council roles with five diverse and talented individuals.

Our focus on gender diversity has delivered impressive results, with women now making up 53% of our executive team, a significant rise from 31% four years ago.

Leadership effectiveness is measured by how well our talent experiences growth and development. Our monthly ***Lekgotla*** Communication Platform remains the preferred forum for meaningful interactions between employees and leadership, fostering open dialogue and a shared vision for cultural transformation.

Inspired and Involved Employees

We are committed to keeping employees engaged and aligned with our purpose – driving Botswana's growth. Our enhanced Employee Value Proposition (EVP) prioritises holistic wellness, including:

- Discounted gym rates
- Home security packages
- Additional medical aid options
- Support for sports, health, and social clubs

Our employees actively participate in corporate sporting tournaments, with our soccer teams defending the Bank's League title for two consecutive years. The running, cycling and netball clubs continue to grow, competing in regional events.

Diversity, Equity and Inclusion (DEI)

Our DEI mandate is a key pillar of our people strategy. In partnership with CEEP, we empower employees—especially women—for enterprise development and sustainability. During International Women's Month, our women employees participated in the 'Women Leading in Entrepreneurship' series, led by the Stanford Seed Transformation Network.

We also strive to create an inclusive workplace for employees with disabilities. A disability sensitisation assessment was conducted to evaluate and improve our inclusivity efforts, ensuring a more accommodating work environment.

Attracting and Retaining Talent

To address talent scarcity and strengthen our succession pipeline, we established a graduate programme in 2024, onboarding 10 graduates with diverse skill sets in economics, finance, statistics, psychology, auditing and legal theory. These graduates undergo a two-year rotational programme before securing permanent positions.

Following our 2023 organisational redesign, we created capacity to absorb more diverse skills. Over 30 graduates were permanently employed in entry-level roles, bringing expertise in business intelligence, process engineering, criminal justice, data analytics and computer sciences. This initiative aligns with Stanbic Bank's commitment to tackling youth unemployment and supporting national development.

Corporate Social Responsibility

Employee wellbeing is at the core of our culture—not just for business outcomes, but because it's the right thing to do. In 2024, our annual Blood Donation Drive, titled 'Fill Up The Bank', surpassed expectations by collecting 1,500 pints of blood against a target of 1,000, contributing to the National Blood Transfusion Centre exceeding its target for the first time in three years.

International Assignments and Secondments

Talent mobility remains a key driver of success. In 2024, we facilitated 24 Batswana employees for international assignments in London, New York, and South Africa. These experiences enrich our teams with global perspectives while preparing employees for leadership roles within the broader Standard Bank Group.

Engagement Metrics

Dimension	2023	2024	Action
eNPS Score	+41	+53	Employee Engagement Plan
Talent Management	83%	93%	Succession (CLC Bench Strength)
Recognition	60%	81%	Employee of the Quarter – Group and Local Mark of Excellence
% of Women in Senior Leadership	44%	45%	Her Story and Ignite Women Development Programme
Staff Turnover	2.1%	2.1%	Retention Plan

Country Leadership Council

Chose Modise
Chief Executive
APPOINTED **2022**

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

Lesego Osman
Head, Business and Commercial Banking
APPOINTED **2023**

QUALIFICATIONS
Masters in Business Administration - Finance • Diploma in Bank Credit Management • Bachelor of Information Systems • Association of Chartered Certified Accountants.

Joined the group: 2023

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

Thomas Mpedi
Head, Operations
APPOINTED **2024**

QUALIFICATIONS
Bachelor of Business Administration in Management

Joined the group: 2024

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 G. 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

Country Leadership Council (continued)

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

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

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

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

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

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

Titose Musa
Head, Compliance
APPOINTED **2023**

QUALIFICATIONS
Bachelor of Arts • Master of Science in Strategic Management

Joined the group: 2023

OUR STAKEHOLDERS

Deriving strength from community bonds

Our stakeholders are the individuals, groups and organisations that materially affect or could be affected by our business activities, products, services and performance.

Botswana is our home, we drive her growth. At Stanbic Bank Botswana, our ability to create long-term value and fulfil our Purpose depends on meaningful engagement, trust – and a shared commitment to impact. Our stakeholders provide us with the resources and drive we need to achieve our strategy and purpose, influence the environment in which we operate our business and confer legitimacy on our activities.

They include our clients and business partners, employees, regulators, shareholders, service providers and the communities in which we operate. Proactive engagement with our stakeholders provides us with insights that help shape how we show up, informs the identification of our material issues and enables us to manage and respond to stakeholder concerns and minimise reputational risk.

Clients
(direct relationships)

The Bank has prioritised enhancing customer experience by ensuring that services are personalised, accessible, and efficient.

Engagement mechanisms
We engage with clients through relationship managers, surveys exploring clients' priorities and expectations, online communication channels, call centres, social media, in-person and complaints channels.

Quality of Relationship
We measure the quality of our relationships with our clients through:
- Client satisfaction surveys
- Client satisfaction scores

In our recent 2024 Net Promoter Survey, we saw a 13-point increase in positive customer sentiment from 31 to 44. Our customers report a high level of satisfaction with the Bank's services. An NPS score of 44 indicates strong customer loyalty, with opportunities to improve in areas like accessibility or innovative solutions.

Priority issues and our responses
- We offer a consistent client experience for individuals and businesses
- We are accessible, affordable and relevant in solutions
- We continually improve our system stability and reliability
- Continue to innovate and educate more

Value outcomes we hope to achieve:
- We understand our clients and provide them with the products and services they need to make life better
- We treat our clients fairly
- We put their interests at the centre of decisions we make
- We deliver brilliant basics
- Our systems are reliable, resilient and trusted
- We are here for you when you need us.

Employees
(direct relationships)

Our people are our brand ambassadors and our greatest source of sustainable competitive advantage. We focused on ensuring a strong, motivated, and well-trained workforce. Key initiatives include

Engagement mechanisms
We engage with employees through employee surveys, including the annual group-wide 'Are you a Fan' survey, online communication channels including our monthly ***Lekgotla*** Webinar and in-person engagement.

Quality of Relationship
We measure the quality of our relationships with our employees through:
- Employee Net Promoter Score (eNPS)
- Workforce diversity
- Turnover data

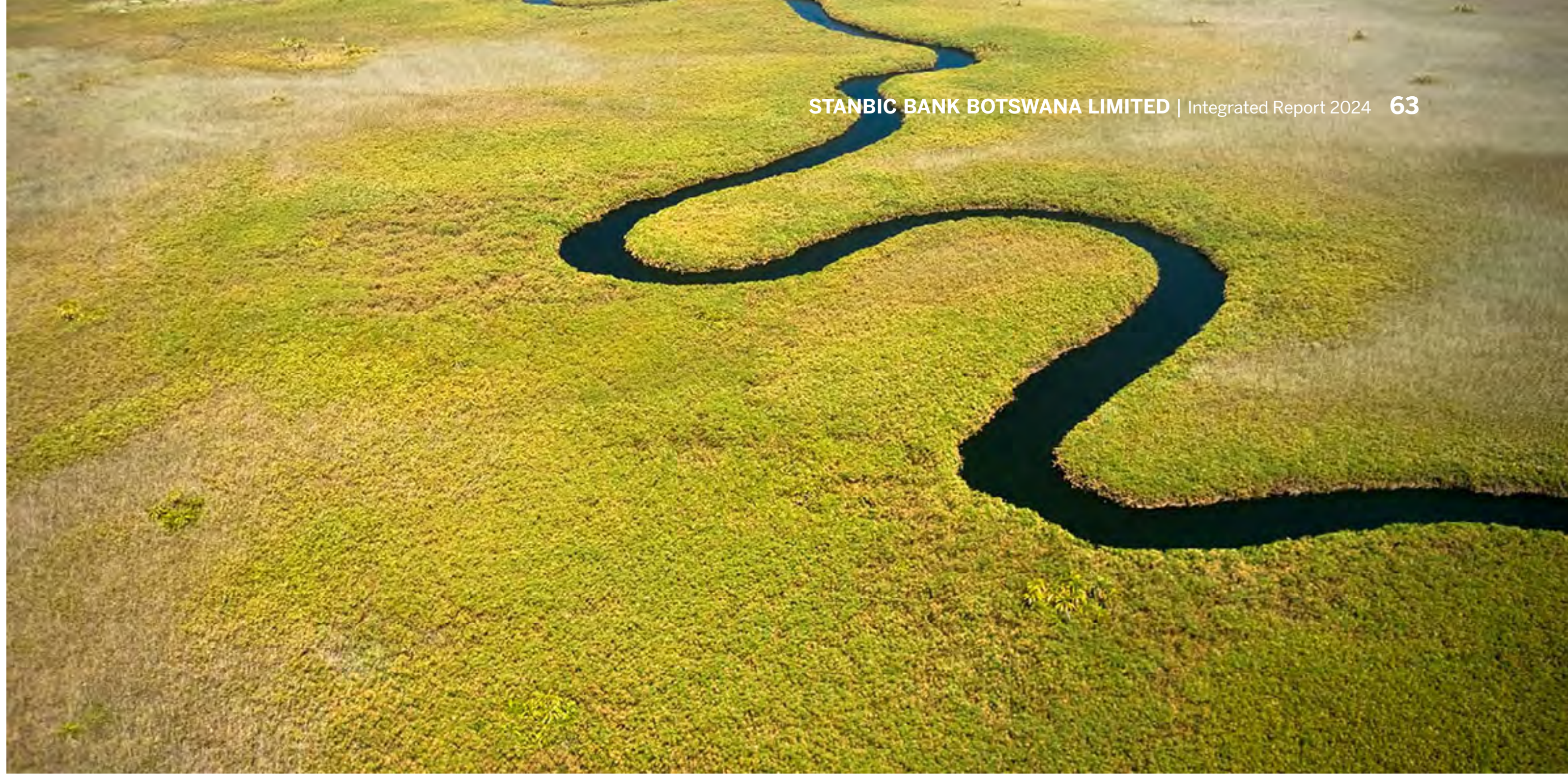
Employee Net Promoter Survey (ENPS): Results indicate an increase from +41 in 2023 to 53% in 2024, most employees are satisfied with the work culture.

Training and Development: Investment in learning and development, such as leadership development and future skills, which saw 80% of staff achieving at least one observable future skill solving for career development opportunities.

Leadership Development: A new leadership pipeline programme has been introduced to build future leaders from within the organisation increasing succession bench-strength from 83% to 93% for executive roles.

Priority issues and our response
- We invest in the development of our people, focusing on future skills and career progression
- We support diversity and inclusion and have targeted initiatives in place to improve leadership diversity
- We offer qualifying employee's opportunities to pursue bespoke training programmes, multi-country experience across the Standard Bank Group

Value outcomes we hope to achieve:
- Our people believe in our purpose and their role in achieving it
- Our people are productive, motivated and engaged and feel valued and respected
- Our people reflect the diversity of the communities in which we work
- Our people strive to learn, grow and adapt to the changing world of work.



Governments and regulators
(direct relationships)

We secure our licence to operate and maintain our credibility as a responsible corporate citizen through our engagements with governments and regulators.

Engagement mechanisms
We have regular engagements with involvement in policy making processes and government-business initiatives to address specific issues. Key issues are reported to the board through quarterly stakeholder engagement reports, among other channels.

Quality of Relationship
We measure the quality of our relationships with governments and regulators through:
- Constructive engagements
- Good working relationships with key departments
- Active participation in consultation processes, through industry associations and bilaterally.

Priority issues and our response
- We have robust financial crime controls, anti-money laundering and combating the financing of terrorism (AML/CFT) mechanisms in place
- Ongoing engagement on key matters to ensure alignment of expectations
- We use technology, including automation and machine learning to improve risk management
- Reliability of digital transaction channels.

Value outcomes we hope to achieve:
- We are a responsible corporate citizen
- 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 in place to manage them.

Suppliers and Service Providers
(direct relationships)

Our suppliers and service providers ensure that we maintain operational efficiency and service quality as well as compliance and innovation. Our strategic partnerships enable our value propositions and ability to deliver positive impact.

Engagement mechanisms
We engage with suppliers and service providers through partnerships, third-party risk assessments and re-assessments, third-party agreements and SLAs, regular meetings and performance management of critical third parties.

Quality of Relationship
- We measure the quality of our relationships with suppliers and service providers through:
- Performance against service level agreements (SLAs)
- Regular two-way engagement.

Priority issues and our response
- Data security, privacy and cybersecurity
- We are transparent and open about our business dealings, interactions and strategies
- We support Citizen Economic Empowerment and ensure inclusion when sourcing.

Value outcomes we hope to achieve:
- We have a positive symbiotic relationship that sees mutual growth and support
- We support their growth and they ours

RISK MANAGEMENT AND CONTROL

Larona Somolekae
Chairman - Board Risk Management Committee

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.

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
- Interest rate risk in the Banking book (IRRBB)
- Foreign currency risk

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 bookmark to market 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.

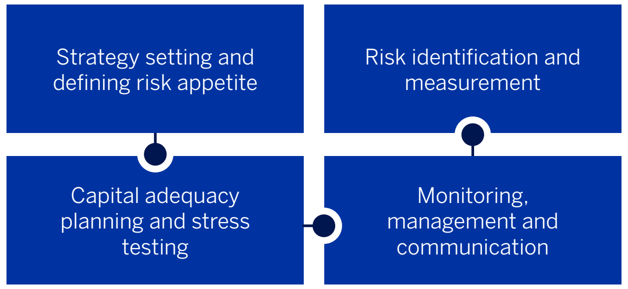
The backbone of the RDARR programme is risk data, how we aggregate, trace its origins, improve its quality and overall use of risk data as an asset from which to make informed and proactive business decisions.

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 (2023: 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.

Risk Culture Statement

We have translated our desired culture into observable, actionable behaviors:

Behavior	Definition
Proactive sharing of best practices	Voluntarily and proactively creating and sharing information that enhances risk management effectiveness
Valuing, encouraging and developing risk management skills	Recognising the importance of having and fostering risk management skills
Taking accountability for managing risk	Being an active participant in risk management processes and decision-making and acknowledging your role in minimising adverse outcomes
Being concerned about the impact of your risk management on others	Responsibly managing risk by taking a conscientious approach to decision-making and considering how risk management choices may affect others
Willingness to take calculated risks	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
Willingness to escalate risk appropriately	Being ready to recognise and communicate risks to appropriate stakeholders in a timeous and transparent way
Willingness to challenge the status quo	Being open to questioning established norms, processes or practices in order to improve risk management
Openness to challenge	Fostering an environment where individuals are encourages to question assumptions, raise concerns and offer diverse perspectives on our risk management strategies and approaches

COUNTRY RISK PROFILE NON-SYSTEMIC RISKS

Non-Financial Risks

1. Business Disruption Risk
2. Compliance Risk
3. Conduct Risk
4. Cyber Risk
5. ESG Risk
6. Financial Accounting Risk
7. Financial Crime Risk
8. Fraud Risk
9. Information Risk
10. Legal Risk
11. Model Risk
12. People Risk
13. Physical Assets, Safety and Security Risk
14. Tax Risk
15. Technology Risk
16. Third Party Risk
17. Transaction Processing Risk

Financial Risks

1. Country Risk
2. Credit Risk
3. Climate Risk
4. Equity Risk
5. Funding and Liquidity Risk
6. Market Risk

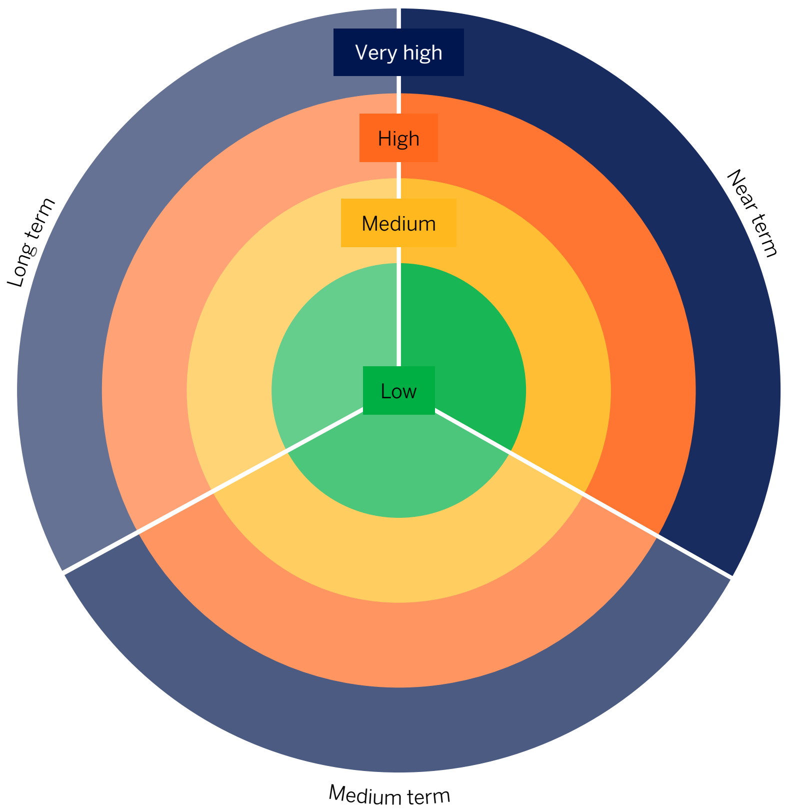
Strategic Risks

1. Strategy Position Risk
2. Strategy Execution Risk
3. Reputation Risk

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**	▪ Ensure compliance to all regulations that protect our licence to serve. ▪ Failure to comply with set regulations by Bank of Botswana, Non-Bank Financial Regulatory Authority, BSE. ▪ Failure to comply with conduct and compliance mandatory training.
3	**Conduct Risk**	▪ Risk crystalising as a result of inappropriate execution of business activities with an impact on the Bank's clients and market structure.
4	**Cyber Risk**	Protecting our systems and platforms from any security breaches that will compromise the organization through: ▪ Cyber extortion ▪ Financial Malware
5	**ESG Risk**	▪ Direct Social and Environmental ▪ Indirect Environmental and Social ▪ Climate Risk ▪ Governance
6	**Financial Accounting Risk**	▪ 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**	▪ Robust controls to mitigate against any financial loss to the business either through fraud or any damage to the Bank's assets. ▪ Delayed implementation of First Line Fraud Risk Management capabilities. ▪ Increased losses due to counterfeit Cheque Fraud. Cheque process demands cheque validation and is not being done effectively.
8	**Information Risk**	▪ 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.
9	**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.
10	**Model Risk**	Model calibration outdated and currently presenting inadequate differentiation on rating.
11	**People Risk**	▪ 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.
12	**Physical Assets, Safety and Security Risk**	Security instability in northern region (Terrorism), The Terrorism trends and expansion to other parts of the country.
13	**Tax Risk**	Incorrect calculation , reporting and payment of tax related : ▪ VAT ▪ Company tax vs IntraGroup costs
14	**Technology Risk**	Technology resource capacity constraints remains an issue due to conflicting initiatives and priorities and is compounded by the technology localisation initiative.
15	**Third-Party Risk**	Management, governance, and execution continues to be a concern and the risk has been compounded by delays in the finalization of the Third party risk management Operating Standard.
16	**Transaction Processing Risk**	▪ Increased losses due to transaction processing risk. ▪ Major drivers are human errors and system instability issues

Financial Risks

1	**Country Risk**	▪ Political instability remains high due to the insurgency and weak law enforcement. ▪ Inflationary pressures remain elevated due to adverse weather and the war in Ukraine could further be exacerbated by a potential increase in fuel prices. ▪ Negative IMF country review ▪ Foreign Currency (FCY) liquidity pressures ▪ Sovereign default
2	**Credit Risk**	▪ There is a risk of a significant rise in credit provisions as a result of the implementation of I FRS9 standards. ▪ There is a risk of Covenant Breaches resulting in the failure of the Bank to monitor the collateral on an ongoing basis. ▪ There is a risk of Overdue reviews which results in the failure of the Bank to monitor financial performance of loan exposures an ongoing basis. ▪ This is risk of failure to collect for Credit Card and Vehicle Asset Finance (VAF) exposures hence resulting in an increase in arrears accounts. This is due to lack of CIFs for some Credit Cards and Vehicle Asset Finance accounts. In some instances, the existing CIFs may not be linked to exposures. ▪ Risk of significant credit losses in the event of industry downturns (Business Cycles) due to exposure concentrations.
3	**Equity Risk**	Risk of capital and value erosion due to high levels of inflation
4	**Funding and Liquidity Risk**	▪ Given the inflation risk, the policy makers are also expected to continue with aggressive liquidity sterilization measures. ▪ Optimising our balance sheet through Reducing our concentration risk, attracting high yielding assets and reducing our cost of funding. This can become a material risk if not managed accordingly.
5	**Funding and Liquidity Risk**	▪ There is a risk of loss emanating from changes in market factors. The Bank also faces the risk of losses or failures in price discovery emanating from illiquid trading positions. This is largely due to poor market liquidity for fixed income securities. ▪ There is a risk of failure to approximate the market risk exposures, this emanates from failures to partition PandL between market risk factors and non-market risk factors. This is largely attributable to delayed profit or loss data delivery on a daily basis.
6	**Market Risk**	▪ There is a risk of loss emanating from changes in market factors. The Bank also faces the risk of losses or failures in price discovery emanating from illiquid trading positions. This is largely due to poor market liquidity for fixed income securities. ▪ There is a risk of failure to approximate the market risk exposures, this emanates from failures to partition PandL between market risk factors and non-market risk factors. This is largely attributable to delayed PandL data delivery on a daily basis.
7	**Non-life Insurance Risk**	▪ Optimum level of the insurance program. ▪ Insurance premiums not up to date, causing uninsured bank assets and impairment risk.

Strategic Risks

1	**Strategy Position Risk**	▪ Recurrent systems incidents, IT capacity, incident management. obsolete systems, breaches on SLAs; upgrade of the core banking system, hosted outside the Bank which is against the new data privacy bill.
2	**Strategy Execution Risk**	▪ Risk of capital and value erosion due to high levels of inflation
3	**Reputation Risk**	▪ Customer Complaints management; ▪ Contraventions received from Central Bank; ▪ Recurrent Incidents.

GLOBAL REPORTING INITIATIVE pg78 | SUSTAINABLE DEVELOPMENT GOALS REPORT pg88 | UNITED NATIONS GLOBAL COMPACT pg96

OUR APPROACH TO SUSTAINABILITY

Our comprehensive approach to sustainability is embedded in our business strategy and operations. We believe that sustainability is essential for long-term value creation and by focusing on maximising positive impact and effectively managing risk, and this informs how we can build a prosperous future for Botswana.

Maximising positive impact. We are committed to driving growth by providing products and services that meet Botswana's development needs and contribute to a more sustainable and inclusive economy.

Effectively managing risk. We proactively identify, assess, and mitigate environmental, social, and governance (ESG) risks across our operations, business relationships, and financing activities.

Sustainability Year Under Review (Highlights)

- **Climate Change Policy Adoption.** As one of Botswana's largest financial institutions, Stanbic Bank Botswana Limited (SBBL) is committed to supporting sustainable economic growth. This includes ensuring that the social, economic, and environmental impacts of our activities create a net positive impact.
- The Bank is committed to balancing the challenges posed by climate change with the need to support access to reliable energy that supports economic growth and poverty alleviation, in line with the United Nations Sustainable Development Goals. The Bank commits to achieving net zero carbon emissions from its own operations for newly built facilities by 2030, for existing facilities by 2040, and from its portfolio of financed emissions by 2050. This climate policy supports our purpose – **"Africa is our home, we drive her growth"** – and takes the Botswana social, economic, and environmental (SEE) context as its starting point.

- **Environmental and Social Risk Policy Adoption.** This policy has been formulated to provide a comprehensive framework within which all environmental and social risks incurred within SBBL are properly identified, managed, monitored and controlled in order to proactively embed EandS risk management into lending processes and minimise the risk of reputational or financial loss. It is also intended to ensure global consistency of approach within the parameters outlined in the standards, to the maximum extent possible given geographic differences in economic and social priorities, regulatory, compliance and legal frameworks.

- **Stanbic Bank joins the United Nations Global Compact (UNGC)**. The UNGC is the world's largest corporate sustainability initiative and provides a platform for companies to align strategies and operations with universal principles on human rights, labour, environment, anti-corruption as well as take action that advance societal and sustainable development goals.

- **Global Reporting Initiative (GRI)**, by adopting reporting in line with GRI topic standards, we seek to enhance our reporting in terms of
  1. **Materiality** (demonstrating our impacts)
  2. **Stakeholder inclusiveness** (providing feedback to our various interested publics)
  3. **Sustainability** (context for Botswana and how our sustainability strategy and interventions link up with our purpose of driving Botswana's growth)
  4. **Completeness** (providing transparency and understanding of our business operations, credible disclosures from which we can strive for improvement)

- **Stanbic Bank Botswana named Botswana's Best Bank for Environmental, Social, and Governance (ESG) by Euromoney**. The award underlines our efforts on ensuring that our business strategy is driven through and social, economic and environmental sustainability considerations which focuses on creating impact through our sustainable financing solutions.

- **Leading with innovation and sustainable financing solutions.** To ensure that our strategy leads through sustainable positive impact outcomes, simultaneously minimising and managing risk we innovated as per the following cases; partnered the Botswana Stock Exchange (BSE) to drive financial inclusion through the stock market simulator, commissioned the market's first sustainability architects competition to source housing plans for sustainable housing in partnership with Architects Registration Council (ARC), financed our client (Kwenantle Farmers) with BWP 35million for their 1 megawatt solar plant, co-created with NORSAD Finance and ABSA for sustainable impact financing outcomes, innovated flexible financing for small medium enterprises and startups through Stanbic Growth Funding. These and many other product and service innovations underscore our commitment to sustainability led approach.

GLOBAL REPORTING INITIATIVE TOPIC STANDARDS REPORT

Our reporting in line with Global Reporting Initiative (GRI) through the relevant topic standards is premised on identifying and disclosing our organization's most significant impacts on the economy, environment, and people (social). This approach is rooted in the below explained principles (materiality, stakeholder inclusiveness, sustainability context and completeness of reporting). This enables our stakeholders to understand our organization's contributions to sustainable development and how (sustainability) informs our overall strategy formulation.

1 Materiality

We prioritize topics that reflect our capacity to create positive impacts and minimize risks, ensuring alignment with our sustainability strategy.

2 Stakeholder Inclusiveness

We recognize and address a diverse range of public interests, evaluating how we meet the expectations of our stakeholders.

3 Sustainability Context

We provide context on how our products and services influence and contribute to sustainability efforts.

4 Completeness

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.

Aligning our reporting to established standards

We hold ourselves to the highest standards. This means reflecting and evaluating ourselves far beyond our financial performance. We closely examine the social, environmental and economic impacts of everything we do.

GRI SERIES

- ECONOMIC STANDARDS
- ENVIRONMENT STANDARDS
- SOCIAL STANDARDS

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

Revenues from goods and services sold, including net sales, interests and royalties
2024 P1 950 million
2023 P1 631 million

Economic Value Distributed

Operating Costs (payments to suppliers and contractors)
2024 P408 million
2023 P395 million

Retirement benefit costs
2024 P37 million
2023 P33 million

Payments to government(s)
2024 P192 million
2023 P159 million

Economic Value Retained
2024 P234 million
2023 P174 million

The remaining value after deducting all distributed amounts, which is typically reinvested in the organisation or held as reserves

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

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 keen interest on climate change from a risk and opportunity lens. Our product offering is being widened to offer products that can address the climate risks that obtain or likely to take place. During 2024 we launched a sustainable architecture challenge for development and roll-out during 2025 of housing plans that have been designed with sustainability consideration. The launch and financing of these housing units is targeted for 2025.

GRI 202 Market Presence

About 202: 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

All of our country leadership council **(100%)** are locals and this affirms our commitment to developing capabilities that can competently run our operations. Skills development plays a critical part in enabling our competitiveness and our investment in our people development will remain a critical area into which we will continue to make investment. Our Standard Bank Group leverage has also enabled us to export some of our talent to Group structures enabling further development and international exposure for our people.

GRI 204 Procurment Practices

This section highlights our sourcing and procurement approach, emphasizing 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 sustainability goals in terms of business growth, job creation, and financial inclusion.

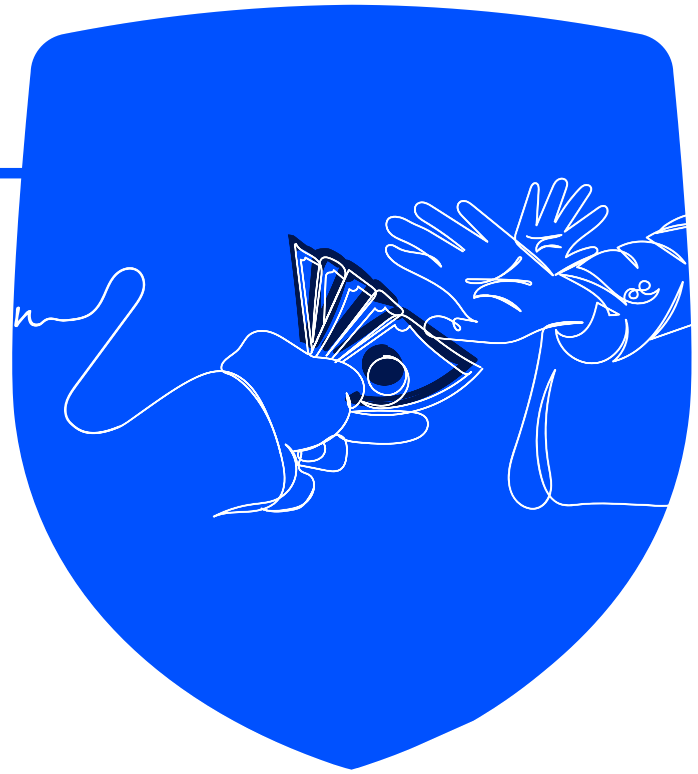
GRI 204-1 Proportion of Spending on Local suppliers

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 prioritises doing business with locally owned companies that are majority owned by **women (50%)** and **youth (50%).** Specific to these target groups we spent **BWP 31.2 million** during 2024.

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 2025 and beyond.

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 polices 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 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 behavior, 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 Behavior, 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. Two more sites Molepolole and Jwaneng are planned for additional roll-out during the 2025 financial year.

GRI 304 Biodiversity

Banking and financial institutions can play a crucial role in conserving biodiversity through their investments, lending, and financing decisions.

GRI 304-4 IUCN Red list species and National Conservation List Species Affected

An African market first, the Bank acted as sustainability structuring agent and sole lender, providing tailored financing to assist and support Wilderness (previously Wilderness Safaris) accelerate entrance into new markets and ultimately conserve larger areas of land.

The Bank and Wilderness successfully concluded their first nature conservation financing. Operating in eight countries, with more than 60 exceptional camps and lodges, Wilderness helps protect some 2.3 million hectares (6 million acres) of exclusive wilderness. Its goal – to double that by 2030. This funding will be critical in being deployed to protect endangered species and ecosystems.

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.

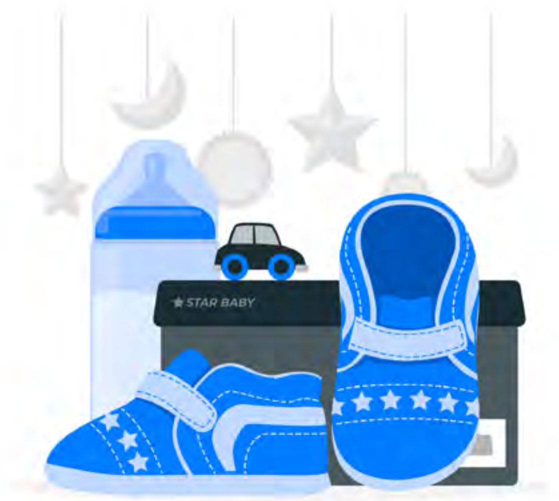
GRI 401-2 Benefits Provided to Full-Time Employees

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.

Training (Future Skills)

53%

2024
P2 million

2023
P4 million

GRI 404-2 Programs for Skills Management and Lifelong Learning

The Bank runs varied programs for skills development beyond generic training to provide specific interventions required for the development of staff and this disclosure is meant to provide an overview of what some of these programs are and some of the staff numbers who attended these development programmes:

- Commercial Credit Programme: 15
- Future Fit Banker: 2
- Barbershop (Men empowerment): 30
- Her Story (Women leadership): 16
- Middle Manager Programme: 2
- Rainsales Programme: 21
- Power BI: 16
- Future Shift Programme: 5
- Future Gen Chief Finance and Value Management Officer: 2
- Affluent Learning Journey: 21
- Performance Potential: 75
- Leading Performance: 7
- Investment Banking Masterclass: 1
- Ignite (Women leadership): 5

We continue to develop other impactful flagship programs for overall leadership development. In 2024 a male focused development programme named The Barbershop was introduced. This program provides men with an understanding of the value and importance of positive, healthy masculinity and the vital role men play at work, home and society.

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.

	BOARD	COUNTRY LEADERSHIP COUNCIL	SENIOR MANAGEMENT
Male	8	7	47
Female	5	9	37

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.

AGE GROUP(S) DIVERSITY (years)

(64) 10%	(279) 43%	(257) 40%	(41) 6%	(1) 1%
20 – 29	30 – 39	40 – 49	50 – 59	60>

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 maintained at all times 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 entails 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:

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.

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.

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 a diverse and inclusive workplace fosters innovation, creativity, and better decision-making, leading to a stronger and more competitive organisation.

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 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 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 418 Customer Privacy

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.

Our approach to sustainable development goals advancement

Our business strategy and model is designed to align with sustainable development goals (SDG's) which entails integrating social, economic and environmental considerations within our core products and services offering. The profiled case studies highlight how we have advanced some of the sustainable development goals in respect of our financing in a manner that creates value for both the bank and the various stakeholders (customers, employees and wider community). Leveraging funding and its deployment ensures that we are able to achieve economic growth, social inclusion and environmental protection.

Our Commitment to Long Term Value Creation

The United Nations Sustainable Development Goals (SDG's) give us a powerful framework to tell this story. In this supplementary Sustainability Report, we will showcase exactly what we are doing to create value that endures for the communities in which we operate. For us, this goes far beyond compliance. This is about expressing our leadership position in Botswana's financial services ecosystem and demonstrating through the various case studies how our products and services are designed to solution for sustainable development outcomes.

We categorise our impact in relation to SDGs

SUSTAINABLE DEVELOPMENT GOALS

SDGs	Impact area
4, 5, 11	Financial inclusion
5, 8, 9	Job creation and enterprise growth
13	Sustainable finance and climate change
7, 9	Infrastructure
4, 5	Education
3, 5	Health

A core part of this commitment is aligning with global sustainability priorities, particularly the United Nations Sustainable Development Goals (SDGs). These goals provide the blueprint for tackling the world's most pressing challenges – from reducing inequality to addressing climate change. While broad in scope, they provide a clear lens through which to evaluate our contributions as a bank.

By assessing our performance in the context of the SDGs, we gain meaningful insights into how we drive inclusive economic growth, promote financial inclusion, and contribute to a resilient future.

In the pages ahead, we unpack the tangible ways Stanbic Bank Botswana Limited is integrating sustainability into its strategy, operations, and impact. From responsible lending to innovative financial solutions to active investment into vulnerable communities, we're shaping a future where banking isn't just about transactions – it's about transformation.

SDG 3: Good Health and Well-Being

Our Approach

Our blood donation programme is a commitment to community well-being, employee engagement, and a stronger public health system. Through our partnership with the National Blood Transfusion Services (NBTS), we contribute to a sustainable healthcare ecosystem by:

Regular Blood Donations
We organise on-site donation drives, making it easier for employees and partners to give blood and support life-saving treatments.

Awareness and Advocacy
We actively promote blood donation, educating our employees and the broader community about its critical role in saving lives.

Strengthening Commitment
Our goal for 2025 is to increase participation by 20%, ensuring that even more lives are impacted through our efforts.

At Stanbic Bank, we believe national socioeconomic success starts with a strong healthcare system. For that reason, we are proud supporters of Botswana's national goal of achieving blood security. The country requires **45,000 units** of blood annually to meet demand and ensure hospitals can deliver critical healthcare services.

Impact

2024 - 2025 CAMPAIGN RESULTS **1,569 units/ pints secured**

Estimated lives impacted: 4707

One pint of blood (approximately 470ml) can impact up to three lives because it (pint) can be separated into three components:

- Red blood cells: Used for patients with anaemia, surgery, or trauma
- Plasma: Assists patients with clotting disorders, burns and liver conditions.
- Platelets: Essential for cancer patients, organ transplant, and severe bleeding cases

In essence a single donation can potentially save the lives of three (3) different patients.

Partnership(s):

Our model acknowledges partnerships as playing a critical role in the realisation of global sustainable development goals. The partnership with the National Blood Transfusion Services (NBTS) aligns to the ideals of SDG 17 (partnership on goals) and affirms our commitment to collaboration for shared value creation.

Reinforcing our Culture of Giving

Beyond this significant life-saving impact, our blood donation programme fosters a spirit of teamwork and purpose at Stanbic Bank. Employees take pride in knowing that their contributions directly support the health of their families, friends and communities. This initiative reinforces our belief that banking can have a profound impact on the lives of those around us.

SUSTAINABLE DEVELOPMENT GOALS 3

SDG 4: Quality Education

Our Approach

Our focus on education is critical for the financial well being and health of our clients.

Financial education is an important enabler for our clients and the general public to make informed sustainable decisions that can safeguard their financial futures.

Wrong financial decisions at individual level can be catastrophic for the financial system. Our self imposed responsibility to educate our stakeholders publics is material in this manner owing to its national importance.

Partnering for capital markets literacy: Co-creating for financial inclusion

Stanbic Bank Botswana Limited and the Botswana Stock Exchange (BSE) partnered on the launch of Botswana's first stock market simulator signifying another sustainable development value creation partnership that illustrates how partnerships for the goals can deliver meaningful impact.

The simulator, a virtual platform mirrors real-time market conditions, offering participants a risk-free environment to simulate investment strategies, track market performance, and explore various financial instruments. Through interactive sessions and practical exercises, users will gain insights into investment principles, risk management, and portfolio diversification. The simulator sensitises the public about investing in the stock market, with long-term strategic objective of diversifying and increasing the retail investor base through education on the BSE. By partnering with the Botswana Stock Exchange (BSE) and availing stock market simulator, we aim to demystify investing and empower Batswana to make informed decisions towards their financial goals. To raise awareness of the platform, the BSE and Stanbic Bank Botswana Limited have incorporated the Stock Market Simulator into this year's annual Senior Secondary School Finance and Investment Competition. This platform represents a significant step towards democratizing access to financial markets and fostering a culture of informed investment decision-making which is in line with our commercial and strategic impact area of **Financial Health and Inclusion** under our sustainability framework.

The platform serves to educate the larger demographic about the benefits of investing in locally listed securities and in doing so, address issues of financial literacy at a national level and this also provide insights into the potential returns that investors can derive from our local capital markets - Botswana Stock Exchange CEO.

Impact

In advancement of SDG 4: Quality Education this initiative enables financial literacy a key life skill that allows individuals to make informed financial decisions, manage debt, save, and invest. It also impacts on SDG 8: Decent work and Economic Growth by equipping participants to learn about making informed financial decisions that can contribute to personal wealth, investment and economic stability. Fundamental to the approach has been the school competitions which have been organised around the simulator platform. Participating teams are given P100 000.00 virtual funds to trade with on the simulated BSE market at the beginning of the competition. The Stock Market Simulator platform will provide a daily leaderboard displaying ranking of each participating school team based on portfolio performance and value. Participants can view daily portfolio summaries, order details and transaction history on their trading accounts. This plays a critical role in driving interest and entrenching financial education and awareness in students, possibly also influencing and shaping their future towards finance and business. Financial literacy also links to SDG 10: Reduced Inequalities in that access this provides access to knowledge needed to build financial stability. The Bank provided **P1.485 million** for this partnership.

SUSTAINABLE DEVELOPMENT GOALS

Through Stanbic Bank Growth Funding (SBGF) mandate we provide specialised funding that supports the growth and development of SME's. In this case our funding has been used to enable SME financial inclusion, development of manufacturing, job creation etc. To this end, Bloom sanitary pads is now one of Government's suppliers for the sanitary pads inclusion programme.

SDG 8: Decent Work and Economic Growth

Our Approach

Availing tailored specialized funding for small medium enterprises and startup is a key component of our positive impact strategy. Our deliberate intent to be inclusive has played a pivotal role in enabling some of the most important enterprises for our economy i.e. developing manufacturing and growing economic output.

Case Studies

REAL IMPACT, REAL GROWTH
Bloom Sanitary Pads

A testament to youth-driven innovation, Bloom Sanitary Pads is a manufacturing company based in Selibe Phikwe. The business has the capacity to manufacture 2.2 million units per month. Today, bloom services over 70 stores nationwide, providing affordable access to essential hygiene products while strengthening Botswana's manufacturing sector.

This work has a tangible impact. The company employs 12 Batswana, contributing to job creation and skills development in the local economy. By supporting businesses that fit this kind of profile, Stanbic Bank Botswana Limited plays a pivotal role in fostering local manufacturing, strengthening supply chains and promoting economic resilience.

FUELLING AMBITION, POWERING PROGRESS
Lube Plus Energies Proprietary Limited

Lube Plus Energies is a specialist supplier of industrial lubricants, chemicals, and electrical products to Botswana's thriving mining sector. As an authorised distributor and after-sale service provider for Fuchs and Lubritene lubricants, the company ensures that mining operations receive high-quality, industry-specific solutions.

With tailored funding from Stanbic Bank, Lube Plus Energies is expanding its reach, improving service delivery and strengthening Botswana's mining supply chain. Their success is a testament to the power of strategic financial support in driving business growth and sustainability.

In line with our sustainability impact area of economic growth and job creation the Bank has developed specifically tailored funding that is designed to enable citizens participation and opportunity to access and provide goods and services under Debswana Diamond Company's Citizen Economic Empowerment Programme (CEEP). The Bank has developed its product offering to enable materialization of opportunities for Batswana through collaboration agreement with Debswana Diamond Company that entails provision of funding for citizen enterprises to do business in the mining sector across the different value chain opportunities. CEEP is delivered through a blend of initiatives such as localization of long-term strategic contracts; skills and entrepreneurship development; partnership with Original Equipment Manufacturers (OEM); creation of citizen opportunities in local repairs and maintenance sector; industry development in the repairs and maintenance sector by investing in a repairs and rebuild center for Botswana; and leveraging Debswana's supply chain to support local manufacturing in the mining industry and other sectors of the economy. Through the established partnership with Debswana the Bank avails critical funding intervention for a mutual benefit and value creation of all the parties involved. Funding extended under this programme during 2024 was one hundred and forty two million Botswana Pula **(BWP 142 million).**

SUSTAINABLE DEVELOPMENT GOALS

SDG 9: Industry Innovation and Infrastructure

Our Approach

Innovation is critical to our strategy deliverables. In partnership with Architects Registration Council (ARC) we partnered to launch the first design competition whose intention is to improve and influence the landscape of the built environment for Botswana.

These designs which will launch during 2025 address resilient infrastructure development, for climate change and social inclusion in line with our positive impact strategy.

In 2024, we launched the Sustainable Architecture Challenge, a pioneering initiative designed to transform the housing market in Botswana. This strategic and commercially driven product aligns with our ESG and sustainability strategy and will deliver the market first modern, climate-conscious designs.

The ***Legae*** Homes introduced through this initiative are designed for both people and the planet. This means climate-adaptive and aesthetically appealing.

This product offering is not just about homes that look aesthetically appealing: functionality and sustainability considerations are key consideration in line with our impact areas of Climate change mitigation and adaptation. The product also allows for broadened scope in terms of areas (villages and towns) where the development facility can be extended.

SDG 10: Reduced Inequalities

Our Approach

Ensuring inclusive growth requires consciousness and being mostly aware of how we can continuously tweak our operations to achieve this outcome.

As part of our commitment to this strategic goal, we will stretch the value of our spending on women and youth run companies for 2025 in this objective of economic development of local enterprises.

Empowering local enterprises through inclusive procurement.

Sustainable growth is also driven by inclusive economic participation. With this principle in mind, the Bank has taken active steps to redesign our procurement policy to champion equity, inclusion and the development of citizen-owned enterprises. In addition, we ensure that opportunities flow to youth- and women-led businesses.

Our revised procurement strategy gives preferential access to companies that are at least **50% youth-owned** and **50% women-owned**, reinforcing our commitment to fostering a more equitable and dynamic business environment. In 2024, we directed **P31.2 million** in transactions to these companies. Skewing business opportunities towards marginalized demographics for positive impact outcomes plays a pivotal role in balancing any hindrances towards accessing of opportunities i.e. for youth who may not have extended experience this provides them access to grow and learn in business whilst extending to them development programmes that enhances their technical know how and competencies.

SDG 13: Climate Action

Our Approach

We are committed to achieving net zero carbon emissions across our operations and financing activities, in alignment with global sustainability goals. Our targets are:

- 2030 Net zero emissions for newly built facilities
- 2040 Net zero emissions for existing facilities
- 2050 Net zero emissions across our financed portfolio

We continuously assess climate-related risks and opportunities across three key areas:

Our country; Supporting Botswana's climate ambitions by accelerating the adoption of renewable energy (particularly solar) to play a significant role in the national energy mix.

Our operations; Driving sustainability within our own facilities, ensuring all newly built sites meet net zero standards by 2030 and retrofitting existing facilities for full transition by 2040.

Our clients; Facilitating the green energy transition through tailored financial solutions and leveraging our influence to scale up de-carbonisation efforts across industries.

Our commitment to climate sustainability is already shaping our operations. In 2024, we expanded our rooftop solar PV capacity to 200KWp. Our branches in Oodi and Mochudi now run entirely on solar energy. We will roll out solar energy solutions to additional sites in Molepolole and Jwaneng as part of our broader transition strategy.

Through these initiatives, we are turning climate action into tangible impact – reducing our carbon footprint, strengthening energy resilience and supporting Botswana's transition to a sustainable future.

CASE STUDY: A GREEN GROWTH JOURNEY BEGINS

Kwenantle Farmers produces white maize, beans, lucerne, wheat and other crops on a large scale. At Stanbic Bank Botswana Limited, we are all about fuelling our clients' success – especially their shift to sustainability.

That's why we injected **P35 million** in financing into their game-changing 1-megawatt solar photovoltaic plant: a power boost designed to increase capacity by an extra 264 hectares. This bold move slashes their carbon footprint, drives a greener economy and provides a compelling real-word example for others to emulate.

Sustainable growth, powered by us. Simple as that.

SDG 15: Life On Land

Our Approach

We deem biodiversity as a key asset for the country and one that needs to be protected as it creates so much environmental and economic value.

This is what our habitat banking is about. It enables us to finance for sustainable land use, by driving economic development through environmental conservation.

Financing Sustainability Across Multiple African Countries

Stanbic Bank Botswana Limited, acting as Sustainability Structuring Agent and Sole Lender, played a pivotal role in financing Wilderness to help conserve vast tracts of land, marking Africa's first nature conservation financing deal.

Stanbic Bank Botswana Limited led a ground breaking nature conservation financing deal with Wilderness, serving as the Sustainability Structuring Agent and Sole Lender. This innovative transaction, the first of its kind on the African continent, enabled Wilderness to expand into new markets while conserving large areas of land. The Bank's financial support was tailored to meet the unique needs of Wilderness, reinforcing its mission to protect, explore, and expand Africa's wilderness through sustainable tourism. Wilderness, a leader in eco-tourism, received the backing necessary to accelerate its conservation efforts, further solidifying its commitment to environmental preservation and sustainable tourism. This deal exemplifies Stanbic Bank Botswana Limited's dedication to its Social, Environmental, and Economic (SEE) agenda, ensuring that economic growth is balanced with sustainable environmental practices.

Stanbic Bank Botswana Limited's role as sustainability structuring agent allowed for the creation of a financing framework that not only supports Wilderness's immediate growth but also paves the way for future eco-tourism projects across the continent. This transaction highlights the Bank's ability to design solutions that foster sustainable development and conservation. This landmark deal represents our unwavering commitment to supporting initiatives that preserve our planet while driving economic progress. We are proud to be part of a project that will have a lasting impact on both the environment and tourism additional to providing development and job opportunities in areas lacking employment offering.

Keith Vincent, Wilderness CEO, says "the nature conservation financing provided by the Bank contributes to the ethos of the organisation, whose strategy is to preserve the world, through sustainable conservation tourism. Our shared African vision and commitment to contributing to a sustainable continent (and ultimately planet) made Stanbic Bank the right partner for us."

SDG 17: Uniting for the Goals

Our Approach

We take a considered view that sustainability challenges are beyond any one entity. As a result our approach entails working with other like minded institutions even if they are competitors out of the imperative to safeguard"our common future".

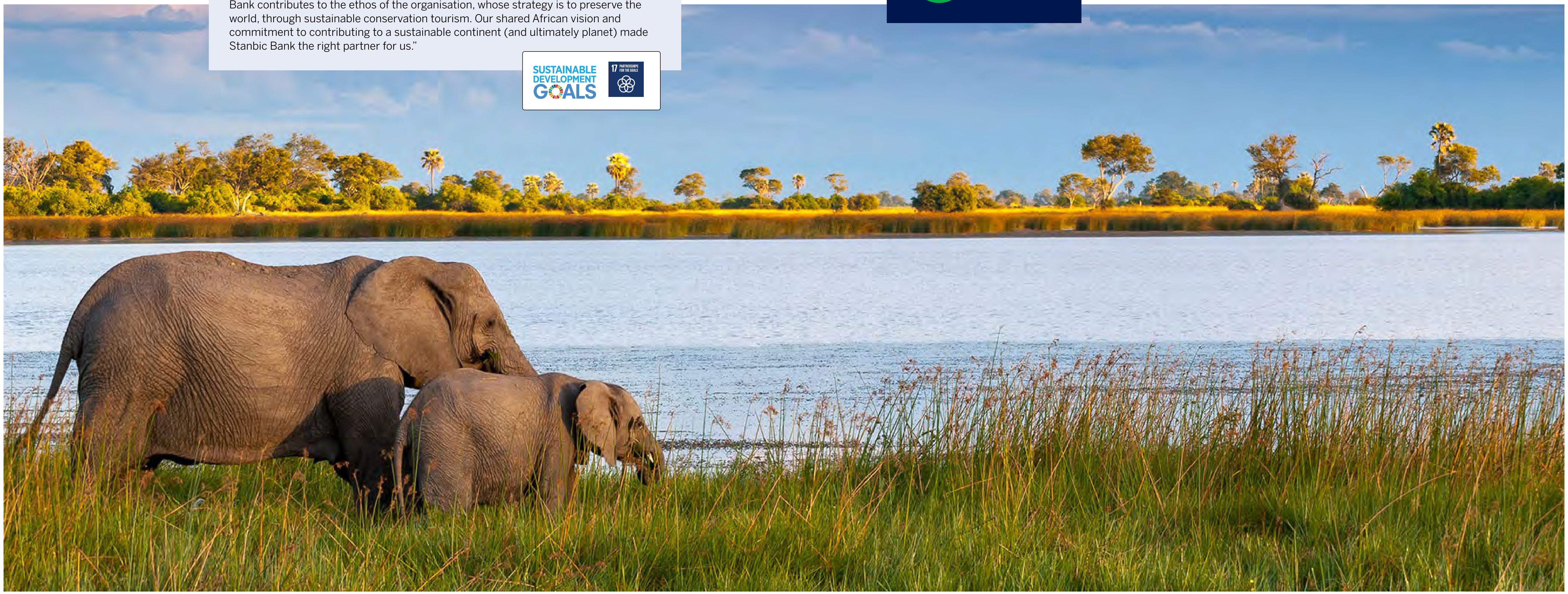
To solve for some of these daunting challenges we will maintain working collaboratively in concert with those we share a common concern with.

Stanbic Bank Botswana Limited, ABSA, and NORSAD Unite for Sustainability

Stanbic Bank Botswana played a key role in a ZAR680 million (about $37.5 million) 6-year sustainability-linked financing deal for Norsad Capital Limited, an African private debt firm with a strong focus on impact investment. Acting as Co-Arranger, Lender, and Joint Sustainability Coordinator, Stanbic Bank's participation was instrumental in helping Norsad achieve its growth ambitions while aligning with global best practices for sustainable development. As part of this transaction Stanbic Bank Botswana was providing **ZAR280 million** of the total **ZAR680 million** that was required.

The partnership between Stanbic Bank Botswana and Norsad reflects the Bank's commitment to sustainable finance investment in Africa. The financing supports Norsad' s efforts to drive sustainable economic growth across the continent by focusing on businesses that generate a positive environmental and social impact. This is a key example of how the Bank's Social, Environmental, and Economic (SEE) agenda is put into practice, ensuring that financial solutions contribute to meaningful, long-term progress.

The deal, a first of its kind, sets a precedent for future sustainability-linked financing in Africa, paving the way for more innovative financial structures that prioritise environmental, social, and governance (ESG) considerations.



COMMITTING TO THE UNITED NATIONS GLOBAL COMPACT (UNGC)

October 15, 2024

H.E. António Guterres
Secretary-General
United Nations
New York, NY 10017
USA

Dear Secretary-General,

SUBJECT: UNITED NATIONS GLOBAL COMPACT (UNGC) REPORTING

I am pleased to confirm that Stanbic Bank Botswana Limited (SBBL) supports the Ten Principles of the United Nations Global Compact on human rights, labour, environment and anti-corruption. With this communication, we express our commitment to making the UN Global Compact and its principles part of the strategy, culture and day-to-day operations of our company, and to engaging in collaborative projects which advance the broader development goals of the United Nations, particularly the Sustainable Development Goals. Stanbic Bank Botswana Limited (SBBL) will make a clear statement of this commitment to our stakeholders and the public.

We recognize that a key requirement for participation in the UN Global Compact is the annual submission of a Communication on Progress (CoP) that describes our company's efforts to implement the Ten Principles. We support public accountability and transparency, and therefore commit to report on progress starting the calendar year after joining the UN Global Compact, and annually thereafter according to the UN Global Compact CoP policy.

This includes:

- A statement signed by the chief executive expressing continued support for the UN Global Compact and renewing our ongoing commitment to the initiative and its principles. This is separate from our initial letter of commitment to join the UN Global Compact.
- The completion of the online questionnaire of the Communication on Progress through which we will disclose our company's continuous efforts to integrate the Ten Principles into our business strategy, culture and daily operations, and contribute to United Nations goals, particularly the Sustainable Development Goals.

Sincerely yours,

Chose Modise
Chief Executive

During the year we signed up to report in line with United Nations Global Compact (UNGC) initiative. This is part of how we seek to strengthen our sustainability approach both in terms of governance and transparency through the annual Communication on Progress (CoP) to our various stakeholders. UNGC is the worlds largest corporate sustainability initiative and provides a platform for companies to align their strategies and operations with universal principles on human rights, labour, environment, anti-corruption and take actions that advance societal goals. Our first Communication on Progress (CoP) will be available by end of July 2025.

PRINCIPLE 1

Businesses should support and respect the protection of internationally proclaimed human rights.

Human rights are fundamental and constantly evolving. To uphold them, we embed international frameworks and initiatives into our operations, guiding our approach to human rights in the workplace and across our spheres of influence.

Our commitment is shaped by international standards, including the UN Guiding Principles on Business and Human Rights. We safeguard workers' rights through targeted actions:

- **Ethical labour practices and employee rights:** We offer fair wages and competitive benefits to attract and retain talent. Our employee relations thrive on open engagement, with the staff union negotiating on behalf of members to protect their rights and aspirations.
- **Fair and inclusive banking services:** We ensure equitable access to banking for all. Products like instant money transfers, affordable housing loans, and tailored financing for small and medium enterprises (SMEs) address the needs of those often excluded from traditional banking, promoting inclusion and equity.
- **Staff education and training:** We train all employees in human rights, ethical decision-making, and responsible banking. In the 2024-2025 financial year, some of our staff completed mandatory courses on equipping them to uphold our values.
- **Transparency and reporting:** We align with international frameworks like the UN Global Compact (UNGC) and Global Reporting Initiative (GRI) to report our progress, ensuring transparency and accountability in our sustainability efforts.

PRINCIPLE 2

Businesses should make sure they are not complicit in human rights abuses.

We recognise our responsibility as a financial services provider to ensure our business conduct does not enable human rights abuses, whether intentionally or unintentionally.

We have integrated the following key interventions into our operations:

Customer and client due diligence
Our onboarding processes are designed to thoroughly screen customers and clients. This ensures we understand the calibre of those we engage with through our business relationships. We employ third-party risk management to identify high-risk individuals and enterprises. By doing so, we avoid partnering with those whose risk profiles could implicate us in human rights violations – either directly or indirectly.

Human rights-linked lending and investments
The lending and investment decisions at Stanbic are informed by rigorous due diligence. We prioritise working with clients and customers who demonstrate human rights consciousness and overall responsibility. Central to this is our environmental and social risk assessment tool, which we use during credit evaluations to assess potential risks. Additionally, our third-party onboarding process is meticulous, ensuring that our service providers and partners align with our ethical standards.

Grievance mechanisms
We have established a customer care centre to facilitate grievance reporting for all stakeholders – a clear channel for raising concerns. Reported cases are managed through our incident management processes, enabling us to pinpoint specific infringements and implement corrective actions tailored to each situation.

Through these measures, Stanbic Bank Botswana Limited actively works to prevent human rights abuses while fostering an ethical and responsible business environment within our sphere of influence.

PRINCIPLE 3

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.

Safeguarding the rights of our staff, particularly with regard to collective bargaining and freedom of association, is our fundamental responsibility as one of Botswana's leading employers. We view these rights as vital tools that empower our employees to express their demands, rights, and workplace aspirations effectively.

We are committed to enabling and supporting staff unionism by ensuring that all non-managerial employees have the right to form or join trade unions. To foster a constructive and collabourative environment, the Bank engages in regular consultation and dialogue with union representatives. This engagement promotes relationship collegiality, mutual understanding and robust discussions aimed at achieving shared-value outcomes for both employees and management.

Our dedication to collective bargaining has led to several notable achievements:

Enhanced staff engagement in 2024, our staff engagement scores increased significantly from +41 to +53, reflecting a substantial improvement in satisfaction and engagement. This progress is likely due to our monthly ***Lekgotla*** platform, which encourages a culture of open communication and active listening.

Performance-based salary adjustment.

Through successful negotiations with union representatives, we have implemented a predetermined salary adjustment model tied to individual performance. This approach ensures alignment of expectations, paving the way for fair and transparent compensation adjustments.

Stanbic provides a comprehensive benefits package, including medical aid, pension contributions and subsidised home loans i.e (home, car and personal loans). These benefits are designed to support the well-being of our employees and their families, reflecting our commitment to their long-term security and quality of life.

Stanbic Bank Botswana Limited maintains strict non-retaliation policies to protect employees who exercise their right to freedom of association. We have established a robust grievance mechanism that allows staff to report violations confidentially and without fear of reprisal. All reports are investigated thoroughly and handled with the utmost care, ensuring a safe and supportive workplace where employees can voice any concerns freely.

PRINCIPLE 4

The elimination of all forms of forced and compulsory labour.

This commitment is integral to our policies and operations and extends across our sphere of influence, encompassing clients, partners, suppliers, and the wider business community. We actively promote compliance with established best practices to champion an ethical business environment for all.

To uphold this commitment, we have implemented the following measures:

Environmental and Social (E and S) Audits
Through our credit application process, we conduct E and S audits to evaluate and mitigate risks within our supply chain. These audits ensure that our lending aligns with ethical standards and supports the elimination of forced labour.

Rigorous supplier and partner screening
Our third-party management process meticulously screens potential suppliers and business partners. By identifying and excluding enterprises flagged for risks, including forced labour, we reinforce alignment with international best practices.

Adherence to international and local frameworks
We embrace global standards, including the International Labour Organisation's Forced Labour Conventions (No. 29 and No. 105), ratified by Botswana. Our operations also comply with Botswana's labour laws, which provide binding statutory guidance. Internally, our recruitment and operational processes are designed to prevent any practices that enable forced or compulsory labour.

Enhanced focus on high-risk industries
We place particular emphasis on high-risk industries, applying heightened scrutiny to ensure compliance and uphold our ethical standards.

PRINCIPLE 6

The elimination of discrimination in respect of employment and occupation.

At Stanbic Bank Botswana Limited, equality and inclusion are the foundation of our success. Through transparent reporting and a steadfast commitment to Principle 6, we are building a workplace that is fair, inclusive and sustainable for the future.

This principle is not only fundamental to our values but also of significant interest to our stakeholders – employees, customers, investors, and the wider community. We believe that diversity, equity, and inclusion (DEI) drive innovation and mutual understanding. Our DEI Policy, supported by targeted initiatives, guides our efforts to create a workplace where everyone can thrive.

We are dedicated to building a workplace that mirrors the diversity of the communities we serve. We ensure that every employee feels valued and empowered. Our commitment extends to achieving balanced representation of gender, race and ethnicity at all levels, from our Board of Directors and executive leadership to our wider workforce. This diversity strengthens our decision-making and reflects our role as a forward-thinking, inclusive employer.

Advancing gender equity and empowering women is central to our mission. We strive for gender balance across all levels of the organisation, including leadership roles. A gender-balanced workforce brings diverse perspectives, leading to better decisions and stronger business outcomes. Our ongoing efforts to close gender gaps reflect this commitment, ensuring equal opportunities for all.

Equal pay for work of equal value is a fundamental principle at Stanbic Bank Botswana Limited. We ensure equitable pay across the organisation through an annual pay equity review. This process helps us identify and address any potential gaps, reinforcing our dedication to fairness and transparency for every employee.

Discrimination based on sexual orientation has no place in our organisation. We are proud to maintain a workplace that is open and inclusive, where individuals are hired and valued for their skills and contributions, regardless of their orientation. We align with Botswana's laws affirming the rights of sexual minorities and actively promote an environment where LGBTQI+ employees feel respected, safe – and valued.

PRINCIPLE 7

Businesses should support a precautionary approach to environmental challenges.

We are taking decisive action in the war against climate change, guided by the United Nations Global Compact's Principle 7, which calls for a precautionary approach to environmental challenges. This principle is embedded in our strategy, ensuring environmental stewardship drives our operations.

Given Botswana's unique environmental pressures, our commitment to sustainability is more vital than ever. We have implemented robust frameworks, including our Environmental, Social and Governance Policy and Climate Change Policy, to shape our efforts and deliver innovative solutions for our clients.

We champion green financing through initiatives, directing funds to projects that combat climate change and protect the environment. Our ambition is clear: achieve net zero carbon emissions by 2030 for new facilities, by 2040 for existing ones, and by 2050 for our financed emissions portfolio. We have developed various funding instruments i.e. green bonds, green check guarantees, green product housing just to make mention of how we are enabling the principle 7 in line with our commercial strategy.

These targets underscore our dedication to building a sustainable future for Botswana and beyond.

PRINCIPLE 8

Undertake initiatives to promote greater environmental responsibility.

We see environmental challenges as opportunities to innovate, ensuring that our products and services drive the adoption of environmentally friendly technologies.

During the period in review, we strengthened our commitment to sustainable finance by formalising our appetite for renewable energy financing, approving significant funding for projects that advance the green economy.

In addition, we are integrating green technologies into our own operations – not just from within our deep sense of environmental responsibility – but also as a strategic business decision. Increasing our reliance on renewable energy reduces operational costs and enhances resilience. Our head office now has an installed solar PV capacity of 200KWp, contributing to our broader net-zero strategy.

Additionally, we have begun transitioning select automated teller machines (ATMs) to operate entirely on solar energy, with Oodi and Mochudi sites already running on 100% renewable power. This initiative is set to expand, with approved plans to roll out solar-powered ATMs in Molepolole and Jwaneng in 2025.

Our commitment to sustainability is embedded in how we finance, approach our daily work and innovate for a greener future.

PRINCIPLE 9

Encourage the development and diffusion of environmentally friendly technologies.

Through innovative product development, we have expanded our green finance and sustainable investment offerings, supporting clients in their transition to environmentally responsible operations. This includes the introduction of green bond-related instruments, designed to help businesses align their commercial objectives with sustainability goals.

Our Africa China Trade Solutions (ACTS) platform has played a key role in facilitating access to environmentally friendly technologies from China, enabling businesses to integrate green solutions into their operations. By improving access to sustainable imports, we are accelerating the adoption of renewable energy and eco-friendly technologies across various industries. Collabouration remains a cornerstone of our approach.

In partnership with Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), we hosted a market forum to educate green energy developers in the fields of project scoping, funding opportunities and strategic partnerships. Through the GIZ database, we connected developers with potential collaborators and showcased tailored financing models that can bring their projects to life.

PRINCIPLE 10

Businesses should work against corruption in all its forms, including extortion and bribery.

Our business is built on trust and integrity. These are immovable, non-negotiable values that are fundamental to our relationships with clients, shareholders, regulators and other stakeholders.

Upholding these principles requires strict adherence to our Code of Ethics and Anti-Bribery and Corruption Policy. We maintain a zero-tolerance stance on bribery and corruption. Neither the Bank – nor any of its associated persons – engage in, or are implicated in, such practices.

To strengthen our stance against corruption, we have implemented several key frameworks and initiatives.

Anti-Bribery and Corruption Policy

Non-compliance is treated as gross misconduct, which may result in dismissal or termination of engagements with third parties. Safeguards include strict procurement processes and contract clauses that reinforce ethical conduct. Prohibited activities include:

- Terrorist activities or any transactions subject to sanctions
- Illegal activities such as money laundering, bribery, tax evasion, corruption, or fraud
- Non-compliance with governance and compliance laws.

Gifts, hospitality and expenses

All gifts and entertainment must adhere to our Gifts and Entertainment Policy. The Bank strictly prohibits any gifts, entertainment, or forms of gratification that violate internal policies or create conflicts of interest—particularly when dealing with third parties or public officials.

Charitable donations

Donations made in our name must comply with established policies and guidelines to ensure transparency and alignment with ethical standards.

Political contributions

Stanbic Bank Botswana Limited does not sponsor political parties, affiliated organisations, or political campaigns in any capacity.

Report **fraud, corruption or unethical behaviour**

Dial **0800 600 709**
Email: whistleblowingline@tip-offs.com

Whistleblowing Policy

We provide confidential and secure channels for employees and stakeholders to report ethical concerns. All reports are thoroughly investigated, with appropriate measures taken to address any misconduct.

By embedding these principles into our operations, we reinforce a culture of integrity, accountability, and ethical business conduct. Our stakeholders can trust in the way we do business.

05 ANNUAL FINANCIAL STATEMENTS

STATEMENT OF DIRECTORS' RESPONSIBILITIES **pg105** | INDEPENDENT AUDITOR'S REPORT **pg106** | STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME **pg110** | STATEMENTS OF FINANCIAL POSITION **pg111** | STATEMENTS OF CHANGES IN EQUITY **pg112** | STATEMENTS OF CASH FLOWS **pg113** | MATERIAL ACCOUNTING POLICIES **pg114** | NOTES TO THE FINANCIAL STATEMENTS **pg134**

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 2024, 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 were approved by the directors on 31 March 2025 and are signed on their behalf by:

Dr TTK Matome
Director

C. Modise
Director

Deloitte.

PO Box 778
Gaborone
Botswana

Deloitte and Touche
Assurance and Advisory
Services
Chartered Accountants
Registration No:
P00002685058
2nd Floor
Twin Towers
East Building
Plot 2883
Fairgrounds Office Park
Gaborone
Botswana

Tel: +(267) 3951611
Fax: +(267) 397 3137
www.deloitte.com

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF STANBIC BANK OF 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 110 to 201, which comprise the consolidated and separate statements of financial position as at 31 December 2024, 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 2024, 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.

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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)	
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: • 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. The Group's and Company's loans and advances broadly fall into three customer segments: • Corporate and Investment Banking (CIB); • Personal and Private Banking (PPB); and • Business and Commercial Banking (BCB). We have set out below the risks and responses based on the ECL approach adopted. 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. Management applies professional judgement in developing the credit impairment models, analysing data and determining the most appropriate assumptions and estimates. The inputs into the modelling process require significant management judgement, including: • 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.	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: • 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. Below is a summary of the substantive procedures performed for each segment: Personal and Private Banking, and Business and Commercial Banking We performed the following procedures on the ECL for all material portfolios with the assistance of our credit and actuarial experts: • 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;

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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)	
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. The other key judgements we considered are: • valuation of collateral held; and • estimation of the recoverable amounts and timing of future cash flows. Related disclosures in the Consolidated and Separate Financial statements: • 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.	• 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. Corporate and Investment Banking We performed the following procedures on the ECL for corporate loans and advances with the assistance of our credit and actuarial experts: • 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. In conclusion, we determined the expected credit loss and related disclosures to be adequate.

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, Sustainability report, and the Statement of Directors' responsibilities, which we obtained prior to the date of this auditor's report as well as the Annual 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.

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE SHAREHOLDERS OF STANBIC BANK BOTSWANA LIMITED

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

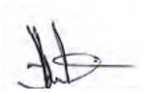
31 March 2025
Gaborone

Deloitte & Touche
Firm of Certified Auditors
Practicing Member: Cecilia Veeta Ramatlapeng (CAP 008 2025)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Note	Group 2024 P000's	Group 2023 P000's	Company 2024 P000's	Company 2023 P000's
Interest income	22.1	**1 885 860**	1 757 799	**1 885 860**	1 757 799
Interest expense	22.2	**(514 394)**	(646 405)	**(516 976)**	(646 607)
Net interest income		**1 371 466**	1 111 394	**1 368 884**	1 111 192
Fee and commission income	22.3	**467 370**	411 021	**451 895**	393 980
Fee and commission expense	22.4	**(148 999)**	(135 677)	**(148 999)**	(135 677)
Net fee and commission income		**318 371**	275 344	**302 896**	258 303
Net trading income	22.5	**241 388**	224 685	**241 388**	224 685
Other income	22.6	**19 774**	20 159	**56 561**	27 642
Net non-interest income		**579 533**	520 188	**600 845**	510 630
Total-net-income		**1 950 999**	1 631 582	**1 969 729**	1 621 822
Credit impairment charges	22.7	**(42 839)**	(109 303)	**(42 839)**	(109 303)
Net income before operating expenses		**1 908 160**	1 522 279	**1 926 890**	1 512 519
Staff costs	22. 8	**(444 454)**	(427 911)	**(444 454)**	(427 911)
Other operating expenses	22. 9	**(513 969)**	(433 270)	**(513 579)**	(433 083)
Total operating expenses		**(958 423)**	(861 181)	**(958 033)**	(860 994)
Profit before indirect tax		**949 737**	661 098	**968 857**	651 525
Indirect tax	22.11	**(36 397)**	(32 628)	**(36 356)**	(32 325)
Profit before direct tax		**913 340**	628 470	**932 501**	619 200
Direct tax	22.11	**(205 374)**	(144 542)	**(202 990)**	(142 470)
Profit for the year		**707 966**	483 928	**729 511**	476 730



Dr TTK Matome
Director

C. Modise
Director

STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2024

	Note	Group 2024 P000's	Group 2023 P000's	Company 2024 P000's	Company 2023 P000's
Assets					
Cash and balances with the Central Bank	23	**281 809**	1 466 490	**281 809**	1 466 490
Derivative assets	24.3	**20 509**	1 377	**20 509**	1 377
Trading portfolio assets	25	**185 709**	3 212	**185 709**	3 212
Financial investments	26.1	**3 198 417**	3 805 364	**3 198 417**	3 805 364
Loans and advances	27.1	**23 451 310**	19 323 952	**23 451 310**	19 323 952
Loans and advances to banks	27.1	**8 497 257**	5 990 721	**8 497 257**	5 990 721
Loans and advances to customers	27.1	**14 954 053**	13 333 231	**14 954 053**	13 333 231
Other assets	28	**224 820**	133 977	**224 777**	134 107
Current tax asset	32	**41 285**	54 934	**35 594**	50 678
Investment in subsidiaries	29	**-**	-	**1 922**	1 922
Intangible assets	30	**77 628**	102 921	**77 628**	102 921
Property, equipment and right of use assets	31.1	**145 437**	142 752	**145 437**	142 752
Deferred tax asset	32	**18 451**	12 621	**18 368**	12 538
Total assets		**27 645 375**	25 047 600	**27 641 480**	25 045 313
Liabilities					
Derivative liabilities	24.3	**34 892**	-	**34 892**	-
Deposits	34	**23 218 095**	21 200 521	**23 247 023**	21 242 130
Deposits from banks	34	**2 342 148**	1 060 094	**2 342 148**	1 060 094
Deposits from customer accounts	34	**20 875 947**	20 140 427	**20 904 875**	20 182 036
Accruals, deferred income and other liabilities	35	**521 501**	500 609	**511 916**	501 496
Trading portfolio Liabilities	33	**293 863**	3 412	**293 863**	3 412
Debt securities in issue	36	**1 016 440**	1 016 440	**1 016 440**	1 016 440
Total Liabilities		**25 084 791**	22 720 982	**25 104 134**	22 763 478
Equity					
Stated capital	37.1	**390 177**	390 177	**390 177**	390 177
Reserves	37.3	**2 170 407**	1 936 441	**2 147 169**	1 891 658
Equity - attributable to ordinary shareholders		**2 560 584**	2 326 618	**2 537 346**	2 281 835
Total liabilities and equity		**27 645 375**	25 047 600	**27 641 480**	25 045 313

Dr TTK Matome
Director

C. Modise
Director

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

Group	Note	Stated capital P000's	Statutory credit reserve P000's	Retained earnings P000's	Total equity 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**

Group	Note	Stated capital P000's	Statutory credit reserve P000's	Retained earnings P000's	Total equity P000's
Balance at 1 January 2023		390 177	154 474	1 608 039	2 152 690
Profit for the year		-	-	483 928	483 928
Total comprehensive income for the year		-	-	483 928	483 928
Dividends paid		-	-	(310 000)	(310 000)
Balance at 31 December 2023		390 177	154 474	1 781 967	2 326 618

Company	Note	Stated capital P000's	Statutory credit reserve P000's	Retained earnings P000's	Total equity 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**

Company	Note	Stated capital P000's	Statutory credit reserve P000's	Retained earnings P000's	Total equity P000's
Balance at 1 January 2023		390 177	154 474	1 570 454	2 115 105
Profit for the year		-	-	476 730	476 730
Total comprehensive income for the year		-	-	476 730	476 730
Dividends Paid		-	-	(310 000)	(310 000)
Balance at 31 December 2023		390 177	154 474	1 737 184	2 281 835

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Note	Group 2024 P000's	Group 2023 Restated[1] P000's	Company 2024 P000's	Company 2023 Restated[1] P000's
Profit before indirect tax		**949 737**	661 098	**968 857**	651 525
Adjusted for:					
Amortisation and impairment of intangible assets	30	**25 293**	24 666	**25 293**	24 666
Credit impairment charges	22.7	**85 435**	142 975	**85 435**	142 975
Depreciation - property and equipment	31.2	**32 972**	30 719	**32 972**	30 719
Depreciation – right of use assets	31.2	**14 053**	13 880	**14 053**	13 880
Interest expense on lease liabilities	22.2	**1 289**	1 258	**1 289**	1 258
Loss on sale of property and equipment	22.9	**-**	112	**-**	112
Increase in income-earning and other assets[1]	40.1	**(3 598 936)**	(1 605 941)	**(3 598 733)**	(1 605 329)
Increase in deposits and other liabilities	40.2	**2 365 725**	822 048	**2 347 106**	828 217
Preference dividend income-Liberty Holdings	42.5	**(9 521)**	(10 190)	**(9 521)**	(10 190)
Dividend income	22.6	**-**	-	**(30 000)**	-
Interest income	22.1	**(1 885 860)**	(1 757 799)	**(1 885 860)**	(1 757 799)
Interest expense	22.2	**514 394**	646 405	**516 976**	646 607
Cash flows used in operations activities		**(1 505 419)**	(1 030 769)	**(1 532 133)**	(1 033 359)
Interest received		**1 883 657**	1 734 827	**1 883 657**	1 734 826
Interest paid		**(588 500)**	(585 286)	**(591 082)**	(585 487)
Indirect tax paid	22.11	**(36 397)**	(32 628)	**(36 356)**	(32 325)
Direct tax paid	40.3	**(191 811)**	(158 649)	**(189 556)**	(156 160)
Net cash flows used in operating activities		**(438 470)**	(72 505)	**(465 470)**	(72 505)
Net cash flows used in investing activities		**(41 141)**	(29 892)	**(14 141)**	(29 892)
Purchased expenditure on:					
- property (freehold and leasehold)	31.2, 31.4	**(11 636)**	(4 104)	**(11 636)**	(4 104)
- equipment	31.2, 31.4	**(36 691)**	(29 105)	**(36 691)**	(29 105)
- intangible asset	30	**-**	(4 228)	**-**	(4 228)
- motor vehicle and furniture	31.2	**(1 383)**	(2 674)	**(1 383)**	(2 674)
Proceeds from disposal of equipment		**-**	29	**-**	29
Dividend received *		**-**	-	**27 000**	-
Preference dividend received-Liberty Holdings *		**8 569**	10 190	**8 569**	10 190
Net cash flows used in financing activities		**(491 094)**	(300 508)	**(491 094)**	(300 508)
Unsubordinated debt redeemed	40.4	**(300 000)**	(124 000)	**(300 000)**	(124 000)
Subordinated debt issued	40.4	**300 000**	150 000	**300 000**	150 000
Principal lease payments	35	**(17 094)**	(16 508)	**(17 094)**	(16 508)
Dividends paid to shareholder		**(474 000)**	(310 000)	**(474 000)**	(310 000)
Net movement in cash and cash equivalents[1]		(970 705)	(402 905)	(970 705)	(402 905)
Cash and cash equivalents at beginning of the year[1]		2 399 241	2 802 146	2 339 241	2 802 146
Cash and cash equivalents at end of the year[1]	40.5	1 428 536	2 399 241	1 428 536	2 399 241

*dividend payment is net of withholding tax therefore this represents the actual cashflow received.

[1]Restated, refer to note 48 for details on the restatement relating to demand loans and advances to banks held as cash and cash equivalents.

MATERIAL ACCOUNTING POLICIES

For the year ended 31 December 2024

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 2024 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 31 March 2025.

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, and in the manner required by Banking Act (Cap 46:04) of Botswana. 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).
- Commodities acquired principally for the purpose of selling in the near future or generating a profit from fluctuation in price or broker-traders' margin are measured at fair value less cost to sell (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 2).
- 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® 1 Presentation of Financial Statements (amendments) –** The amendment clarifies how to classify debt and other liabilities as current or non-current and introduced a requirement to classify debt as non-current only if an entity can avoid settling the debt in the 12 months after the reporting period. The objective of the amendment is aimed to promote consistency in applying the requirements by helping entities determine whether, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments specified that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require an entity to disclose information about these covenants in the notes to the financial statements. The amendment also includes clarifying the classification requirements for debt an entity might settle by converting it into equity. The amendments were retrospectively applied and had no material impact on the Group's results as there were no such transactions.

- **IAS 1 Presentation of financial Statements** – Classification of liabilities as Current or Non-current and Non-current liabilities with Covenants The amendment states that a company will classify a liability as non-current if it has a right to defer settlement for at least 12 months after the reporting date. This right may be subject to a company complying with conditions (covenants) specified in a loan arrangement. Covenants with which the company must comply after the reporting date (i.e. future covenants) do not affect a liability's classification at that date. The amendment had no material impact on the Group's results as there were no such transactions.

MATERIAL ACCOUNTING POLICIES

For the year ended 31 December 2024

1. Basis of preparation (continued)
Changes in material accounting policies (continued)
Adoption of new standards and interpretations effective for the current financial year (continued)

- **IFRS 16 Leases (narrow scope amendments) –** Lease liability in a sale and leaseback The amendments add to requirements explaining how a company accounts for a sale and leaseback after the date of the transaction. IFRS 16 had not previously specified how to measure the transaction when reporting after that date. The amendments add to the sale and leaseback requirements in IFRS 16, thereby supporting the consistent application of the standard. These amendments will not change the accounting for leases other than those arising in a sale and leaseback transaction. The amendments were retrospectively applied and had no material impact on the Group's results as there were no such transactions.

- **IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures -** Supplier Finance Arrangements (amendments) The amendment addresses the presentation of liabilities and the associated cash flows arising out of supplier finance arrangements, as well as disclosures required for such arrangements and exposure to liquidity risk. The new requirements provide users of financial statements with information to assess how supplier finance arrangements affect an entity's liabilities, cash flows, the effect thereof on its exposure to liquidity risk and how an entity might be affected if the arrangements were no longer available to it. The amendments were retrospectively applied and had no material impact on the Group and Company's financial statements as the Group does not even have this type of arrangements.

- **IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information** IFRS S1 requires an entity to disclose information about all sustainability-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term. In particular, an entity is required to provide disclosures about:
  a. the governance processes, controls and procedures the entity uses to monitor, manage and oversee sustainability-related risks and opportunities;
  b. the entity's strategy for managing sustainability-related risks and opportunities;
  c. the processes the entity uses to identify, assess, prioritise and monitor sustainability-related risks and opportunities; and
  d. the entity's performance in relation to sustainability-related risks and opportunities, including progress towards any targets the entity has set or is required to meet by law or regulation.

- **IFRS S2 Climate-related disclosure**s IFRS S2 requires an entity to disclose information about climate-related risks and opportunities that could reasonably be expected to affect the entity's cash flows, its access to finance or cost of capital over the short, medium or long term. IFRS S2 applies to:
  a. climate-related risks to which the entity is exposed, which are:
     i. climate-related physical risks; and
     ii. climate-related transition risks; and
  b. climate-related opportunities available to the entity

  In particular, an entity is required to provide disclosures about:
  a. the governance processes, controls and procedures the entity uses to monitor, manage and oversee climate-related risks and opportunities;
  b. the entity's strategy for managing climate-related risks and opportunities;
  c. the processes the entity uses to identify, assess, prioritise and monitor climate-related risks and opportunities, including whether and how those processes are integrated into and inform the entity's overall risk management process; and
  d. the entity's performance in relation to its climate-related risks and opportunities, including progress towards any climate-related targets it has set, and any targets it is required to meet by law or regulation.

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 are continually evaluated and are based on factors such as historical experience and current best estimates of future events.

2. Basis of consolidation

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.

MATERIAL ACCOUNTING POLICIES

For the year ended 31 December 2024

2. Basis of consolidation (continued)
Consolidated financial statements (continued)

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 a 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 investees' 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.

3. 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.

Foreign currency gains and losses on intra-group loans are recognised in profit or loss except where the settlement of the loan is neither planned nor likely to occur in the foreseeable future. In these cases the foreign currency gains and losses are recognised in the Group's Foreign Currency Translation Reserve (FCTR).

4. 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 an 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

For the year ended 31 December 2024

5. 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.

6. 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): • 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: • A debt instrument that meets both of the following conditions (other than those designated at fair value through profit or loss): – 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. Included are commodities that are acquired principally for the purpose of selling in the near future or generating a profit from fluctuations in price or broker-trader margin.
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

For the year ended 31 December 2024

6. 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	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. Directly attributable transaction costs and fees received are capitalised and amortised through interest income as part of the effective interest rate.
Fair value through OCI	**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 impairments 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. Dividends received are recognised in interest income within profit or loss. **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. Dividends received on equity instruments are recognised in other revenue within non-interest revenue.
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	**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. **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.

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.

MATERIAL ACCOUNTING POLICIES

For the year ended 31 December 2024

6. Financial instruments (continued)

Impairment (continued)

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)**	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: • default • significant financial difficulty of borrower and/ or modification of expected cashflows or loan performance. • probability of bankruptcy or financial reorganisation • disappearance of an active market due to financial difficulties.

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	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: • 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

For the year ended 31 December 2024

6. 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: • 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.

MATERIAL ACCOUNTING POLICIES (continued)

For the year ended 31 December 2024

6. Financial instruments (continued)

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.

Derecognition and modification of financial assets and liabilities

Financial assets and liabilities are derecognised in the following instances:

	DERECOGNITION	MODIFICATION
Financial assets	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. 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. 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. 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.	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. 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. 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).
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 2024

6. 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 thenamortised 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 hedge ratio 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 2024

7. Non-financial assets

<table>
<tr><th>Type and initial and subsequent measurement</th><th>Useful lives, depreciation/ amortisation method or fair value basis</th><th>Impairment</th></tr>
<tr>
<td>Tangible assets (property, equipment, land and right-of-use assets)
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

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.

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.</td>
<td><table>
<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 years</td></tr>
<tr><td>Land</td><td></td><td>Not depreciated</td></tr>
</table>
The residual values, useful lives and the depreciation method applied are reviewed, an adjusted if appropriate, at each financial year end. In the current year we disclosed some clarity on the accounting estimate in line with the Group policy to show that the depreciation method is a range. This has been previously disclosed incorrectly and was not representative of the Bank accounting policy.</td>
<td>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.

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.

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.

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.

For the purposes of assessing impairment, assets that cannot be tested individually are Grouped at the lowest cash generating units (CGUs).

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 amounts 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.

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.</td>
</tr>
</table>

MATERIAL ACCOUNTING POLICIES (continued)

For the year ended 31 December 2024

7. Non-financial assets (continued)

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. 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. Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses from the date that the assets are available for use. 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.	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. Amortisation methods, useful lives and residual values are reviewed at each financial year end and adjusted, if necessary.	Intangible assets that have an indefinite useful life are tested annually for impairment and additionally when an indicator of impairment exists. The accounting treatment for computer software and other intangible assets is otherwise the same as for tangible assets.
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.		

8. 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.

9. 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 2024

10. Tax

Type	Description, recognition and measurement	Offsetting
Direct taxation: current tax	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. 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.	• 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.
Direct taxation: deferred tax	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. 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: • 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. 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. 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. 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. 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.	
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 2024

11. 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 a 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 a 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 2024

11. 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.	
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 2024

11. 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.

12. 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 within 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.

13. 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 2024

14. 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.	**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: • Amounts 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. 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.	**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.
	Right of use assets: Initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for: • 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. The Group applies the cost model subsequent to the initial measurement of the right of use assets.	**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 2024

14. Leases (continued)
Lessee accounting policies (continued)

Type	Statement of financial position	Income Statement
IFRS 16 – lessee accounting policies (continued)		
Reassessment and modification of leases	**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. 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. 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.	
	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.	

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.

15. 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 2024

15. 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.

16. 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.

17. 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.

18. 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.

19. 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 2024

20. 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 2024 and have not been applied in preparing these financial statements.

Pronouncement	Title	Effective date
IAS 21	**IAS 21 Lack of exchangeability (amendments)** The amendments clarify 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.	1 January 2025
Amendments to the Sustainability Accounting Standards Board standards	**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: 1. replacing jurisdiction-specific terms with globally applicable references 2. providing general descriptions to replace jurisdiction-specific terms 3. 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 4. removing certain jurisdiction-specific metrics that were unsuitable for international application, and 5. 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.	1 January 2025
Amendments to IFRS 9 and IFRS 7	**Amendments to the Classification and Measurement of Financial Instruments** 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: **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. **Classification of financial assets:** *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. *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. *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.	1 January 2026

MATERIAL ACCOUNTING POLICIES (continued)

For the year ended 31 December 2024

20. New standards and interpretations not yet adopted (continued)

Amendments to IFRS 9 and IFRS 7 (continued)	**Disclosures:** *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. *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 amortised cost or fair value through other comprehensive income and each class of financial liability measured at amortised cost. 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: a) the measurement category and carrying amount determined immediately before the amendments were applied; and (b) the measurement category and carrying amount determined immediately after the amendments were applied. 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. The amendment is not expected to have a significant impact on the Group and Company's financial statements.	1 January 2026
Annual Improvements to IFRS Accounting Standards — Volume 11	**Annual Improvements to IFRS Accounting Standards - Volume 11** 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. The pronouncement comprises the following amendments: IFRS 1 *First-time Adoption of International Financial Reporting Standards*: · Hedge accounting by a first-time adopter IFRS 7 *Financial Instruments: Disclosures:* • Gain or loss on derecognition • Disclosure of deferred difference between fair value and transaction price • Introduction and credit risk disclosures IFRS 9 *Financial Instruments* • Lessee derecognition of lease liabilities • Transaction price IAS 7 *Statement of Cash Flows* • Cost method	1 January 2026
IFRS 18	**Presentation and Disclosures in Financial Statements (IFRS 18)** 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.	1 January 2027
IFRS 19	**Subsidiaries without Public Accountability: Disclosure (IFRS 19)** 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. 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.	1 January 2027

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 scorecards 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 a 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

For the year ended 31 December 2024

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 classified 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

For the year ended 31 December 2024

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 PPB 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:
A range of base, bullish and bearish forward-looking economic expectations were determined, as at 31 December 2023, for inclusion in the Group's forward-looking process and ECL calculation.

Economic expectation
- According to IMF Botswana's economic growth is expected to slow to 1% in 2024, primarily because of a diamond market contraction. "Looking ahead, the economy is expected to decelerate further this year". The continued slowdown 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 4%, as diamond mining recovers.
- Headline inflation was constant at 1.7% between November and December 2024, remaining below the lower bound of the medium-term objective range of 3 – 6%, and was lower than the 3.5% recorded in December 2023. Inflation between November and December 2024 remained constant, reflecting relatively stable prices across most categories of goods and services, as well as offsetting movements in the annual price changes for some commodity groups.
- At the meeting held on 5 December 2024, the Monetary Policy Committee (MPC) of the Bank of Botswana maintained the Monetary Policy Rate (MoPR) at 1.9% but reduced the Primary Reserve Requirement (PRR) from 2.5% to 0%.
- Botswana Current Account Balance: % of Nominal GDP data is updated quarterly, available from Mar 2004 to Mar 2024, with an average value of 1.4 %. 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.

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:

	Base scenario3		Bearish scenario3		Bullish scenario3	
2024	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
Policy 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

21. Key management assumptions (continued)
21.1. Credit impairment losses on loans and advances (continued)

	Base scenario3		Bearish scenario3		Bullish scenario3	
2023	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	3.80	3.94	4.61	2.23	2.70	4.81
Real GDP	4.20	5.67	5.70	3.21	2.70	4.59
6 months T-bill	5.31	6.50	6.52	1.11	3.81	1.82
Bank rate	2.40	2.65	2.40	3.69	2.20	6.25
Exchange rate (USD/BWP)	13.61	12.89	14.60	9.40	12.60	11.98

[1] Revised as at 31 December 2023. Next 12 months following 31 December 2023 is 1 January 2024 to 31 December 2024.
[2] The remaining forecast period is 2024 to 2025.
[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 2024 based on the probability weightings of the above three scenarios resulting from recalculating each of the scenarios using a 100% (2023: 100%) weighting of the above factors.

	Allowances for credit losses (P000's)	
Forward looking impact on IFRS 9 provision		
Scenarios	**2024**	2023
100% Bear	**433 631**	551 352
100% Base	**108 329**	81 738
100% Bull	**89 676**	166 165

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:

	2024	2023
PPB and BCB industry and macroeconomic adjustments [1]	**12 511**	-
CIB sovereign adjustment [2]	**-**	-
Total	**12 511**	-

[1] Additional impairments held to incorporate industry and macroeconomic factors which were not included in the underlying modelling. During 2024, 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
For the year ended 31 December 2024

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, which include:

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
For the year ended 31 December 2024

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 2024, the Group's computer software intangible assets' recoverable amounts were determined to be higher than their carrying amounts and no impairment losses were recognised (2023: PNil impairment losses recognised).

The review and testing of assets for impairment inherently requires 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
For the year ended 31 December 2024

22. Statements of profit or loss and other comprehensive income information
22.1 Interest income

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Interest on loans and advances	**1 752 137**	1 607 839	**1 752 137**	1 607 839
Interest on financial investments	**133 723**	149 960	**133 723**	149 960
	1 885 860	1 757 799	**1 885 860**	1 757 799

22.2 Interest expense

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Interest on deposits - current and savings accounts	**10 430**	8 919	**10 448**	8 931
Interest on deposits - call, and term	**415 453**	548 551	**418 017**	548 551
Interest on deposits- debt securities in issue	**78 868**	78 297	**78 868**	78 297
Interest on lease liabilities	**1 289**	1 259	**1 289**	1 259
Interest on deposits with banks	**8 354**	9 379	**8 354**	9 569
	514 394	646 405	**516 976**	646 607

22.3 Fee and commission income

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Documentation and admin fees	**110 952**	94 042	**110 951**	94 042
Electronic banking transaction fees	**26 884**	27 162	**26 884**	27 162
Point of presentation transaction fees	**15 323**	13 873	**15 323**	13 873
Guarantee fees	**13 681**	9 755	**13 681**	9 755
Insurance commissions	**14 514**	15 149	**-**	-
Card based commission	**215 370**	185 663	**215 370**	185 663
Foreign currency service fees	**17 347**	21 380	**17 347**	21 380
Service and penalty fees on current accounts	**20 262**	17 600	**20 262**	17 600
ATM fees	**12 090**	11 754	**12 090**	11 754
Script and security fees	**13 418**	10 334	**13 418**	10 334
Other fees [1]	**7 529**	4 309	**6 569**	2 417
	467 370	411 021	**451 895**	393 980

[1] Other 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
For the year ended 31 December 2024

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 consideration 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	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Card based expenses	**148 951**	135 374	**148 951**	135 374
Other fees	**48**	303	**48**	303
Fee and commission expense	**148 999**	135 677	**148 999**	135 677

22.5 Net trading income

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Gain on foreign exchange dealings	**247 200**	228 843	**247 200**	228 843
Net loss on financial instruments held for trading	**(5 812)**	(4 158)	**(5 812)**	(4 158)
	241 388	224 685	**241 388**	224 685

22.6 Other income

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Preference dividend (note 42.5)	**9 521**	10 190	**9 521**	10 190
Sundry income	**10 253**	8 245	**10 307**	8 865
Dividend income (note 42.5)	**-**	-	**30 000**	-
Management fees	**-**	-	**6 733**	6 863
Other gains	**-**	1 724	**-**	1 724
	19 774	20 159	**56 561**	27 642

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

22. Statements of profit or loss and other comprehensive income information (continued)
22.7 Credit impairment charges

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Net expected credit loss raised and (released)	**85 435**	142 975	**85 435**	142 975
Financial investments (note 26.5)	**(9)**	24	**(9)**	24
Loans and advances (note 27.2) *	**87 630**	141 048	**87 630**	141 048
Letters of credit, guarantees and commitments	**(2 186)**	1 903	**(2 186)**	1 903
Recoveries on loans and advances previously written off	**(42 596)**	(33 672)	**(42 596)**	(33 672)
	42 839	109 303	**42 839**	109 303

* In the previous year there was recognition on impairment charge amounting to P57 million driven by a single customer in the BCB portfolio

22.8 Staff costs

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Salaries and allowances*	**407 764**	395 344	**407 764**	395 344
Retirement benefit costs	**36 690**	32 567	**36 690**	32 567
	444 454	427 911	**444 454**	427 911

*There is a share-based expense of about P5.3 million (2023: P11 million).

22.9 Other operating expenses

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Amortisation – intangible assets (note 30)	**25 293**	24 666	**25 293**	24 666
Auditor's remuneration	**6 218**	5 271	**6 218**	5 271
- Audit fees (current year)	**5 022**	4 300	**5 022**	4 300
- Audit fees (prior year under provision)	**1 196**	971	**1 196**	971
Depreciation property plant and equipment (note 31.2)	**47 025**	44 599	**47 025**	44 599
- Property - Freehold	**1 333**	1 301	**1 333**	1 301
- Property - Leasehold	**813**	927	**813**	929
- Equipment – Computers and office equipment	**26 054**	23 767	**26 054**	23 766
- Equipment – Motor vehicles	**1 172**	1 063	**1 172**	1 063
- Equipment – Furniture and fittings	**3 600**	3 661	**3 600**	3 660
- Right of use of assets	**14 053**	13 880	**14 053**	13 880
- Leases of low value assets and short-term leases	**15**	758	**15**	758
-Expenses relating to leases of low-value items	**15**	758	**15**	758
Information technology	**96 262**	129 292	**96 262**	129 292
Communication, marketing and advertising	**44 546**	37275	**44 546**	37 275
Repairs and maintenance	**16 299**	14 601	**16 299**	14 601
Professional fees	**44 672**	28 440	**39 263**	28 253
Head office franchise fee	**58 598**	48 435	**58 598**	48 435
Loss on sale of plant and equipment	**-**	112	**-**	112
Travel and entertainment	**16 120**	11 154	**16 120**	11 154
Training expenses	**4 176**	2 421	**4 176**	2 421
Administration and general expenses *	**154 745**	86 246	**159 764**	86 246
	513 969	433 270	**513 579**	433 083

*Administration and general expenses comprise of insurance cost at P25.541 million (2023:P5.922 million), security expenses at P17.359 million (2023: P15.376 million), commission paid at P23.896 million (2023: P28.499 million), subscriptions, bank charges and other 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 P5.127 million (2023: P3.183 million).

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

22. Statements of profit or loss and other comprehensive income information (continued)
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	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Short term benefits	**7 844**	8 134	**7 784**	8 084
Non-Executive Directors				
Craig Anthony Granville	**-**	249	**-**	249
Dr Tebogo TK Matome	**918**	855	**918**	855
Mohamed Ismail	**140**	718	**140**	718
Rudolph De Wet	**164**	737	**164**	737
Mthabisi Bokete	**704**	737	**704**	737
Larona Lesedi Somolekae	**704**	805	**704**	805
Mark Haskins	**745**	689	**745**	689
Butler D Phirie	**704**	909	**704**	909
Antonio C Cautinho[1]	**488**	508	**488**	508
Lungisa Fuzile[1]	**562**	492	**562**	492
Batsho Pamela Growth	**704**	729	**704**	729
Mootiemang R Motswaiso	**-**	295	**-**	295
Michaela Alves Da Silva	**656**	361	**656**	361
Yvette Mogatusi	**30**	25	**-**	-
Chedza Balopi	**30**	25	**-**	-
Richard C Irvine	**541**	-	**541**	-
Agnes Tsholofelo Khunwana	**213**	-	**213**	-
Michael Kgengwenyane	**541**	-	**541**	-
	7 844	8 134	**7 784**	8 084

Refer to Note 43 for remuneration received by executive management.

[1]The remuneration for the director is paid to Stanbic Africa Holdings Limited.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

22. Statements of profit or loss and other comprehensive income information (continued)

22.11 Taxation

(a) Amounts recognised in profit or loss

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Indirect taxation				
- Value added tax	**36 397**	32 628	**36 356**	32 325
Direct taxation				
Total direct taxation	**205 374**	144 542	**202 990**	142 470
- Current year	**205 374**	136 337	**202 990**	134 265
- current tax	**198 850**	128 244	**196 466**	126 172
- deferred tax *	**695**	8 093	**695**	8 093
-withholding tax**	**5 829**	-	**5 829**	-
-Prior year	-	8 205	-	8 205
- current tax	-	8 205	-	8 205

*In the previous year there was a significant increase in prepayments mainly relating to insurance cover which contributed to the deferred tax charge in the previous year.
** Includes withholding tax on dividends received of P 3.952 million (2023: P Nil)

(b) Botswana tax rate reconciliation (%)

	Group		Company	
	2024 %	2023 %	**2024 %**	2023 %
Direct taxation charge for the year as a percentage of profit before direct tax:	**22.5**	23.0	**21.7**	23.0
The charge for the year has been (increased)/reduced as a consequence of:				
- Non-deductible expenses[1]	**(0.3)**	0.2	**0.3**	0.2
-Tax payments relating to previous years	-	(1.2)	-	(1.2)
-Withholding tax received	**(0.2)**	-	-	-
Statutory tax rate	**22**	22	**22**	22

[1] Comprises of donations, subscriptions, and entertainment.

23. Cash and balances with the Central Bank

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Coins and bank notes	**258 845**	217 274	**258 845**	217 274
Balances with the Central Bank	**22 964**	1 249 216	**22 964**	1 249 216
	281 809	1 466 490	**281 809**	1 466 490

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:				
Maturing within 1 month	**281 809**	1 466 490	**281 809**	1 466 490
	281 809	1 466 490	**281 809**	1 466 490

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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.
Derivative assets and liabilities

24.3 Derivative assets and liabilities

	Maturity analysis of net fair value						
2024 Group	**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**

	Maturity analysis of net fair value						
2023 Group	**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	1 377	-	-	1 377	1 377	-	1470 302
- Forwards and swaps	1 377	-	-	1 377	1 377	-	1470 302
2023 Company							
Derivatives held for trading							
Foreign exchange derivatives	1 377	-	-	1 377	1 377	-	1470 302
- Forwards and swaps	1 377	-	-	1 377	1 377	-	1470 302

[1]The 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

For the year ended 31 December 2024

25. Trading portfolio assets

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Listed – Government bonds	**606**	3 212	**606**	3 212
Unlisted – Trading Loans	**185 103**	-	**185 103**	-
	185 709	3 212	**185 709**	3 212
Maturity analysis:				
Maturing within 1 month	**185 583**	-	**185 583**	-
Maturing after 1 month but within 6 months	**126**	131	**126**	131
Maturing after 6 months but within 12 months	**-**	-	**-**	-
Maturing after 12 months	**-**	3 081	**-**	3 081
	185 709	3 212	**185 709**	3 212

a. Redemption value
Dated trading assets had a redemption value as at 31 December 2024 of P185.615 million (2023: P4.126 million) for the Group and Company.

26. Financial investments

26.1 Classification

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Listed – Government and corporate bonds	**596 992**	608 908	**596 992**	608 908
Unlisted – Other	**2 601 425**	3 196 456	**2 601 425**	3 196 456
	3 198 417	3 805 364	**3 198 417**	3 805 364
Comprising:				
Government bonds	**411 138**	423 026	**411 138**	423 026
Corporate bonds	**185 854**	185 882	**185 854**	185 882
Bank of Botswana Certificates	**2 601 425**	3 196 456	**2 601 425**	3 196 456
	3 198 417	3 805 364	**3 198 417**	3 805 364

Maturity analysis

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
The maturities represent periods to contractual redemption of the investment securities recorded.				
Maturing within 1 month	**1 565 082**	3 196 456	**1 565 082**	3 196 456
Maturing after 1 month but within 6 months	**1 112 654**	-	**1 112 654**	-
Maturing after 6 months but within 12 months	**432 327**	-	**432 327**	-
Maturing after 12 months	**88 354**	608 908	**88 354**	608 908
	3 198 417	3 805 364	**3 198 417**	3 805 364

The maturities above represent periods to contractual redemption of the investment securities recorded.

Net financial investments measured at amortised cost	**3 198 417**	3 805 364	**3 198 417**	3 805 364
Gross financial investments measured at amortised cost	**3 198 451**	3 805 407	**3 198 451**	3 805 407
Less: Expected credit loss for financial investments measured amortised cost	**(34)**	(43)	**(34)**	(43)
	3 198 417	3 805 364	**3 198 417**	3 805 364

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

26. Financial investments (continued)

26. 2 Redemption value

Dated investment securities have a redemption value of P3.220 billion (2023: P3.905 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 P1.430 million (2023: P642.7 million) 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 fair valued at 31 December 2024 based on ruling prices at reporting date. Refer to note 38.3

26.5. Reconciliation of expected credit losses for debt financial investments measured at amortised cost

		Income statement movements					
Group and Company	**Opening ECL 1 January 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**	**Net ECL raised/ (released) [1] P000's**	**Closing ECL 31 December 2024 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

[1] Net impairments raised/(released) less recoveries of amounts written off in previous years equals income statement impairment charge (refer credit impairment charges note).

		Income statement movements					
Group and Company	**Opening ECL 1 January 2023 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**	**Net ECL raised/ (released) [1] P000's**	**Closing ECL 31 December 2023 P000's**
Corporate	-	-	-	-	-	-	-
Stage 1	-	-	-		-	-	-
Stage 2	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-
Sovereign	15	39	-	(15)	-	24	39
Stage 1	15	39	-	(15)	-	24	39
Stage 2	-	-	-	-	-	-	-
Stage 3	-	-		-	-	-	-
Bank	4	-	-	-	-	-	4
Stage 1	4	-	-	-	-	-	4
Stage 2	-	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-	-
Total	19	39	-	(15)	-	24	43

[1] Net 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

For the year ended 31 December 2024

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	
	2024 P000's	2023 P000's	2024 P000's	2023 P000's
Fair value of assets pledged as security	**1 430 655**	642 659	**1 430 655**	642 659

Maturity analysis

	Group		Company	
	2024 P000's	2023 P000's	2024 P000's	2023 P000's
Maturing within 1 month	**1 430 655**	642 659	**1 430 655**	642 659
	1 430 655	642 659	**1 430 655**	642 659

The carrying amount of total financial assets that have been pledged as collateral for liabilities (including amounts reflected above) at 31 December 2024 is P1.431 billion (2023: P643 million) 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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	
	2024 P000's	2023 P000's	2024 P000's	2023 P000's
Loans and advances to banks*	**8 497 257**	5 990 721	**8 497 257**	5 990 721
- Balances with banks **	**8 502 221**	5 994 997	**8 502 221**	5 994 997
- Expected credit loss for loans to banks	**(4 964)**	(4 276)	**(4 964)**	(4 276)
Net loans and advances to banks	**8 497 257**	5 990 721	**8 497 257**	5 990 721
Loans and advances to customers	**14 954 053**	13 333 231	**14 954 053**	13 333 231
Gross loans and advances to customer	**15 434 851**	13 810 275	**15 434 851**	13 810 275
- Mortgage lending	**2 140 825**	2 628 775	**2 140 825**	2 115 487
- Vehicle asset lending	**1 598 816**	1 130 998	**1 598 816**	1 440 429
- Overdrafts and other demand lending	**655 543**	407 621	**655 543**	618 850
- Medium-term advances	**10 487 580**	9 124 419	**10 487 580**	9 124 419
- Card debtors	**44 712**	44 402	**44 712**	37 030
Other instruments	**507 375**	474 060	**507 375**	474 060
Expected credit loss for loans and advances to customers	**(480 798)**	(477 044)	**(480 798)**	(477 044)
Net loans and advances	**23 451 310**	19 323 952	**23 451 310**	19 323 952
Comprising:				
Gross loans and advances	**23 937 072**	19 805 272	**23 937 072**	19 805 272
Less: credit impairments (note 27.2)	**(485 762)**	(481 320)	**(485 762)**	(481 320)
Net loans and advances	**23 451 310**	19 323 952	**23 451 310**	19 323 952

* 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 P1.147 billion (2023: P932.751 million) relating to on-demand gross loans and advances to banks that qualifies as cash equivalents, refer to note 40.5, for group and company.

	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 *	**1 665 556**	1 257 267	**1 665 556**	1 257 267
Maturing within 1 month	**5 138 059**	117 469	**5 138 059**	117 469
Maturing after 1 month but within 6 months	**2 820 408**	907 718	**2 820 408**	907 718
Maturing after 6 months but within 12 months	**361 577**	555 527	**361 577**	555 527
Maturing after 12 months	**13 465 710**	16 485 971	**13 465 710**	16 485 971
	23 451 310	19 323 952	**23 451 310**	19 323 952

*Included in Redeemable on demand is an amount of P1.147 billion (2023: P932.751 million) 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

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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	**(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 represents 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 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 P120.9 million (2023: P92.6 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

For the year ended 31 December 2024

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 2022 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 2023 P000's
Mortgages	**(126 457)**	**(14 096)**	**61**	**14 035**	**-**	**(36 626)**	**-**	**(29 249)**	**-**	**(65 875)**	**1 653**	**-**	**(190 679)**
Stage 1	(13 956)	-	16 129	(2 033)	14 096	(2 396)	-	(16 992)	-	(19 388)	-	-	(19 248)
Stage 2	(42 854)	(16 129)	-	16 068	(61)	(3 088)	-	20 240	-	17 152	-	-	(25 763)
Stage 3	(69 647)	2 033	(16 068)	-	(14 035)	(31 142)	-	(32 497)	-	(63 639)	1 653	-	(145 668)
Vehicle and Asset Finance	**(82 875)**	**(5 420)**	**357**	**5 063**	**-**	**(21 384)**	**-**	**25 681**	**-**	**4 297**	**2 317**	**-**	**(76 261)**
Stage 1	(10 162)	-	3 424	1 996	5 420	(3 519)	-	2 248	-	(1 271)	-	-	(6 013)
Stage 2	(42 684)	(3 424)	-	3 067	(357)	(14 644)	-	20 090	-	5 446	-	-	(37 595)
Stage 3	(30 029)	(1 996)	(3 067)	-	(5 063)	(3 221)	-	3 343	-	122	2 317	-	(32 653)
Card Debtors	**(6 437)**	**976**	**(1 134)**	**158**	**-**	**(4 690)**	**-**	**(76)**	**-**	**(4 766)**	**5 758**	**-**	**(5 445)**
Stage 1	(2 246)	-	(737)	(239)	(976)	(3 686)	-	4 328	-	642	300	-	(2 280)
Stage 2	(4 397)	737	-	397	1 134	(607)	-	796	-	189	-	-	(3 074)
Stage 3	206	239	(397)	-	(158)	(397)	-	(5 200)	-	(5 597)	5 458	-	(91)
Corporate	**(21 401)**	**-**	**-**	**-**	**-**	**(6 475)**	**-**	**(781)**	**4 856**	**(2 400)**	**-**	**-**	**(23 801)**
Stage 1	(16 750)	-	-	-	-	(4 260)	-	930	4 062	732	-	-	(16 018)
Stage 2	(4 828)	-	-	-	-	(2 215)	-	(1 711)	971	(2 955)	-	-	(7 783)
Stage 3	177	-	-	-	-	-	-	-	(177)	(177)	-	-	-
Sovereign	**(640)**	**-**	**-**	**-**	**-**	**(545)**	**-**	**(1 042)**	**532**	**(1 055)**	**-**	**-**	**(1 695)**
Stage 1	(79)	-	-	-	-	(545)	-	(40)	532	(53)	-	-	(132)
Stage 2	(561)	-	-	-	-	-	-	(1 002)	-	(1 002)	-	-	(1 563)
Stage 3	-	-	-	-	-	-	-	-	-	-	-	-	-
Other instruments	**(195 142)**	**(29 391)**	**18 692**	**10 699**	**-**	**(51 573)**	**-**	**(32 193)**	**1**	**(71 249)**	**82 952**	**-**	**(183 439)**
Stage 1	(73 553)	-	25 886	3 505	29 391	(23 275)	-	(882)	1	(24, 56)	-	-	(68 318)
Stage 2	(39 282)	(25 886)	-	7 194	(18 692)	(13 314)	-	54 709	-	41 395	-	-	(16 579)
Stage 3	(82 307)	(3 505)	(7 194)	-	(10 699)	(14 984)	-	(86 020)	-	(88 488)	82 952	-	(98 542)
TOTAL	**(432 952)**	**(47 931)**	**17 976**	**29 955**	**-**	**(121 293)**	**-**	**(37 660)**	**5 389**	**(141 048)**	**92 680**	**-**	**(481 320)**

*Other instruments on the above table also represents 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 P92.6 million (2022: P255.4 million).
***The gross amortised carrying account for the modified accounts before restructure was P150 million as at the reporting date. The facility has not yet 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

For the year ended 31 December 2024

27. Loans and advances (continued)
27.2 Credit impairments for loans and advances (continued)

Industry Segmental Analysis 2024	Group and Company			
	Stage 1 P000's	Stage 2 P000's	Stage 3 P000's	Total 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**

2023	Stage 1 P000's	Stage 2 P000's	Stage 3 P000's	Total P000's
Agriculture	1 704	5 242	9 303	16 249
Construction	406	8 400	5 277	14 083
Finance, real estate and other business services	43 161	62 055	179 820	285 036
Individuals	45 925	47 701	71 810	165436
Manufacturing	206	267	43	516
	91 402	123 665	266 253	481 320

28. Other assets

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Items in the course of collection *	**142 316**	74 051	**142 273**	74 181
Prepayments and other debtors	**82 504**	59 926	**82 504**	59 926
	224 820	133 977	**224 777**	134 107

Comprises of sundry debtors mainly on transactions processed on behalf of clients.

Maturity analysis

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Receivable within 12 months	**224 820**	133 977	**224 777**	134 107
	224 820	133 977	**224 777**	134 107

Classification analysis

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Financial	**111 467**	60 018	**132 265**	57 692
Non-Financial	**113 353**	73 959	**92 512**	76 415
	224 820	133 977	**224 777**	134 107

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

29. Investment in subsidiaries

	Company	
	2024 P000's	2023 P000's
Investment in subsidiaries:		
- Stanbic Insurance Services Proprietary Limited	**919**	919
- Stanbic Nominees Botswana Proprietary Limited	**3**	3
- Stanbic Financial Services Proprietary Limited	**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

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Computer software				
Cost at beginning of year	**285 238**	281 010	**285 238**	281 010
Additions*	**-**	4 228	**-**	4 228
Cost at end of the year	**285 238**	285 238	**285 238**	285 238
Accumulated amortisation at beginning of the year	**(182 317)**	(157 651)	**(182 317)**	(157 651)
Amortisation	**(25 293)**	(24 666)	**(25 293)**	(24666)
Accumulated amortisation at end of the year	**(207 610)**	(182 317)	**(207 610)**	(182 317)
Balance at end of the year	**77 628**	102 921	**77 628**	102 921

*In prior year there was an addition relating to the acquisition or enhancement on the existing core banking system by adding a purchased asset financing module to efficiently execute the Bank strategy.

31. Property, equipment and right of use assets

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
	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)	22 962
	355 258	**(262 618)**	**92 640**	317 183	(231 792)	85 392
Total property, equipment and right of use assets	**539 283**	**(393 846)**	**145 437**	489 573	(346 821)	142 752

The fair value of completed freehold property was based on valuations performed by registered valuers and was estimated at P97.765 million (2023: P103.965 million) for the Group and Company.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. Property, equipment and right of use assets (continued)
31.2 Movement 2024

Group and Company	Net book value 2023 P000's	Additions 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**

31.3 Summary 2023

Group and Company	2023 Cost P000's	2023 Accumulated depreciation P000's	2023 Net book value P000's	2022 Cost P000's	2022 Accumulated depreciation P000's	2022 Net book value P000's
Property						
Freehold	55 404	(13 386)	42 017	51 693	(12 085)	39 608
Leasehold	33 551	(29 790)	3 761	33 157	(28 863)	4 294
Right of use of assets	83 435	(71 853)	11 582	79 801	(57 972)	21 829
Total property, equipment and right of use assets	172 390	(115 029)	57 360	164 651	(98 920)	65 731
Equipment						
Computer and office equipment	249 658	(189 765)	59 893	223 276	(166 034)	57 242
Motor vehicles	10 515	(7 978)	2 537	9 220	(6 915)	2 305
Furniture and fittings	57 010	(34 049)	22 961	55 986	(30 615)	25 371
	317 183	(231 792)	85 391	288 482	(203 564)	84 918
Total property, equipment and right of use assets	489 573	(346 821)	142 752	453 133	(302 484)	150 649

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

31. Property, equipment and right of use assets (continued)
31.4 Movement 2023

Group and Company	Net book value 2022 P000's	Additions/ Transfers 2023 P000's	Net book value of disposals 2023 P000's	Depreciation 2023 P000's	Net book value 2023 P000's
Property					
Freehold	39 608	3 710	-	(1 301)	42 017
Leasehold	4 294	394	-	(927)	3 761
Right of use of assets	21 829	3 634	-	(13 880)	11 582
	65 731	7 738	-	(16 109)	57 360
Equipment					
Computer and office equipment	57 242	26 431	(13)	(23 767)	59 893
Motor vehicles	2 305	1 295		(1 063)	2 537
Furniture and fittings	25 371	1 379	(128)	(3 660)	22 962
	84 918	29 105	(141)	(28 490)	85 392
Total property, equipment and right of use assets	150 649	36 843	(141)	(44 599)	142 752

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

For the year ended 31 December 2024

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 2024	**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**

Group and Company	Land and buildings P000's	Total P000's
Balance at 1 January 2023	21 829	21 829
Depreciation charge for the year	(13 880)	(13 880)
Additions to the right of use assets	3 634	3 634
Balance 31 December 2023	11 582	11 582

b. Amounts recognised in profit or loss

Group and Company Land and buildings	2024 P000's	2023 P000's
Leases		
Interest on lease liabilities	**(1 289)**	(1 258)
Expenses relating to short term leases	**-**	(21)
Expenses relating to low value assets, excluding short term leases of low value assets	**(825)**	(758)
Total expenses	**(2 114)**	(2 037)

c. Amounts recognised in profit or loss

Group and Company	2024 P000's	2023 P000's
Total cash outflow for leases	(17 094)	(17 766)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

32. Deferred and Current tax

Deferred tax analysis

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Property and equipment timing differences	**(17 089)**	(16 948)	**(17 089)**	(16 948)
Fair value adjustments of financial instruments	**3 083**	(339)	**3 083**	(339)
Deferred income	**7 909**	6 625	**7 909**	6 625
Royalties accrued	**1 635**	5 741	**1 635**	5 741
Bonuses accrued	**12 637**	15 055	**12 637**	15 055
IFRS 9 transition adjustment: Remaining temporary differences	**7 988**	9 907	**7 988**	9 907
Right of use of asset	**(1 556)**	(2 548)	**(1 556)**	(2 548)
Lease liability	**1 304**	2 681	**1 304**	2 681
Other differences*	**2 540**	(7 553)	**2 457**	(7 636)
Deferred tax asset	**18 451**	12 621	**18 368**	12 538

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Deferred tax balance at beginning of the year	**12 621**	20 546	**12 538**	**20 546**
Various categories of (reversing) / originating temporary differences for the year:	**5 830**	(7 925)	**5 830**	**(8 008)**
- Depreciation	**(135)**	(2 269)	**(135)**	**(2 269)**
- Unwinding of IFRS Day 1 tax asset	**(1 919)**	(1 967)	**(1 919)**	**(1 967)**
- Fair value adjustments of financial instruments	**3 416**	(327)	**3 416**	**(327)**
- Deferred Income	**1 284**	(114)	**1 284**	**(114)**
- Other differences	**3 184**	(3 248)	**3 184**	**(3 331)**
Deferred tax balance at end of the year	**18 451**	12 621	**18 368**	**12 538**

The deferred tax asset is recognised for all temporary differences on the basis that it is probable that taxable profits will be available against which these deductible temporary differences will be utilised in the foreseeable future.

Current tax analysis

		Group		Company	
		2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Opening balance- refundable		**54 934**	29 631	**50 678**	27 712
Current charge	22.11	**(198 850)**	(136 449)	**(196 466)**	(134 378)
Tax paid for the year	40.3	**191 811**	158 649	**189 556**	156 160
Other adjustments*		**(6 610)**	3 103	**(8 174)**	1 184
Closing balance		**41 285**	54 934	**35 594**	50 678

*Other adjustments includes the deferred tax impact of additions from prior year at P6.717 million (2023: PNil) and withholding tax on interest on corporate deposits P1.648 million (P2023: P1.184 million).

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For the year ended 31 December 2024

33. Trading portfolio liabilities

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Listed – Government bonds	**-**	3 412	**-**	3 412
Unlisted – Other	**293 863**	-	**293 863**	-
	293 863	3 412	**293 863**	3 412
Comprising: Government bonds	**-**	3 412	**-**	3 412
Unlisted – Corporate deposits	**293 863**	-	**293 863**	-
	293 863	3 412	**293 863**	3 412
Maturity analysis:				
Maturing within 1 month	**293 863**	-	**293 863**	-
Maturing after 6 months but within 12 months	**-**	-	**-**	-
Maturing after 12 months	**-**	3 412	**-**	3 412
	293 863	3 412	**293 863**	3 412

a. Redemption value

Dated trading liabilities have redemption value of P293.908 million (2023: P5.217 million) for the Group and Company on maturity date

b. Valuation

All unlisted investments were fair valued at 31 December 2024. Refer to note 38.2 for the fair value hierarchy.

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	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Deposits from banks	**2 342 148**	1 060 094	**2 342 148**	1 060 094
Deposits from customers	**20 875 947**	20 140 427	**20 904 875**	20 182 036
- Current and savings accounts	**4 650 462**	3 970 633	**4 679 390**	4 012 242
- Call, term, and negotiable certificates of deposits	**16 225 485**	16 169 794	**16 225 485**	16 169 794
Customer and bank deposits	**23 218 095**	21 200 521	**23 247 023**	21 242 130

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Maturity analysis: The maturity analysis is based on the remaining periods to contractual maturity from year end.				
Redeemable on demand	**16 998 515**	13 934 224	**17 027 443**	13 975 833
Maturing within 1 month	**1 729 727**	1 925 376	**1 729 727**	1 925 376
Maturing after 1 month but within 6 months	**2 424 070**	4 511 934	**2 424 070**	4 511 934
Maturing after 6 months but within 12 months	**2 003 374**	790 414	**2 003 374**	790 414
Maturing after 12 months	**62 409**	38 573	**62 409**	38 573
	23 218 095	21 200 521	**23 247 023**	21 242 130

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

35. Accruals, deferred income, and other liabilities

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Items in process of clearing	**333 288**	322 402	**321 656**	323 313
Provisions [1]	**7 273**	17 332	**7 273**	17 333
Expected credit loss for off-balance sheet exposures	**541**	880	**541**	880
Deferred income	**35 951**	30 113	**35 951**	30 113
Other liabilities [2]	**129 778**	90 369	**131 825**	90 344
Accruals	**7 430**	26 011	**7 430**	26 011
Lease liability	**7 240**	13 502	**7 240**	13 502
	521 501	500 609	**511 916**	501 496

[1] Included herein are provisions for work in progress projects and legal provisions at P6.156 million and P1.117 million, respectively (2023: P16.147 million and P1.185 million, respectively). Legal provisions herein relate to legal matters that involve litigation, lawsuits, and other proceedings. In addition, P1.117 million (2023: P1.185 million) was classified a probable legal pay out for the current open litigations involving the Bank operations. Provisions are expected to be settled within a year.

[2] Other liabilities include employee related provisions, accrued expenses such as IT related costs, franchise fee and tax provision (PAYE) payable the following month at P63.774 million (2023: P63.088 million), P16.933 million (2023: P14.079 million) and P9.004 million (2023: P13.922 million) respectively.

Maturity analysis

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Payable within 1 year	**521 501**	500 160	**511 916**	501 496
Payable after 1 year but before 5 years	**-**	-	**-**	-
Payable after 5 years	**-**	-	**-**	-
	521 501	500 160	**511 916**	501 496

Provisions

The following table sets out a reconciliation of provisions.

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Balance at beginning of the year	**17 333**	12 604	**17 333**	12 604
Provisions made during the year	**1 650**	10 934	**1 650**	10 934
Provisions used during the year	**(11 710)**	(6 205)	**(11 710)**	(6 205)
Balance at end of the year	**7 273**	17 333	**7 273**	17 333

Reconciliation of expected credit losses for off-balance sheet exposures

GROUP AND COMPANY	Opening balance P000's	Net ECL released/(raised) P000's	Closing balance P000's
Letters of credit, bank acceptances and guarantees			
2024			
Stage 1	**(721)**	**213**	**(508)**
Stage 2	**(129)**	**126**	**(3)**
Stage 3	**(30)**	**-**	**(30)**
Total	**(880)**	**339**	**(541)**
2023			
Stage 1	(790)	69	(721)
Stage 2	(6)	(123)	(129)
Stage 3	(30)	-	(30)
Total	(826)	(54)	(880)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

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 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 and interest lease payments as disclosed in the statement of cash flow.

	Balance at 1 January 2023 P000's	Additions/ modification P000's	Interest expense P000's	Payments[1] P000's	Balance at 31 December 2023 P000's
GROUP AND COMPANY					
Buildings	26 376	3 634	1 258	(17 766)	13 502
Total	26 376	3 634	1 258	(17 766)	13 502

[1] These amounts relate to the principal lease payments as disclosed in the statement of cash flow.

Maturity analysis: Discounted

	Group		Company	
	2024 P000's	2023 P000's	2024 P000's	2023 P000's
Within 1 year	1 265	1 914	1 265	1 914
More than 1 year but less than 5 years	5 975	11 588	5 975	11 588
Total lease liabilities	7 240	13 502	7 240	13 502

Maturity analysis: Un-Discounted

	Group		Company	
	2024 P000's	2023 P000's	2024 P000's	2023 P000's
Within 1 year	3 487	2 914	3 487	2 914
More than 1 year but less than 5 years	16 466	18 434	16 466	18 434
Total lease liabilities	19 953	21 348	19 953	21 348

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
For the year ended 31 December 2024

36. Debt securities in issue

Unsecured subordinated redeemable bonds qualifying as secondary capital in terms of applicable banking legislation:

	Redeemable Date	Start date	Group 2024 P000's	Group 2023 P000's	Company 2024 P000's	Company 2023 P000's
SBBL 077	02-Dec-34	02-Dec-24	280 000	-	280 000	-
SBBL 078	02-Dec-34	02-Dec-24	20 000	-	20 000	-
SBBL 068	28-Nov-29	28-Nov-19	-	212 000	-	212 000
SBBL 069	28-Nov-29	28-Nov-19	-	88 000	-	88 000
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	2024 P000's	2023 P000's	Company 2024 P000's	Company 2023 P000's
SBBL 070	09-Oct-25	09-Oct-20	132 520	132 520	132 520	132 520
SBBL 071	09-Oct-25	09-Oct-20	118 200	118 200	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
Total unsubordinated debt			500 720	500 720	500 720	500 720
Total debt			1 016 440	1 016 440	1 016 440	1 016 440

Subordinated liabilities	Group		Company	
	2024 P000's	2023 P000's	2024 P000's	2023 P000's
More than 1 year but less than 5 years	-	-	-	-
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	
	2024 P000's	2023 P000's	2024 P000's	2023 P000's
Within 1 year	250 720	-	250 720	-
More than 1 year but less than 5 years	250 000	500 720	250 000	500 720
Total unsubordinated debt	500 720	500 720	500 720	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 un-subordinated, 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

For the year ended 31 December 2024

37. Stated capital and other reserves
37.1 Stated capital

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
31 936 205 (2023: 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 (2023: 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	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Opening balance	**154 474**	154 474	**154 474**	154 474
Movement	**-**	-	**-**	-
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

A 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:

	Option price range (Rands)	Number of options	
Group Share Incentive Scheme	**2024**	**2024**	2023
Options outstanding at the beginning of the year		7 855	18 094
Net Transfers		-	1 066
Exercised		(4 264)	(11 305)
Options outstanding at the end of the year	**145.28**	3 591	7 855

The weighted average share price for the year was R123.40 (2023: R168.27). The BWP/ZAR exchange rate used is 1.3451 at 31 December 2024.

The weighted average share price for the year was P91.74.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 2024:

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

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
7 855	148.56	168.27	Year to 31 December 2023

	Average price range (Rands)	Number	
Group Equity Growth Scheme	**2024**	**2024**	2023
Rights outstanding at the beginning of the year	-	-	2 526
Net Transfers	-	-	-
Exercised[1]	-	-	(2 526)
Rights outstanding at the end of the year [2]		-	-

Notes:

[1]During the year, SBG shares Nil (2023: Nil) were issued to settle the appreciated rights value.
[2]At the end of the year the Group would need to issue Nil (2023: 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 2024:

Number of rights	Award price range (Rands)	Weighted average price (Rands)	Rights period
-	-	-	Year to 31 December 2024

There were no rights granted to employees as at 31 December 2024:

Summary total reserves

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Statutory credit risk reserve	**154 474**	154 474	**154 474**	154 474
Retained earnings	**2 015 933**	1 781 967	**1 992 695**	1 737 184
Closing total reserves	**2 170 407**	1 936 441	**2 147 169**	1 891 658

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 2024	Note	Held for trading P000's	Fair value through profit / loss – default P000's	Amortised cost P000's	Non-financial assets / liabilities P000's	Total carrying amount P000's	Fair value 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
Accruals, deferred and 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

Group 31 December 2023	Note	Held for trading P000's	Fair value through profit / loss – default P000's	Amortised cost P000's	Non-financial assets / liabilities P000's	Total carrying amount P000's	Fair value P000's
Assets							
Cash and balances with the central bank	23	-	-	1 466 490	-	1 466 490	1 466 490
Derivative assets	24.3	1 377	-	-	-	1 377	1 377
Trading portfolio assets	25	3 212	-	-	-	3 212	3 212
Financial investments	26.1	-	-	3 805 364	-	3 805 364	3 805 364
Loans and advances to banks	27.1	-	-	5 990 721	-	5 990 721	5 990 721
Loans and advances to customers	27.1	-	-	13 331 554	-	13 331 554	13 331 554
Other assets	28	-	-	43 504	90 473	133 977	213 603
		4 589	-	24 637 633	90 473	24 732 695	24 812 321
Liabilities							
Derivative liabilities	24.3	-	-	-	-	-	-
Deposits from banks	34	-	-	1 060 094	-	1 060 094	1 060 094
Deposits from customers	34	-	-	20 140 427	-	20 140 427	20 140 427
Debt securities in issue	36	-	-	1 016 440	-	1 016 440	1 016 440
Other liabilities	35	-	-	67 656	432 953	500 609	500 609
Trading portfolio liabilities	33	3 412	-	-	-	3 412	3 412
		3 412	-	22 284 617	432 953	22 720 982	22 720 982

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 2024	Note	Held for trading P000's	Fair value through profit / loss – default P000's	Amortised cost P000's	Non-financial assets / liabilities P000's	Total carrying amount P000's	Fair value 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
Accruals deferred and 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

Company 31 December 2023	Note	Held for trading P000's	Fair value through profit / loss – default P000's	Amortised cost P000's	Non-financial assets / liabilities P000's	Total carrying amount P000's	Fair value P000's
Assets							
Cash and balances with the central bank	23	-	-	1 466 490	-	1 466 490	1 466 490
Derivative assets	24.3	1 377	-	-	-	1 377	1 377
Trading assets	25	3 212	-	-	-	3 212	3 212
Financial assets	26.1	-	-	3 805 364	-	3 805 364	3 805 364
Loans and advances to banks	27.1	-	-	5 990 721	-	5 990 721	5 990 721
Loans and advances to customers	27.1	-	-	13 333 231	-	13 333 231	13 331 231
Other assets	28	-	-	43 504	90 603	134 107	213 733
		4 589	-	24 639 310	90 603	24 734 502	24 812 128
Liabilities							
Derivative liabilities	24.3	-	-	-	-	-	-
Deposits from banks	34	-	-	1 060 094	-	1 060 094	1 060 094
Deposits from customers	34	-	-	20 182 036	-	20 182 036	20 182 036
Debt securities in issue	36	-	-	1 016 440	-	1 016 440	1 016 440
Other liabilities	35	-	-	433 840	67 656	501 496	501 496
Trading portfolio liabilities	33	3 412	-	-	-	3 412	3 412
		3 412	-	22 692 410	67 656	22 763 478	22 763 478

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For the year ended 31 December 2024

38. Classification of assets and liabilities (continued)

38.2. Financial assets and liabilities measured at fair value - Fair value hierarchy

Group		2024				2023			
	Note	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	**606**	**185 103**	**-**	**185 709**	3 212	-	-	3 212
Derivative assets	24.3	**-**	**20 509**	**-**	**20 509**	-	1 377	-	1 377
Total assets at fair value		**606**	**205 612**	**-**	**206 218**	3 212	1 377	-	4 589
Liabilities									
Derivative liabilities	24.3	**-**	**34 892**	**-**	**34 892**	-	-	-	-
Trading portfolio liabilities	33	**-**	**293 863**	**-**	**293 863**	3 412	-	-	3 412
Total liabilities at fair value		**-**	**328 755**	**-**	**328 755**	3 412	-	-	3 412

- 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		2024				2023			
	Note	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	**606**	**185 103**	**-**	**185 709**	3 212	-	-	3 212
Derivative assets	24.3	**-**	**20 509**	**-**	**20 509**	-	1 377	-	1 377
Total assets at fair value		**606**	**205 612**	**-**	**206 218**	3 212	1 377	-	4 589
Liabilities									
Derivative liabilities	24.3	**-**	**34 892**	**-**	**34 892**	-	-	-	-
Trading portfolio liabilities	33	**-**	**293 863**	**-**	**293 863**	3 412	-	-	3 412
Total liabilities at fair value		**-**	**328 755**	**-**	**328 755**	3 412	-	-	3 412

- 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.

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For the year ended 31 December 2024

38. Classification of assets and liabilities (continued)

38.2. Financial assets and liabilities not measured at fair value - Fair value hierarchy (continued)

Group		2024				2023			
	Note	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	**281 809**	**-**	**-**	**281 809**	1 466 490	-	-	1 466 490
Financial Investments *	26.1	**596 992**	**2 601 425**	**-**	**3 198 417**	608 908	3 196 456	-	3 805 364
Loans and advances to banks	27.1	**-**	**-**	**8 497 257**	**8 497 257**	-	-	5 990 721	5 990 721
Loans and advances to customers	27.1	**-**	**-**	**14 954 053**	**14 954 053**	-	-	13 331 554	13 331 554
Other assets**	28	**-**	**-**	**224 820**	**224 820**	-	-	133 977	133 977
Total		**878 801**	**2 601 425**	**23 676 130**	**27 156 356**	2 075 398	3 196 456	19 456 252	24 728 106
Liabilities									
Deposits from banks	33	**-**	**2 342 148**	**-**	**2 342 148**	-	1 060 094	-	1 060 094
Deposits from customers	33	**-**	**20 875 716**	**-**	**20 875 716**	-	20 182 036	-	20 182 036
Debt securities in issue	35	**-**	**1 016 440**	**-**	**1 016 440**	-	1 016 440	-	1 016 440
Other liabilities		**-**	**-**	**521 501**	**521 501**	-	-	500 609	500 609
Total		**-**	**24 234 304**	**521 501**	**24 755 805**	-	22 258 570	500 609	22 759 179

*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		2024				2023			
	Note	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	**281 809**	**-**	**-**	**281 809**	1 466 490	-	-	1 466 490
Financial Investments*	26.1	**596 992**	**2 601 425**	**-**	**3 198 417**	608 908	3 196 456	-	3 805 364
Loans and advances to banks	27.1	**-**	**-**	**8 497 257**	**8 497 257**	-	-	5 990 721	5 990 721
Loans and advances to customers	27.1	**-**	**-**	**14 954 053**	**14 954 053**	-	-	13 331 554	13 331 554
Other assets **	28	**-**	**-**	**224 777**	**224 777**	-	-	134 107	134 107
Total		**878 801**	**2 601 425**	**23 676 087**	**27 156 313**	2 075 398	3 196 456	19 456 382	24 728 236
Liabilities									
Deposits from banks	33	**-**	**2 342 148**	**-**	**2 342 148**	-	1 060 094	-	1 060 094
Deposits from customers	33	**-**	**20 904 875**	**-**	**20 904 875**	-	20 182 036	-	20 182 036
Debt securities in issue	35	**-**	**1 016 440**	**-**	**1 016 440**	-	1 016 440	-	1 016 440
Accruals, deferred and other liabilities	34	**-**	**-**	**511 916**	**511 916**	-	-	501 496	501 496
Total		**-**	**24 263 463**	**511 916**	**24 775 379**	-	22 258 570	501 496	22 760 066

*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
For the year ended 31 December 2024

39. Commitments and contingencies
39.1 Contingent liabilities

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Letters of credit	**32 727**	15 775	**32 727**	15 775
Guarantees	**1 697 407**	970 861	**1 697 407**	970 861
Irrevocable unutilised facilities	**1 410 942**	1 221 246	**1 410 942**	1 221 246
Revocable unutilised facilities	**274 975**	372 160	**274 975**	372 160
	3 416 051	2 580 041	**3 416 051**	2 580 041

Expected credit losses of P540 740 were recognised in respect of off-balance sheet items at the reporting date (2023: P880 000).

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 P1 685 917 (2023: P1 221 246) 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	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Capital expenditure authorised [1]	**13 858**	18 413	**13 858**	18 413

[1] Capital 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
For the year ended 31 December 2024

40. Statements of cash flows information
40.1 Movement in income-earning and other assets

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Financial assets	**(606 947)**	829 902	**(606 947)**	829 902
Trading assets	**182 497**	3 212	**182 497**	3 212
Loans and advances[1]	**3 913 411**	736 353	**3 913 381**	736 354
Derivative assets	**19 132**	4 678	**19 132**	4 678
Other assets *	**90 843**	31 796	**90 670**	31 183
	3 598 936	1 605 941	**3 598 733**	1 605 329

*Comprises mainly of prepayments and other receivables
[1]Restated, refer to note 48 for details on the restatements relating to the statement of cash flows.

40.2 Increase in deposits and other liabilities

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Customers' current, savings, other deposit accounts and deposits from banks	**2 017 574**	724 780	**2 004 893**	731 267
Trading liabilities	**290 451**	(23 763)	**290 451**	(23 763)
Derivative liabilities	**34 892**	-	**34 892**	-
Other liabilities	**22 808**	121 031	**16 870**	120 713
	2 365 725	822 048	**2 347 106**	828 217

40.3 Direct taxation paid

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Current and deferred tax at beginning of the year	**(67 557)**	(50 177)	**(63 217)**	(48 258)
Income statement charge	**205 374**	144 542	**202 990**	142 470
Current tax adjustment	**(5 742)**	(3 273)	**(4 179)**	(1 269)
Less tax paid for the year	**(191 811)**	(158 649)	**(189 556)**	(156 160)
Current and deferred tax at end of the year	**(59 736)**	(67 557)	**(53 962)**	(63 217)

40.4 Reconciliation of debt issued

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Balance at beginning of the year	**1 016 440**	990440	**1 016 440**	990 440
Unsubordinated debt redeemed	**(300 000)**	(124000)	**(300 000)**	(124000)
Unsubordinated debt issued	**300 000**	150 000	**300 000**	150 000
Balance at end of the year	**1 016 440**	1 016 440	**1 016 440**	1016 440
Interest paid on unsubordinated debt	**16 779**	18 781	**16 779**	18 781

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

40. Statements of cash flows information
40.5 Cash and cash equivalents

	Group		Company	
	2024 P000's	2023 Restated[1] P000's	2024 P000's	2023 Restated[1] P000's
Cash and balances with the Central bank	**281 809**	1 466 490	**281 809**	1 466 490
On-demand gross loans and advances to banks (Note 27.1)	**1 146 727**	932 751	**1 146 727**	932 751
Balance at end of the year[1]	**1 428 536**	2 399 241	**1 428 536**	2 399 241

[1]Restated, refer to note 48 for details on the restatement relating to demand loans and advances to banks held as cash and cash equivalents.

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	
	2024 P000's	2023 P000's	2024 P000's	2023 P000's
Fund management				
- Unit trusts	**26 049 062**	18 702 121	**26 049 062**	18 702 121
	26 049 062	18 702 121	**26 049 062**	18 702 121
Geographical area				
- Domestic	**25 163 169**	17 783 544	**25 163 169**	17 783 544
- Foreign	**885 893**	918 577	**885 893**	918 577
	26 049 062	18 702 121	**26 049 062**	18 702 121

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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
For the year ended 31 December 2024

42. Related party transactions (continued)
42.5 Related party transactions

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Interest income				
- Standard Bank Isle of Man	**299 683**	213 469	**299 683**	213 469
- Standard Bank South Africa	**20 327**	17 539	**20 327**	17 539
Management fee income				
- Stanbic Insurance Services *	**-**	-	**5 148**	5 354
- Stanbic Financial Services*	**-**	-	**1 586**	1 510
Preference dividend income				
- Liberty Holdings Botswana	**9 521**	10 190	**9 521**	10 190
Dividend				
- Standard Bank South Africa	**(474 000)**	(310 000)	**(474 000)**	(310 000)
- Stanbic Insurance Services	**-**	-	**30 000**	-
Interest expense				
- Standard Bank South Africa	**(139)**	(420)	**(139)**	(420)
IT charges				
- Standard Bank South Africa - Africa Division	**(55 873)**	(56 310)	**(55 873)**	(56 310)
IC expenses				
- Standard Bank South Africa – Direct Cost	**(2 651)**	(7 173)	**(2 651)**	(7 173)
- Standard Bank South Africa - Other	**(368)**	-	**(368)**	-
Franchise fees				
- Standard Bank South Africa - Africa Division	**(58 597)**	(48 435)	**(58 597)**	(48 435)
Trading Revenue				
- Standard Bank South Africa	**3 612**	8 781	**3 612**	8 781
Fees and commission income				
- Standard Bank South Africa	**(48)**	305	**(48)**	305

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
For the year ended 31 December 2024

42. Related party transactions (continued)
42.6 Related party balances

	Group		Company	
	2024 P000's	2023 P000's	**2024 P000's**	2023 P000's
Derivative assets				
- Standard Bank South Africa	**2 170**	3 411	**2 170**	3 411
- Standard Lesotho	**-**	2	**-**	2
Trading assets				
- Standard Bank Isle of Man	**-**	9	**-**	9
Loans and advances				
- Standard Bank South Africa	**914 919**	547 912	**914 919**	547 912
- Standard Bank Isle of Man	**6 037 945**	4 265 828	**6 037 945**	4 265 828
- Stanbic Bank Zambia	**364**	242	**364**	242
- Stanbic Bank Kenya	**295**	394	**295**	394
Deposits and current accounts				
- Standard Bank South Africa	**(428 345)**	(399 549)	**(428 345)**	(399 549)
- Stanbic Bank Zambia	**(581)**	(2 252)	**(581)**	(2 252)
- Stanbic Bank Zimbabwe	**(888)**	(874)	**(888)**	(874)
- Standard Lesotho Bank	**(16)**	(29)	**(16)**	(29)
- Standard Bank Malawi	**(357)**	-	**(357)**	-
- Standard Bank Namibia	**-**	(61)	**-**	(61)
- Standard Bank Eswatini	**(91)**	(29)	**(91)**	(29)
- Standard Bank Mauritius		(524)		(524)
Other receivables				
- Stanbic Insurance Services *	**-**	-	**1 292**	1 366
- Standard Bank Malawi	**-**	336	**-**	336
- Standard Bank South Africa	**18 357**	12 481	**18 357**	12 481
- Stanbic Financial Services	**-**	-	**1 165**	-
Preference dividends receivable				
- Liberty Holdings Botswana	**9 521**	8 753	**9 521**	8 753
Other liabilities				
- Standard Bank South Africa	**(23 538)**	(35 803)	**(23 538)**	(35 803)
- Stanbic Bank Uganda Ltd	**(1)**	-	**(1)**	-
- Stanbic Financial Services	**(2 565)**	-	**(2 565)**	-
- Stanbic IBTC Holdings PLC	**(12)**	-	**(12)**	-
- Stanbic Insurance Services	**-**	-	**(4 543)**	-
Derivative liabilities				
- Standard Bank South Africa	**(16 992)**	(1 867)	**(16 992)**	(1 867)
Standard Bank Zambia	**-**	(1)	**-**	(1)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 2024 and 2023. 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 (2023: 88% of the prevailing prime rate), 4.01% (2023: 5.63%) and 4.01% (2023: 5.63%) 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

	2024 P000's	2023 P000's
Short-term employee benefits	**41 567**	44 175
Post-employment benefits	**3 642**	2 781
Salaries and other short-term benefits	**45 209**	46 956
Mortgage loans [1]		
- Loans outstanding at beginning of year	**16 054**	33 167
- Loans granted during the year	**19 542**	589
- Loan repayments during the year	**(3 569)**	(18 801)
- Interest earned	**1 768**	1 099
Loans outstanding at the end of the year	**33 795**	16 054
Interest rate range for the year	**4.01% - 5.63%**	88% of Prime rate.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

43. Key management personnel (continued)
43.1 Key management personnel transactions and balances (continued)

	2024 P000's	2023 P000's
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	**672**	1 135
- Loans granted during the year	**187**	-
- Loan repayments during the year	**(688)**	(517)
- Interest earned	**16**	54
Loans outstanding at the end of the year	**187**	672
Interest rate range for the year	**5.63%**	5.63%
Other loans [1]		
- Loans outstanding at beginning of year	**911**	2 418
- Loans granted during the year	**2 003**	-
- Loan repayments during the year	**(476)**	(1 591)
- Interest earned	**127**	84
Loans outstanding at the end of the year	**2 565**	911
Interest rate range for the year	**5.63%**	5.63%
Interest income earned	**18 535**	17 637
Deposits [2]		
- Deposits outstanding at beginning of year	**3 306**	2 292
- Net change in deposits during the year	**812**	1 014
- Deposits outstanding during the year	**4 118**	3 306
Interest rate range for the year	**0.90%**	1.83%
Interest expense	**31**	54

[1] The 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 (2023: Nil).
[2] Deposits include cheque accounts, savings accounts, call and notice deposits and fixed deposits.

NOTES TO THE FINANCIAL STATEMENTS

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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

For the year ended 31 December 2024

44. Financial risk management (continued)

44.2 Capital management (continued)

Capital adequacy

	Company	
	2024 P000's	2023 P000's
Capital base:		
- Shareholders' equity	**2 406 110**	2 172 146
- Statutory credit risk reserve	**154 474**	154 474
- Intangibles	**(77 628)**	-
Tier I Capital	**2 482 956**	2 326 620
General provisions	**201 601**	169 389
Subordinated debt instrument	**515 720**	515 720
Tier II Capital	**717 321**	685 109
Sum of Tier I and Tier II capital (a)	**3 200 277**	3 011 729
Risk adjusted exposure:		
- Credit risk	**16 128 107**	13 551 159
- Operational risk	**1 675 581**	1 407 312
- Market risk	**249 513**	157 337
Total risk adjusted exposure (b)	**18 053 201**	15 115 808
Capital adequacy ratio (a/b x 100)	**17.73%**	19.92%
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

For the year ended 31 December 2024

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 rating scale. Exposures within Stage 1 and 2 are rated between 1 to 25 in terms of the Group's master rating scale. The Group uses a 25-point master rating 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

For the year ended 31 December 2024

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

For the year ended 31 December 2024

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 P000's	SB 1 - 12		SB 13 - 20		SB 21 - 25		Default						
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3	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	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Loans and advances at amortised cost														
PersonalandBusiness Banking	11 162 412	-	-	10 484 972	-	-	151 875	525 565	525 565	229 402	36 050	274 712		
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	45 392	73%	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%
Personal unsecured lending	6 224 393	-	-	6 154 601	-	-	9 707	60 085	60 085		9 077	58 608	100%	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 and Investment Banking	12 774 660	9 349 94	-	3 306 341	114 580	-	4 545	-	-	-	-	-	-	-
Corporate	4 272 439	846 973	-	3 306 341	114 580	-	4 545	-	-	-	-	-	-	-
Sovereign	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	274 712		
Less: Total expected credit loss for loans and advances	(485 762)													
Net carrying amount of loans and advances at amortised cost	23 451 310													
Net carrying amount of loans and advances at amortised cost	23 451 311													
Financial assets at amortised cost														
Corporate	2 349 383	2 349 383												
Sovereign	-	-												
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	29 214 170													
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	30 754 896													

Other loans and advances on the above table also represents exposure for overdrafts, medium terms 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 polices which have not changed compared to the prior year.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

44. Financial risk management (continued)
44.3. Credit risk (continued)

i) Maximum exposure to credit risk before collateral held or other credit enhancements 2023

	Total P000's	SB 1 - 12		SB 13 - 20		SB 21 - 25		Default						
		Stage 1	Stage 2	Stage 1	Stage 2	Stage 1	Stage 2	Stage 3	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	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000	P'000
Loans and advances at amortised cost														
PersonalandBusiness Banking	10 454 084	-	-	9 467 010	-	-	482 066	505 008	505 008	221 857	16 898	266 253		
Mortgage loans	2 628 775	-	-	2 119 869	-	-	193 341	315 565	315 565	161 000	8 897	145 668	49%	12%
Vehicle and asset finance	1 130 998	-	-	1 010 262	-	-	68 060	52 676	52 676	18 071	1 952	32 653	66%	5%
Card debtors	44 402	-	-	31 547	-	-	11 114	1 741	1 741	1 950	-	(209)	-12%	4%
Other loans and advances	6 649 909	-	-	6 305 332	-	-	209 551	135 026	135 026	40 836	6 049	88 141	70%	2%
Personal unsecured lending	5 779 552	-	-	5 553 271	-	-	152 565	73 716	73 716	2 620	1 474	69 622	96%	1%
Business and other lending	870 357	-	-	752 061	-	-	56 986	61 310	61 310	38 216	4 575	18 519	38%	7%
Corporate and Investment Banking	9 351 188	6 570 702	-	2 424 760	253 680	53 456	48 591	-	-	(10)	10	-	0%	0%
Corporate	2 842 218	592 674	-	1 934 038	213 460	53 456	48 591	-	-	(10)	10	-	0%	0%
Sovereign	530 942	-	-	490 722	40 220	-	-	-	-	-	-	-	0%	0%
Banking	5 978 028	5 978 028	-	-	-	-	-	-	-	-	-	-	0%	0%
Other services	-	-	-	-	-	-	-	-	-	-	-	-	0%	0%
Gross carrying amount of loans and advances at amortised cost	19 805 272	6 570 702	-	11 891 770	253 680	53 456	530 657	505 008	505 008	221 847	16 908	266 253		
Less: Total expected credit loss for loans and advances	(481 320)													
Net carrying amount of loans and advances at amortised cost	19 323 952													
Net carrying amount of loans and advances at amortised cost	23 451 311													
Net carrying amount of loans and advances at amortised cost	19 323 952													
Financial assets at amortised cost														
Corporate	185 882	185 882												
Sovereign	3 619 525	3 619 525												
Gross carrying amount of financial assets	3 805 407													
Less: Total expected credit loss for financial assets	(43)													
Net carrying amount of financial assets	3 805 364													
Letters of credit and bankers' acceptances	15 775	15 775	-	-	-	-	-							
Guarantees	970 861	970 861	-	-	-	-	-							
Irrevocable and revocable unutilised facilities	1 593 406	1 593 406	-	-	-	-	-							
Total exposure to off-balance sheet credit risk	2 580 042	2 580 042	-	-	-	-	-							
Expected credit loss for off balance sheet exposures 1	(800)													
Net carrying amount of off-balance sheet	2 579 242													
Total exposure to credit risk on financial assets subject to an expected credit loss	25 708 558													
Exposures not subject to ECL:														
Cash and balances with Central Banks	1 466 490													
Derivative assets	1 377													
Trading assets	3 212													
Other financial assets	133 977													
Total exposure to credit risk	27 313 614													

Other loans and advances on the above table also represents exposure for overdrafts, medium terms 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.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 2024 P000's	2023 P000's
Credit risk exposures relating to on-balance sheet assets excluding Impairments are as follows:		
Loans and advances to banks	**8 502 221**	5 994 997
Financial investments		
- Other unlisted instruments	**185 854**	423 026
- Government bonds	**411 138**	185 882
- Bank of Botswana Certificates	**2 601 425**	3 196 456
Loans and advances to customers (gross)	**15 434 851**	13 810 275
Loans to individuals and SME's		
- Mortgage lending	**2 140 825**	2 115 487
- Vehicle and asset financing	**1 598 816**	1 440 429
- Overdrafts and other demand lending	**655 543**	618 850
- Medium-term advances	**6 852 506**	6 000 889
- Revolving credit accounts and card debtors	**44 712**	37 030
Loans to corporate entities		
- Overdrafts and other demand lending	**507 375**	474 160
- Medium-term advances	**3 635 074**	3 123 430
Trading assets		
- Government bonds	**-**	-
Cash and balances with central banks	**281 809**	1 466 490
Other financial assets	**111 467**	43 504
Credit risk exposures relating to off-balance sheet assets are as follows:		
Financial guarantees	**1 697 407**	970 861
Letters of credit	**32 727**	31 548
Irrevocable unutilised facilities	**1 410 942**	1 221 246
Revocable unutilised facilities	**274 975**	372 160
As at 31 December	**30 944 816**	2 7716 445

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 2024 and 2023, 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, 77% of the total maximum exposure is derived from loans and advances to banks and customers (2023: 78%); 8% represents investments in Bank of Botswana securities (2023: 11%).

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 16% (2023: 18%) of loans and advances to customers are backed by collateral and
- 97% of the loans and advances to customers portfolio are considered to be neither past due nor impaired (2023: 98%)

Description of collateral held as security and other credit enhancements, in respect of the exposure above is as follows:

	2024 P000's	2023 P000's
For loans and advances, the Group holds the following collateral:		
Property bonds and other collateral *	**12 858 091**	16 041 000
	12 858 091	16 041 000

* In the prior year the total was presented in thousands instead of millions and there were no errors relating to the detail amounts disclosed in the note.

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:

	2024 P000's	2023 P000's
Cash cover	**745 858**	485 350
Sundry securities (properties, government guarantees and others)	**1 040 917**	816 305
	1 786 775	1 301 655

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:

	2024 P000's	2023 P000's	2024 P000's	2023 P000's
	Loan balance outstanding		Forced sale	
value				
Property bonds and other collateral*	**792**	9 325	**188**	4 970

*the movement is from sale of assets

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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	2024 Security against impaired loans P000's	Net impaired loans P000's	Impaired P000's	2023 Security against impaired loans P000's	Net impaired loans P000's
Loans and advances to customers	525 565	229 432	310 762	505 088	221 857	266 253
Personal and Business Banking	525 565	229 432	310 762	505 088	221 857	266 253
- Mortgage lending	341 653	177 870	147 548	315 565	161 000	145 668
- Vehicle and asset financing	68 208	24 220	61 627	52 676	18 071	32 653
- Card debtors	3 183	-	2 805	1 741	1 950	(209)
- Other loans and advances	112 521	27 342	98 782	135 026	40 836	88 141
Total recognised financial instruments	525 565	229 432	310 762	505 088	221 857	266 253

b) Loans and advances to banks

The total gross amount of individually impaired loans and advances to banks as at 31 December 2024 was Nil (2023: 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:

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
Financial investments							
- 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
Trading assets							
- Bank of Botswana Certificates	-	-	-	-	-	-	-
Derivative assets	-	-	-	-	-	-	-
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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

44. Financial risk management (continued)
44.3. Credit risk (continued)
c) Concentrations of risk of financial assets with credit risk exposure (continued)

2023	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	5 990 721	-	-	-	-	-	5 990 721
Financial investments							
- Bank of Botswana Certificates	3 196 498	-	-	-	-	-	3 196 498
- Corporate bond	185 737	-	-	-	-	-	185 737
- Government bonds	587 960	-	-	-	-	-	587 960
Loans and advances to customers (Gross)	5 709 408	245 027	651 655	651 554	5 883 995	668 636	13 810 275
Trading assets							
- Bank of Botswana Certificates	3 212	-	-	-	-	-	3 212
Derivative assets	1 377	-	-	-	-	-	1 377
As at 31 December 2023	15 674 913	245 027	651 655	651 554	5 883 995	668 636	23 775 780
As at 31 December 2022	10 840 427	325 666	367 349	635 273	8 775 401	-	20 944 116

Segmental analysis - industry net of impairments:

	Group 2024 P000's	2023 P000's	Company 2024 P000's	2023 P000's
Agriculture	239 550	245 027	239 550	245 027
Construction	101 419	392 269	101 419	392 269
Electricity	272 674	7 727	272 674	7 727
Finance, real estate and other business services	11 629 086	10 025 495	11 629 086	10 025 495
Individuals	8 106 660	5 883 995	8 106 660	5 883 995
Manufacturing	464 043	12 141	464 043	12 141
Mining	65 613	130 387	65 613	130 387
Other	385 239	651 655	385 239	651 655
Transport	595 273	651 554	595 273	651 554
Wholesale	1 591 753	1 323 702	1 591 753	1 323 702
	23 451 310	19 323 952	**23 451 310**	19 323 952

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

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 2024	Up to 1 month	1 – 6 months	6 – 12 months	Over 1 year	Non-interest sensitive	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	-	-	-	-	185 709	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	15 398 801	-	-	-		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

For the year ended 31 December 2024

44. Financial risk management (continued)

44.4 Market risk (continued)

Interest rate risk (continued)

Group As at 31 December 2023	Up to 1 month *	1 – 6 months *	6 – 12 months *	Over 1 year *	Non-interest sensitive *	Total
	P000's	P000's	P000's	P000's	P000's	P000's
Assets						
Cash and balances with Central Bank	-	-	-	-	1 466 490	1 466 490
Derivative assets	-	-	-	-	1 377	1 377
Trading assets	-	-	-	-	3 212	3 212
Financial investments	3 196 456	-		608 908	-	3 805 364
Loans and advances to banks	3 413 958	1 795 230	781 533	-	-	5 990 721
Loans and advances to customers	1 374 736	907 718	555 527	10 495 250	-	13 333 231
Other assets	-	-	-	-	133 977	133 977
Total assets	7 985 150	2 702 948	1 337 060	11 104 158	1 605 056	24 734 372
Liabilities and shareholders' equity						
Derivative liabilities	-	-	-	-	-	-
Trading Liabilities	-	-	-	-	3 412	3 412
Deposits from banks	1 060 094	-	-	-	-	1 060 094
Deposits from customers	14 799 506	4 511 934	790 414	38 573	-	20 140 427
Other liabilities	-	-	-	-	500 610	500 610
Subordinated debt	-	-	-	1 016 440	-	1 016 440
Shareholders' equity	-	-	-	-	1 936 441	1 936 441
Total equity and liabilities	15 859 600	4 511 934	790 414	1 055 013	2 440 463	24 657 424
Total interest repricing gap	(7 874 450)	(1 808 986)	546 646	10 049 145	(835 407)	

* In the prior year the totals for the note were incorrectly casted, the prior year totals have been restated to ensure they cast correctly. There were no errors relating to the detail amounts disclosed in the note.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

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 2024 and 31 December 2023 were in the following ranges:

2024	**EUR**	**USD**	**GBP**	**ZAR**	**BWP**
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

2023					
Assets					
Bank of Botswana Certificates	-	-	-	-	4.44
Financial investments – Corporate	-	-	-	-	7.91
Loans and advances to banks	-	0.25	0.33	5.58	1.05
Loans and advances to customers	8.25	9.39	-	11.85	13.54
Liabilities					
Deposits from banks	-	1.34	-	4.25	8.05
Deposits from customers	0.10	0.07	0.18	1.72	7.60
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.

Deposits from customers	2024 P000's	2023 P000's
200 basis points parallel increase – gains	120 107	82 514
200 basis points parallel decrease – losses	(161 527)	(120 255)

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2024

44. Financial risk management (continued)
44.4 Market risk (continued)
Interest rate risk (continued)

Interest rate benchmarks and reference interest rate reform: The Financial Stability Board initiated a fundamental review and reform of the major interest rate benchmarks used globally by financial market participants. This review seeks to replace existing Interbank Offered Rates (IBORs) with Alternative Risk-free Rates (ARRs) to improve market efficiency and mitigate systemic risk across financial markets.

With the USD LIBOR Reform's Transition phase ending when publishing of synthetic USD LIBOR ceases, focus has shifted to the JIBAR Rand rate reform initiative in the local market.

During the 2020 financial year, the SARB indicated its intention to move away from JIBAR and has subsequently identified the successor rate as the South African Rand Overnight Index Average Rate (ZARONIA) based on 5 years of back testing results. The new ZARONIA rate was published for observation during 2022 and was formally endorsed as the successor rate in 2023. The official announcement of the cessation of JIBAR as a reference rate is expected in 2025, allowing the ZARONIA market to develop in derivative and cash products during 2024 and 2025. The cessation date of JIBAR as a reference rate is expected at the end of 2026 based on the current industry timelines.

The Market Practitioner Group (MPG) is a joint public and private sector body established by the SARB to manage rates reform in South Africa. The group has created a series of work streams through which specific industry issues will be addressed and key decisions made. Specific milestones have been agreed as part of the project with a key focus on building ZARONIA liquidity in both derivative and cash markets prior to transition commencing. The implementation of ZARONIA based derivatives contracts is ongoing subject to industry readiness with Cash and Money Market products following from June 2025 onwards. Existing JIBAR-linked contracts maturing after the formal cessation date will form part of each banks' transition plan.

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 2024 P000's	ZAR JIBAR 2023 P000's
Total assets recognised on the balance sheet subject to IBOR reform	326 267	-
Loans and Advances [1]	326 267	-

[1] Gross carrying amount excluding allowances for expected credit losses
*Other includes EUR, CHF, JPY, and GBP related LIBOR rates.

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For the year ended 31 December 2024

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 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**

As at 31 December 2023	EUR P000's	USD P000's	ZAR P000's	Other P000's	Total P000's
Assets					
Cash and balances with Central Bank	5 267	36 341	5 653	2 081	49 342
Loans and advances	369 050	4 987 793	442 749	177 660	5 977 252
Loans and advances to banks	296 157	4 206 029	194 563	177 660	4 874 409
Loans and advances to customers	72 893	781 764	248 186	-	1 102 843
Other assets	229	369 641	177 130	18	547 017
Total assets	374 546	5 393 774	625 532	179 759	6 573 611
Liabilities					
Deposit and current accounts *	363 571	4 812 464	383 223	178 225	5 737 483
Deposits from customers	207 082	4 641 383	308 641	144 678	5 301 783
`Other liabilities	156 489	171 081	74 582	33 547	435 700
Net on-balance sheet position	10 975	581 310	242 309	1 534	836 128
Net off-balance sheet financial position	(55858)	(288 577)	(350 588)	(5 270)	(700293)
Overall net position	(44883)	292 733	(108279)	(3736)	135 835

* In the prior year the totals for the note were incorrectly casted, the prior year totals have been restated to ensure they cast correctly, there were no errors relating to the detail amounts disclosed in the note.

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

For the year ended 31 December 2024

44. Financial risk management (continued)
44.4 Market risk (continued)
Foreign exchange risk (continued)

10% upward movement:

	2024 P000's	2023 P000's
USD (Sensitivity of the BWP depreciation)	6 854	19 354
ZAR (Sensitivity of BWP depreciation)	1 723	2 186
EUR (Sensitivity of BWP depreciation)	79	23 333
Total Movement	8 656	44 873

Foreign Risk Sensitivity analysis

	2024 P000's	2023 P000's
USD (Sensitivity of the BWP depreciation)	25 601	24 192
ZAR (Sensitivity of BWP depreciation)	1 414	1 789
EUR (Sensitivity of BWP depreciation)	65	19 091
Total Movement	27 080	45 072

The above reflects impact on profit and loss and equity on the 10% movement of the BWP currency on equal opposite signs.

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
For the year ended 31 December 2024

44. Financial risk management (continued)
44.4 Financial risk management (continued)
44.5 Liquidity 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	Undated P000's	Total P000's
Assets						
Cash and balances with Central Bank	**281 809**	**-**	**-**	**-**	**-**	**281 809**
Derivative assets	**-**	**20 509**	**-**	**-**	**-**	**20 509**
Trading assets	**185 094**	**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**

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 2023	Up to 1 month P000's	1 – 6 months P000's	6 – 12 months P000's	Over 1 year P000's	Undated P000's	Total P000's
Assets						
Cash and balances with Central Bank	1 466 490	-	-	-	-	1 466 490
Derivative assets	-	1 377	-	-	-	1 377
Trading assets	-	131	-	3 081	-	3 212
Financial investments	3 196 741	-	558 334	50 332	-	3 805 407
Loans and advances to banks	3 413 958	1 795 230	781 533	-	-	5 990 721
Loans and advances to customers	1 004 561	1 313 492	1 005 816	10 069 799	416 607	13 810 275
Other assets	-	-	-	-	134 107	134 107
Total financial assets	9 081 750	3 110 230	2 345 683	10 123 212	550 714	25 211 589
Liabilities						
Derivative liabilities	-	-	-	-	-	-
Deposits from banks	822 996	-	-	237 098	-	1 060 094
Deposits from customers	15 859 600	4 628 626	848 760	39 648	-	21 376 634
Debt securities in issue	-	-	-	1 384 018	-	1 384 018
Other liabilities	-	-	-	522 844	-	522 844
Total financial liabilities *	16 682 596	4 628 626	848 760	2 183 608	-	24 343 590
Net liquidity gap *	(7 600 846)	(1 518 396)	1 496 923	7 939 604	550 714	867 999

* In the prior year the totals for the note were incorrectly casted, the prior year totals have been restated to ensure they cast correctly, there were no errors relating to the detail amounts disclosed in the note.

NOTES TO THE FINANCIAL STATEMENTS
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45. Subsidiaries

	Nature of operation	Stated capital P000's	Effective holding 2024 %	Effective holding 2023 %	Book value of shares 2024 P000's	Book value of shares 2023 P000's
Subsidiary						
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					

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For the year ended 31 December 2024

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	These include our specialist technical functions to align to the Bank's platform banking capabilities through: · Technology These are supported by other functions being: · Finance and Value Management · Risk and Corporate Services · Legal and Governance · Compliance · People and Culture · Credit · Operations To ensure operational efficiencies, assurance function is carried out by: · Internal Audit

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2024

46. Segment reporting (continued)

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

2023 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	433 149	364 063	342 578	(28 396)	1 111 394
Non-interest income	267 494	147 754	173 734	(68 794)	520 188
Net fee and commission income	38 986	147 623	165 528	(76 793)	275 344
Net trading income	224 800	-	-	(115)	224 685
Other income	3 708	131	8 206	8 114	20 159
Total income	700 643	511 817	516 312	(97 190)	1 631 582
Credit impairment charges	(3 249)	(44 990)	(61 064)	-	109 303
Income after credit impairment charges	697 394	466 827	455 248	(97 190)	1 522 279
Total operating expenses	(348 758)	(298 976)	(306 423)	92 976	(861 181)
Amortisation and depreciation	(3 192)	(3 556)	(56 798)	(5 719)	(69 265)
Staff costs	(63 931)	(44 663)	(137 196)	(182 121)	(427 911)
Other operating expenses	(281 635)	(250 757)	(112 429)	280 816	(364 005)
Net income before indirect tax	348 636	167 851	148 825	(4 214)	661 098
Indirect tax	(5 185)	(3 146)	(16 693)	(7 604)	(32 628)
Profit / (loss) before direct tax	343 451	164 705	132 132	(11 818)	628 470
Direct tax	(80 196)	(35 155)	(30 431)	1 240	(144 542)
Profit / (loss) after tax	263 255	129 550	101 701	(10 578)	483 928
Operating information					
Total assets	14 290 671	2 681 963	7 831 380	243 586	25 047 600
Total liabilities	13 440 055	2 367 394	7 047 803	(134 270)	22 720 982

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48. Restatement

Statement of cash flows

Cash and cash equivalents has been restated to reflect demand loans and advances to banks within cash and cash equivalents per IAS 7. These balances amounting to P932 million in the 2023 closing cash and cash equivalents balance and P2.802 billion in the opening balance, were in prior periods excluded from cash and cash equivalents and instead included in movement in income-earning and other assets. Both the balances and movement have been appropriately included within the cash and cash equivalents line in the statement of cash flows. The related disclosure notes impacted by the change were also restated. These include note 5 which is the accounting policy note for cash and cash equivalents, note 40.1- Movement in income-earning and other assets, and note 40.5 – Cash and cash equivalents.

The following is the position of the cash and cash equivalents from the change:

GROUP	2023		
	As previously reported P'000	Restatement P'000	Restated P'000
Increase in income-earning and other assets[1]	(281 426)	(1 324 516)	(1 605 942)
Cash flows (utilised in) / generated from operations	293 746	(1 324 516)	(1 030 769)
Net cash flows (utilised in) / generated from operating activities	1 252 011	(1 324 516)	(72 505)
Net movement in cash and cash equivalents[1]	921 611	(1 324 516)	(402 905)
Cash and cash equivalents at beginning of the year[1]	544 879	2 257 267	2 802 146
Cash and cash equivalents at end of the year[1]	1 466 490	932 751	2 399 241

[1] These changes had no impact on the group's statement of financial position, income statement or any ratios presented.

NOTES TO THE FINANCIAL STATEMENTS
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49. Going concern assessment

In the assessment prevailing geopolitical and macroeconomic conditions, climate-related risks and global policy shifts were considered, together with prospects of operating a resilient business prospects and scalability thereof.

Geopolitical Landscape: Emerging Risk
- Russia-Ukraine Conflict: Ceasefire discussions are progressing, with diplomatic efforts from major global leaders. While tensions persist, the likelihood of an extended, intensified conflict has diminished, reducing risks to global energy and food supply chains.
- Middle East Stability: A fragile ceasefire has been established, and the reopening of the Suez Canal has eased global trade disruptions. However, regional volatility remains a concern, requiring ongoing monitoring.
- U.S. Trade Policies: The United States has introduced new tariffs on key imports, affecting global trade flows. These measures have contributed to inflationary pressures and supply chain disruptions, requiring adaptive strategies in international markets.

Macroeconomic and Climate Considerations
- Sub-Saharan Africa Economic Outlook: While global uncertainties persist, Botswana's economy remains resilient. 2024 was a challenging period with forecasted GDP at -3.2% and a widened deficit to GDP of about 9.3%. Institutional frameworks remain resolute and sound with anticipated recovery in 2025 of about 3.2% GDP growth supported by recovering diamond market which will help Botswana's economy rebound and continued government infrastructure investment from planned diversification efforts. However, strong competition from lab-grown diamonds poses a threat to lower the price of natural diamonds.
- El Niño and La Niña Effects: Climatic shifts have influenced food production and commodity pricing. While the recent El Niño led to drought conditions in certain regions for the most part of 2024 in the Sub-Saharan region, the transition to La Niña is expected to bring increased rainfall to Southern Africa, potentially benefiting agricultural output while posing flood-related risks which can cause supply chain disruption, limit activity and give rise to an inflation risk.

Financial and Operational Resilience
- The government is also working to revitalise the economy through a combination of fiscal conservatism, market optimism, and pro-business policies which is expected to have a positive outcome on the economy and in turn the environment that the Bank operates in.
- Capital and Liquidity Position: Stress tests indicate that the Bank remains well-capitalised, with sufficient liquidity buffers to withstand macroeconomic and geopolitical shocks. Liquidity remains within regulatory limits despite market pressures.
- Stress Test Results: The Bank's resilience was tested under severe macroeconomic scenarios, including diamond market shocks, GDP contractions, inflation spikes and policy rates movements. While challenges persist, the Bank remains adequately capitalised and capable of sustaining the pressures.
- Risk Management and Business Continuity: The Bank has implemented contingency measures to mitigate potential disruptions from external factors, including geopolitical risks, trade restrictions, and climate variability.
- Business continuity: The Bank is expected to continue to operate in its current structure without material changes. There are no material business lines that are currently showing signs of distress that could affect the Bank's ability to continue operating. Investors are still keen on stake in the Bank and no threat of funding retraction, shareholder also continues to be supportive of the Bank continuing operations. No material contracts expected to be withdrawn to support the Bank going forward.

The local and global economic outlook is a positive one and the Bank's operations have been assessed with much optimism, having identified new areas of opportunities. As a result, management has concluded in its assessment that, with both qualitative and quantitative evaluations related to the current Geo-political risks, the Bank's ability to continue as a going concern is not a risk. A replay of the stressed outlook at the back of the compressed or squeezed macroeconomic scenarios such as reduction in GDP, rising inflation and price sensitivities of Botswana minerals still shows that the Bank will remain well capitalised and able to perform its key functionalities as well as service its clients adequately.

Based on this assessment, the Directors confirm that the Bank remains a going concern for the foreseeable future.

50. Post reporting date events

No material events have been observed up to the date of approval of the financial statements.

NOTES

Stanbic Bank

www.stanbicbank.com

Member of the Deposit Insurance Scheme of Botswana