Botswana Savings Bank

welcome to smooth banking

Annual Report 2024/25

Propelling Botswana to smooth banking.

PROPELLING
TO SMOOTH

BATSWANA BANKING


BOTSWANA
SAVINGS
BANK
welcome to BSB
mobile banking

BOTSWANA SAVINGS BANK

welcome to smooth banking

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ABOUT US

CORPORATE INFO

REGISTERED OFFICE

Botswana Savings Bank
Tshomarelo House
Cnr Letswai/Lekgarapa Rd
Broadhurst Mall
P.O. Box 1150 Gaborone

BANKERS

Bank of Botswana
Stanbic Bank Botswana Limited
ABSA Bank Botswana Limited
Capital Bank Botswana Limited
Access Bank Botswana
Bank Gaborone Limited
First National Bank of Botswana Limited

AUDITOR

Grant Thornton Botswana
Firm of Certified Auditors
Registered Auditor
Acumen Park
Plot 50370 Fairgrounds
P O Box 1157
Gaborone, Botswana

HOW WE OPERATE

BUSINESS

Botswana Savings Bank was established by an Act of Parliament, the Botswana Savings Bank Act of 1992, as a wholly owned financial institution of the Botswana Government for the purpose of providing Banking and financial services for all people in Botswana.

A Transition Act (The BSB Transition Act 2012) has been passed by Parliament to allow BSB to convert to a public company named the "Botswana Savings Bank Limited". However, the decision to transform the Bank from a statutory Bank to a commercial Bank has been deferred until further notice.

WHAT WE ARE ABOUT

SIX SUCCESS CAPITALS

1. Financial Capital
Pool of funds available to us and enables us to carry out our banking activities.

2. Intellectual Capital
Intangible resources that allow us to create value, by combining material financial and human resources. These may include intellectual property, patents, rights, organisational capital like tacit knowledge, systems and protocols.

3. Human Capital
The talent, competencies and capabilities of our people. The manner in which they transform the various capitals and create value for our customers, in alignment with our strategic objective.

4.Social and Relationship Capital
The value we bring and build with our stakeholders and within communities we operate. Our ability to share information and enhance our people's well-being.

5. Manufactured Capital
Manufactured physical objects including buildings and infrastructure, which may be purchased from other entities or internally generated.

6. Natural Capital
Refers to renewable and non-renewable environmental resources and processes that enable our business activities.

WHAT WE VALUE

VISION

To be the leading Botswana owned integrated financial services provider

MISSION

We create value through providing inclusive financial services across Botswana

- Integrity
- Customer Focus
- Responsiveness
- Teamwork

OUR THEME:

PROPELLING BATSWANA TO SMOOTH BANKING

Our theme this year, underscores Botswana Savings Bank's dedication to advancing the banking experience for the people of Botswana through innovative digital solutions.

The theme signifies the Bank's commitment to driving progress and facilitating a seamless banking journey for its customers. By leveraging cutting-edge technology and modern banking practices, the bank aims to make banking more accessible, efficient, and user-friendly.

This approach is aligned with the Lesedi 2025 strategy, which focuses on digital transformation and customer-centricity. The word "propelling" conveys momentum and proactive efforts to enhance service delivery, while "smooth banking" emphasizes the Bank's goal of providing hassle-free and convenient financial services.

In essence, this theme encapsulates the bank's mission to lead the digital banking revolution in Botswana, ensuring that every Motswana can enjoy the benefits of a modern, efficient, and reliable banking system. It highlights the Bank's role in driving the nation's financial sector forward, making significant strides toward a future where banking is seamless and accessible for all.


24/7
SERVICE
BSB, Anytime, Anywhere
Introducing Omnichannel Contact Centre
A 24/7 calls, text, email, live chat, social media interactive system for your convenience
For more info:
Contact: 367 0001
or Visit your nearest BSB branch
www.bsb.bw
Botswana Savings Bank
welcome to smooth banking

OUR IMPACT IN NUMBERS

63% Net advances to customers ↑
BWP 4.4B (2024: BWP2.7B)

63% Customer deposits ↑
BWP 4.1B (2024: BWP2.5B)

80% Net interest income ↑
BWP 312M (2024: BWP173M)

230% Profit after tax ↑
BWP76.8M (2024: BWP23.3M)

9% Liquidity - LAR ↓
11% (2024: 20%)

14% Return on equity ↑
22% (2024: 9%)

25% Non funded income ↑
BWP61M (2024: BWP49M)

4% "Regulatory Capital" - CAR ↓
16.8% (2024: 21%)

0% Loan Deposit Ratio –
108% (2024: 108%)

BOTSWANA SAVINGS BANK
welcome to smooth banking
Lesedi 2025
Life is better with a plan
Plan towards building your dream home by opening the Fixed Deposit Account today
With just P1000, earn:
5.5% Tax-free Interest for 6 Months fixed deposit
6.25% Tax-free Interest for 12 Months fixed deposit
Fixed Deposit Account
Tax free interest
Call us on 367 0100 or visit your nearest branch to find out more
* offer valid until December 2025*
T's & C's apply.
www.bsb.bw
Member of the Deposit Insurance Scheme of Botswana.

Botswana Savings Bank
welcome to smooth banking

ANNUAL REPORT 2024/25

LEADERSHIP REFLECTIONS

CHAIRPERSON'S STATEMENT

> "Digital banking services provided the required thrust to the financial inclusion agenda."

It is my pleasure to present to you our performance for the year ended March 2025.

Emerging Markets face a challenging context compounded by subdued foreign direct investments, international conflicts have also negatively impacted markets on a global level and strained economic growth within the region. We pride ourselves as a country for upholding systems of political and financial stability. Government has recorded large fiscal deficits due to reduced revenues, causing a sharp decline in economic growth.

The Central Bank following the relaxation of policy in the interest of managing the inflationary markers, continues to oversee the sector in line with good fiscal policy. Given the increased dependency in diamond and the vulnerability to external shocks, 2024/25 has been a challenging period in the Botswana Market as the economy and by extension the Banking sector, is tied to commodities.

The financial year ushered in renewed hopes following re-engagement between De Beers/ Debswana, extending the mining and market rights with an increased beneficiation for the Republic of Botswana. That being the case, macroeconomic stability remains a key concern.

Lesedi 2025

The Bank set forth an ambitious approach at the start of this strategy session, with a Deposit Book target of P6.25 billion and Loan Book Target of P5 Billion. The strategy also was desirous to position the Bank as a competitor within the commercial banking space, as well as increasing its market share. This overall repositioning would attract customers from different walks of life through the convenience and innovative service offerings provided over the technology platforms. This has been available through other more established commercial banks but is nonetheless a milestone in the journey of this locally grown Botswana bank.

Despite significant progress made in addressing the underbanked members of the population, digital banking services provided the required thrust to the financial inclusion agenda, which is also driven through financial literacy campaigns across the nation.

The Bank has shown a strong turnaround strategy delivering impressive results in the 2024/25 reporting period, in profitability, lending, deposits and non-interest income through fair and responsible lending practices.

Sustainability and ESG Reporting

The Board at BSB provides leadership oversight through ethical transparent leadership with robust risk controls and regulatory compliance oversight.

The Board continuously interrogates the expression of the Bank in line with this growing concern, to ensure an alignment with responsible and sustainable lending practices. A punctilious approach is taken, especially to appreciate the evolution of ESG within the local market and lending space. Additionally, the Bank's previous lending activities have been primarily within the retail sector and as such, lending related impact would be minor at this stage. The future state of the Bank will require policy provision for the identification and culture of ESG within lending to be embedded in the values of the BSB Business.

An increased awareness exists of the communities we serve, as well as to the building of sustainable economic systems through the empowerment of local communities, through ethical leadership, promoting gender equity and inclusion within the bank's workforce and supporting education.

Looking Ahead

The Bank will venture into the Microfinance and SME business banking segment of the economy, managing its inherent risk with the opportunity to position BSB as a great contender in the Botswana Market.

Goitsemang Morekisi
Chairperson

OUR LEADERSHIP

Goitsemang Morekisi
Non-Executive Director

Chairperson
Date of Appointment: July 2022
Nationality: Motswana

Ms. Morekisi is the Permanent Secretary of the Ministry for State President. She provides leadership and strategic direction under the guidance of the Honourable Minister. Additionally, her mandate entails the development of strategic and corporate planning and delivery regarding Presidential Affairs, Governance, Governmental Budget, Performance Management, Botswana Honours, Public Administration, Appeals Management, Resource Management and other assignments.

She holds over 34 years of experience in service to the Government of Botswana. Her career covers a wide spectrum of expertise including policy analysis, economics, diplomatic relations and development planning. Among her previous capacities of leadership, Ms. Morekisi has served as Permanent Secretary in other government ministries including that of the Ministry of Presidential Affairs, Governance and Public Administration, as Permanent Secretary of the Ministry of Transport and Communications, and Deputy Permanent Secretary – Corporate Services at the Ministry of Finance.

Ms. Morekisi holds a Master of Arts in Development Economics from the University of Sussex, United Kingdom, a Postgraduate Diploma in Economics from the University of Sussex, United Kingdom, and a Bachelor of Arts in Economics from the University of Botswana. Ms. Morekisi's membership on the Board of Botswana Savings Bank with her strategic oversight and guidance has been a great fortune for the Bank and its stakeholders.

Cornelius Ramatlhakwane
Non-Executive Director

Member: Finance and Audit Committee
Date of Appointment: July 2018
Nationality: Motswana

Mr. Ramatlhakwane holds over 20 years experience in the local finance and postal services sectors. His areas of expertise from a luminous career path include business strategy and development, credit risk management, customer service, as well as sales and marketing. In previous capacities he has served at major entities including Standard Chartered Bank, Deloitte and Touche, and is currently Chief Executive Officer at Botswana's largest courier, BotswanaPost, where he was appointed in 2015. It has been during his leadership that the giant corporate returned to profitability in 2018-2019 - a first for the company in the past decade. Mr. Ramatlhakwane has a heart for people and thus mentorship and coaching.

He is passionate about creating exciting workplaces for employees to thrive in and to build quality team relationships. His professional qualifications include a Master of Science in Strategic Management and a Post- Graduate Certificate in Management Studies.

Esther Tuelo Lemo

Chairperson of the Board Strategy Committee

Deputy Chairperson
Date of Appointment: July 2018
Nationality: Motswana

Ms. Lemo holds over 30 years in the Botswana Banking and Finance sector. Over her career she has been at the helm of the corporate Banking space with particular expertise in large- scale corporate, Local and Central Government, and Parastatal portfolio management.

Ms. Lemo holds an Associate Diploma from the Institute of Bankers South Africa, a Licentiate Diploma in Commercial Banking, Certificate in Banking from the Institute of Bankers South Africa and a Certificate in Communication Skills from the Institute of Development Management Botswana.

Neo Maruapula

Non-Executive Director

Member
Chairperson: Finance and Audit Committee
Date of Appointment: November 2021
Nationality: Motswana

Ms. Maruapula is a Finance and Operations Consultant at EBAT Consultants Limited. She holds over a decade in business management especially in the arenas of Operational Strategy, Business Policy, Accounting & Finance Management, Auditing, Information Technology, and Corporate Training. Ms. Maruapula holds additional experience in the Education and Human Capital sectors with an evident passion for skills development.

Ms. Maruapula holds a Master of Business Administration in Finance from the University of North West, South Africa; Bachelor of Science in Computer Information Systems from Saginaw State University, USA; and an Associate Degree in Accounting and Management from Tucson College of Business, USA.

Our Leadership
[Continued]

Khumiso Tshephe
Non-Executive Director

Member
- Board Tender Committee
- Risk and Audit Committee

Date of Appointment: September 2021
Nationality: Motswana

Ms. Tshephe holds over 15 years experience in the legal industry. She is Founding and Managing Partner of Tshephe Legal Firm. In her dexterous legal career Ms. Tshephe has acquired particular expertise in Corporate and Commercial, Property, Debt Collection, Foreclosure, Civil and Criminal Litigation, Labour and Family law.

Ms. Tshephe attained her Bachelor of Law from the University of Botswana and is duly admitted as an Attorney, and a Notary Public and Conveyancer. She is a member of the Law Society of Botswana.

Nixon Mpho Marumoloa
Executive Director

Ex-Officio Member
- Human Capital Committee
- Risk and Compliance Committee
- Finance and Audit Committee

Date of Appointment: April 2018
Nationality: Motswana

Mr. Nixon Marumoloa has been the Chief Executive Officer (CEO) and Executive Director, of the Botswana Savings Bank (BSB) since April 2018. During this time, the Bank's distribution channels (branches) have doubled, profits quadrupled, and the Bank has seen a steady growth from the status of a 'Traditional Bank' to a more modern enterprise. With twenty-nine (29) years of mostly Banking experience, Nixon Marumoloa has worked for Standard Chartered Bank, Barclays Bank, African Banking Corporation, First National Bank – as well as in the DFI's (Development Finance Institution) space. Previously, Nixon Marumoloa has been the Board Chairperson of the Botswana Institute of Banking and Finance (BIBF), Deputy Chairperson of the Human Resource Development Council (HRDC), Chairperson of the Finance and Audit Committee of the SADC-DFRC, as well as a Board Director at PG Timbers Botswana (Pty) Ltd t/a BMB BuildIt. Currently, Nixon Marumoloa is a Board Director of the Botswana Savings Bank, World Savings Banks Institute (WSBI), the Botswana Institute of Banking and Finance, and is also an ordinary member of the Institute of Directors South Africa (IoDSA). Nixon is currently pursuing a Master of Business Administration (MBA), has a Bachelor's degree in Economics/ Administration, an Insurance Qualification, and has been on Executive Development Trainings at Henley Business School, University of Pretoria.

Matilda Ontlametse Basinyi

Chairperson of the Board
Strategy Committee

Member
Chairperson: Human Capital Committee
Date of Appointment: November 2017
Nationality: Motswana

Ms. Basinyi is a chartered professional with over 20 years of experience in the finance industry. Ms. Basinyi has served in a variety of leadership capacities in the Botswana public service with a focus in the areas of development planning, taxation, procurement and investment. Her previous roles have included Chief Finance Officer at the Ministry of Finance. She is currently Director – Procurement Oversight at the Ministry of Labour and Home Affairs at the helm of compliance with public procurement legislation.

Since her appointment in 2017, Ms. Basinyi has been instrumental to the Bank through a variety of assignments in the Board including as Chairperson and Member of the Board Tender Committee, and as a Member of the Finance and Audit Committee. She is a Chartered Member of the Institute of Logistics and Transport (CMILT); Member of the Chartered Institute of Logistics and Transport South Africa (CILTSA); Affiliate Member of the Chartered Institute of Procurement and Supply (CIPS); Associate Member of the Association of Certified Fraud Examiners (ACFE); and a Member of the Botswana Institute of Chartered Accountants (BICA).

Ms. Basinyi holds a Master of Science in Logistics and Supply Chain Management from the University of Bolton, United Kingdom; Master of Commerce in Accounting & Finance Macquarie University, Australia and a Bachelor of Commerce in Accounting from the University of Botswana.

Sarah M. Molale

Non-Executive Director

Chairperson: Risk and Compliance Committee
Member: Human Capital Committee
Date of Appointment: July 2018
Nationality: Motswana

Ms. Sarah Molale is a Board Member of the BSB Board of Directors and was appointed in July 2018. She sits as Chairperson of the Risk Compliance Committee, and she is a member of the Staff, Rewards and Remuneration Committee.

M.s Molale is a Deputy Secretary of Finance Administration (LA) at the Ministry of Finance. She holds a Masters Degree in Finance, Postgraduate Diploma in Financial Management and Bachelor of Commerce (Accountancy).

Board Members Appointment and Term

Name	Position	First Appointed	Expiry date
Mrs. Goitsemang Morekisi	Chairperson	01-07-2022	30-06-2026
Mrs. Khumiso Tshephe	Member	24-09-2021	31 -08-2025
Mr. Mpho Nixon Kgosi Marumoloa	Chief Executive Officer	01-04-2018	On conclusion of contract
Mr. Cornelius Ramatlhakwane	Member	01-07-2018	On conclusion of his contract with Botswana Post.*
Mrs. Sarah Molale	Member	01-07-2018	30-06-2026
Mrs. Esther Tuelo Lemo	Member	01-07-2018	30-06-2025
Mrs. Neo Maruapula	Member	01-11-2021	31-10-2025
Ms. Matilda Ont-lametse Basinyi	Member	01-11-2017	31-10-2024

* *Mr. Marumoloa is the CEO and his membership on the Board will carry for the duration of his tenure.*

* *Mr. Ramatlhakwane is the CEO of Botswana Post and his membership on the BSB board is for so long as he holds this position or the BSB Act is amended.*

Our Leadership

Lesedi Advocates for Leadership Diversity

One of the key successes of Botswana Savings Bank's BSB) transformation under the Lesedi 2025 strategy has been the significant strides made in promoting gender diversity within its leadership. As of 2023-2024, BSB has achieved notable gender balance across both its Board and management teams.

BOARD
COMPOSITION

75%
Female

Board Gender Composition

4.86
Years

Tenure of Directors

Board Representation: 75% of leadership positions at the Board level are now held by women. This achievement reflects BSB's commitment to gender equity and aligns with the goals set forth in Lesedi 2025 to enhance diversity and inclusion within the institution.

By ensuring that women are well-represented in decision-making roles, BSB has created a more balanced and inclusive governance structure that reflects the diverse communities it serves.

MANAGEMENT
COMPOSITION

13%
increas in female participation

Board Gender Composition

Management Team: The representation of women in senior management positions has also seen significant improvement. Women now hold 38% of senior leadership roles, up from previous years of less than 25%, positioning BSB as a leader in gender diversity within Botswand's financial sector.

This increased representation of women in leadership aligns with Lesedi 2025's objective to cultivate a diverse workforce that fosters innovation, inclusivity, and operational excellence.

BOARD OF DIRECTORS

Board of Directors	Nationality and Date of Birth	Workplace Address and Position Held	Residential Address	Date of First Appointment	Professional/Academic Qualifications	Other Institutions he/she is a Director	Board Committees Membership	Percentage Shareholding of Directors in the Bank
Mrs. Goitsemang Morekisi (R) *Non -Executive Director and Board chairperson*	Motswana Born March 12, 1964	Project Coordinator (ESP) & Permanent Secretary Ministry for State President Private Bag 001 Gaborone Tel:(267)3950 500 / 3950897 Cell: (267) 71 328 647 Email: gmorekisi@gov.bw gmorekisi@hotmail.com	Plot 19216 Phase 2, Gaborone west, Gaborone	July 1, 2022	• BA Social Sciences (Economics) • MA Economics	• None	• None	• None
Mrs. Esther Tuelo Lemo (NR) Non-Executive Director and Deputy Chairperson	Motswana Born April 30, 1953	Pensioner P O Box 1972 Gaborone Tel: (267) 3953 267 Cell: (267) 72 100 826/71 290 826 E-mail: esther.lemo@btcmail.co.bw	Plot No 2661, Kgori Close, Extension 9, Gaborone	July 1, 2018	• Associate Diploma in Banking • Licentiate Diploma in Banking • The Certificate in Banking • Certificate in Communication • Senior Certificate in Preaching (Methodist Church of Southern Africa)	• Maiteko Enterprises (Pty) Ltd • Mosokelatsebeng Cellular (Pty) Ltd	• Risk and Compliance Committee	Nil
Mrs. Sarah Moatle Molale (R) *Non-Executive Director*	Motswana Born November 16, 1968	Deputy Secretary, Finance Administration Ministry of Finance Private Bag 008 Gaborone Tel: (267) 395 0302 / 3950500 Cell: (267) 72198416 Email: smmolale@gov.bw or sarahmolale@gmail.com	Plot 38768 Block 6, Gaborone	July 1, 2018	• Masters Degree in Finance • Bachelors Degree in Commerce • Postgraduate Diploma in Financial Management	• None	• Human capital Committee • Risk and Compliance Committee	Nil
Ms. Matilda Ontlametse Basinyi (R) *Non-Executive Director*	Motswana, Born July 7, 1968	Director, Procurement Oversight Ministry of Labour and Home Affairs Private Bag 002 Gaborone Tel: (267) 3611100/29 Cell: (267) 76 191 995 Email: molbasinyi@gmail.com or mbasinyi@gov.bw	Plot 25946 Mogoditshane	Nov 1, 2017	• Master of Commerce (Accounting and Finance) • Bachelor of Commerce • Master of science in logistics and supply chain management • Charted member of the institute of logistics and transport (CMILT) • Accounting Technician	• Oretshidise Investment • S.T.S Trading (Pty) Ltd	• Human capital committee	Nil

Board of Directors	Nationality and Date of Birth	Workplace Address and Position Held	Residential Address	Date of First Appointment	Professional/Academic Qualifications	Other Institutions he/she is a Director	Board Committees Membership	Percentage Shareholding of Directors in the Bank
Ms. Neo Maruapula (**NR**) *(Non-Executive Director) Board Member*	Motswana Born April 24, 1965	Finance & Operations Director EBAT Consultants (Pty) Ltd P.O. Box 40909 Plot 4527, Main Road, Tati Siding Tell:2440788 Cell: (267) 71 309 987 Email: neo@ebat.co.bw	Plot 6224, Moroso Ward, Tati Siding	November 01 2021	• MBA (Finance) • BSc (Computer Information Systems) • Associate Degree in Accounting & Management	• EBAT Consultant (Pty) Ltd	• Finance and Audit Committee	Nil
Mrs. Khumiso Tshephe (**NR**) *Non-Executive Director Board Member*	Motswana Born June 24,1984	Managing Partner Tshephe Legal Firm P O Box 80468 Gaborone Tell: 3165302 Cell: (267) 75 290 777 Email: khumiso@tshephelegal.co.bw	Plot 215, Extension 5, Gaborone	September 24, 2021	• Bachelor of Laws	• None	• Risk and Compliance Committee • Human capital Committee	Nil
Mr. Mpho Nixon Marumoloa (**R**) *Non - Executive Director* *Chief Executive Officer*	Motswana September 20, 1972	Botswana Savings Bank P O Box 1150 Gaborone Tel: (267) 367 0 050 Fax: (267) 317 0 557 Cell: (267) 73 972 002 E-mail: nmarumoloa@bsb.bw	Plot 55512 Phakalane	April 01 2018	• Bachelor of Arts (Social Sciences) • Certificate of Proficiency • MBA (Banking), (ongoing studies)	• Botswana Institution of Banking and Finance • Kaylane (Pty) Ltd • BSB Insurance Agency (Pty) Ltd	Ex-officio member of • Human capital Committee • Risk and Compliance Committee • Finance & Audit Committee	• None
Mr. Cornelius Ramatlhakwane (**R**) *Non-Executive Director*	Motswana Born April 20, 1967	Chief Executive Officer Botswana Postal Services P O Box 100 Gaborone Tel: (267) 3953131 / 3500154 Cell: (267) 71 338 881 E-mail: cramatlhakwane@botswanapost.co.bw OR crcwynter43@icloud.com	Plot 299, Extension 5, Gaborone	July 1, 2018	• MSc Strategic Management • Certificate – Management Studies • AAT Membership • General certificate of Education-form 5 • Primary school leaving examination-standard 7	• Wipix Holding (Pty) Ltd • Southern African Postal Operators Association (SAPOA) • Botswana Postal services	• Finance and audit Committee	• None

CHIEF EXECUTIVE OFFICER'S STATEMENT

> "The Bank continues to improve business intelligence for better customer segmentation for a more unique customer understanding and offering."
>
> *Nixon Mpho Marumoloa*
> *Chief Executive Officer*

External Environment

The 2024-2025 financial year was marked by transformational change in the political landscape of the country. The economic landscape remained challenging due to the high reliance on mineral revenues and productivity which has declined over recent years, a threat that has been well understood on a national level, which introduced structural vulnerabilities due to the public sector led economic model.

The economic lag, which was reported in the previous reporting period, deepened in the current reporting period, this being the case Botswana Savings Bank has delivered exceptional performance through the responsiveness of the leadership and BSB staff.

Lesedi 2025

This year marked the final year of the Lesedi 2025 transformational year, however key objectives in the strategy which form the underpinning fabric to the organisation's commercialization strategy, being the enablement of full banking services at the end of the customers device.

The Lesedi Strategy allowed BSB to increase its service presence through the various digital platforms and services resulting from the great investment in the digital transformation drive.

Financial inclusion remains the core mandate of the Bank in support of its shareholder commitments, as such the Bank has successfully onboarded various service agents across the country to address customers in the underbanked areas of Botswana.

Performance and Financial Growth

The 2024/25 financial year was a depositor's market, however BSB performed well in the Bond Market and this year's performance can be attributed primarily to a customer centric approach to service delivery and product offerings.

The Net Advances and overall profitability for the period grew by 63% and 230% respectively. The investment in the Bancassurance wing has proven to be a worthwhile business decision as demonstrated by the financial performance in the 2024/25 financial year. Leading to the expansion of the licence to offer brokerage services, thus allowing customers the choice of underwriter and product options.

Customer Centricity

The Bank continues to improve business intelligence for better customer segmentation for a more unique customer understanding and offering. This will integrate the customer's needs into the development of more attractive offerings.

In this financial year, the Bank has expanded its offering to include SMME and business offerings as well as revamped its product offerings to better address the future needs of the BSB customer.

Governance

Sound governance structures remain critical to decision making within the Bank, together with good stakeholder management across all regulatory compliance frameworks.
As would be the case across the industry, legislative requirements have necessitated an increased investment in Human Capital to meet with compliance requirements in the Cybersecurity and Data Protection Act as the complexities within the operational environments of the banking sector increase.

Looking Forward

The coming year will see the formation of a 2026/28 corporate strategy, following a strategic gap year for the 2025/26 financial year, where BSB will introspect, ensuring the fundamental building blocks of the Lesedi 2025+1 strategy provide the springing board for new heights.

Botswana Savings Bank is acquainted with the challenges facing the nation and the impact of the retracting market on financial security; household spending; inflationary indicators; market liquidity and the risks this poses to the banking sector at large. Robust risk management and credit management will drive the sustainability agenda for the coming year.

Chief Executive Officer's Statement [Continued]

Increasing the BSB footprint through digital banking adoption and the positioning of the diversified product offerings for the corporate banking client will strengthen the brand through a different market segment, repositioning the Bank to be future ready, as it continues to give back to the communities in which it serves, through corporate social responsibility (CSR). Privatization is still a shareholder conversation. It's implementation timelines and structure is still largely unknown, the Bank however continues to strengthen its governance and build the foundational elements towards its commercialization objectives, delivering value to the Shareholder.

The Bank will remain resilient in the coming season; it will continue to drive technology and innovation ecosystems and advance its human capital development in building a workforce for the future Bank; improve its reach and market impact as it weathers the season ahead.

Nixon Marumoloa
Chief Executive Officer


BOTSWANA
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welcome to smooth banking
Lesedi
Life is better with a plan
Plan towards your child's education by opening the Ordinary Savings Account today
#DiraPlan
Ordinary Savings Account
5.5% p.a. tax-free interest
Call us on 367 0100 or visit your nearest branch to find out more
offer valid until December 2025
T's & C's apply.
www.bsb.bw
Member of the Deposit Insurance Scheme of Botswana.

OUR MANAGEMENT

Nixon Mpho Marumoloa

Chief Executive Officer
Joined: April 2018

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Previously, Nixon Marumoloa has been the Board Chairperson of the Botswana Institute of Banking and Finance (BIBF), Deputy Chairperson of the Human Resource Development Council (HRDC), Chairperson of the Finance and Audit Committee of the SADC-DFRC, as well as a Board Director at PG Timbers Botswana (Pty) Ltd t/a BMB BuildIt. Currently, Marumoloa is a Board Director of the Botswana Savings Bank, World Savings Banks Institute (WSBI), the Botswana Institute of Banking and Finance, and is also an ordinary member of the Institute of Directors South Africa (IoDSA).

Nixon is currently pursuing a Master of Business Administration (MBA), has a Bachelor's degree in Economics/ Administration, an Insurance Qualification, and has been on Executive Development Trainings at Henley Business School, University of Pretoria.

Mike Dube

Chief Finance Officer
Joined: November 2020

Mike Dube is an experienced accounting and finance professional with a proven track record in leadership and transformation. He has overall responsibility for a full financial function of the Bank and leadership of the Finance team. He oversees the Management accounting function, Financial Accounting, Treasury Management and Reconciliations of the whole bank.

He holds a Bachelor of Commerce (Accounting and Management) from the University of Botswana and is also a fellow member of the Association of Chartered Certified Accountants (ACCA). Mike joins the BSB team having worked as a Chief Executive Officer, Chief Financial Officer, Finance Manager, General Manager in various organisations like Bayport Financial Services, BIHL Insurance Company.

Wabo Kagiso Moswate

Chief Operations Officer
Joined: December 2023

With over 15 years of experience in the banking sector, he provides strategic and operational leadership across the Bank's front, middle, and back-office functions, ensuring profitability, efficiency, innovation, and customer-focused service delivery.

He has held several senior leadership roles in Botswana's financial services industry, including Head of Everyday Banking, Lending and Cash, Head of Secured Lending, and Head of Products for Personal and Business Banking at Stanbic Bank Botswana. Earlier in his career, he served as Head of Management Information – Consumer Banking at Barclays.

Wabo holds an Executive MBA from the Quantic School of Business and Technology and a Bachelor of Information Systems from the University of Botswana. He is currently pursuing a Doctorate in Business Administration. He has completed executive programmes at the University of Oxford (Executive Leadership Programme and Strategic Innovation Programme), the University of Cambridge (Digital Transformation Strategies Programme), University of Pennsylvania (Professional Certificate in Strategic Management), University of Maryland (Professional Certificate in Innovation and Entrepreneurship) , and Henley Business School (Standard Bank Acceleration Programme).

Pako Tsimanyana

Director - Human Capital
Joined: April 2023

Pako Tsimanyana is a seasoned Human Capital practitioner with a broad knowledge of our entire strategic HR business operations with over twenty-seven (27) years in the HR space. He has the overall strategic responsibility of BSB human capital framework and functions under his watch. HE oversees Talent Management processes, Industrial relations, Organisational development, records management, office administration, and payroll management and facilities management of BSB.

He holds an Honours Degree in Human Resources and Industrial Relations from the University of Port Elizabeth, a Social Sciences Degree in Politics and Public Administration (University of Botswana) and Executive Management Development Programme from University of Stellenbosch and several other HR technical courses. In addition, Pako is a Board member of the Botswana National Labour Advisory Board.

Pako has been at the helm of HR across a variety of sectors including government, Local Enterprise Authority, Lobatse Clay Works, Komatsu Mining Botswana, Kromberg & Schubert Botswana and Botswana Agricultural Marketing Board.

Ngoni Chikore

Director - Information Technology
Joined: October 2024

Ngoni Chikore is a seasoned Information and Communication Technology (ICT) professional with over 20 years of experience enabling and supporting business value chains in both the public and private sector, with most time spent in the banking and diamond mining sectors. Ngoni's passion in the field of technology lies in enabling and transforming businesses, empowering, and developing teams and individuals while delivering impactful business solutions and innovations.

Ngoni started his career in 2003 at Debswana where he worked for 13 years, rising through the ranks from being an IT Software Developer to Group IT Infrastructure Manager at the time of his departure. Before joining BSB, he worked at Access Bank Botswana for 3 years as Chief Information Officer (a role similar to IT Director). Prior to Access Bank Botswana, he worked at FNB as Chief Information Officer for 5 years.

He holds a BSc Degree in Computer Engineering and has also certified in various IT related areas over the years.

Lorato Ramatu

Director - Risk
Joined: August 2023

Lorato Ramatu is a seasoned Risk Professional with an impressive 16-year traceable track record in the financial services industry. Ramatu brings a wealth of experience and expertise to the BSB team, specialising in Risk Management Strategies that prioritise both external and internal clients. Ramatu has a strong commitment to client-centric values and will provide guidance that enables meeting BSB client interests and ensuring that they are at the forefront of every decision the business makes.

She has previously worked for First National Bank Botswana where she started her banking career and Standard Chartered Bank Botswana looking after the credit and risk processes and procedures for Commercial, Corporate and Institutional Clients across different industries, additionally, she sat on various governance forums within the bank that contributed to her corporate governance skills.

Additionally, Ramatu is dedicated to fostering a collaborative and supportive team environment which underscores her commitment to nurturing talent and driving success. Ramatu's qualifications include: A Bachelor of Arts degree, a Postgraduate Diploma in Banking, a Postgraduate Certificate in Strategic Management, Executive Management Development Programme, and has gone through internal banking required certifications for core credit and financial institutions credit.

Our Management [Continued]

Bomolemo Selaledi

Head - Marketing & Public Relations
Joined: June 2018

Bomolemo Selaledi is an experienced Marketing and Communication Specialist who holds a UK High National Diploma in TESL (teaching of English to speakers of other languages) from the University of Manchester and also a Bachelor of Arts and Postgraduate diploma in Education from the University of Botswana. She develops, implements, and evaluates marketing strategies and plans that support revenue generation and improved profitability across the Bank's product and service offerings, and Brand management.

Previously, Selaledi served at First National Bank for 14 years in various leadership roles including Director of Client Services, Director of Marketing and Communications and Strategic Marketing and Communications Manager. She has also worked for the Debswana Diamond Company as a Corporate Communications Officer.

Lorato Madimabe

Head - Procurement Oversight Unit
Joined: January 2024

Lorato Madimabe, Procurement Specialist par excellence with over a decade of experience in procurement and supply chain management across various sectors, including education, telecommunications, healthcare, and mining.

She holds expertise in Supply Chain Management and is a member of the Chartered Institute of Purchasing & Supply (CIPS). Her expertise spans tender administration, contract management, inventory management, and optimizing procurement processes to achieve cost savings and operational efficiency.

Madimabe has successfully implemented procurement policies, streamlined processes, and delivered strategic initiatives, such as Covid-19 procurement response strategies and citizen empowerment programs. Her leadership has consistently driven compliance, cost avoidance, and clean audits.

Mooketsi Nkau

Head - Internal Audit
Joined: December 2018

Mooketsi Nkau is an ACCA (Association of Chartered Certified Accountants) and CIA (Certified Internal Audit) qualified Internal auditor proficient at providing assurance on organisational risk management, governance, and internal controls. Knowledgeable in risk-based auditing and oversight of the internal audit Quality Assurance and Improvement Programme (QAIP).

Nkau is responsible for developing, implementing and monitoring of the internal Annual plan, and also reporting Audit findings and recommendations directly to the bank's Audit Committee.

Mooketsi has an audit background as he worked for PricewaterhouseCoopers Botswana as an Audit Associate.

Tshepang Mokhurutshe

Head - Legal and Board Secretary
Joined: October 2019

Mokhurutshe earned her LLB (postgraduate) from Witwatersrand University. She also has a Bachelors of Arts in Political Science (with a concentration in International Relations) and a Bachelors of Arts in Human Rights, acquired from Trinity College, Hartford, CT (USA).

She has also completed a Financial Services Certificate with the Chartered Institute for Securities and Investment. Mokhurutshe started her Legal career in 2017 at Armstrongs Attorneys where she worked exclusively with both banks and Non-Banking Financial Institutions, including insurance companies and pension funds.

Mokhurutse is proficient at Company Law and has acted on behalf of Armstrongs, as company secretary to various local and international companies. Mokhurutshe joined BSB in 2019 as Board Secretary.

James Koobake

Head - Bancassurance
Joined: March 2022

James Koobake is a highly experienced insurance professional with extensive expertise in bancassurance, underwriting, and insurance broking. Currently serving as the Principal Officer for BSB Insurance Services, he has successfully transitioned the agency into a brokerage and developed key partnerships with insurers.

His career highlights include establishing and operationalizing BSB Insurance Agency, managing insurance portfolios at Bank Gaborone, and overseeing claims management at Sunshine Insurance.

A Fellow of the Insurance Institute of South Africa (FIISA), Koobake combines strong technical skills in insurance operations with strategic leadership, stakeholder management, and product development to drive growth and compliance in the insurance sector.

Obusitswe Keabaitse

Head - Retail Banking & Sales
Joined: December 2012

Obusitswe Keabaitse is a strong and passionate customer services practitioner whose professional acumen centres around providing innovative customer solutions, service delivery, Client relationship management, Cash Management and client satisfaction index. Keabaitse holds a Senior Management Development Programme from University of Stellenbosch, RSA, MBA in International Business from Amity University in India and a Bachelor of Commerce Degree from Wits University, RSA.

Keabaitse has worked as a Branch Manager and Customer Service Consultant supervising Tellers and Vault management at Botswana Building Society and then worked at Botswana Savings Bank as a Branch Manager before being the Head of Client Services.

Our Management [Continued]

Baone Semumu

Financial Controller

Joined: February 2016

Baone Semumu is a focused Chartered Institute of Management Accountant "CIMA" holder with a remarkable record of top performance and has the proven ability to apply practical skills to the theory of Banking and Finance. She combines Strategic Accounting, Tactical Finance, and banking expertise with strong problem-solving skills, sense of accountability and assertiveness.

Semumu holds over 12 years of invaluable experience in the accounting field. Her experience largely relates to Tax compliance, business ethics, financial reporting, cost cutting, cash flow accounting, product costing, financial audits, budgeting forecasting, fixed asserts accounting, accounting reconciliation, variance analysis credit control and cash management. She holds a professional membership of fellow chartered accountant of the Botswana Institute of Chartered Accountants (FCA), Senior Management Development Programme at University of Stellenbosch and Master of Business Administration.

Tshepo Mothoeng

Head - Strategy & Customer Exellence

Joined: November 2015

Tshepo Mothoeng is a seasoned Corporate Strategist and Industrial Psychologist with more than 17 years of experience driving organisational growth and transformation. His expertise spans strategy development and execution, project management, human resource management, and policy and process optimization.

He has worked across diverse sectors—including government and parastatals, ICT, automotive manufacturing, and banking—where he has successfully led initiatives that align people, processes, and performance with strategic objectives.

Mothoeng holds a Master of Business Administration, a bachelor's degree in Organisational Psychology and Human Resource Management, and has completed a Senior Management Development Programme. He is also a certified Balanced Scorecard Professional and PRINCE2® Project Management Practitioner.

CHIEF FINANCIAL OFFICER'S STATEMENT

> For the year under review, the Bank delivered a robust financial performance, primarily driven by significant growth in its loan book.

Mike Dube
Chief Financial Officer

Financial Performance

The 2024–2025 financial year marked the successful culmination of the Bank's ambitious three-year Lesedi Strategy (2022–2025). During this period, the Bank continued to strengthen its profitability, underscoring the positive outcomes of the strategic plan. For the year under review, the Bank delivered a robust financial performance, primarily driven by significant growth in its loan book. This resulted in a 230% increase in profit after tax to P76.8 million (2024: P23.3 million), despite intensified competition from established market players and a challenging macroeconomic environment caused by underperformance in Botswana's diamond sector.

Capital adequacy improved following the successful issuance of a P50 million bond with a 10-year maturity. This strategic initiative was aimed at aligning long-term funding with the Bank's asset profile. The Bank remains committed to leveraging domestic capital markets to support its ongoing growth and expansion objectives.

Income Statement

Net Interest Income

Net interest income rose by 80% to P312 million (2023: P173 million), primarily driven by the expansion of the loan book. This growth was supported by the implementation of the Bank's revised sales strategy, which included the expansion of the Direct Sales channel and the extension of loan tenure to stimulate demand. Interest expense also increased year-on-year, reflecting the higher cost of funding, including the impact of subordinated debt issuance.

Chief Financial Officer's Statement [Continued]

Non-interest income increased by 25% to P61 million (2024: P49 million), primarily attributable to the strong performance of the credit life insurance portfolio under BSB Insurance Services. This offering provides clients with integrated solutions in both long-term and short-term insurance at competitive pricing. The Bank remains focused on delivering a diversified suite of products tailored to meet the evolving financial needs of its customers.

Impairment of Financial Assets

Impairments increased significantly by 1113% to a charge of P21.6 million (2024: P1.8 million), primarily due to the growth in Stage 1 and Stage 2 loans and advances. This increase is directly correlated with the overall expansion of the loan book and resulted in a Non-Performing Loan (NPL) coverage ratio of 2.6%.

Administrative and general expenses increased by 33% year-on-year to P95 million (2024: P71 million). This increase was mainly due to higher software licensing fees associated with the Bank's digital transformation initiatives, as well as enhanced marketing and sales efforts aimed at growing the loan portfolio.

Balance Sheet

Loans and advances increased by 63% to P4.4 billion (2024: P2.7 billion), driven by the Bank's revised sales strategy, which focused on extending loan tenure and expanding the Direct Sales force. Correspondingly, customer deposits also grew by 63% to P4.1 billion (2024: P2.5 billion).

As a result, the Advances-to-Deposits ratio rose to 108%, reflecting continued growth in lending activity. The Bank maintained adequate funding levels, with corporate fixed deposits remaining a significant component of the deposit base, notwithstanding selective redemptions by depositors.

Capital Management

The Bank's capital adequacy ratio stood at 16.6% (2024: 21%), remaining well above the regulatory minimum requirement of 12.5%. The year-on-year decline reflects an increase in risk-weighted assets in line with the expansion of the loan portfolio. The ratio was positively impacted by the issuance of a P50 million subordinated bond in December 2024, which bolstered the Bank's capital base and enhanced its overall capital adequacy position.

Liquidity Management

As at March 2025, the Bank held liquid assets totalling P459 million. The Bank actively maintains a liquidity buffer comprising high-quality liquid assets to mitigate potential volatility in the liquidity market. The Liquidity Asset Ratio stood at 11%, exceeding the regulatory minimum threshold of 10%, and indicating a stable and well-managed balance sheet throughout the reporting period.

Member of the Deposit Insurance Scheme of Botswana
Lesedi 2025
BOTSWANA SAVINGS BANK
welcome to smooth banking
Itirele bontle,
iteboge kamoso.
Open an Ordinary Savings Account from as little as P50.00 today and start saving for your dream holiday!
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5.5% interest
Tax free
Promotion valid until 31st December 2025. Ts & Cs apply
Call us at 3670100 or visit your nearest branch to find out more

CHIEF OPERATIONS OFFICER'S STATEMENT

> BSB has firmly entered the self-service era, improving convenience, reducing the cost-to-serve, and unlocking new fee-based revenues.
>
> *Wabo Kagiso Moswate*
> *Chief Operations Officer*

Reflection on 2024–2025

The past year was a defining one for Botswana Savings Bank. Operations stood at the centre of execution, anchoring growth, resilience, and transformation under the Lesedi 2025 strategy. Our focus was clear: **Drive sustainable growth, digitize the customer journeys, improve customer access and deliver operational excellence.**

Despite a volatile operating environment—tight liquidity, evolving regulation, and intense competition—we delivered strong outcomes.

- **Balance Sheet Momentum:** Loan growth of 64% and deposit growth of 92% reflect disciplined execution and targeted campaigns.
- **Diversified Revenues:** Non-funded income expanded by over 50%, underpinned by stronger digital and payments activity.
- **Customer-Centricity:** A re-engineered service framework lifted turnaround times, resolution rates, and satisfaction levels.
- **Digital Shift:** Enhanced mobile and online banking, expanded POS deployment, and the launch of N'gaa Cash Send advanced our move toward a digital-first model.

- **Governance & Discipline:** Stronger reconciliations, digitized KYC, and stabilized core banking reinforced operational integrity.

These achievements confirm Operations as the engine of BSB's transformation—delivering efficiency today while building the foundation for tomorrow.

Outlook: Leading the Next Phase

As Lesedi 2025 concludes, we must look forward with ambition and clarity. Operations will continue to be the springboard for BSB's evolution into a **modern, customer-centric, and commercially competitive institution**. Our priorities are clear:

1. **Revolutionize Customer Value Propositions**

   We will reposition our offerings across Business, Private, Youth, and Mass Banking segments. The focus will be relevance, competitiveness, and digital enablement—ensuring BSB remains the partner of choice for diverse customer needs.

2. **Scale Digitisation and Self-Service**

   We will accelerate the rollout of the Merchant App and Digital Wallet, with full self-onboarding and nationwide reach. Expanding the *S'Kgwama* network and modernizing our card portfolio through instant issuance, tokenization, and virtual cards will entrench BSB as a digital-first institution.

3. **Drive Sustainable Growth and Excellence**

   We will diversify the balance sheet by strengthening secured lending, particularly housing finance and business lending, while digitizing internal workflows to reduce costs, enhance controls, and ensure consistent, world-class service delivery across all touchpoints.

Closing Reflection

The 2024–2025 financial year reaffirmed Operations as the **strategic engine** of BSB—propelling growth, embedding digitisation, and strengthening governance. Our mandate extends beyond operational execution; it is about **shaping a bank that is future-ready, resilient, and inclusive**.

As we step into the next horizon beyond Lesedi 2025, we remain steadfast in our purpose: to deliver sustainable value to customers, empower communities, and secure the confidence of our shareholder and stakeholders in Botswana's financial future.

STRATEGY AND INNOVATION

Driving Sustainable Growth

Strategic Foundations

VISION

To be the leading Botswana owned integrated financial service provider.

We are inspired by being Botswana owned. We want our services to continuously bring integrated leading-edge products & services to the market, including the underbanked and underserved.

MISSION

We create value through providing inclusive financial services across Botswana.

Our services will be inclusive, to reach every corner of the country. We exist to create value for our stakeholders.

VALUES

Integrity: To behave with honor, honesty, and truthfulness according to ethical business principles and standards.

Responsiveness: To engage in an effective manner with customers, stakeholders, and team members. Also, to be focused on continuous drive for service excellence and business results.

Customer Focus: To take action to meet client needs, to enhance customer satisfaction and to build strong customer relationships.

Teamwork: To be highly driven as individuals and contribute to joint effort as a team. To demonstrate agility to work with others and set mutual goals. To focus on achieving positive results through building highly effective partnerships.

Strategy Development Process

Our strategy development process follows an approved internal Strategy and Corporate performance management policy. The key processes include:

- Affirmation/review of strategic foundations.
  To provide a framework for decision-making, goal setting, and prioritisation, the Bank reviewed its strategic foundations, being Mission, Vision and Values and established its strategic themes and key Performance Areas in line with the same.
- Situational Analysis

  The Bank also conducted a situational analysis which included the scanning of the macro environment using the PESTEL (Political, Economic, Socio-cultural, Technological, Environmental and Legal) model of analysis. The industry analysis was done using the Porter's 5 forces model of analysis, looking at competition, Potential new entrants, Power of suppliers, Power of customers and Threat of substitute products. Finally, the Bank used the SWOT (Strength, Weakness, Opportunities and Threats) model of analysis to assess itself against the Macro and Industry analysis findings.
- Gap Analysis

  The Bank used the information as per the established Strategic Foundations, Key Performance Areas, and Situational Analysis to identify gaps between its current situation and the desired status. The established gaps would form the basis of the Strategic Plan.
- Execution Plan

  Information from the Gap analysis was used to develop the Strategy Execution Plan. The Initiatives list was developed and prioritized according to expected impact and required effort. A Business Road map to distribute the action plans or initiatives within the given strategic period was developed in line with the prioritisation matrix mapping. Finally, the Bank's corporate scorecard with full strategic objectives, key performance indicators, targets, and timelines was developed and signed of by management. This corporate scorecard was cascaded to different levels as guided by the Strategy and Corporate Performance Management Policy.
- Stakeholder Engagement

  Throughout the strategy development process up to cascading and contracting, all key stakeholders were engaged. Management, through the help of external strategic partners, was responsible for the entire strategic development and cascading process. The Board of Directors, as the strategy approver, was responsible for ensuring that the developed strategy was plausible and represented the interest of the shareholder.

  Employees, as the key execution partner, were engaged throughout the process through their Unions, direct interviews, group discussions and questionnaires in line with their roles and levels. Customers, as the recipients of the Bank's products and services, were surveyed through an independent strategic partner and the Bank's ethics hotline reports.

  Other reports from other stakeholders, including regulatory bodies, suppliers and local communities, were used when analysing the macro and microenvironments and informed the strategic development process.

Strategy and Innovation [Continued]

Driving Innovation for Accessibility and Deepening Inclusion

Our Lesedi 2025 Strategy

The Botswana Savings Bank strategy aims to transform us into a “No Frills” Bank that is efficient and accessible, promoting business growth and sustainability. We are walking out what we envisioned for Lesedi 2025: becoming a leading Botswana owned integrated financial services provider and creating value through availing inclusive financial services across Botswana.

Our Key Strategic Deliverables

Strategy Performance Highlights

Operating Environment

An environmental scan shows that as of 2024, Botswana's economy has shown resilience despite global economic uncertainties. The domestic financial system is resilient and robust, supported by a conducive macroeconomic environment. Banks are increasingly embracing digital banking solutions, with several key trends like modernised payment systems emerging. There are key legislation changes like the Data Protection Act that banks need to comply with in terms of policy development, systems, and organisation structures.

The bank 2024/25 reflects exceptional performance amidst both local and global economic challenges.

1. Strong Business Growth and Sustainability
   a. The loan book grew by 63% to P4.4 billion from the previous year of P2.7 billion.
   b. The deposit book grew by 66% to P4.1 billion from the previous year of P2.5 billion.

2. Stronger Financial Inclusion : Customer Access and Outreach
   a. The Bank is driving its financial inclusion initiative through the implementation of Digital Channels (Internet, Mobile Application and cellphone Banking) and Agency Banking.
      i. 26% of the Bank's customers were enrolled on Digital Channels as a pilot project and the target is to enroll all new customers in the next financial year.
      ii. Agency Banking covered 23 locations across Botswana, and the target is to reach 200 locations by the end of the next financial year.

3. Optimising Operational Efficiency
   a. The bank managed to document and map all its internal processes with the aim of identifying opportunities for optimisation and automation.
   b. As section for Management Information System (MIS) within the Bank to streamline operations and adapt to dynamic market conditions.

4. High Performance Culture and Retaining Top Talent
   a. The bank successfully embarked on a leadership development programme for all management levels as part of improving competencies and ensuring a high-performance culture.

Looking Ahead

1. The Bank is on track to achieve most of its strategic deliverables, while there are a few critical aspects that will need to conclude prior to the development of our next strategic direction.

2. Based on the outstanding key deliverables that we wish to succinctly conclude, the BSB Board of Directors approved a gap year for the 2025/26 financial year for a proper close-off of the outstanding strategic milestones. This Gap year, therefore, aims to ensure that by the time the Bank enters commercialisation, all necessary foundational business systems and structures are aligned with the demands of the commercial environment.

3. The Bank aims to align itself with initiatives and policies of the new government to ensure improved shareholder value. The bank will also capitalise on ecosystem partnerships in the financial industry and fintech space to drive innovation, enhance customer experience, and stay competitive in a rapidly evolving landscape.


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PERFORMANCE REVIEW

ICT & MIS

Ngoni Chigore
Director - Information Technology

Introduction

Technology is at the centre of Botswana Savings Bank's (BSB) transformation journey. In line with the Lesedi 2025 strategy, the Bank accelerated its digital agenda in 2024/25 to enhance resilience, enable financial inclusion, and support customer-centric growth. The year under review focused on strengthening network resilience, expanding digital channels, and safeguarding the Bank through a robust cybersecurity strategy.

Digital Transformation & Customer Enablement

- **Mobile & Online Banking:** Enhanced platforms enabled customers to transact seamlessly—covering transfers, payments, loan servicing, and account management.
- **N'gaa Cash Send:** Introduced as an affordable, mobile-based remittance solution to deepen financial inclusion, particularly for unbanked and underbanked communities.
- **Agency Banking (S'Kgwama):** Nationwide deployment supported Botswana's shift toward financial inclusion extending reach into rural and under-served areas.

Through these initiatives, BSB advanced its transition from a branch-reliant institution to a **digital-first, omni-channel bank.**

ICT Infrastructure & Resilience

- **Core Banking Stability:** Post-migration refinements improved system uptime, settlement efficiency, and reporting accuracy.
- **Network Resilience:** Improved network resilience enhanced reliability across branches, ATMs, and digital platforms.

Cybersecurity & Data Protection

Recognising the heightened risks of digital adoption, cybersecurity remained a top priority:

- Periodic penetration testing and vulnerability assessments.
- Strengthened compliance with Botswana's **Data Protection Act** to safeguard customer information.
- Continuous staff training on cyber awareness and fraud prevention.
- Enhanced Cybersecurity framework and architecture .

Data & Business Intelligence

- Investment in **Management Information Systems (MIS)** enabled improved customer segmentation and product development insights.
- Introduction of reporting self-service toolkits to promote efficiencies and standardisation of reports.
- Enhanced data analytics supported credit risk monitoring, customer lifecycle management, and strategic decision-making.
- KYC digitisation created a foundation for more efficient onboarding and customer analytics.

Governance & Compliance

- The **ICT Steering Committee** risk management.
- Alignment with regulatory expectations (Bank of Botswana) ensured that digital transformation was underpinned by strong governance and compliance structures.

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Outlook for 2025/26

The strategy gap year (Lesedi +1) will focus on consolidating IT gains while preparing the Bank for full commercialization. Key priorities include:

1. **Merchant App & Digital Wallet:** Rollout of enhanced digital platforms with competitive features such as the ability to buy prepaid services and send money vouchers. Additionally, card issuance will be instant upon account opening or card replacement.
2. **Automation:** Deployment of the automated reconciliation system by March 2026 to enhance control and reduce operational risk.
3. **Cybersecurity Evolution:** Continued investment in advanced threat intelligence and cyber resilience.
4. **Data-Driven Banking:** Deepening analytics capabilities for customer insights, risk modelling, and product innovation.
5. **Fintech Partnerships:** Exploring partnerships to accelerate innovation, enhance service delivery, and expand inclusion.

Conclusion

The year 2024/25 marked a step-change in BSB's digital maturity. With stable infrastructure, growing customer adoption of digital channels, and reinforced cybersecurity, the Bank is positioned as **a technology-driven, customer-first institution**. Looking forward, BSB will leverage IT not just as an enabler, but as a **strategic differentiator**, shaping the future of inclusive and modern banking in Botswana.

RISK MANAGEMENT REPORT

Lorato Ramatu
Director - Risk

Introduction

Risk management remains a cornerstone of Botswana Savings Bank's ability to deliver sustainable value to its customers, shareholder, and stakeholders. The year under review was marked by volatility in global markets, heightened liquidity pressures, and evolving regulatory requirements. Against this backdrop, BSB strengthened its enterprise-wide risk framework, embedding governance discipline, enhancing risk culture, and aligning practices with international standards.

Our approach is guided by three principles: **prudence, resilience, and sustainability.** These principles ensure that as we execute our Lesedi 2025 strategy and prepare for commercialization, the Bank maintains a strong capital base, sound liquidity, and disciplined credit underwriting, while addressing emerging risks in cybersecurity, ESG, and regulatory compliance.

Key Risk Categories

1. Credit Risk

- Loan growth of 64% during the year was managed through strengthened underwriting and monitoring frameworks.
- Stage 1 and Stage 2 impairments rose as the loan book expanded, resulting in a higher impairment charge of P21.6 million.
- NPL coverage was maintained at prudent levels, with enhanced collections strategies and early warning systems.
- Unsecured lending, which remains a core driver of growth, was balanced by tighter credit parameters and diversification initiatives into secured lending, particularly mortgages and auto finance.

2. Operational Risk

- Stabilization of core banking operations post-migration reduced settlement and reconciliation risk.
- Daily reconciliation protocols and escalation frameworks were embedded to address suspense accounts and audit findings.
- Investments in process automation and the upcoming automated reconciliation platform (target March 2025) will further enhance control.

3. Cybersecurity & Technology Risk

- As digital adoption accelerated, cybersecurity and data protection risks increased.
- BSB strengthened its cybersecurity posture through enhanced controls, periodic

penetration testing, and compliance with Botswana's Data Protection Act.

- KYC digitisation and customer analytics systems were deployed to reinforce both compliance and customer protection.

4. Regulatory & Compliance Risk

- The Bank continued to comply with the Bank of Botswana's prudential standards and risk appetite thresholds.
- Focus areas included capital adequacy, credit quality, liquidity, and consumer protection.
- Investments in compliance staffing and training ensured readiness for upcoming regulatory developments, including data protection, anti-money laundering, and ESG reporting expectations.

5. Strategic & ESG Risk

- ESG integration into lending and operations is at an early stage. The Board recognized the need to embed environmental and social considerations into future credit policies.
- Gender equity and inclusion milestones were achieved, with women holding 75% of Board positions and 38% of management roles.
- Looking ahead, ESG will be formalized into risk governance frameworks to align with stakeholder expectations and global sustainability standards.

Risk Governance

- The **Board Risk and Compliance Committee** provided oversight of all material risks, supported by management-level risk committees.
- **Three lines of defence** model was reinforced:
  > **Business units** own and manage risks.
  > **Risk and Compliance** functions provide independent oversight.
  > **Internal Audit** delivers assurance to the Board and shareholder.
- Regular stress tests and scenario analyses were conducted to assess resilience under adverse conditions, including liquidity shocks and macroeconomic downturns.

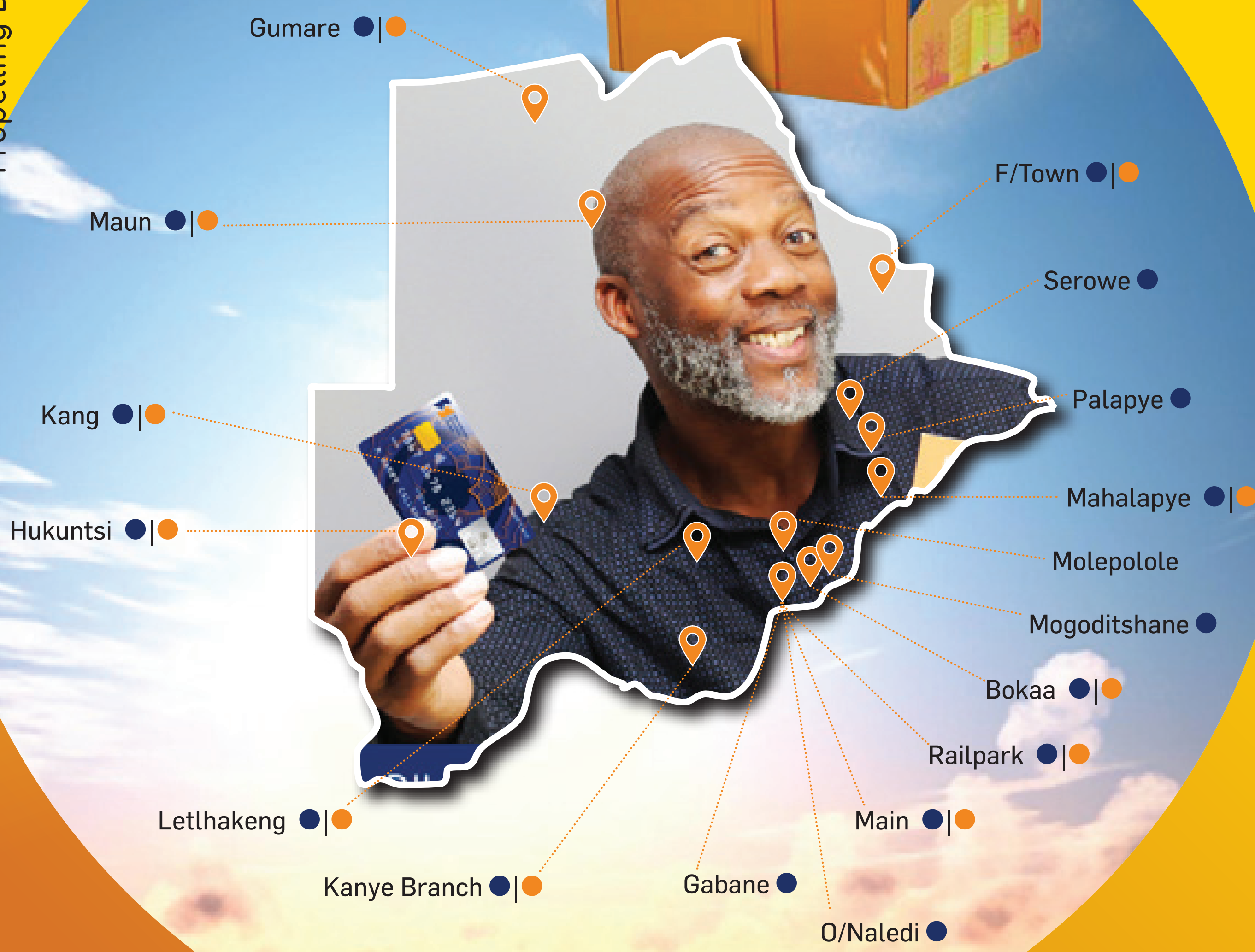
Outlook

Looking forward, BSB's risk agenda will focus on:

1. **Diversification** – Building secured lending portfolios to reduce concentration in unsecured retail credit.
2. **Digital Risk Management** – Scaling cybersecurity capabilities alongside digital banking growth.
3. **Capital & Liquidity Planning** – Proactive use of capital market instruments and optimized deposit strategies to support balance sheet growth.
4. **ESG Integration** – Embedding ESG risk assessments into credit, investment, and operational decision-making.
5. **Regulatory Alignment** – Preparing for heightened prudential, data protection, and anti-financial crime requirements.

The year under review affirmed that BSB's risk management framework is robust, resilient, and evolving. By balancing growth with prudence, and embedding governance across operations, the Bank remains well-positioned to navigate uncertainty, support inclusive financial growth, and sustain long-term value creation.

BRANCH AND ATM FOOTPRINT



Deposit ATM

Withdrawal ATM

VISA All BSB ATMs accept VISA

HUMAN CAPITAL

Pako Tsimanyana
Director - Human Capital

Introduction

Our people are at the heart of Botswana Savings Bank's transformation journey. The Human Capital Department (HCD) is not only a support function but a strategic driver of the Bank's competitiveness, resilience, and long-term sustainability. The 2024–2025 financial year focused on embedding a high-performance culture, strengthening leadership capability, and aligning talent with the demands of our Lesedi 2025 strategy.

Workforce Profile & Diversity

BSB recognises that a diverse and inclusive workforce is key to innovation and customer relevance.

- **Board diversity:** 75% of Board positions are now held by women, a milestone that positions BSB among leaders in governance inclusivity in Botswana.
- **Management diversity:** Women representation in senior management rose to 38% (from less than 25% previously), reflecting deliberate efforts to develop female leaders.
- **Workforce footprint:** With a nationwide presence, the Bank continues to strengthen staffing across branches, agency banking, and digital channels to meet the needs of underserved communities.

This representation demonstrates alignment with national gender equity goals and our Lesedi 2025 commitment to leadership diversity.

Talent Development & Capability Building

- **Leadership Development:** A leadership programme was rolled out across all management levels, focused on strategic thinking, customer-centricity, and execution discipline.
- **Capacity Building for Compliance & Risk:** Increased hiring and training investments were made to meet new regulatory requirements, especially in cybersecurity, data protection, and KYC.

Human Capital [Continued]

- **Learning Culture:** Functional teams across Operations, Risk, Finance, and IT undertook targeted technical training to strengthen competencies in reconciliation, credit monitoring, digital banking, and service excellence.
- **High-Performance Culture:** Performance scorecards were cascaded throughout the organisation, linking individual accountability to strategic objectives.

Employee Engagement & Culture

Our people strategy prioritises **engagement, well-being, and productivity:**

- Employee engagement initiatives emphasized open communication, recognition, and inclusion in strategy execution.
- Staff wellness programs, anchored by the Wellness Day competitions and ongoing health and wellness campaigns, reinforced a balanced work culture.
- Regular staff town halls and functional alignment sessions ensured employees were engaged in driving transformation.

Industrial Relations

- Constructive engagement with employee representatives; The Union ensured alignment between transformation initiatives and employee expectations.
- Transparent communication around performance management, resourcing, and organisational change helped minimize disruption during periods of rapid transformation.

Outlook for 2025/26

The strategy gap year (Lesedi +1) provides an opportunity to consolidate and accelerate human capital priorities:

1. **Future-Ready Skills:** Build capabilities in digital banking, data analytics, and risk management to support commercialization.
2. **Talent Retention:** Deepen succession planning and career development pathways to retain high-potential employees.
3. **Employee Value Proposition:** Strengthen BSB's position as an employer of choice through competitive benefits, recognition, and career growth.
4. **Culture of Accountability:** Embed audit, risk, and compliance accountability into performance contracts across all levels.
5. **Leadership Pipeline:** Expand development initiatives to prepare future leaders for executive and Board-level responsibilities.

Human Capital has been central to BSB's success in 2024–2025—driving diversity, strengthening governance, and building a high-performance culture. As we prepare for commercialization, the focus will remain on equipping our people with the skills, agility, and leadership mindset required to shape BSB into a **modern, inclusive, and resilient financial institution.**

iRunBSB

AUDIT MANAGEMENT REPORT

Introduction

The Audit and Risk governance framework at Botswana Savings Bank (BSB) is designed to ensure transparency, accountability, and compliance with both national regulatory requirements and international best practice.

The Board, through the **Finance & Audit Committee** and the **Risk & Compliance Committee,** provided independent oversight of financial reporting, internal controls, processes, and risk management practices during the year underreview.

The Bank continued to strengthen its audit environment in line with King IV principles, the Bank of Botswana prudential requirements, and stakeholder expectations for robust governance.

Mooketsi Nkau
***Head** - Internal Audit*

Audit Environment in 2024/25

The financial year was characterized by strong balance sheet growth, digital transformation, and intensified regulatory scrutiny. These developments necessitated heightened focus on audit processes and controls, particularly in the areas of reconciliation, technology risk, and compliance.

Key elements of the audit environment included:

- **Financial Reporting Integrity:** The consolidated and separate annual financial statements were prepared in line with IFRS, and audited by Deloitte & Touche, who issued an independent auditor's report.
- **Governance Structures:** The Audit Committee oversaw internal and external audit engagements, ensuring independence, scope adequacy, and timely resolution of findings.
- **Audit Readiness:** Management prioritized timely closure of audit exceptions, particularly in suspense accounts, reconciliations, and loan impairment provisioning.

Internal Audit

The Internal Audit function, led by a qualified CIA and ACCA professional provided objective, independent assurance over the effectiveness of risk management, governance, and internal controls.

Key focus areas during the year included:

- **Core Banking & Digital Channels:** Post-migration controls on settlements, reconciliations, and reporting.
- **Financial Controls:** Daily reconciliations, suspense account monitoring, and exception handling.
- **Compliance & KYC:** Oversight of the digitized E-KYC rollout, data protection controls, and regulatory compliance.
- **Operational Effectiveness:** Reviews of procurement, human capital processes, and IT resilience.

The Internal Audit unit maintained alignment with the Global Internal Audit Standards issued by the Institute of Internal Auditors (IIA) and reported functionally to the Finance and Audit Committee of the Board.

External Audit

- Deloitte & Touche served as the independent external auditor for the year, providing reasonable assurance on the Bank's financial statements.
- No material misstatements were identified, and the auditor's opinion confirmed fair presentation of the financial results.
- Recommendations from external auditors were tracked to closure by management, with oversight from the Finance and Audit Committee.

Key Audit Findings and Management Actions

During the year, the following recurring themes emerged:

1. **Reconciliations and Suspense Accounts**
   - Legacy suspense accounts and reconciliation delays continued to present audit risks.
   - Management instituted **daily reconciliations** and escalation protocols, while progressing with the acquisition of a fully automated reconciliation platform (target March 2025).
2. **Credit and Impairment Controls**
   - Rapid loan growth (63%) led to heightened audit focus on impairment models and provisioning accuracy.
   - Management refined credit monitoring, early warning indicators, and provisioning policies.
3. **IT and Cybersecurity Controls**
   - With digitisation, cybersecurity emerged as a key audit area.
   - Audit testing confirmed adequacy of controls, though continuous enhancements were recommended to address evolving threats.
4. **Regulatory Compliance**
   - Compliance with the Bank of Botswana prudential requirements and the Data Protection Act were reviewed.
   - Management increased investment in compliance staffing, systems, and training.

Audit Management Report [Continued]

Audit Governance

The **Finance and Audit Committee** met quarterly and reported to the Board on:

- Adequacy and effectiveness of financial reporting processes.
- Internal control effectiveness across banking operations and digital platforms.
- Progress on resolution of internal and external audit findings.
- Independence and performance of the Internal Audit function.

The Committee confirmed that during the year:

- The Bank maintained sound financial reporting integrity.
- All material audit matters were addressed, with remediation actions underway where required.
- No instances of auditor independence compromise occurred.

Outlook for 2025/26

As BSB enters the strategy gap year (Lesedi +1), the audit environment will prioritise:

1. **Automated Reconciliations** – Implementation of the new reconciliation system to eliminate manual inefficiencies and audit overruns.
2. **Digital Risk Assurance** – Expanding audit coverage on digital banking, cybersecurity, and data protection.
3. **Regulatory Preparedness** – Ensuring full compliance with new prudential and data requirements.
4. **Audit Culture** – Driving timely closure of audit findings across business units, embedding accountability into performance scorecards.

The year under review demonstrated significant progress in strengthening BSB's audit and governance environment. While legacy issues such as suspense accounts required ongoing attention, decisive actions were taken to close gaps and modernise systems. With strong Board oversight, committed management action, and investment in automated tools, BSB is on course to achieve **world-class audit disciplin**e that underpins its transformation into a competitive, inclusive, and resilient financial institution.


Member of the Deposit Insurance Scheme of Botswana
Lesedi 2025
Botswana Savings Bank
welcome to smooth banking
Itirele bontle and enjoy a peaceful retirement!
Open a Fixed Deposit Account with BSB now and watch your money grow.
7%
interest p.a. on a 6 month fixed deposit
8%
interest p.a. on a 12 month fixed deposit
T&Cs apply. Promotion valid until 31st December 2025.
Call us at 3670100 or visit your nearest branch to find out more

KING IV

Summarized as it applies to Botswana Savings Bank

Why the need for King IV™?

King IV™ builds on King III™. It has been revised to bring it up to date with international governance codes and best practice; to align it to shifts in the approach to capitalism (towards inclusive, integrated thinking across the six capitals) and to take account of specific corporate governance developments in relation to effective governing bodies, increased compliance requirements, new governance structures (e.g. Social and Ethics Committee), emerging risks and opportunities from new technologies and new reporting and disclosure requirements e.g. Integrated Reporting.

What is the applicability of King IV™?

King IV™ is structured as a Report that includes a Code, with additional, separate sector supplements for SME's, NPO's, State-Owned Entities, and Retirement Funds. The King Code™ contains both principles and recommended practices aimed at achieving governance outcomes. Whilst King IV™ is voluntary it is envisaged that the Pula Code, once it is implemented, will be a part of statute and thus mandatory for all public interest entities. Implementing King IV™ places the Bank at an advantage to prepare it to comply with the Pula Code.

****Below is a summary of the King IV principles and the role the BSB Board (the governing body) should play in ensuring satisfactory compliance with all principles*

NB:

1) Principle 7 may be difficult to implement as Board appointments are done by the Ministry.
2) Some of the recommendations herein are not mandatory but for the Board to consider.
3) Management is working on including the stipulated disclosures into the Integrated Report.
4) Principle 17 has been excluded as it relates to Institutional Investors, which BSB is not.

PRINCIPLE 01 LEADERSHIP

"The governing body should lead ethically and effectively."

The recommended practices that the governing body should perform, are summarized as:

- Cultivate and exhibit collectively and individually, characteristics of integrity, competence, responsibility, accountability, fairness, and transparency.
- Offer leadership that results in the achievement of strategy and outcomes over time.
- Disclose how they are being held to account for their leadership.

PRINCIPLE 02 ORGANISATIONAL ETHICS

"Govern the ethics of the organisation in a way that supports the establishment of an ethical culture."

The recommended practices that the governing body should perform, are summarised as:

- Set the direction for ethics in the organisation.
- Approve codes of conduct and ethics policies as well as ensure that they include all stakeholders and key ethical risks.

- Ensure that there are ways for stakeholders to be made familiar with the codes of conduct and ethics policies.
- Delegate implementation of codes of conduct and ethics policies to managemen and provide ongoing oversight of this management, including results in such matters as recruitment, employee remuneration, supplier selection, breach management, whistleblowing and independent assessments.
- Disclose how ethics are being managed, focus areas, monitoring measures and how ethical outcomes are addressed.

PRINCIPLE 03 RESPONSIBLE CORPORATE CITIZEN

"Ensure that the organisation is and is seen to be a responsible corporate citizen."

The recommended practices that the governing body should perform, are summarised as:

- Set the direction for good corporate citizenship, including compliance with the charters, acts/laws, standards and own policies and procedures, as well as congruence with the organisation's purpose, strategy, and conduct.
- Oversee and monitor (using agreed performance indicators and targets) the organisations status as a good corporate citizen in such areas as the workplace, economic behaviours and results, societal and environmental impacts.
- Disclose how corporate citizenship is managed, current and future focus areas, monitoring measures and how corporate citizenship outcomes are addressed.

PRINCIPLE 04 STRATEGY AND PERFORMANCE

"The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process."

The recommended practices that the governing body should perform, are summarised as:

- Steer and set the direction, purpose and strategy of the organisation.
- Delegate to management the formulation and thereafter approval of strategy with due reference to timelines, risks and opportunities, resources and relationships, legitimate expectations of stakeholders, changes in the six capitals and the inter-connectedness and inter- dependencies of all these factors.
- Oversee implementation of the strategy and plans by management against the agreed performance measures and targets.
- Approve managements policies and operational plans, including key performance measures and targets.
- Delegate the implementation of policy and plans to management.
- Oversee that there is ongoing assessment and response to any negative consequences for the economy, society and environment by the company using its 6 capitals.
- Be alert to the organisation's general viability, reliance and effect on its capitals, solvency and liquidity and its going concern.
- Disclose how the governing body integrates strategy, risks, opportunities and performance to create sustainable value.

King IV [Continued]

PRINCIPLE 05. REPORTING

"The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects."

The recommended practices that the governing body should perform, are summarised as:

- Set the direction, approach and conduct for the organisation's reporting.
- Approve the reporting frameworks to be used.
- Oversee that the various reports are compliant with legal reporting requirements and meet the reasonable and legitimate needs of material stakeholders.
- Ensure that an annual integrated report is issued (either as a stand-alone report or as part of another report)
- Approve the bases for determining materiality for the purposes of including in reports.
- Ensure the integrity of external reports.
- Oversee publication and access by stakeholders of the King Code™ disclosure requirements, integrated reports, financial statements and other external reports on its website or other appropriate platform/media.

PRINCIPLE 06 GOVERNING STRUCTURES AND DELEGATION

"The governing body should serve as the focal point and custodian of the corporate governance in the organisation."

The recommended practices that the governing body should perform, are summarised as:

- Exercise its leadership role; have a charter; approve a protocol for it, its committees and members to get professional advice; approve a protocol for non-executive members to get documentation and meetings with management.
- Disclose the number of its meetings and attendance thereof, whether it is satisfied that it has discharged its responsibilities in relation to its charter

PRINCIPLE 07 BOARD COMPOSITION

"The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively."

The recommended practices that the governing body should perform, are summarised as:

Composition of the governing body

- Direct and approve the processes for attaining an appropriate composition.
- Consider an appropriate size for itself, with reference to the optimal mix of knowledge, skills, experience, diversity, independence (i.e. executive, nonexecutive and independent non-executive members), sufficiency in numbers for its committees, quorum requirements, regulatory requirements and diversity targets.
- Comprise of a majority of non-executive members, most of whom should be independent.
- Appoint as a minimum the CEO and one other executive to the governing body.
- Promote diversity in its membership (age, culture, race, gender and fields of expertise) and set targets for race and gender representation in its composition.
- Arrange for periodic and staggered rotation of its membership.
- Establish a succession plan for its membership.

Nomination, Election and Appointment of members to the governing body

- Approve nominations as a whole and ensure that the process for nomination, election and appointment is formal and transparent.
- Consider the collective attributes and diversity needed, as well as whether the candidate is 'fit and proper' prior to potential member nomination.
- Consider the past performance of a member prior to nomination for re-election, and for potential non-executive directors' request information of other commitments and whether he/she has sufficient time.
- Investigate and verify potential members backgrounds and qualifications.
- Disclose potential candidate's profile and commitments, as well as governing body's endorsement.
- After election of an incoming member, issue a letter of appointment, provide induction and for inexperienced members a mentor and training.
- Obtain ongoing professional development.

Independence and conflicts

- Obtain annually (or whenever there is significant change) from each member a declaration of all interests and related parties.
- Obtain declarations from each member prior to any meeting of the governing body or its committees, any conflict of interest and proactively manage them.
- Categorise non-executive members as independent if when judged by a reasonable and informed third-party they would conclude that there are no factors which could cause undue influence or biased decision-making.
- Assess independence of a member with reference to the person being a; - provider of funding or capital (or an employee, officer or a representative of the same).
- Disclose satisfaction with composition of mix of governing body; gender and race targets and progress made; categorization of each director; member's qualifications, experience, age, period of service, other governing body and positions held and reasons for departing members.

Chair of the governing body

- Elect an independent member as chair and a lead independent non-executive member.
- Document the role, responsibilities and term of the chair and lead independent non-executive member.
- Not allow the CEO to be the chair, nor allow (until after 3 years) a retired CEO to become the chair.
- Determine with the chair the number of other outside professional appointments that he/she can hold.
- Generally; - Not allow the chair to be a member of the audit committee, chair of the remuneration committee or chair of social and ethics committee.
- Ensure succession planning for the chair.
- Disclose whether the chair is considered independent and the appointment of a lead nonexecutive and the respective role and responsibilities of the latter.

PRINCIPLE 08 COMMITTEE COMPOSITION

"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."

The recommended practices that the governing body should perform, are summarised as:

King IV [Continued]

General

- Determine delegation to individual members, groups of members, standing or ad-hoc committees.
- Assume all the responsibilities itself if no delegations are made.
- Provide and approve formal terms of reference to committees, and record in writing details of delegation to a member or group of members.
- Ensure that composition, roles and responsibilities of committees are complimentary, not fragmented or duplicated and that there is no undue reliance or dominance by any individual member.
- Ensure that each committee has a minimum of three members and sufficient capability and capacity to function effectively.
- Allow any member to attend any committee meeting as an observer and allow management to attend by standing or ad-hoc invitation.
- Apply its mind to the information and results provided to it by its committees as delegation to a committee does not discharge the governing body of its accountability.
- Disclose for every committee its role and responsibilities, composition (with members qualifications and experience), advisors and attendees, areas of focus, number of and attendance at meetings, whether it is satisfied that it has fulfilled its responsibilities.

Audit Committee

- Must in terms of law (BOB) establish an audit committee that has as its role to provide independent oversight of the assurance functions and on the integrity of the annual financial statements and other external reports.
- May delegate other governance responsibilities such as approval of annual financial statements and risk governance (whilst ensuring sufficient time for the latter) but remains accountable.
- Ensure that the audit committee oversees risks that may affect the integrity of external reports.
- Ensure that the audit committee as a whole has the necessary financial literacy, skills and experience, and that all members are independent non-executive members of the governing body.
- Appoint an independent non-executive chair.
- Ensure that the audit committee meets annually with external and internal auditors without management.
- Disclose (in addition to statutory disclosure requirements) all the above general matters relating to committees plus a statement on the independence and specific particulars thereoffor the external auditor; significant annual financial statement matters and how addressed; views on quality of external audit, effectiveness of the chief audit executive and internal audit; effectiveness of the design and implementation of internal financial controls; effectiveness of the CFO and finance function and on combined assurance and the effectiveness thereof.

Committee responsible for risk governance

- Consider allocating oversight of risk governance to a dedicated committee or another appropriate committee.
- Consider one or more members to have joint membership if the audit and risk committees are separate (BOB has ruled that this cannot apply).
- Ensure that the risk committee has executive and non-executive members of the governing body with a majority being non-executive.
- Disclose the role and responsibilities, composition (with members qualifications and experience), advisors and attendees,

areas of focus, number of and attendance at meetings, whether it is satisfied that the risk committee has fulfilled its responsibilities.

Committee responsible for remuneration
- Consider allocating oversight of remuneration governance to a dedicated committee or another appropriate committee.
- Ensure that the remuneration committee has non-executive members of the governing body with a majority being independent nonexecutive members and the chair being an independent non-executive member.
- Disclose the role and responsibilities, composition (with members qualifications and experience), advisors and attendees, areas of focus, number of and attendance at meetings, whether it is satisfied that the remuneration committee has fulfilled its responsibilities.

Social and ethics committee (function to be handed to RCC)
- Must consider establishing a social and ethics committee, to have oversight of and report on organisational ethics, corporate citizenship, sustainable development, and stakeholder relationships or add this to another appropriatecommittee.
- Ensure that the social and ethics responsibilities include any statutory duties plus any other it may be delegated by the governing body.
- Ensure that the social and ethics committee has executive and non-executive members with a majority being non-executive members of the governing body.
- Disclose the role and responsibilities, composition (with members qualifications and experience), advisors and attendees, areas of focus, number of and attendance at meetings, whether it is satisfied that the social and ethics committee has fulfilled its responsibilities.

PRINCIPLE 09 BOARD EVALUATIONS

"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."

The recommended practices that the governing body should perform, are summarised as:
- Assume responsibility for performance evaluations of itself, its committees, its chair and individual members.
- Appoint a lead independent director if there is not one to lead the evaluation of the chair.
- Ensure that every two years an externally facilitated performance evaluation is conducted on itself, its committees, its chair and individual members; and every alternate year reflect on the performance of itself, its committee, its chair and its members as a whole.
- Disclose a description of the performance evaluations, scope, formality, whether or not externally facilitated an overview of results and remedial actions, whether it is satisfied that it is improving its performance and effectiveness.

PRINCIPLE 10. APPOINTMENT AND DELEGATION TO MANAGEMENT

"The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities."

The recommended practices that the governing body should perform, are summarised as:
CEO appointment and role
- Appoint the CEO, who should be responsible to lead strategy implementation, report to the governing body and agree membership of other governing bodies.
- Satisfy itself on CEO succession planning.

King IV [Continued]

Delegation

- Reserve certain powers and matters to itself and set those powers and matters to be delegated to management via the CEO.
- Approve a delegation of authority framework, including specifically authority to appoint exofficio executive members and management.
- Oversee that key management functions are led by a competent and appropriately authorized individual and are adequately resourced.
- Satisfy itself on succession planning for executive management and key positions.
- Disclose whether it is satisfied with the delegation of authority framework.

Professional corporate governance services to the governing body

- Ensure that it has access to professional and independent guidance on legal and corporate governance matters and for the functioning of it and its committees.
- Approve the appointment and removal of a company secretary.
- Ensure the company secretary has access to and reports to the governing body via the chair for statutory matters and governing body matters and to an appropriate executive on other matters.
- Evaluate the performance and independence of the company secretary.
- Disclose the access to professional corporate governance services and the view on effectiveness thereof.

PRINCIPLE 11. RISK GOVERNANCE

"The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives."

The recommended practices that the governing body should perform, are summarised as:

- Set the approach for risk governance, including opportunities and risks when developing strategy and the potential positive and negative effects of the same risk on the achievement of objectives.
- Treat risk as integral part of decision- making and adherence to duties, approve risk policy, evaluate and agree the risks it is prepared to take (i.e risk appetite and risk tolerance levels).
- Delegate to management risk management implementation.
- Oversee the risk management (including assessment of risks and opportunities) in relation to the triple context and use of 6 capitals, achievement of objectives, dependency on resources as well as the risk responses, business continuity and culture of the organisation).
- Consider receiving periodic, independent assurance on the effectiveness of risk management.
- Disclose nature and extent of risks and opportunities; overview of the risk management system; areas of focus; key risks, unexpected risks, risks taken outside tolerance levels; and actions to monitor and address risk management.

PRINCIPLE 12. TECHNOLOGY AND INFORMATION GOVERNANCE

"The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives."

The recommended practices that the governing body should perform, are summarised as:

- Set the approach and approve the policy for technology and information governance (including adoption of appropriate frameworks and standards)
- Delegate to management effective technology and information implementation
- Oversee results of managements implementation (including integration,

business resilience, monitoring for responsiveness to cyber security and social media risks, third-party and outsourced service provider risks, value delivered from technology investments and projects, disposal of obsolete technology and information, ethical and responsible use, and compliance with laws).
- Oversee management of information (including use, information architecture, protection of privacy and security)
- Oversee management of technology (including technology architecture, sourcing risks, developments, and disruptions)
- Consider receiving periodic, independent assurance on the effectiveness of the technology and information, including outsourcing.
- Disclose overview of governance and management; areas of current and future focus; significant changes, acquisitions, incident management; monitoring and response thereof.

PRINCIPLE 13. COMPLIANCE GOVERNANCE

"The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that it supports the organisation being ethical and a good corporate citizen."

The recommended practices that the governing body should perform, are summarised as:
- Direct the governance of compliance to laws, adopted non-binding rules, codes and standards.
- Approve policy that directs compliance.
- Delegate to management the responsibility for implementing compliance management.
- Oversee compliance management so that it is understood, relates holistically and is responsive to changes and developments following continuous monitoring of the regulatory environment.
- Disclose an overview of compliance management; areas of current and future focus; actions to monitor and address compliance management; material or repeated sanctions, fines and penalties on the organisation, its officers and/ or members; environment regulator inspections and incidents of noncompliance and the consequences.

PRINCIPLE 14. REMUNERATION GOVERNANCE

"The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in short, medium and long term."

The recommended practices that the governing body should perform, are summarised as:

Remuneration policy
- Set the direction and approach for remuneration of the organisation and approve remuneration policy that aspires to fairness, responsibility, and transparency.
- Design the remuneration policy to attract and retain human capital, promote achievement of strategic objectives, positive outcomes, an ethical culture, and responsible corporate citizenship.
- In the remuneration policy, address organisation-wide remuneration and that of executive management such that it is fair and responsible, use appropriate measures and outline voting by shareholders.
- In the remuneration policy set out all elements of remuneration.
- Oversee implementation of the policy so as to ensure achievement of the policy objectives.

King IV [Continued]

Remuneration report
- Disclose the remuneration report in three parts; - background statement, main policyprovisions and an implementation report of all remuneration to members and executive management.

Background statement
- In the remuneration background statement, provide information on context and decision making factors, results of voting on the policy and implementation report and responses thereto, current and future focus areas, key decisions and changes, use of remuneration consultants and if the remuneration committee was satisfied with their independence and objectivity, and if they were satisfied as to whether the policy achieved its objectives.

Overview of remuneration policy
- In the remuneration policy, disclose an overview of the main policy provisions, remuneration principles and elements for executive management and at a high level for the organisation, executive termination arrangements, the framework and performance measures including an illustration thereof, how the policy addresses fairness between executive pay and employee pay, benchmarks, basis for non-executive member fees and an electronic link to the policy for public access.

Implementation Policy
- In the implementation report disclose the remuneration of each executive member including vested and unvested award details, performance measures, targets and achievement thereto, termination payments and a statement on compliance to or deviation from the remuneration policy.

PRINCIPLE 15. ASSURANCE

"The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision- making and of the organisation's external reports."

The recommended practices that the governing body should perform, are summarised as:

Combined Assurance
- Direct assurance services and functions and delegate to the audit committee oversight to ensure an effective internal control environment, integrity of information for management decision-making and external reporting.
- Ensure a combined assurance model is applied that covers the significant risks and material matters through a combination of the organisation's line functions, risk and compliance functions, internal auditors, fraud examiners, safety assessors, actuaries, external auditors, other assurance providers and regulatory inspectors.
- With its committees, assess output of the combined assurance and form their own opinion on integrity of information and reports and effectiveness of the control environment.

Assurance of external reports
- Direct how assurance of external reports should be done taking account of legal requirements as well as whether assurance is provided over the underlying data or the process of preparing and reporting or both, suitability of the assurance, specifications for evaluating the contents of the report.
- Satisfy itself as to the effectiveness of the combined assurance approach as a basis for making its statements on the integrity of external reports.

- Disclose in external reports the type of assurance applied including nature, scope and extent of assurance on the report, and a statement on the integrity of the report and basis for the statement.

Internal audit

- Direct internal audit and delegate oversight to the audit committee
- Approve an internal audit charter and ensure internal audit has sufficient and adequate skills, including supplementary specialists.
- Monitor that internal audit follows a riskbased plan, reviews the risk profile regularly and adapts the plan accordingly.
- Ensure internal audit makes an annual statement on the effectiveness of the governance, risk management and controls.
- Ensure that the internal audit is externally and independently reviewed every 5 years.

PRINCIPLE 16. STAKEHOLDERS

"In the execution of its governance roles 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 recommended practices that the governing body should perform, are summarised as:

Stakeholder's relationships

- Direct the stakeholder approach and approve policies to this effect.
- Delegate to management effective stakeholder relationship management.
- Oversee the management of stakeholder relationships including methodology for identification, material stakeholders, management of stakeholder risk, formal mechanisms for engagement and communication, and measurement of quality of stakeholder engagement.
- Disclose an overview of stakeholder management, current and future focus areas and actions taken to monitor and address stakeholder engagement effectiveness.

OUR CORPORATE SOCIAL RESPONSIBILITY

IMPACTING COMMUNITIES

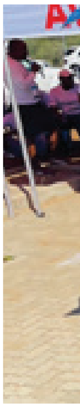
As a proudly homegrown Banker, we are passionate about investing into the communities that we operate in countrywide. We are also committed to going further into projects that offer the opportunity to drive more impact through initiatives that encourage, celebrate and uplift Batswana as they pursue their ambitions.

Through collaboration, generosity and a genuine heart for others, the spirit of Botho thrives in all of us as Batswana. For the year in review, our community investment stretched over 4 key areas:

- Education
- Infrastructure
- Agribusiness
- Creative Arts

A Recap of Some CSR Initiatives

1. Winter Hampers to Disadvataged Family in Kgope Village
2. School Uniform Donation to Motsamaisa Junior Secondary School in Francistown
3. Laptop and cash Donation to Makobo Primary School in Tati Siding
4. 10 000 Bricks to Mopako Ward Kgotla Office construction in Gumare
5. Cash donation to BTC Marathon
6. Masilo Junior Secondary Toner for Printer
7. Mahalapye District, Diaries Donations
8. Botswana Institute of Finance and Banking, cash donation
9. Kang Farmer's Association cash donation
10. Isago Rehabilitation Institute donation of Toiletry hampers
11. Broadhurst Village Development Committee donation of toiletry hampers
12. Kweneng Region Education Awards - Best Sub Region Award- donation of cash and Trophy
13. Son of the Soil – Arts and Culture Cash sponsorship



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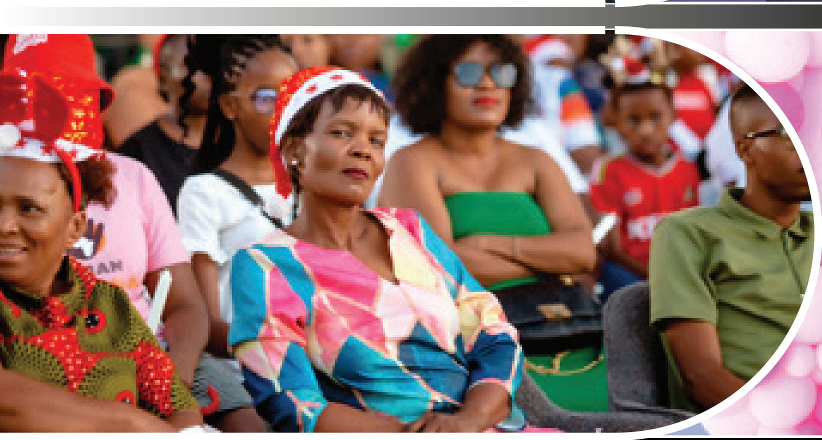


OUR MILESTONES

BEGINNING..

1963
- BSB established under the name Botswana Post Office Savings Bank

1982
- Post Office Savings Bank transferred to the Ministry of Finance and Development Planning

1992
- Established by an Act of Parliament, namely, the Botswana Savings Bank Act with Headquarters in Gaborone

1993

1993
- Introduction of the Ordinary Savings Account, Introduction of Save as You Earn (SAYE)

1994
- Tshomarelo House in Broadhurst Mall officially opened and made the new BSB Headquartes

1997
- Thobo Savings Product launched

1998
- Letlole Savings Certificate (NSC) product offering, in partnership with Bank of Botswana to encourage savings
- Introduction of the Sesigo Savings Account

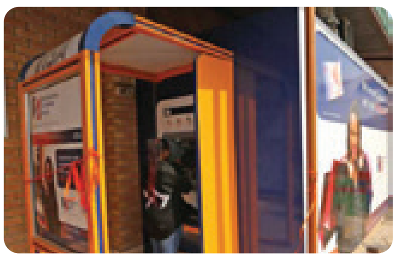
2008
- Launch of Francistown Branch

2009

2009
- Motheo Personal Loan launched
- Government took a decision to embark on the merging of BSB, Botswana Post and Botswana Couriers, for all institutions to be housed under a holding Company (Botswana Postal Savings Group)

2016

2016
- Launch of BSB Automated Teller Machines (ATM's), the VISA Debit Card, Express Loan and Lecha Personal Loan
- BSB launches first ATM at Tshomarelo House



2017 - BSB for the first time commemorates World Savings Day in Masunga

2018

2018

- Through the Bank's CSR Strategy and in heartfelt response to the Presidential Appeal, BSB builds a two bedroom house for a member of the Sefhophe community
- BSB hosts national commemoration of World Savings Day in Hukuntsi and launches the community's first ATM

2019

- BSB commemorates World Savings Day in Rakops village in Boteti

- BSB opens a co-branded branch in Hukuntsi and an ATM in Kang village in Kgalagadi

2020

- Lecha Assembly built and handed to Mphinyane Primary School in Mphinyane Village
- Thobo Savings and Save As You Earn (SAYE) merged to improve product offering

2020

- Homeline and Eezi loan products launched

2021

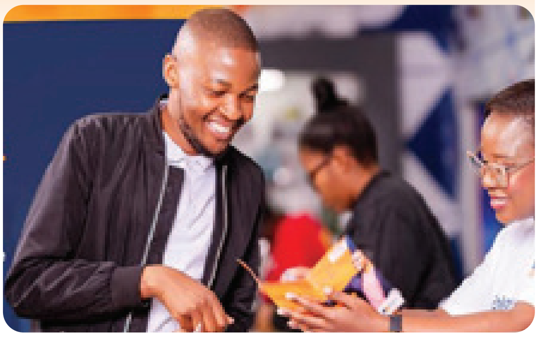
- BSB embarks on its migration to a new Core Banking System to enhance service delivery to its customers
- Awarded Best Savings Bank in Botswana by the Global Banking & Finance Review 2021. The award emphasised the role BSB played in driving impactful Banking throughout its 30-year journey in Botswana.

2022

- BSB Insurance Agency Launch
- BSB Launches Lesedi 2025 Strategy - the three year strategy

2023

- **Digital Channels**
- **Internet Banking**
- **Mobile Ap**
- **Skgwama Agency Banking**



FUTURE...

BOTSWANA SAVINGS BANK
welcome to smooth banking

Annual Financial Statements

for the year ended 31 March 2024/25

Contents

General Information

BUSINESS

Botswana Savings Bank was established by an Act of Parliament, the Botswana Savings Bank Act of 1992, as a wholly owned financial institution of the Government of Botswana for the purpose of providing banking and financial services for all people in Botswana.

A Transition Act (The BSB Transition Act 2012) was passed by Parliament to allow BSB to convert to a public company named the "Botswana Savings Bank Limited". However, the decision to transform the bank from a statutory bank to a commercial bank has been deferred until further notice.

Directors	Name	Position
	Mrs G Morekisi	Chairperson
	Mrs K Tshephe	Member
	Mr N Marumoloa	Chief Executive Officer
	Ms O Basinyi	Member
	Mr C Ramatlhakwane	Member
	Mrs S M Molale	Member
	Mrs E T Lemo	Member
	Mrs N Maruapula	Member
Registered office	Botswana Savings Bank Tshomarelo House Cnr Letswai/Lekgarapa Rd Broadhurst Mall Gaborone	
Postal address	P.O Box 1150 Gaborone	
Bankers	Bank of Botswana Bank Gaborone Limited Stanbic Bank Botswana Limited ABSA Bank Botswana Capital Bank Botswana Limited Access Bank Botswana First National Bank of Botswana Limited BBS Bank Limited	
Auditor	Grant Thornton Botswana Firm of Certified Auditors Registered Auditor Acumen Park Plot 50370 Fairgrounds P O Box 1157 Gaborone, Botswana	

Chairperson's Report

Introduction

The 2024/2025 financial year stands as a historic milestone for Botswana Savings Bank (BSB), marking the successful conclusion of our transformative three-year Lesedi Strategy (2022–2025). This period was defined by our unwavering commitment to evolving from a traditional, manually operated bank into a digitally enabled, commercially sustainable financial institution deeply rooted in financial inclusion and national development goals.

I am proud to report that the bank has delivered outstanding performance on all key strategic pillars—financial growth, operational efficiency, and institutional strengthening—while laying a strong foundation for future competitiveness. These achievements are a testament to the tireless dedication of our staff, the foresight of our leadership, and the trust placed in us by our customers, Shareholder, and strategic partners.

Financial Performance: A Record-Breaking Year

The Bank's performance in 2024/25 reflects exceptional momentum and resilience amidst both local and global economic challenges:

- Profit after tax soared by 230% to P76.8 million, up from P23.3 million in the previous year—driven by strong contributions from BSB Insurance Services (P24.3 million) and improved credit book performance.
- Net Interest Income rose by 80%, from P173 million to P312 million, supported by a refined sales strategy, increased maximum loan thresholds, and an expanded direct sales agent network.
- Net Advances grew by 63% to P4.4 billion, while Customer Deposits increased by 63% to P4.1 billion, reflecting customer confidence and successful deposit mobilization efforts.
- The Capital Adequacy Ratio (CAR) was sustained at a robust 16.6%, above the regulatory minimum of 12.5%, supported by successful issuance of Tier II bonds (P150 million in Dec 2023 and P50 million in Dec 2024).
- Liquidity Asset Ratio (LAR) stood at 12%, exceeding the 10% threshold and highlighting prudent liquidity management in a constrained environment.
- Return on Equity (ROE) improved by 14%, reflecting better capital deployment and enhanced profitability.

These achievements not only validate our growth strategy but also reinforce our readiness to serve as a catalyst for inclusive financial services in Botswana.

Economic Environment

Globally, 2024/25 was marked by persistent macroeconomic headwinds, including geopolitical tensions and restrictive trade policies that continued to dampen global economic sentiment. While the IMF's January 2025 World Economic Outlook projected global output growth at 3.2% in 2024 and 3.3% for 2025–2026, the Botswana economy grappled with its own challenges.

Following a 3% GDP contraction in 2024, the 2025 Budget Speech projected a modest recovery of 3.3%, largely supported by a rebound in the diamond sector. However, vulnerabilities in global luxury markets and subdued domestic non-mining activity continued to temper broader growth prospects. Despite this, BSB was able to rise above the macroeconomic constraints and deliver strong performance.

Delivering on Lesedi 2025

Our Lesedi Strategy (2022–2025) was designed to drive BSB's transformation into a "No-Frills" bank—efficient, accessible, and inclusive. We are proud to have:

- More than doubled our loan and savings book;
- Surpassed profit targets by over 400%;
- Scaled digital adoption, agency banking, and insurance offerings; and
- Strengthened governance, compliance, and risk frameworks.

While the majority of strategic initiatives have been delivered, a few critical projects remain in progress. In view of this, the Board has approved a 12-month Strategic Gap Year (April 2025 – March 2026) to complete remaining priorities and develop a forwardlooking strategy that addresses evolving customer needs and market trends

Corporate Governance

Strong governance underpinned our strategy execution. The Board exercised rigorous oversight, ensuring alignment with our risk appetite, regulatory obligations, and performance benchmarks. Through active committees—particularly the Risk & Compliance and Audit Committees—we upheld transparency, accountability, and ethical conduct across the institution.

Chairperson's Report [cont]

Risk Management

In a dynamic digital and regulatory landscape, risk management remains central to our operations. Key enhancements included:

- Ongoing revision of our Enterprise Risk Framework to address emerging threats in cybersecurity, third-party risk, and data privacy;
- Strengthened operational resilience through control enhancements and scenario testing; and
- Robust Board oversight to ensure risks are proactively identified, measured, and mitigated.

Regulatory Compliance

BSB demonstrated sustained regulatory compliance throughout the year. Milestones included:

- Successful automation of key AML and data protection processes;
- Improved internal control frameworks and staff compliance awareness; and
- Alignment of internal policies with the Data Protection Act, AML regulations, and industry standards.

These efforts strengthen our reputation as a compliant, responsible financial institution.

Corporate Social Responsibility (CSR)

Our commitment to nation-building and community upliftment remains unwavering. Through focused CSR funding, BSB contributed to:

- Education, healthcare, and arts development;
- Disaster relief and community programs; and
- Support for marginalized and vulnerable populations.

In addition, our iCare Employee Volunteer Programme empowered staff to contribute to causes close to their hearts, reinforcing the spirit of Ubuntu that defines our brand.

Looking Ahead: Strategic Gap Year and Future Focus

As Lesedi 2025 concludes, the Strategic Gap Year presents a critical window to:

- Complete outstanding digital, operational, and commercial initiatives;
- Develop our next multi-year strategy, incorporating lessons learned and emerging trends;
- Embed regulatory changes, particularly those relating to the Data Protection Act and digital banking modernisation;
- Continue expanding into new verticals such as micro-lending and private banking, as well as growing our insurance and agency banking footprints.

We will continue to invest in technology, talent, and strategic partnerships to deepen our national footprint, enhance operational agility, and improve customer experience.

Acknowledgements

On behalf of the Board of Directors, I wish to express my deepest appreciation to:

- Our Shareholder, the Government of Botswana, for their unwavering support;
- Our customers, for their trust and loyalty;
- Our employees, for their resilience, passion, and dedication;
- Our funders and partners, for enabling our growth journey

To my fellow Board members—thank you for your counsel, commitment, and strategic foresight. Together, we remain steadfast in our ambition to position Botswana Savings Bank as a trusted national bank of choice—empowering Batswana and advancing inclusive prosperity.

Goitsemang Morekisi
Chairperson
30 June 2025

Chief Executive Officer's Report

1. Overview

The financial year 2024/2025 marked the successful conclusion of our bold three-year transformation agenda under the Lesedi Strategy (2022–2025)—a strategy that positioned Botswana Savings Bank (BSB) to emerge as a credible, Botswana-owned, integrated financial services provider. Our vision was clear: to deliver sustainable value to our shareholder while expanding access to inclusive financial services for all Batswana.

We are proud to report that the strategy has delivered both commercially and operationally. Through the stabilization of our digital infrastructure and the evolution of customer-facing platforms, we laid the foundation for greater accessibility, process automation, and service efficiency. These gains are not just technical improvements—they translate directly into improved customer experience and growth in reach.

While we conclude the Lesedi Strategy period without a commercial banking licence, BSB has evolved into a high-performing institution—competitive in the market, profitable, and resilient. The Bank remains a strong performer in the government's portfolio of investments and is well-positioned for future growth and evolution.

2 Financial performance

The 2024/25 financial year produced record-breaking results, driven by robust lending growth, strategic deposit mobilization, and disciplined cost control.

Key Highlights:

- Net Interest Income: increased by 80% to P312 million (2024: P173 million)
- Profit After Tax: increased by 230% to P76.8 million (2024: P23.3 million)
- Net Advances: increased by 63% to P4.4 billion (2024: P2.7 billion)
- Customer Deposits: increased by 63% to P4.1 billion (2024: P2.5 billion)
- Operating Costs: increased by 33% to P95 million (2024: P71 million), reflecting investment in sales channels and digital infrastructure
- Return on Equity: increased to 22% (2024: 9%)

In response to accelerated credit growth and to preserve our capital adequacy buffer, the Bank successfully raised an additional P50 million in Tier II capital through the bond market—further strengthening our capital structure and demonstrating investor confidence.

3. Risk Management

Prudent risk-taking underpinned by sound governance remained at the heart of our operations. Our credit decisions continue to be guided by IFRS 9 principles, ensuring alignment with international best practices and providing reassurance to our shareholders and investors.

With an expanded lending portfolio and increasing customer segmentation, the Bank has entered a new level of complexity and exposure. This growth trajectory has necessitated stronger internal controls, improved governance, and capacity-building initiatives across the enterprise. As we prepare to diversify into corporate banking, we are placing deliberate emphasis on enterprise-wide risk culture and digital risk management, including intensified investment in cybersecurity capabilities.

4 Human Capital

Our people remain our greatest asset. We recognize that no transformation journey can succeed without the passion, commitment, and agility of the team behind it. BSB is proud to have cultivated a youthful and diverse workforce that reflects the demographics of our country.

We continue to invest in initiatives that promote employee well-being, high performance, and collaboration across functions—breaking down silos and nurturing a unified culture of excellence. Our staff engagement and wellness programmes are central to driving productivity and enhancing service delivery.

5. Strategic Focus

Following the conclusion of the Lesedi Strategy, the Bank has entered a 12-month Strategic Gap Year (April 2025 – March 2026).

This period is a deliberate pause to consolidate our gains, complete outstanding transformation initiatives, and shape the next chapter of our institutional strategy.

Our strategic priorities going forward include:

- Enhancing our customer value proposition across both retail and corporate banking;
- Scaling BSB Insurance Services as a significant contributor to non-interest income through market expansion and licence utilization;
- Deepening partnerships with the business and corporate banking ecosystem to unlock diversified revenue streams;
- Pursuing operational excellence by embedding digital workflows and improving customer journey architecture.

Chief Executive Officer's Report [cont]

The success of our insurance business provides a clear blueprint for diversification—demonstrating our ability to scale beyond traditional banking into high-impact complementary services.

6 Looking Ahead

The privatization agenda, led by the Government of Botswana through PEEPA, remains a key part of BSB's strategic horizon. The exact structure and outcome of this process will be determined through ongoing engagements with relevant stakeholders.

Nonetheless, the Bank's primary focus remains value creation and long-term sustainability—through strong governance, operational discipline, and market competitiveness. The journey toward obtaining a commercial banking licence remains firmly embedded in our roadmap. We view this as a pivotal enabler that will allow BSB to compete on equal footing, unlock new markets, and deepen its developmental impact.

7 Closing remarks

It has been a privilege to lead Botswana Savings Bank during a period of immense transformation and progress. The past year tested our agility and resilience, but it also revealed the strength of our people and the relevance of our purpose.
To the Board of Directors, thank you for your strategic guidance and commitment to good governance. To our employees, you are the rainmakers of this institution—your resolve and dedication are what brought our vision to life. To our customers, funders, and shareholder, we remain grateful for your trust and partnership.

As we enter the next chapter, we do so with confidence, clarity, and commitment—to build a future-fit financial institution that delivers value for generations to come.

Nixon Marumoloa
Chief Executive Officer
30 June 2025

Director's Responsibility Statement

The Directors are required in terms of the Botswana Savings Bank Act of 1992 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate financial statements fairly present the state of affairs of the Group and Company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS® Accounting Standards as issued by the International Accounting Standards Board and the IFRIC Interpretations as issued by the IFRIC Interpretations Committee. The external auditor is engaged to express an independent opinion on the consolidated and separate financial statements and their opinion is presented on pages 78-81.

The Directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and Company and place considerable importance on maintaining a strong control environment. To enable the Directors to meet these responsibilities, the Directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the Group and Company and all employees are required to maintain the highest ethical standards in ensuring the Group and Company's business is conducted in a manner that in all reasonable circumstances is above reproach. The Directors are aware of certain internal control deficiencies but no breakdowns involving material loss have been reported to the Directors. Improvement of the control environment continue to be a priority. The focus of risk management in the Group and Company is on identifying, assessing, managing and monitoring all known forms of risk across the Group and Company. While operating risk cannot be fully eliminated, the Group and Company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The Directors have made an assessment of the ability of the Group and Company to continue as going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The external auditor is responsible for independently auditing and reporting on whether the Group and Company's consolidated and separate financial statements give a true and fair view in accordance with the IFRS Accounting Standards.

Approval of the consolidated and separate financial statements

The financial statements of the Group and Company, as set out on pages 101 to 151 were approved by the Board of Directors on 30 June 2025 and signed on their behalf by:

Mrs G Morekisi
Chairman

Mr N Marumoloa
Chief Executive Officer

Chartered Accountants

Grant Thornton
Acumen Park, Plot 50370
Fairgrounds, Gaborone
P O Box 1157
Gaborone, Botswana

T +267 395 2313

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Independent Auditor's Report

To the Shareholder of [insert name of entity]

Opinion

I have audited the consolidated and separate financial statements of Botswana Savings Bank (the Group) set out on pages 101 to 151 which comprise the statement of financial position as at 31 March 2025; and the; statements of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including material accounting policy information.

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of Botswana Savings Bank as at 31 March 2025, and its consolidated financial performance and consolidated cash flows for the year then ended, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of Botswana.

Basis for Opinion

I conducted my audit in accordance with International Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated And Separate Financial Statements section of my report. I am independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (Parts 1, 3 and 4A) (IESBA Code) and other independence requirements applicable to performing audits of financial statements in Botswana. I have fulfilled my other ethical responsibilities in accordance with the IESBA Code and in accordance with other ethical requirements applicable to performing audits in Botswana. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

I draw attention to Note in the consolidated and separate financial statements, which indicates that the Group incurred a net loss of P- during the year ended 31 March 2025 and, as of that date, the Group exceeded its total assets by P-. As stated in Note these events or conditions, along with other matters as set forth in Note , indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Emphasis of Matter

I draw attention to Note to the consolidated and separate financial statements which indicates that [insert detail]. My opinion is not modified in respect of this matter.

<table>
<tr><th>Key Audit Matter</th><th>How the matter was addressed in the audit</th></tr>
<tr><td colspan="2">Expected credit losses (“ECL”) on loans and advances (Group and Company) (the G</td></tr>
<tr><td>The Group and Company applies IFRS 9 - Financial Instruments (“IFRS 9”), which requires it to assess allowances for impairment of loans and advances on an expected loss basis. Accordingly, the Bank measures such allowances using its own impairment model to calculate ECLs.

The impairment of loans and advances was considered to be a matter of significant importance to our current year audit due to the following:
• Loans and advances are material to the consolidated and separate financial statements.
• The level of subjective judgement applied in determining the ECL on loans and advances; and
• Significant assumptions applied in the recognition and measurement of credit risk.

Key areas of significant management judgement and estimation applied in the measurement of ECL on loans and advances include:
• The assessment of whether there has been a Significant Increase in Credit Risk (“SICR”) since origination date of the exposure to the reporting date.
• Determination of relevant macroeconomic forecasts and forward-looking information.
• The determination of the recoverable collateral values of the credit impaired book.
• Input assumptions to estimate the probability of default (“PD”), exposure at default (“EAD”) and loss given default (“LGD”). More details of the input assumptions are disclosed in notes to the consolidated and separate financial statements.</td><td>We assessed the ECL policies and judgements applied by management against the requirements of IFRS 9.We evaluated the design and implementation, of key controls over the loan and advances impairment process, focusing on the identification of the SICR, the management processes implemented for credit models and inputs into the ECL models and evaluated the design and implementation and tested the operating effectiveness of controls relating to the loan origination as part of our understanding of the Bank’s credit risk.

Making use of our internal experts we reperformed and assessed the reasonableness of the ECL calculation by performing the following procedures:
• 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 best practice.
• Assessed and challenged management on the data inputs and key assumptions into the ECL model, which includes the macroeconomic scenario estimates, stage classification of exposures and the estimated PDs, EADs and LGDs including management overlays
• Evaluated the ECL model and key assumptions applied in the calculation of the ECL and accuracy of the calculations in the model.
• Evaluated whether the relevant probability weighted forward-looking information has been appropriately incorporated within the impairment model by comparing these to widely available market data.
• On a sample basis, tested whether the information with respect to loans and advances utilised in the model to underlying accounting records and other information such as loan agreements and collateral valuation reports maintained by the Bank.
• Evaluated the adequacy of the consolidated and separate financial statement disclosures including key assumptions, judgements, and sensitivities for compliance with IFRS Accounting Standards.</td></tr>
</table>

Grant Thornton

Independent Auditor's Report [cont}

Key Audit Matter	How the matter was addressed in the audit
Expected credit losses ("ECL") on loans and advances (Group and Company) (the G	
	Out of model adjustments and overlays • We challenged the validity and reasonableness of overlays recorded by management by ensuring each overlay was related to a known model weakness or model limitation; • We challenged the key assumptions and judgements related to each overlay to ensure that these were reasonable and supportable using available Bank information or other widely available market data; and considered the need for any other overlays not considered by management based on our judgement. In conclusion, we determined the impairment of loans and advances to customers is not materially misstated and the related disclosures are appropriate.

Other matter

The annual financial statements of the broker for the year ended 31 March 2024, were audited by another auditor who expressed an unmodified opinion on those statements on 22 October 2024.

Other Information

The Directors are responsible for the other information. The other information comprises the general information, Chairman's Report, Chief Executive Officer's Report and the Directors' Responsibility Statement. 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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors

The Directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Directors determine is necessary to enable the preparation of 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 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 or 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 International Standards on Auditing 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 the consolidated and separate financial statements.

As part of an audit in accordance with International Standards on Auditing, 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 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 or 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 and appropriate audit evidence regarding the financial information of the entities or business activities within the Group or 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 Finance and 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 Finance and Audit Committee 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 Finance and Audit Committee, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current year 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.

Grant Thornton
Grant Thornton

30 JUNE 2025

Grant Thornton Gaborone
Firm of Certified Auditors
Practising member: Madhavan Venkatachary (CAP 0017 2025)

Statement of Profit or Loss and Other Comprehensive Income

		Group		Company	
Figures in Pula thousand	Notes	2025 P'000	2024 P'000	2025 P'000	2024 P'000
Interest income 5		96,004	363,399	595,993	363,321
Interest expense		(283,700)	(189,906)	(284,608)	(189,906)
Net interest income		3 312,304	173,493	311,385	173,415
Fee and commission income		53,650	34,540	19,089	18,304
Fee and commission expense		(16,664)	(9,269)	(16,664)	(9,269)
Net fee and commission income	4	36,986	25,271	2,425	9,035
Other income 5 7,284 9,248 6,920 8,766					
Amortisation of government grant income	25	16,748	14,471	16,748	14,471
Total income		373,322	222,483	337,478	205,687
Net operating income		349,290	198,764	313,810	182,450
Net impairment (expense)/reversal of financial assets	6	(21,634)	(1,784)	(21,634)	(1,784)
Net income		351,688	220,699	315,844	203,903
Employee benefits	7	(127,318)	(97,157)	(124,405)	(95,948)
Depreciation and amortisation	8	(27,030)	(23,557)	(26,997)	(23,530)
Administrative and general expenses	9	(95,150)	(71,410)	(93,739)	(70,437)
Profit before taxation		102,190	28,575	70,703	13,988
Income tax expense	10	(25,400)	(5,270)	(18,333)	(1,937)
Profit for the year		76,790	23,305	52,370	12,051
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		76,790	23,305	52,370	12,051

Statement of Financial Position as at 31 March 2025

Figures in Pula thousand	Notes	Group 2025 P'000	Group 2024 P'000	Company 2025 P'000	Company 2024 P'000
Assets					
Cash and cash equivalents	11	183,843	340,236	182,406	325,943
Investment in financial assets	12	275,298	162,526	275,298	162,526
Other assets	13	21,297	20,220	20,948 2	0,220
Loans and advances to customers	14	4,393,055	2,689,349	4,393,055	2,689,349
Investment in subsidiary	15	-	-	911	911
Current tax receivable	16	849	5,308	849	5,308
Deferred tax	17	8,615	17,797	8,621	17,795
Right-of-use assets	18	33,824	30,673	33,824	30,673
Intangible assets	19	37,982	51,975	37,982	51,975
Property, plant and equipment	20	53,824	56,439	53,091	56,129
Total Assets		**5,008,587**	**3,374,523**	**5,006,985 3**	**,360,829**
Equity and Liabilities					
Liabilities					
Deposits due to customers	21	4,083,995	2,499,069	4,126,164	2,499,100
Current tax payable	16	1,920	3,335	-	-
Other liabilities	22	28,050	37,671	21,870	38,535
Borrowings	23	440,104	446,591	440,104	446,591
Dormancy account liability	24	28,304	26,730	28,304	26,730
Government grant	25	37,637	54,384	37,637	54,384
Lease liabilities	18	42,067	37,023	42,067	37,023
Total Liabilities		**4,662,077**	**3,104,803**	**4,696,146**	**3,102,363**
Equity					
Unrecallable capital		26 19,721	19,721	19,721	19,721
Statutory reserves		27 85,882	72,789	85,882	72,789
Retained earnings		240,907	177,210	205,236	165,956
		346,510	269,720	310,839	258,466
Total Equity and Liabilities		**5,008,587**	**3,374,523**	**5,006,985**	**3,360,829**

Statements of Changes in Equity

	Group		Company	
Figures in Pula thousand	Unrecallable capital	Statutory reserve	Retained earnings	Total equity
Group				
Balance at 01 April 2023	19,721	69,776	156,918	246,415
Total comprehensive income for the year	-	-	23,305	23,305
Transfer between reserves	-	3,013	(3,013)	-
Balance at 01 April 2024	19,721	72,789	177,210	269,720
Total comprehensive income for the year	-	-	76,790	76,790
Transfer between reserves	-	13,093	(13,093)	-
Balance at 31 March 2025	19,721	85,882	240,907	346,510
Note(s) 26 27				
Company				
Balance at 01 April 2023	19,721	69,776	156,918	246,415
Total comprehensive income for the year	-	-	12,051	12,051
Transfer between reserves	-	3,013	(3,013)	-
Balance at 01 April 2024	19,721	72,789	165,959	258,469
Total comprehensive income for the year	-	-	52,370	52,370
Transfer between reserves	- 13,093	(13,093)	-	
Balance at 31 March 2025	19,721	85,882	205,236	310,839
Note(s)	26	27		

Statements of Cash Flows

		Group		Company	
Figures in Pula thousand	Notes	2025	2024	2025	2024
Cash flows from operating activities					
Interest receipts		593,350	345,151	593,339	345,073
Interest payments		(169,555)	(180,453)	(170,464)	(180,452)
Fees and commission received		53,650	34,540	19,089	18,304
Fees and commission paid		(16,664)	(9,269)	(16,664)	(9,269)
Rent and other income received		7,284	9,073	6,920	8,591
Cash payments to employees and suppliers		(208,761)	(154,072)	(204,446)	(151,889)
Cash flows from operating activities before changes in operating assets and liabilities		**259,304**	**4,970**	**227,774**	**30,358**
Changes in operating assets and liabilities					
Movement in loans and advances to customers		(1,727,199)	(344,615)	(1,727,199)	(344,615)
Movement in amounts due to customers		1,511,455	92,794	1,553,594	92,824
Movement in other assets		(1,077)	(8,909)	(728)	(8,909)
Movement in other liabilities		(9,630)	11,352	(16,661)	12,215
Movement in dormancy account liability		1,574	(414)	1,574	(414)
Tax paid	16	(13,173)	(2,000)	(4,700)	(2,000)
Net cash (used in)/generated from operating activities		**21,254**	**(206,822)**	**33,654**	**(220,541)**
Cash flows from/(to) investing activities					
Purchase of property, plant and equipment	20	(2,466)	(11,158)	(2,010)	(10,821)
Proceeds from disposal of property, plant and equipment	20	-	383	-	383
Purchase of other intangible assets	19	(6,646)	-	(6,646)	-
Net cash paid on acquisition of subsidiary	15	-	-	-	(911)
Withdrawals from investment in financial assets	12	500,018	943,053	500,018	943,053
Deposits in financial assets	12	(619,838)	(698,323)	(619,838)	(698,323)
Net cash gereated from/(used in) investing activities		**(128,932)**	**233,955**	**(128,476)**	**233,381**
Cash flows from financing activities					
Repayment of Government Grant	25	1	(1,288)	1	(1,288)
Borrowings raised	23	50,000	150,050	50,000	150,050
Repayment of principal - long term borrowings	23	(56,720)	(45,067)	(56,720)	(45,067)
Repayment of interest - long term borrowings	23	(37,325)	(26,018)	(37,325)	(26,018)
Lease liability payments - principal	18	(1,555)	(2,766)	(1,555)	(2,766)
Lease liability payments - interest	18	(3,116)	(2,952)	(3,116)	(2,952)
Net cash generated from financing activities		**(48,715)**	**71,959**	**(48,715)**	**71,959**
Net movement in cash and cash equivalents for the year		**(156,393)**	**99,092**	**(143,537)**	**84,799**
Cash and cash equivalents at the beginning of the year		340,236	241,143	325,943	241,143
Total cash and cash equivalents	11	**183,843**	**340,235**	**182,406**	**325,942**

Material Accounting Policies and Information

Corporate information

Botswana Savings Bank ("The Bank"), together with its subsidiary BSB Insurance Services Proprietary Limited ("The Broker"), provides retail, corporate banking, and insurance brokerage services throughout the Country. Botswana Savings Bank is the ultimate parent of the group.

Botswana Savings Bank was established by an Act of Parliament, the Botswana Savings Bank Act of 1992, as a wholly owned financial institution of the Botswana Government for the purpose of providing Banking and financial services for all people in Botswana.

A Transition Act (The BSB Transition Act 2012) was passed by Parliament to allow BSB to convert to a public company named the "Botswana Savings Bank Limited". However, the decision to transform the Bank from a statutory Bank to a commercial Bank has been deferred until further notice.

The Bank has issued several bonds listed on the Botswana Stock Exchange.

These consolidated financial statements comprise the statutory financial statements of Botswana Savings Bank Limited and it's subsidiary. (collectively refered to as the Group) The consolidated and separate consolidated and separate financial statements for the year ended 31 March 2025 were authorised for issue in accordance with a resolution of the directors on 30 June 2025.

1. Statement of compliance

The consolidated and separate financial statements have been prepared in accordance with IFRS Accounting Standards, including IFRIC interpretations issued by the International Accounting Standards Board(IASB) and the Botswana Savings Bank Act of 1992.

These consolidated and separate financial statements represent the Bank's statutory consolidated and separate financial statements and were approved for issue by the Board of Directors on.

1.1 Basis of preparation

The consolidated and separate financial statements are presented in Botswana Pula, which is the Group functional currency and are rounded off to the nearest thousand pula, unless otherwise stated.

The consolidated and separate financial statements have been prepared on the historic cost basis, except where otherwise stated.

The consolidated and separate financial statements incorporate the results of the company and it's subsidiary. A Subsidiary is an entity which is controlled by the Parent. The Parent entity ("The Bank") holds 100% ordinary shares of the subsidiary. The Parent measures investments in a subsidiary in its separate financial statements at cost less impairment.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Group and Company have prepared consolidated financial statements on the basis that they will continue to operate as a going concern and incorporates the following accounting policies which are consistent with those applied in the previous year except where otherwise stated.

1.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiary as at 31 March 2025. The Group consolidates a subsidiary when it controls it. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When assessing whether it has power over an investee and therefore controls the variability of its returns, the Group considers all relevant facts and circumstances, including:

- The purpose and design of the investee
- The relevant activities and how decisions about those activities are made and whether the Group can direct those activities
- Contractual arrangements such as call rights, put rights and liquidation rights

Whether the Group is exposed, or has rights, to variable returns from its involvement with the investee, and has the power to affect the variability of such return.

The subsidiary was acquired on the date of incorporation and consequently no goodwill arose on the date of initial recognition.

Material Accounting Policies and Information [Cont.]

When necessary, adjustments are made to the financial statements of subsidiary to bring their accounting policies in line with the Group's accounting policies. All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between the Subsidiary and the Parent are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets, liabilities, Non-Controlling Interest (NCI) and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value at the date of loss of control. During the year there were no change in ownership of the subsidiary.

1.3 Segmental reporting

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses relating to transactions with any of the Group's other components, whose operating results are regularly reviewed by the Group's CODM to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Segment results that are reported to the Group's CEO (being the CODM) include items that are directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Unallocated items comprise mainly corporate assets (primarily the Bank's headquarters), head office expenses and tax assets and liabilities.

The Group has reportable segments that comprise the structure used by the chief operating decision maker ("CODM") to make key operating decisions and assess performance. The group's reportable segments are operating segments that are differentiated by the industry in which they operate.

The Group evaluates the performance of its reportable segments based on earnings before interest and tax ("EBIT") as well as earnings before interest, tax, depreciation, amortisation and impairments ("adjusted EBITDA"). The group accounts for intersegment sales and transfers as if the revenue and transfers were entered into under the same terms and conditions as would have been entered into in a market-related transaction.

The financial information (including revenue, EBIT, adjusted EBITDA, total assets and total liabilities) of the group's reportable segments is reported to the CODM for purposes of making decisions about allocating resources to the segment and assessing its performance.

1.4 Interest income and expense

Interest income and expense for all interest-bearing financial instruments is recognised on an accrual basis using the effective interest method on the original settlement amount. Interest income includes the amortisation of any discount or other differences between the initial carrying amount of an interest bearing instrument and its amount calculated on an effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group and Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses.

Where the estimates of payments and 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 comparing the present value of the estimated cash flows at the financial asset or financial liability's original effective interest rate. Any adjustment to the carrying value is recognised in the net interest income When a financial asset of the Group and Company has been written down as a result of an impairment loss, interest income is recognised using the rate of interest that discounts the future cash flows of the asset for the purpose of measuring the impairment loss.

Commitment fees for unutilised funds made available to customers in the past, are recognised as revenue over the period the facility remains unutilised. Commitment fees paid upfront for a future facility, where it is not probable that a specific lending arrangement will be entered into by the Group and Company, are recognised as revenue on a straight-line basis over the period for which the funds are committed.

Material Accounting Policies and Information [Cont.]

1.5 Revenue from contracts with customers

The Group and Company applies IFRS 15 Revenue from Contracts with Customers.
IFRS 15 contains a single model that establishes a five-step approach to revenue recognition:

- **Step 1:** Identify the contract(s) with a customer;
- **Step 2:** Identify the performance obligations in the contract;
- **Step 3:** Determine the transaction price;
- **Step 4:** Allocate the transaction price to the performance obligations in the contract; and
- **Step 5:** Recognise Revenue when (or as) the entity satisfies a performance obligation.

The Group and Company recognises revenue when (or as) a performance obligation is transferred to the customer. Fees and commissions charged for services provided by the Group and Company are recognised as the services are provided, for example on completion of an underlying transaction.

Fees and commission income

Fees and commission income comprise of fees charged on customers accounts such as insufficient funds fees, overdraft charges, late fees, over-the-limit fees, wire transfer fees and monthly service charges. These fees are recognised over the period over which the underlying service is provided to the customer. Transactional fees such as cash withdrawal fees, deposit fees, etc. are recognised at the point in time of transactions with customers and payment is received monthly.

Fees and commissions that form an integral part of the effective interest rate is excluded from fees and commissions from customers and are recognised in non-interest income.

Fee and commission income is earned by the Group and Company by providing customers with a range of services and products, consists of the following main categories:

- banking fee and commission income;
- knowledge-based fee and commission income;
- management, trust and fiduciary fees;
- fee and commission income from service providers; and
- other non-banking fees and commission income.

Fee and commission income which typically includes transactional banking fees, such as bank charges, interchange fees, point-ofsale fees, exchange commissions, cash deposit fees and knowledge-based fee and commission income, are recognised at a point in time when the performance obligation is fulfilled.

Where the distinct performance obligation is satisfied over a period of time, the fees are recognised as follows:

- fees for services rendered are recognised on an accrual basis as the service is rendered and the Group and Company's performance obligation is satisfied, e.g. annual card fees and asset management and related fees; and
- commission income on bills endorsed is credited to profit or loss over the life of the relevant instrument on a time apportionment basis.

Commission revenue from the sale of insurance policies
The subsidiary company generates revenue primarily through commissions from insurer ("Customer"). The promised service is the effective placement of insurance policies relating to life and property and casualty insurance. Commissions vary depending upon several factors, which may include the amount of premium, the type of insurance or coverage provided by the insurer. In addition, the transaction price might include an element of consideration that is variable or contingent on the outcome of future events, such as policy cancellations, lapses or renewals, volume of business, claims experience or performance bonuses.

At the completion of the insurance policy placement process once coverage is effective (i.e, performance obligation), the customer obtains control over the service promised by the Group and Company. Commissions may be invoiced near the effective date of the underlying policy or over the term of the arrangement in instalments during the policy period. The performance obligation is therefore discharged at a specific point in time.

The Group and Company allocates variable consideration to a single performance obligation because:
The variable payment relates to a specific performance obligation or outcome from satisfying that performance obligation.
Allocating the variable amount of the consideration entirely to the separate performance obligation is consistent with

Material Accounting Policies and Information [Cont.]

the amount of consideration to which the entity expects to be entitled for satisfying that performance obligation after considering all other performance obligations and payment terms in the contract.

The Group and Company has elected to apply the practical expedients to not disclose the revenue related to unsatisfied performance obligations if:

The contract has an original duration of 1 year or less,

The Group and Company has recognised revenue for the amount which it has the right to bill, and

The variable consideration is allocated entirely to an unsatisfied performance obligation which is recognised as a series of distinct goods or services that form a single performance obligation.

1.6 Other income

Other income comprises of income from:

- Rentals*,
- Rooftop satellite hosting fees* and
- Other non-operating revenue streams. These relates to fees earned from selling activities other than those related to banking operations. This include sales of tender documents and profit from fixed assets sales. Other non-operating revenue streams are recognised at the point in time when the transaction takes place.

* Refer to the Group and Company as lessor section under accounting policy 1.14 Leases.

1.7 Government grant income

Grant income is income relating to projects funded by the government grant. Grant income received is initially recognised as a liability. Subsequently, the grant income is released to the statement of profit or loss over the expected life of the asset at the same rate at which the related asset is depreciated.

1.8 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Terminal benefits

Certain employees are entitled to terminal gratuities in accordance with their contracts of employment. An accrual is recognised for the estimated liability for such employees up to the reporting date. This accrual is based on undiscounted current wage and salary rates. All other employees are members of the Bank's pension scheme.

Pension obligations

The Group and Company operates a defined contribution pension scheme and its assets are managed by an independent fund under supervision of the board of trustees. The Group and Company pays 15% contributions on behalf of its employees and the employees contribute 5% of basic salary. Once the contributions have been made, the Group and Company has no further payment obligations.

The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

1.9 Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised in the Bank's statement of financial position when the Group and Company becomes a party to the contractual provisions of the instrument.

Recognised financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Material Accounting Policies and Information [Cont.]

1.9 Financial instruments

Classification and subsequent measurement of financial assets

Management determines the classification of its financial assets at initial recognition, based on:

- the Group business model for managing the financial assets; and
- the contractual cash flow characteristics of the financial asset.

Business model

The Group and Company distinguishes three main business models for managing financial assets:

- holding financial assets to collect contractual cash flows;
- managing financial assets and liabilities on a fair value basis or selling financial assets; and
- a mixed business model of collecting contractual cash flows and selling financial assets.

The business model assessment is not performed on an instrument-by-instrument basis, but at a level that reflects how portfolios of financial assets are managed together to achieve a particular business objective.

In considering whether the business objective of holding a portfolio of financial assets is achieved primarily through collecting contractual cash flows, amongst other considerations, management monitors the frequency and significance of sales of financial assets out of these portfolios for purposes other than managing credit risk. For the purposes of performing the business model assessment, the Group and Company only considers a transaction a sale if the asset is derecognised for accounting purposes.

Cashflow characteristics

For a debt instrument to be measured at amortised cost, the cash flows on the asset have to be SPPI (Solely Payments of Principal and Interest), consistent with those of a basic lending agreement. The SPPI test is applied on a portfolio basis for retail advances, as the cash flow characteristics of these assets are standardised.

If the contract contains prepayment penalties, the amount of the prepayment penalty is compared to the present value of the margin that would be earned if the loan is not prepaid. If the amount of the prepayment penalty is lower than or equal to the margin lost due to prepayment, this is considered reasonable compensation and the loan passes the SPPI test.

Amortised cost

Financial assets are measured at amortised cost using the effective interest method, when they are held to collect contractual cash flows which are solely payments of principle and interest, and sales of such assets are not significant or frequent. These comprise of the retail loans and advances, related party receivables, other assets, balances with other banks, cash and cash equivalents.

For purchased or originated credit-impaired financial assets, the Group and Company applies the credit-adjusted effective interest rate. This interest rate is determined based on the amortised cost and not the gross carrying amount of the financial asset and incorporates the impact of expected credit losses in the estimated future cashflows of the financial asset.

Cash and cash equivalents is comprised of coins and bank notes, money at call and short notice and balances with central banks. All balances included in cash and cash equivalents have a maturing date of less than three months from the date of acquisition. Money at call and short notice constitutes amounts withdrawable in 90 days or less. Retail loans and advances are held to collect contractual cash flows. The business model focus on growing advances within acceptable credit appetite limits and maintaining robust collection practices. The products included under this business models include:

- residential mortgages;
- vehicle finance; and
- personal loans.

The cash flows on retail loans and advances are solely payments of principal and interest. Interest charged to customers compensates the Group and Company for the time value of money, credit risk and administrative costs (including a profit margin).

Penalties on the prepayment of advances are limited to reasonable compensation for early termination of the contract.

Material Accounting Policies and Information [Cont.]

Classification and subsequent measurement of financial liabilities

The Group and Company classifies a financial instrument that it issues as a financial liability or an equity instrument in accordance with the substance of the contractual agreement.

Financial liabilities measured at amortised cost

The following liabilities are measured at amortised cost using the effective interest rate method: a way of calculating the amortized cost of a financial liability and allocating the interest income or expense over the relevant period.

- deposits;
- lease liabilities; and
- borrowings.

Impairment of financial assets and off-balance sheet exposures subject to impairment.

This policy applies to financial assets, measured at amortised cost which includes:

- Loans and advances;
- Cash equivalents;
- Investment in financial assets;
- Loan commitments;
- Lease receivables; and
- Related parties receivables.

IFRS 9 establishes a three-stage approach for the impairment of financial assets:

Stage 1	Stage 2	Stage 3
(Initial recognition)	(Significant increase in credit risk since initial recognition)	(Credit-impaired assets)
12-month expected credit losses	Lifetime expected credit losses	Lifetime expected credit losses

Loans and advances

The 'loans and advances' caption in the statement of financial position includes loans and advances measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost under the effective interest method.

Significant increase in credit risk since initial recognition (SICR)

To determine whether loans and advances have experienced a significant increase in credit risk (SICR), the probability of default (PD) of the asset calculated at the origination date is compared to that calculated at the reporting date. The origination date is defined to be the most recent date at which the Group and Company re-prices loans and advances/facility. A change in terms and conditions results in derecognition of the original loan and advance/facility and recognition of a new loan and advance/facility.

SICR test thresholds are re-assessed and, if necessary, updated, on at least an annual basis. Any, facility that is more than 30 days past due, or in the case of instalment-based products one instalment past due, is automatically considered to have experienced a significant increase in credit risk. In addition to the quantitative assessment based on PDs, qualitative considerations are applied when determining whether individual exposures have experienced a SICR. One such qualitative consideration is the appearance of retail client's facilities on a credit watchlist. Any up-to-date facility that has undergone a distressed restructure (i.e modification of contractual cash flows to prevent a client from going into arrears) will be considered to have experienced a significant increase in credit risk and will be disclosed within stage 2 at a minimum.

The credit risk on an exposure is no longer considered to be significantly higher than at origination if no qualitative indicators of a significant increase in credit risk are triggered, and if comparison of the reporting date PD to the origination date PD no longer indicates that a significant increase in credit risk has occurred. No minimum period for transition from stage 2 back to stage 1 is applied.

Low credit risk

The Group and Company applies the low credit risk assumption and classifies loans and advances meeting this criteria in stage 1.

Material Accounting Policies and Information [Cont.]

1.9 Financial instruments [cont.]

Credit-impaired financial assets

Loan and advances are considered credit impaired if they meet the definition of default. The Group definition of default applied for calculating provisions under IFRS 9 is aligned to the definition applied for regulatory capital calculations across all portfolios, as well as those applied in operational management of credit and for internal risk management purposes. Exposures are in default when they are more than 90 days past due or, in the case of amortising products, have three or more unpaid instalments. In addition, an exposure is considered to have defaulted when there are qualitative indicators that the borrower is unlikely to pay their credit obligations in full without any recourse by the Group and Company to actions such as the realisation of security. Indicators of the unlikeliness to pay include examples such as the application for bankruptcy or obligor insolvency.

Any distressed restructures of accounts that have experienced a SICR since initial recognition are defined as default events. Loans and advances are considered to no longer be in default if they meet the stringent cure definition which has been determined at a portfolio level based on an analysis of re-defined rates.

Credit risk measurement

The estimation of credit exposure is complex and requires the use of models, as the value of a product varies with changes in market variables, expected cash flows and the passage of time. The assessment of credit risk of a portfolio of assets entails further estimations as to the likelihood of defaults occurring, of the associated loss ratios and of default correlations between counterparties.

The Group and Company has developed statistical models to support the quantification of credit risk. These quantitative models are in use for all key credit portfolios and form the basis for measuring default risks. In measuring the credit risk of loans and advances at a counterparty level, theGroup and Company considers three components, namely: (i) the 'probability of default' (PD) by the client or counterparty on its contractual obligations; (ii) current exposures to the counterparty and its likely future development, from which the Group and Company derives the 'exposure at default' (EAD); and (iii) the expected loss on the defaulted obligations (the 'loss given default') (LGD).

These credit risk measurements, which reflect expected loss (the 'expected loss model'), are required by the Basel Committee on banking regulations and the supervisory practices (the Basel Committee) and are embedded in the Group's daily operational management.

(i) Probability of default (PD)
The probability of default is an indication of the probability that a given loan will default. Under Basel II and IFRS 9 the elements that make up a loss are defined as economic loss and will include direct and indirect costs associated with collecting on the exposure such as allocations of internal overheads and other non-cash costs.

(ii) Exposure at default (EAD)
The exposure at default under Basel II and IFRS 9 will take into account an expectation of future draw-downs until the default event has occurred by utilising loan run down for amortizing products and a credit conversion factor for non-amortizing products. For example, for a loan this is the face value at the default date. For a commitment, the Bank includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

(iii) Loss given default (LGD)
Loss given default or loss severity represents the Group expectation of the extent of loss on a claim should default occur (1 - recovery rate). It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. The measurement of exposure at default and loss given default is based on the risk parameters standard under Basel II and IFRS 9.

Expected credit loss measurement

IFRS 9 outlines a 'three-stage' model for impairment based on changes on credit quality since initial recognition as summarised below:

- A financial instrument that is not credit-impaired on initial recognition is classified in 'Stage 1' and has its credit risk continuously monitored by the Group and Company.
- If a significant increase in credit risk ('SICR') since initial recognition is identified, the financial instrument is moved to 'Stage 2' but is not yet deemed to be credit impaired. A description of how the Group and Company determines when a significant increase in credit risk has occurred is explained further below.
- If the financial instrument is credit-impaired, the financial instrument is then moved to 'Stage 3'. A description of how the Group and Company defines credit-impaired and default is explained further below.
- Financial instruments in Stage 1 have their ECL measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months. Instruments in Stages 2 or 3

Material Accounting Policies and Information [Cont.]

have their ECL measured based on expected credit losses on a lifetime basis. A description of inputs, assumptions and estimation techniques used in measuring the ECL is explained further below.

- A pervasive concept in measuring ECL in accordance with IFRS 9 is that it should carry forward-looking information. Note 31 includes an explanation of how the Bank has incorporated this in its ECL models.

Further explanation is also provided on how the Bank determines appropriate groupings when ECL is measured on a collective basis (refer to note 31).

Monitoring and remeasurement of loss allowances

The Bank actively monitors the credit risk of financial assets to assess whether there has been a significant increase in credit risk (SICR) since initial recognition, as required by IFRS 9 – Financial Instruments. A three-stage impairment model, wherein financial assets are classified into Stage 1 (12-month ECL), Stage 2 (lifetime ECL – not credit-impaired), or Stage 3 (lifetime ECL – creditimpaired).

For financial assets originally assessed to have low credit risk and measured with a 12-month expected credit loss allowance (Stage 1), the Bank continuously evaluates changes in credit quality using a combination of quantitative and qualitative indicators, including:

- Deterioration in payment behaviour or delinquency status (e.g., days past due),
- Adverse changes in the borrower's financial position or macroeconomic conditions,
- Internal credit risk rating downgrades, and
- Forbearance or restructuring indicators.

Where these indicators reflect that credit risk has increased significantly since initial recognition—i.e., the asset no longer meets the criteria for low credit risk—the Bank reclassifies the asset to Stage 2 and recalculates the loss allowance to reflect lifetime expected credit losses.

This assessment is conducted monthly, through automated and manual credit risk monitoring processes embedded in the Bank's risk management systems. The ECL model is recalibrated at each reporting date using updated inputs such as probability of default (PD), loss given default (LGD), and exposure at default (EAD), incorporating forward-looking macroeconomic information consistent with internal base, upside, and downside scenarios.

In line with IFRS 9.5.5.10, the Bank reassesses financial assets at each reporting date to determine whether conditions have improved sufficiently to warrant a movement from lifetime ECL back to 12-month ECL (Stage 1), provided that SICR indicators are no longer present.

This approach ensures that loss allowances remain responsive to changes in credit risk and are consistent with the underlying risk characteristics of the Bank's financial asset portfolio.

Measuring ECL-Explanation of inputs, assumptions and estimates on techniques The Expected Credit Loss (ECL) is measured on either a 12-month (12M) or Lifetime basis depending on whether a significant increase in credit has occurred since initial recognition or whether an asset is considered to be credit-impaired.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure or collective segment. These three components are multiplied together and adjusted for the likelihood of survival. This effectively calculates an ECL for each future month, which is then discounted back to the reporting date and summed. The discount rate used in the ECL calculation is the original effective interest rate or an approximation thereof.

The Lifetime PD is developed by applying a maturity profile to the current 12 month PD. The maturity profile looks at how defaults develop on a portfolio from the point of observation throughout the remainder of the lifetime of the loans. The maturity profile is based on historical observed data and is assumed to be the same across all assets within a portfolio segment. This is supported by historical analysis.

The 12-month and lifetime EADs are determined based on the expected payment profile, which varies by product type.

- For amortisation products and bullet repayment loans, this is based on the contractual repayments owed by the borrower over a 12-month or lifetime basis. This will also be adjusted for any expected overpayments made by the borrower. Early repayment/refinance assumptions are also incorporated into the calculation.
- For revolving products, the exposure at default is predicted by taking current drawn balance and adding a "credit conversion factor" which allows for the expected drawdown of the remaining limit by the time of default. These assumptions vary by product type and current limit utilisation band, based on analysis of the Bank's recent default data.

Material Accounting Policies and Information [Cont.]

1.9 Financial instruments [cont.]

The 12-month and lifetime LGDs are determined based on the factors which impact the recoveries made post default. These vary by product type. This is supported by historical analysis of recoveries per portfolio segment, including the discounting of the recoveries to the default date as well as the recovery costs accounted for.

The assumptions underlying the ECL calculation are monitored and reviewed on a quarterly basis.

There have been no significant changes in estimation techniques or significant assumptions made during the reporting period

Write-offs

Write-off must occur when it is not economical to pursue further recoveries i.e. there is no reasonable expectation of recovering the carrying amount of the asset (gross amount less specific impairments raised):

By implication loans and advances for secured as well as unsecured exposures, write-offs cannot occur if there is evidence of recent payment behaviour. Each credit portfolio has articulated a write-off policy that aligns with the principles of IFRS 9 while taking the business context of that portfolio into account.

Within the loans and advances portfolios, write-off definitions have been determined with reference to analysis of the materiality of post write-off recoveries. The result of this is that retail secured loans are written off on sale of collateral and retail unsecured loans are written off when observation of post-default payment behaviour indicates that further material recoveries are unlikely. Writeoff points within loans and advances unsecured portfolios are defined on a per-portfolio basis with reference to cumulative delinquency and/or payment recency, with write-offs typically occurring when 9 cumulative payments have been missed.

Other financial assets

Cash equivalents

Cash and cash equivalents' include notes and coins on hand, unrestricted balances held with central banks and highly liquid financial assets with original maturities of three months or less from the date of acquisition that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Cash and cash equivalents are carried at amortised cost in the statement of financial position.

Cash equivalents exposures are classified as stage 1 unless specific evidence of impairment exists. When evidence of specific impairments exists, then these assets will be immediately classified as stage 3 due to their nature.

Other assets

ECL for other assets and where applicable, are calculated using the simplified approach. This results in a lifetime ECL being recognised.

Transfers, modifications and derecognition

Financial instruments are derecognised when:
The contractual rights and obligations expire or are extinguished, discharged or cancelled, for example an outright sale or settlement;

- they are transferred and the derecognition criteria of IFRS 9 are met; or
- the contractual terms of the instrument are substantially modified and the derecognition criteria of IFRS 9 are met.

Financial assets are derecognised when the Group and Company has either transferred the contractual right to receive cash flows from the asset or it has assumed an obligation to pay over all the cash flows from the asset to another entity (i.e. a pass through arrangement under IFRS 9). If the contractual cash flows of a financial asset measured at amortised cost are modified (changed or restructured, including distressed restructures), the Group and Company determines whether this is a substantial modification, following which, results in the derecognition of the existing asset, and the recognition of a new asset, or whether the change is simply a non-substantial modification of the existing terms which does not result in derecognition.

A modification of a financial asset is substantial and will thus result in derecognition of the original financial asset, where the modified contractual terms are priced to reflect current conditions on the date of modification, and are not merely an attempt to recover outstanding amounts. Where the modification does not result in an accounting derecognition the original asset continues to be recognised.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank changes its business model for managing financial assets.

Derecognition of financial liabilities includes when there is a substantial modification to the terms and conditions of an existing financial liability. A substantial modification to the terms occurs where the discounted present value of the cash

Material Accounting Policies and Information [Cont.]

flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent (based on management best estimate) different from the discounted present value of the remaining cash flows of the original financial liability.

A modification of a financial liabilities is substantial and will thus result in derecognition of the original financial liabilities, where the modified contractual terms are significantly different from the original terms. This includes cases where the modified terms are priced to reflect the current market conditions on the date of modification and are not merely an attempt to recover outstanding amounts under the original terms. Where the modification does not result in an accounting derecognition the original financial liability continues to be recognised.

Offsetting of financial instruments and collateral

Where the requirements of IFRS are met, the Group and Company offsets financial assets and financial liabilities and presents the net amount. Financial assets and financial liabilities subject to master netting arrangements (MNA) or similar agreements are not offset, if the right of set-off under these agreements is only enforceable in the event of default, insolvency and bankruptcy.

1.10 Impairment of non-financial assets

The Group and Company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Group and Company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss.

1.11 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Material Accounting Policies and Information [Cont.]

1.11 Tax [cont.]

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.12 Property, plant and equipment

Property and equipment are carried at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the assets. Where parts of an item of property and equipment have different useful lives, they are accounted for as separate items of property and equipment. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amounts of these items and are recognised in profit and loss.

Subsequent costs are included in the asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognised in profit or loss during the financial period in which they are incurred. However, major renovations are capitalised and included in the carrying amount of the assets when it is probable that future economic benefits in excess of the originally assessed standard of performance of the assets will flow to the Group and Company. Major renovations are depreciated over the remaining useful life of the related asset or until the next planned major renovations, if this period is shorter. The carrying amount of the replaced part is derecognised.

Depreciation on property and equipment is calculated using the straight line method to allocate the depreciable carrying amounts of the assets over their estimated remaining useful and economic lives. The following are the estimated useful lives applied in depreciating the Bank's assets.

Item	Depreciation	Average useful life method
Buildings & leasehold improvements	Straight line	Shorter of 50 years or estimated life of period of the lease
Furniture and fixtures	Straight line	6 to 10 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 to 10 years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Impairment of property and equipment.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets or cash generating units are written down to the recoverable amount. The recoverable amount of assets is the greater of net selling price and value in use. 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 risk specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit to which the asset belongs. Impairment losses are recognised in profit and loss.

Where an impairment loss subsequently reverses, the carrying amount of the assets (cash generating unit) is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash generating unit) in prior periods. A reversal of an impairment loss is recognised in profit or loss as income immediately.

Material Accounting Policies and Information [Cont.]

1.13 Capital work-in-progress

Work-in-progress comprises costs of non-current assets acquired but not yet put into their intended use or projects under construction. Once management is satisfied that the asset is ready for its intended use, all costs associated with the asset are then transferred from the work-in-progress account to the respective assets account. No depreciation is charged on any work-in-progress balances.

1.14 Leases

The Group and Company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Group and Company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

In circumstances where the determination of whether the contract is or contains a lease requires significant judgement, the relevant disclosures are provided in the significant judgments and sources of estimation uncertainty section of these accounting policies.

Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the Group and Company is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the Group and Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand-alone prices of the lease components and the aggregate standalone price of the non-lease components (where non-lease components exist).

Details of leasing arrangements where the Group and Company is a lessee are presented in note 18 Right of use asset and lease liabilities (Group and Company as lessee).

Company as a Lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

The Bank acts as a lessor in operating lease arrangements involving both office and roof space. The leasing activities primarily involve the rental of office premises and rooftop infrastructure under non-cancellable lease agreements.

The Bank leases out a portion of its office building to the Ministry of Transport for administrative use. This lease is classified as an operating lease, with lease income recognized on a straight-line basis over the lease term, in accordance with IFRS 16. The lease does not transfer substantially all the risks and rewards incidental to ownership of the asset, and the Bank retains the underlying ownership of the property. The lease agreement includes standard commercial terms, such as renewal options and fixed escalation clauses.

Additionally, the Bank leases rooftop space on selected buildings to telecommunications service providers for the installation of satellite and antenna infrastructure. These arrangements are also classified as operating leases, typically with fixed lease payments over the contractual term and renewal options subject to mutual agreement. The Bank is not exposed to significant residual value risk in respect of these rooftop leasing arrangements.All lease contracts as lessor do not include any purchase options, variable lease payments linked to usage or performance, or guarantees of residual value. The Bank's leasing activities as a lessor are not material to the financial performance but do contribute to other income and represent efficient utilization of owned assets.

Although the risks associated with rights that the Company retains in underlying assets are not considered to be significant, the Company employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Company when a property has been subjected to excess wear-and tear during the lease term.

Material Accounting Policies and Information [Cont.]

1.14 Leases [cont.]

Lease receipts from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished. Operating lease income is included in other income (note 5).

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

Lease liability

The lease liability is initially measured at the present value of the lease payments that are to be made over the lease period. The lease payments include fixed payments (including in substance fixed payments) less any lease payments incentives receivable, variable lease payments that depend on an index or rate, and amounts expected to be paid under residual value guarantees. In calculating the present value of lease payment, the Bank uses its incremental borrowing rate (IBR) at the lease commencement date. Subsequently, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, change in lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value leases

The Bank applies the short-term lease recognition exemption to its short-term leases of property (that is, those leases that have a lease term of 12 months or less from the commencement date). The Bank also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be of low value. Lease payments on short-term leases and leases of low-value assets are recognized as expenses on a straight-line basis over the lease term.

Right-of-use assets

The Group and Company recognises right of use assets at the commencement date of the lease (that is, the date the underlying asset is available for use). Right of use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any re-measurement of lease liabilities. The cost of right of use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets as follows:

Item	Depreciation method	Average useful life
Leasehold property	Straight line	3 - 10 years

Group and Company as lessor

Leases for which the Group and Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

The Group and Company owns an office building that has vacant floors and now uses to earn rental income. The building is leased to a third party under an operating lease for fixed lease payments. The Group and Company has classified these lease as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Although the risks associated with rights that the Group and Company retains in underlying assets are not considered to be significant, the Group and Company employs strategies to further minimise these risks. For example, ensuring all contracts include clauses requiring the lessee to compensate the Group and Company when a property has been subjected to excess wear-and tear during the lease term.

Lease receipts from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished. Operating lease income is included in other income (note 5).

Material Accounting Policies and Information [Cont.]

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

1.15 Intangible assets

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Intangible assets are initially recognised at cost.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.
An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight line	5 years

1.16 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. Grant income related to income expenditure is initially recognised as deferred income in the statement of financial position and subsequently released to the statement of profit or loss when the intended expenditure is incurred by the Group and Company.

Grant income related to capital projects or physical assets is initially recognised as deferred income in the statement of financial position with a corresponding asset recognised in property, plant and equipment. Subsequently, the deferred income is released to the statement of profit or loss over the expected useful life of the asset.

Grants related to income are presented as a credit in the profit or loss (separately).

1.17 Unrecallable capital

This represents equity contributed by the Government of Botswana and is recognised at the fair value of the consideration receive.

1.18 Statutory reserve

At the end of every financial year, the Group and Company pays into the statutory reserve fund an amount not less than 25% of its net profits.

Material Accounting Policies and Information [Cont.]

1.19 Key sources of estimation uncertainty

(a) Measurement of Expected credit losses (ECL)

Key inputs and assumptions

The Expected Credit Loss of the financial asset is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred and asset is credit impaired. The total Expected Credit Loss is a discounted product of the Probability of Default (PD), Loss Given Default (LGD) and Exposure At Default (EAD).

Impairment of Loans and Advances

Probability of Default (PD)

Retail parameters are determined on a product level basis. Where appropriate an analysis at a sector level within a product is performed. The monthly staging ratings determined under SICR are used to model historic default rates using a credit transition matrix model based on cohorts that the Group and Company believe s reflect conditions that are likely to apply in the future. The statistical models generate periodic probabilities of default, prepayment rates and recovery rates that reflect the average over the period of study, also called Through The Cycle (TTC). Lifetime default curves are developed from periodic TTC parameters to reflect increasing risk with time.

TTC parameters are converted to Point In Time (PIT) parameters that reflect forward looking information and are indicative of default, prepayment and recovery rates that will apply in the future.

Exposure At Default (EAD)

The loan level exposure at default is estimated at each point in time over the life of the facility taking into consideration loan commitments implicit prepayment rates, the outstanding loan balance, the remaining tenure, the effective interest, the current staging and implicit prepayment rate.

Loss Given Default (LGD)

Loss given default (LGD) rates are estimated at the product level for products that have uniform guarantee structures. The LGD considers factors such as changes in the credit quality of the collateral, the time to recovery of the collateral, costs of recovery, liquidity haircuts to market value and the appropriate discount rate for the collateral. For products that have heterogenous collateral arrangements at loan level, LGD is computed at loan level reflecting specific characteristics of the collateral structure.

1.19 Key sources of estimation uncertainty

(a) Measurement of Expected credit losses (ECL)

Key inputs and assumptions

Key credit risk metrics	Motor vehicle loans	Residential loans	Personal loans	Weighted average
Coverage Ratios				
31 March 2025	0.50 %	0.53 %	2.84 %	2.58 %
31 March 2024	0.17 %	0.64 %	4.04 %	3.42 %
31 March 2023	0.73 %	0.50 %	4.54 %	3.65 %
Loss Given Default (LGD)				
31 March 2025	39.28 %	13.65 %	90.58 %	77.45 %
31 March 2024	29.13 %	17.21 %	85.96 %	75.69 %
31 March 2023	26.08 %	23.01 %	86.77 %	72.95 %
Probability of Default (PD)				
31 March 2025	1.28 %	3.87 %	3.14 %	3.34 %
31 March 2024	0.57 %	3.74 %	4.70 %	4.52 %
31 March 2023	2.79 %	2.18 %	5.23 %	5.00 %

Material Accounting Policies and Information [Cont.]

Forward-looking information

Macroeconomic forecast

Projection period	Real GDP growth 2025	2024	Real interest rate 2025	2024	General inflation rate 2025	2024
First year	0.80 %	5.00 %	- %	0.50 %	4.50 %	4.00 %
Second year	1.20 %	5.40	% 1.00 %	(0.25)%	6.00 %	5.40 %
Third year	2.60 %	4.70	% 1.00 %	0.50 %	5.10 %	5.40 %

Macroeconomic scenarios driving FLI`s

Period	Upside Inflation	Change in RIR	Downside Inflation	Change in RIR
2025	5.00 %	- %	3.50 %	- %
2026	7.00 %	0.50 %	5.00 %	(0.50)%
2027	7.00 %	0.75 %	5.00 %	0.25 %

Impact of forward- looking information (FLI) on ECL - 31 March 2025

Loans and advances

	Motor Vehicle advances P'000	Residential property loans P'000	Personal loans P'000	Total P'000
ECL before FLI adjustments	108	2,513	111,962	114,583
Impact of FLI	-	-	1,433	1,433
ECL after FLI adjustments	**108**	**2,513**	**113,395**	**116,016**

Impact of forward- looking information (FLI) on ECL - 31 March 2024

Loans and advances

	Motor Vehicle advances P'000	Residential property loans P'000	Personal loans P'000	Total P'000
ECL before FLI adjustments	19	3,217	87,675	90,911
Impact of FLI	-	-	657	657
ECL after FLI adjustments	**19**	**3,217**	**88,332**	**91,568**

Sensitivity of ECL for loans and advances - 31 March 2025	Change in variable				
	Base value	Inflation		Shift in real interest rate	
Change in variable		1.0% increase	1.0% decrease	1.0% increase	1.0% decrease
ECL (P'000) as at 31 March 2025	116,016	116,759	114,085	118,448	113,753
Change in ECL (P'000)	-	743	(1,931)	2,472	(2,263)
% change in ECL	-	0.64 %	(1.66)%	2.10 %	(2.00)%
Change in inflation rate	2.80 %	3.80 %	1.80 %	- %	- %
Change in real interest rate	- %	- %	- %	1.00 %	(1.00)%

Material Accounting Policies and Information [Cont.]

1.19 Key sources of estimation uncertainty

Sensitivity of ECL for loans and advances - 31 March 2025	Change in variable				
	Base value	**Inflation**		**Shift in real interest rate**	
Change in variable		1.0% increase	1.0% decrease	1.0% increase	1.0% decrease
ECL (P'000) as at 31 March 2025	116,016	116,759	114,085	118,448	113,753
Change in ECL (P'000)	-	743	(1,931)	2,472	(2,263)
% change in ECL	-	0.64 %	(1.66)%	2.10 %	(2.00)%
Change in inflation rate	2.80 %	3.80 %	1.80 %	- %	- %
Change in real interest rate	- %	- %	- %	1.00 %	(1.00)%

Key inputs and assumptions

(i) Probability of default (PD)

The probability of default is an indication of the probability that a given related party will not meet its contractual obligation to the Group and Company. Due to heterogeneity in the data relating to related party`s the probability of default (PD) is modelled using various structural models of assessing credit risk. The probabilities of default under the structural model take into consideration the volatility of the related party`s assets, liabilities, and volatility of assets. The volatility is adjusted to include forward looking information that will apply during the period that the Group and Company has exposure to the related party.

(ii) Exposure at default (EAD)

The exposure at default considers an expectation of future drawdowns until the default event has occurred by utilizing loan run down for amortizing products and a credit conversion factor for non-amortizing products. For example, for a loan this is the face value at the default date. For a commitment, the Group and Company includes any amount already drawn plus the further amount that may have been drawn by the time of default, should it occur.

For receivables that are impaired the exposure at default includes the amount of interest, charges and penalties that will be accrued till the expected time to recovery.

(iii) Loss given default (LGD)

Loss given default or loss severity represents the Group and Company's expectation of the extent of loss on a claim should default occur (1 - recovery rate). It is expressed as percentage loss per unit of exposure. It typically varies by type of counterparty, type and seniority of claim and availability of collateral or other credit support. The measurement of exposure at default and loss given default is based on the risk parameters standard under Basel II and IFRS 9.

The recovery rate in liquidation (LRR) is estimated using the discrete asset valuation method (DAV). The DAV method considers the value of assets at the valuation date, the time to recovery of each asset class, the appropriate discount rate for each asset, a liquidity haircut, the costs of insolvency, taxes and the waterfall structure of the recovered amounts to the various creditors.

The probability of liquidation is estimated using structural models, these models estimate the probability of being liquidated as a function of the assets, liabilities, and volatility of assets.

(b) Lessee's incremental borrowing rate

The Group and Company has adopted the incremental borrowing rate as the discount factor. The discount factor takes into account the interest rates on the existing facilities where applicable and commercial rates the Group and Company could be offered by their lenders if they were to source for funding.

The Group and Company used incremental borrowing rates ranging from Prime plus 1.5% to prime plus 3.75% in recognising the lease liabilities at the date of initial application.

Material Accounting Policies and Information [Cont.]

(c) Discount factor

Under IFRS 16, Leases, discount rates are used to determine the present value of the lease payments used to measure a lessee's lease liability. Discount rates are also used to determine lease classification for a lessor and to measure a lessor's net investment in a lease.

For lessees the lease payments are required to be discounted using either the interest rate implicit in the lease if readily determined or the lessee's incremental borrowing rate.

Leases - Determining the lease term of contracts with renewal and termination options
The Group and Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and Company has several lease contracts that include extension and termination options. The Group and Company applies judgment in evaluating if it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination.

(d) Deferred Tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and are recognized to the extent that it becomes probable that future taxable profit will allow the deferred tax asset to be recovered.

In the preparation of the AFS for this year, management assessed the entity's tax positions in accordance with IFRIC 23. The assessment considered all relevant facts and circumstances, including all correspondence with the Botswana Unified Revenue Service (BURS), historical tax positions, and prevailing legal interpretations.

At the reporting date, there were no material uncertainties regarding tax treatments that would necessitate specific disclosure under IFRIC 23. Consequently:

- Management did not identify any significant judgments made in determining taxable profit, tax bases, unused tax losses or credits, or applicable tax rates that would require disclosure under paragraph 122 of IAS 1.
- Similarly, there were no significant assumptions or estimation uncertainties relating to uncertain tax positions that meet the threshold for disclosure under paragraph 125 of IAS 1.

Should any material uncertainty arise in future periods, management will ensure full compliance with IFRIC 23 by disclosing the nature of the uncertainty under tax treatment, the judgments applied, and the assumptions used in determining the tax treatment.

(e) Residual values and useful lives of intangible assets and property and equipment

The Group and Company depreciates its property and equipment on a straight-line basis by allocating the depreciable amount (original cost) equally over its estimated useful life. Useful lives are also reviewed annually and are adjusted when it is evident that the economic benefits initially anticipated will not flow from the asset over the same duration or to the same extent.

Material Accounting Policies and Information [Cont.]

2. New Standards and Interpretations [cont.]

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Supplier finance arrangements - amendments to IAS 7 and IFRS 7

The amendment applies to circumstances where supplier finance arrangements exist. These are arrangements whereby finance providers pay the suppliers of the entity, thus providing the entity with extended payment terms or the suppliers with early payment terms. The entity then pays the finance providers based on their specific terms and conditions. The amendment requires the disclosure of information about supplier finance arrangements that enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows as well as on the entity's exposure to liquidity risk.

The effective date of the amendment is for years beginning on or after 01 January 2024.

The Group has adopted the amendment for the first time in the 2025 consolidated and separate financial statements.

The impact of the amendment is not material.

Non-current liabilities with covenants - amendments to IAS 1

The amendment applies to the classification of liabilities with loan covenants as current or non-current. If an entity has the right to defer settlement of a liability for at least twelve months after the reporting period, but subject to conditions, then the timing of the required conditions impacts whether the entity has a right to defer settlement. If the conditions must be complied with at or before the reporting date, then they affect whether the rights to defer settlement exists at reporting date. However, if the entity is only required to comply with the conditions after the reporting period, then the conditions do not affect whether the right to defer settlement exists at reporting date. If an entity classifies a liability as non-current when the conditions are only required to be met after the reporting period, then additional disclosures are required to enable the users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period.

The effective date of the amendment is for years beginning on or after 01 January 2024.

The Group has adopted the amendment for the first time in the 2025 consolidated and separate financial statements.

The impact of the amendment is not material.

Lease liability in a sale and leaseback

The amendment requires that a seller-lessee in a sale and leaseback transaction, shall determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee.

The effective date of the amendment is for years beginning on or after 01 January 2024.

The Group has adopted the amendment for the first time in the 2025 consolidated and separate financial statements. The impact of the amendment is not material.

2.2 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 01 April 2025 or later periods:

Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

If a parent loses control of a subsidiary which does not contain a business, as a result of a transaction with an associate or joint venture, then the gain or loss on the loss of control is recognised in the parents' profit or loss only to the extent of the unrelated investors' interest in the associate or joint venture. The remaining gain or loss is eliminated against the carrying amount of the investment in the associate or joint venture. The same treatment is followed for the measurement to fair value of any remaining investment which is itself an associate or joint venture. If the remaining investment is accounted for in terms of IFRS 9, then the measurement to fair value of that interest is recognised in full in the parents' profit or loss.

The effective date of the amendment is to be determined by the IASB.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Material Accounting Policies and Information [Cont.]

IFRS 19 Subsidiaries without Public Accountability: Disclosures

This is a new standard which may be applied by subsidiaries which do not have public accountability. It is a disclosure only standard and provides for reduced disclosures for qualifying subsidiaries to apply, while still remaining compliant with the recognition, measurement and presentation requirements of IFRS accounting standards. The reduced disclosures provided in IFRS 19 may be applied by the subsidiary in their consolidated, separate or individual financial statements, provided that the ultimate or any intermediate parent produces consolidated financial statements available for public use that comply with IFRS accounting standards. A subsidiary has public accountability, and may not apply IFRS 19, if its debt or equity instruments are traded in a public market or it is in the process of issuing such instruments for trading in a public market, or if it holds assets in a fiduciary capacity for a broad group of outsiders as one of its primary businesses.

The effective date of the amendment is for years beginning on or after 01 January 2027.

The Group expects to adopt the amendment for the first time in the 2028 consolidated and separate financial statements. It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

This is a new standard which replaces IAS 1 Presentation of Financial Statements and introduces several new presentation requirements. The first relates to categories and subtotals in the statement of financial performance. Income and expenses will be categorised into operating, investing, financing, income taxes and discontinued operations categories, with two new subtotals, namely "operating profit" and "profit before financing and income taxes" also being required. These categories and sub totals are defined in IFRS 18 for comparability and consistency across entities. The next set of changes requires disclosures about management-defined performance measures in a single note to the financial statements. These include reconciliations of the performance measures to the IFRS defined subtotals, as well as a description of how they are calculated, their purpose and any changes. The third set of requirements enhance the guidance on grouping of information (aggregation and disaggregation) to prevent the obscuring of information.

The effective date of the amendment is for years beginning on or after 01 January 2027.

The Group expects to adopt the amendment for the first time in the 2028 consolidated and separate financial statements. It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards

Annual Improvements to IFRS Accounting Standards - Volume 11 - Hedge Accounting by a First-time Adopter - Amendment to reduce inconsistency in wording of the requirements in IFRS 9 Financial Instruments in relation to hedge accounting requirements for a first-time adopter.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendments to IFRS 7 Financial Instruments: Disclosures

Annual Improvements to IFRS Accounting Standards - Volume 11 - Gain or loss on derecognition - Amendment to delete an obsolete reference that remained in IFRS 7 after the publication of IFRS 13 Fair Value Measurement, as well as to improve consistency of wording of the requirements of IFRS 7 with IFRS 13 concepts regarding disclosure of a gain or loss on derecognition.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements.

It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Material Accounting Policies and Information [Cont.]

2. New Standards and Interpretations [cont.]

Amendments to IFRS 9 Financial Instruments

Annual Improvements to IFRS Accounting Standards - Volume 11 - Derecognition of lease liabilities. The amendment clarifies that if a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to recognise any resulting gain or loss in profit or loss.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements. It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendments to IFRS 9 Financial Instruments

Annual Improvements to IFRS Accounting Standards - Volume 11 - Transaction price. The amendment clarifies that trade receivables must be measured initially, in accordance with IFRS 9, at the amount determined by applying IFRS 15 Revenue from Contracts with Customers.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements. It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendments to IFRS 10 Consolidated Financial Statements

Annual Improvements to IFRS Accounting Standards - Volume 11 - Determination of a 'de facto agent'. The amendment is to clarify whether a party acts as a de facto agent in assessing control of an investee.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements. It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendments to IAS 10 Statement of Cash flows

Annual Improvements to IFRS Accounting Standards - Volume 11 - Cost method - Amendment to replace the term 'cost method' with 'at cost' following the earlier removal of the definition of cost method from IFRS Accounting Standards.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements. It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Amendments to IFRS 9 and IFRS 7: Amendments to the Classification and Measurement of Financial Instruments. The amendments clarify the classification of financial assets with environmental, social and corporate governance (ESG) and similar features, as such features could affect whether the assets are measured at amortised cost or fair value. The amendment also clarifies the date on which a financial asset or financial liability is derecognised in cases where liabilities are settled through electronic payment systems.

The effective date of the amendment is for years beginning on or after 01 January 2026.

The Group expects to adopt the amendment for the first time in the 2027 consolidated and separate financial statements. It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Lack of exchangeability - amendments to IAS 21

The amendments apply to currencies which are not exchangeable. The definition of exchangeable is provided as being when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. The amendments require an entity to estimate the spot exchange rate at measurement date when a currency is not exchangeable into another currency. Additional disclosures are also required to enable users of financial statements to understand the impact of the non-exchangeability on financial performance, financial position and cash flow.

The effective date of the amendment is for years beginning on or after 01 January 2025.

The Group expects to adopt the amendment for the first time in the 2026 consolidated and separate financial statements. It is unlikely that the amendment will have a material impact on the Group's consolidated and separate financial statements.

Notes to the Consolidated and Separate Financial Statements

	Group		Company	
Figures in Pula thousand	2025	2024	2025	2024
3. Net interest income				
Interest income				
Loans and advances to customers	563,239	305,525	563,239	305,525
Other fixed deposits	5,593	23,304	5,582	23,226
Call accounts with other financial institutions	16,605	24,885	16,605	24,885
Unwinding of discounted staff loans	10,567	9,685	10,567	9,685
	596,004	**363,399**	**595,993**	**363,321**
Interest expense				
Ordinary savings	(7,017)	(3,850)	(7,017)	(3,850)
Sesigo savings	(3,573)	(3,547)	(4,481)	(3,547)
Save-As-You-Earn	289)	(196)	(289)	(196)
National savings certificates (NSC)	(20)	(44)	(20)	(44)
Corporate deposits	(198,304)	(127,135)	(198,304)	(127,135)
Fixed deposits	(30,959)	(21,570)	(30,959)	(21,570)
Borrowings	(38,003)	(30,505)	(38,003)	(30,505)
Transaction account	(147)	(107)	(147)	(107)
Interest business call account	(2,272)	-	(2,272)	-
Lease liability interest	(3,116)	(2,952)	(3,116)	(2,952)
	(283,700)	(189,906)	(284,608)	(189,906)
Net interest income	**312,304**	**173,493**	**311,385**	**173,415**
4. Net fee and commission income				
Fee and commission income				
Account maintenance fees	11,581	11,344	11,581	11,344
Over-the-counter fees	4,428	3,588	4,428	3,588
Commission on loan repayments	2,788	3,174	2,788	3,174
Card transaction fees	292	198	292	198
Revenue - insurance commission	34,561	16,236	-	-
	53,650	34,540	19,089	18,304
Fee and commission expense				
Commissions	(12,480)	(5,891)	(12,480)	(5,891)
VISA expenses	(4,184)	(3,378)	(4,184)	(3,378)
	(16,664)	(9,269)	(16,664)	(9,269)
Net fee and commission income	**36,986**	**25,271**	**2,425 9**	**,035**

Notes to the Consolidated and Separate Financial Statements [Cont.]

	Group		Company	
Figures in Pula thousand	2025	2024	2025	2024
5. Other income				
Rental income	2,999	2,980	3,063	2,980
Rooftop hosting fees	291	883	472	1,130
Social benefits recoveries	-	4,414	-	4,414
Other income	3,994	796	3,385	67
Profit on disposal of property, plant and equipment	-	175	-	175
	7,284	9,248	6,920	8,766
Future minimum rental income under non–cancellable leases as at 31 March were, as follows:				
Within 1 year	3,180	3,214	-	-
After 1 year within 5 years	8,548	11,729	-	-
	11,728	14,943	-	-
6. Net impairment expense/(reversal) of financial assets				
Specific impairment - stage 3	(1,728)	4,798	(1,728)	4,798
Related party impairment	-	-	-	-
Portfolio (reversal)/impairment - (stage 1 & 2)	26,176	(1,524)	26,176	(1,524)
Recoveries	(2,814)	(1,490)	(2,814)	(1,490)
Net impairment expense/(reversal) on financial assets	21,634	1,784	21,634	1,784
Movement on specific impairments (Stage 3)				
Balance at the beginning of the year	67,141	62,343	67,141	62,343
Charge for the year	(1,728)	4,798	(1,728)	4,798
Balance at the end of the year	65,413	67,141	65,413	67,141
Movement on portfolio impairments (Stage 1 & 2)				
Balance at the beginning of the year	24,427	25,951	24,427	25,951
Current year (Reversal) / Charge	26,176	(1,524)	26,176	(1,524)
Balance at the end of the year	50,603	24,427	50,603	24,427
Balance specific and portfolio impairments at the end of the year 14	116,016	91,568	116,016	91,568
7. Employee Benefits				
Salaries, wages and allowances	83,497	64,030	81,245	62,895
Pension and medical aid contributions	13,337	11,154	13,183	11,093
staff loan benefits	22,130	14,501	22,130	14,501
Training and recruitment costs	4,070	3,175	3,881	3,162
Staff welfare	4,284	4,297	3,966	4,297
	127,318	97,157	124,405	95,948

The average number of persons employed by the Group and Company during the year was 232 (2024: 238). Pension and medical aid contributions comprise pension contribution for the Group of P 7.3 million (2024: P 6.1 million) and for the Company of P7.2 million (2024: P 6.1 million) and medical aid contributions for the Group of P 6.1 million (2024: P 5.0million)
and for the Company of P 6.0 million (2024: P 5.0 million)

Notes to the Consolidated and Separate Financial Statements [Cont.]

		Group		Company	
Figures in Pula thousand	Notes	2025	2024	2025	2024
8. Depreciation and amortisation					
Depreciation of property, plant and equipment	20	9,154	7,699	9,121	7,672
Amortisation of intangible assets	19	14,428	11,939	14,428	11,939
Depreciation of right-of-use asset	18	3,448	3,919	3,448	3,919
		27,030	**23,557**	**26,997**	**23,530**
9. Administrative and general expenses					
Audit fees*		3,396	3,069	3,045	2,899
Consulting and professional fees		7,735	5,997	7,626	5,901
Debt recovery		864	384	864	384
Non-executive directors fees		1,018	519	946	519
Insurance premiums		4,780	3,354	4,780	3,341
Sales expenses		1,526	1,198	1,548	1,197
Setup costs - projects		3,893	6,181	3,893	6,181
Other operating expenses		7,218	1,557	7,218	1,556
Cash security expenses		3,183	1,943	3,183	1,943
Subscription fees		1,186	1,082	1,165	1,078
Motor vehicle expenses		745	736	738	727
Exchange losses		13	223	13	223
Passbook conversion expenses		141	2,548	140	2,542
Bank and other charges		1,226	635	1,214	632
Tax interest and penalty		-	607	-	-
Office expenses		216	211	155	172
Property management and security fees		7,672	7,917	7,672	7,917
Advertising and publicity		6,666	6,931	6,115	6,928
Repairs and maintenance		4,897	5,034	4,897	5,034
Software licencing and IT costs		32,485	16,139	32,384	16,132
Stationery, utilities and postage		6,165	5,145	6,143	5,131
Telephone and fax		4	-	-	-
Donations		121	-	-	-
		95,150	**71,410**	**93,739**	**70,437**

*The audit fees for the consolidated and separate financial statements comprise of the following:

		Group 2025	Group 2024	Company 2025	Company 2024
Audit fees - current year		2,700	2,281	2,393	2,151
Audit fees - prior year under provision		696	678	652	653
Regulatory related services		15	-	-	
Other non-audit services		-	95	-	95
		3,396	**3,069**	**3,045**	**2,899**

Notes to the Consolidated and Separate Financial Statements [Cont.]

	Group		Company	
Figures in Pula thousand	2025	2024	2025	2024
10. Income tax expense				
Local income tax - current year	7,058	3,335	-	-
Local income tax - prior year (over) under provision	9,159	-	9,159	-
	16,217	3,335	9,159	-
Deferred				
Originating and reversing temporary differences	9	(2)	-	-
Deferred tax (current year)	9,174	4,246	9,174	4,246
Deferred tax - prior year (over)/under provision	-	(2,309)	-	(2,309)
	9,183	1,935	9,174	1,937
Income tax expense	25,400	5,270	18,333	1,937
Numerical reconciliation of income tax expense to prima facie tax payable				
Reconciliation between accounting profit and tax expense.				
Profit before taxation	102,190	28,575	70,703	13,988
Tax at the applicable tax rate of 22% (2024: 22%)	22,482	6,287	15,555	3,077
Tax effect of adjustments on taxable income				
Disallowed expenses	2,674	1,292	2,645	1,169
Adjustment in respect to prior years	244	(2,309)	133	(2,309)
Income tax expense	25,400	5,270	18,333	1,937
11. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	20,380	16,246	20,380	16,246
Bank of Botswana	4,237	13,219	4,062	99
Aluwani money market fund	31,818	11,020	31,560	10,966
African Alliance	53,322	-	53,322	-
Stanbic Bank Botswana Limited	6,594	136,972	6,594	136,972
First National Bank of Botswana Limited	54,393	54,325	53,490	53,206
First Access Bank Botswana	128	126	128	126
ABSA Bank Botswana Limited	3,580	3,296	3,580	3,296
Access Bank Botswana	8,600	3,841	8,600	3,841
Bank Gaborone Limited	690	1,191	690	1,191
BSB fixed deposit - Insurance Services*	101	-	-	-
BBS Bank Limited	-	100,000	-	100,000
	183,843	340,236	182,406	325,943

*Botswana Savings Bank is the custodian of the fixed deposits accounts, and the balances belong to BSB Insurance Services.
Cash and cash equivalents comprises cash on hand and investments in financial assets and money markets funds that are highly liquid instruments. The balances held with BBS Bank includes amounts relating to dormancy balances of P 28.3 million (2024: P 26.7 million).

Management has assessed the expected credit loss on cash and cash equivalents and noted no impairment as there is no history of default.

Fair value of cash and cash equivalents approximates carrying amount due to their short term tenure.

		Group		Company	
Figures in Pula thousand	Notes	2025	2024	2025	2024
12. Investment in financial assets*					
Vunani Botswana Money Market Fund		22,258	2,201	22,258	2,201
Bank Gaborone Limited		-	18,437	-	18,437
BBS Bank Limited		187,780	85,060	187,780	85,060
Access Bank Botswana		8,576	8,249	8,576	8,249
Morula Capital Partners		34,434	11,116	34,434	11,116
Kgori Capital Unit Trust		13,673	10,561	13,673	10,561
IPRO Money Money Market Fund		433	5,269	433	5,269
Botswana Insurance Fund Manager Money Market Fund		8,144	21,633	8,144	21,633
		275,298	162,526	275,298	162,526
Movement in investments					
Opening balance		162,526	403,485	162,526	403,485
Additions		619,838	698,323	619,838	698,323
Disposals		(500,018)	(943,054)	(500,018)	(943,054)
Prior year accured interest received		(7,048)	(3,277)	(7,048)	(3,277)
Accrued interest		-	7,048	-	7,048
		275,298	162,525	275,298	162,525

Fixed deposits with banks generally have a term of either 3 months, 6 months, 12 months and 24 months, however other maturities are negotiable or can be tailored to customer requirements. At year end the investments maturity periods were all 12 months or less. Interest rates are negotiable on a deal by deal basis. The interest rates ranged between 3.9% to 11.0% (2024 3.9% to 9.0%) during the current year. Fixed deposits at or below 3 months are classified as cash and cash equivalents.

The current year balance includes cash collateral for VISA transactions of P 8.6 million (2024: P 3.4 million) held with Access Bank Limited.

Balances with other banks and funds placed with Fund Managers are considered to be low credit risk and have not been impaired as these placements are made to banks and fund Managers that have high credit standing and no history of default.

Fair value of balances due from other banks and placements with Fund Managers approximate carrying amount due to their short term tenure.

Analysis by period					
Within 1 year		275,298	162,525	275,298	162,525
13. Other assets					
Other receivables		6,309	12,418	5,962	12,418
Prepayments		12,536	5,312	12,536	5,312
VAT		2	-	-	-
Stock of stationery		2,450	2,490	2,450	2,490
		21,297	20,220	20,948	20,220
Analysis of other assets					
Financial instruments		6,309	12,418	5,962	12,418
Non-financial instruments		14,988	7,802	14,986	7,802
		21,297	20,220	20,948	20,220

Other receivables comprise of tenant debtor balances, security deposits, amounts outstanding from VISA and staff advances.
Other assets are considered to be low credit risk and have not been impaired and there is no history of default.
Fair value of other assets approximates carrying amount due to their short term tenure.

Notes to the Consolidated and Separate Financial Statements [Cont.]

	Group		Company	
Figures in Pula thousand	2025	2024	2025	2024
14. Loans and advances to customers				
Motor vehicles loans	24,382	13,996	24,382	13,996
Residential property loans	494,432	503,793	494,432	503,793
Personal loans	3,990,257	2,263,128	3,990,257	2,263,128
	4,509,071	2,780,917	4,509,071	2,780,917
Less impairment provision 6	(116,016)	(91,568)	(116,016)	(91,568)
	4,393,055	**2,689,349**	**4,393,055**	**2,689,349**
Analysis by period				
Within 1 year	115,181	60,492	115,181	60,492
After 1 year within 5 years	691,784	1,164,225	691,784	1,164,225
After 5 years	3,702,106	1,556,200	3,702,106	1,556,200
	4,509,071	**2,780,917**	**4,509,071**	**2,780,917**
Sectorial analysis:				
Central Government employees	3,990,379	2,454,875	3,990,379	2,454,875
Parastatal employees	122,241	75,150	122,241	75,150
Local government employees and other customers	240,547	149,190	240,547	149,190
Staff loans	155,904	101,702	155,904	101,702
	4,509,071	**2,780,917**	**4,509,071**	**2,780,917**
Analysis of impairment losses on loans and advances				
Opening balance	91,568	88,294	91,568	88,294
Impairment expense/(reversal)	24,448	3,274	24,448	3,274
	116,016	**91,568**	**116,016**	**91,568**

The Bank has a credit facility with Access Bank Botswana for the equivalent of P31 million (2024: P 70 million). The loan is interest bearing on commercial market related terms. As security for the facility, there is a deed of hypothecation in place in favour of Access Bank Botswana to the value of 120% of the outstanding balance of the credit facility. For March 2025, the security is equivalent to P37 million (2024: P 62 miilion).

Motor vehicle and residential loans to employees of the Government of Botswana have a 70% guarantee issued by the employer. Motheo Personal Loan was introduced in November 2007. Two additional personal loan products, Lecha Personal loan and Express Loan were introduced in November 2015. Lecha has identical features to those of Motheo but has a higher loan amount - up to P750 thousand repayable over 120 months (compared to P200 thousand with repayment up to 5 years for Motheo). Express is a short term loan for up to 48 months with loan amount up to gross annual salary of each respective customer. No security is required for these loans as the deduction is made from source by the employer. All loans and advances are recognised when cash is disbursed to borrowers.

Management considers that the carrying amounts of loans and advances are a reasonable approximation of their fair value on account of being issued at market related interest rates.

Infomation on Risk Management is given under note 31.

Notes to the Consolidated and Separate Financial Statements [Cont.]

		Group		Company	
Figures in Pula thousand	Notes	2025	2024	2025	2024

15. Investment in subsidiary

The following table lists the entities which are controlled directly by the Company, and the carrying amount of the investment in the Company's separate financial statements are accounted in accordance with IFRS 9. Refer to accounting policy note 1.2 for the basis of consolidation.

Name of entity	% voting power 2025	% voting power 2024	% holding 2025	% holding 2024	Carrying amount 2025	Carrying amount 2024
BSB Insurance Services Proprietary Limited	100.00 %	100.00 %	100.00 %	100.00 % 9	11	911

16. Current tax receivable

	Group 2025	Group 2024	Company 2025	Company 2024
Opening Balance	(1,973)	(3,308)	(5,308)	(3,308)
Charge for the year	16,217	3,335	9,159	-
Tax paid during the year	(13,173)	(2,000)	(4,700)	(2,000)
Closing balance	**1,071**	**(1,973)**	**(849)**	**(5,308)**
Current tax payable	1,920	3,335	-	-
Current tax receivable	(849)	(5,308)	(849)	(5,308)
	1,071	**(1,973)**	**(849)**	**(5,308)**

17. Deferred tax

Deferred tax asset

	Group 2025	Group 2024	Company 2025	Company 2024
At beginning of year	17,797	19,732	17,795	19,732
Charge for the year	(9,051)	(4,244)	(9,043)	(4,246)
Prior year under provision	(131)	2,309	(131)	2,309
Closing Balance	**8,615**	**17,797**	**8,621**	**17,795**

The balance comprises temporary differences attributable to:

	Group 2025	Group 2024	Company 2025	Company 2024
Property, plant and equipment	4,711	(1,981)	4,718	(5,470)
Right of use assets	(7,257)	(6,748)	(7,258)	(6,748)
Intangible assets	(6,880)	(4,310)	(6,880)	(4,310)
Lease liability	9,255	8,145	9,255	8,145
Impairment of loans and advances	5,376	5,376	5,376	5,376
Unamortised Government grant	8,280	12,210	8,280	12,210
Unamortised Arrangement fees	5,168	2,744	5,168	2,744
Unamortised DSA fees	(10,038)	(3,487)	(10,038)	-
Deductible loss	-	5,848	-	5,848
Total deferred tax asset	**8,615**	**17,797**	**8,621**	**17,795**

Management expects to recover deferred tax assets when the deductible temporary differences reverse in the future.

Notes to the Consolidated and Separate Financial Statements [Cont.]

17. Deferred tax [continued]

Deductible tax analysis

Tax year	Tax loss P'000	Loss written off P'000	Loss c/fwd P'000	Tax year loss expires
2023	(9,657)	-	(9,657)	2028
2024	(16,923)	-	(16,923)	2029
2025	-	(26,580)	-	2,030

The Botswana Tax Act allows companies to claim tax losses against future profits over the next five years after which the tax loss is no longer recoverable.

Botswana Savings Bank reviewed the future earnings prospects over the next 3 years and concluded that the future taxable profits would increase. The amount of future taxable profits will enable Botswana Savings Bank to utilise the deferred tax asset.

Botswana Savings Bank does not envisage significant capex and profits are expected to increase through a growing loan book and non-funded income by the use of agents and automation.

Restructuring of the group is being considered, that is creation of a holding company for both the bank and BSB Insurance Services to enable utilisation of tax losses or alternatively liquidating of BSB Insurance Services and offering the insurance services as part of the bank's services.

18. Right of use asset and lease liabilities

Group	2025			2024		
	Cost or revaluation P'000	Accumulated depreciation P'000	Carrying value P'000	Cost or revaluation P'000	Accumulated depreciation P'000	Carrying value P'000
Right-of-use assets	53,288	(19,464)	33,824	46,779	(16,106)	30,673

Reconciliation of carrying amounts, right-of-use assets - Group - 2025

	Opening balance P'000	Additions P'000	Depreciation P'000	Closing balance P'000
Buildings	30,673	6,599	(3,448)	33,824

Reconciliation of carrying amounts, right-of-use assets - Group - 2024

	Opening balance P'000	Additions P'000	Disposals P'000	Modifi-cations P'000	Depreci-ation P'000	Closing balance P'000
Buildings	30,310	177	(137)	4,242	(3,919)	30,673

Company	2025			2024		
	Cost P'000	Accumulated depreciation P'000	Carrying value P'000	Cost P'000	Accumulated depreciation P'000	Carrying value P'000
Right of use assets	53,288	(19,464)	33,824	46,779	(16,106)	30,673

Notes to the Consolidated and Separate Financial Statements [Cont.]

Figures in Pula thousand	Group 2025	Group 2024	Company 2025	Company 2024

Reconciliation of carrying amounts, right-of-use assets - Company - 2025

	Opening balance P'000	Additions P'000	Depreciation P'000	Closing balance P'000
Buildings	30,673	6,599	(3,448)	33,824

Reconciliation of carrying amounts, right-of-use assets - Company - 2024

	Opening balance P'000	Additions P'000	Disposals P'000	Modifi-cations P'000	Depreci-ation P'000	Closing balance P'000
Buildings	30,310	177	(137)	4,242	(3,919)	30,673

	Group 2025	Group 2024	Company 2025	Company 2024
Lease liabilities				
Lease liability - Opening balance	37,023	35,507	37,023	35,507
Repayments - principal & interest	(4,671)	(5,718)	(4,671)	(5,718)
Additions during the year	6,599	177	6,599	177
Remeasurement of right-of-use asset	-	4,242	-	4,242
Disposal of right-of-use asset	-	(137)	-	(137)
Lease interest	3,116	2,952	3,116	2,952
Lease liability - Closing balance	**42,067**	**37,023**	**42,067**	**37,023**
The maturity analysis of lease liabilities is as follows:				
Within one year	2,494	2,843	2,494	2,843
After 1 year, within 5 years	15,665	20,059	15,665	20,059
More than five years	23,908	14,121	23,908	14,121
	42,067	**37,023**	**42,067**	**37,023**

The Bank has entered into commercial leases for premises. The leases have an average life of between 3 and 10 years. Details of the leasing arrangements are presented above.

Refer to note 8 for details relating to depreciation for right-of-use-assets and note 3 for interest charged on lease liabilities.

The table below shows the total cash outflows for leases.

	Group 2025	Group 2024	Company 2025	Company 2024
Lease liability payments - Principal	(1,555)	(2,766)	(1,555)	(2,766)
Lease liability payments - Interest	(3,116)	(2,952)	(3,116)	(2,952)
Total cash outflows - leases	**(4,671)**	**(5,718)**	**(4,671)**	**(5,718)**

Notes to the Consolidated and Separate Financial Statements [Cont.]

19. Intangible assets

Group	2025 Cost P'000	2025 Accumulated amortisation P'000	2025 Carrying value P'000	2024 Cost P'000	2024 Accumulated amortisation P'000	2024 Carrying value P'000
Computer software	91,810	(57,174)	34,636	87,446	(42,746)	44,700
Capital work in progress	3,346	-	3,346	7,275	-	7,275
Total	**95,156**	**(57,174)**	**37,982**	**94,721**	**(42,746)**	**51,975**
Company						
Computer software	91,810	(57,174)	34,636	87,446	(42,746)	44,700
Capital work in progress	3,346	-	3,346	7,275	-	7,275
Total	**95,156**	**(57,174)**	**37,982**	**94,721**	**(42,746)**	**51,975**

Reconciliation of intangible assets - Group - 2025

	Opening balance P'000	Additions P'000	Transfers to PPE P'000	Amorti-sation P'000	Closing balance P'000
Computer software	44,700	4,364	-	(14,428)	34,636
Capital work in progress	7,275	2,282	(6,211)	-	3,346
	51,975	6,646	(6,211)	(14,428)	37,982

Reconciliation of intangible assets - Group - 2024

	Opening balance	Additions	Transfers	Other changes, movements	Amorti-sation	Total
Computer software	41,874	-	14,765	-	(11,939)	44,700
Capital work in progress	16,449	7,275	(14,765)	(1,684)	-	7,275
	58,323	7,275	-	(1,684)	(11,939)	51,975

Reconciliation of carrying amounts, intangible assets - Company - 2025

	Opening balance P'000	Additions P'000	Transfers to PPE P'000	Amorti-sation P'000	Closing balance P'000
Computer software	44,700	4,364	-	(14,428)	34,636
Capital work in progress	7,275	2,282	(6,211)	-	3,346
	51,975	6,646	(6,211)	(14,428)	37,982

Notes to the Consolidated and Separate Financial Statements [Cont.]

Reconciliation of carrying amounts, intangible assets - Company - 2024

	Opening balance P'000	Additions P'000	Transfers P'000	Transfers to property and equipment P'000	Amorti-sation P'000	Closing Balance P'000
Computer software	41,874	-	14,765	-	(11,939)	44,700
Capital work in progress*	16,449	7,275	(14,765)	(1,684)	-	7,275
	58,323	7,275	-	(1,684)	(11,939)	51,975

20. Property, plant and equipment

Group	Cost P'000	2025 Accumulated amortisation P'000	Carrying value P'000	Cost P'000	2024 Accumulated amortisation P'000	Carrying value P'000
Buildings & leasehold improvements	40,080	(19,397)	20,683	40,080	(17,843)	22,237
Furniture and fixtures	13,537	(10,936)	2,601	13,066	(10,254)	2,812
Motor vehicles	9,932	(6,854)	3,078	9,476	(5,555)	3,921
Office equipment	68,803	(41,359)	27,444	62,903	(35,741)	27,162
Capital - Work in progress	18	-	18 307	-	307	
Total	132,370	(78,546)	53,824	125,832	(69,393)	56,439
Company						
Buildings & leasehold improvements	39,967	(19,379)	20,588	39,967 (	17,832)	22,135
Furniture and fixtures	13,397	(10,915)	2,482	12,926	(10,241)	2,685
Motor vehicles	9,476	(6,854)	2,622	9,476	(5,555)	3,921
Office equipment	68,719	(41,338)	27,381	62,819	(35,738)	27,081
Capital - Work in progress	18	-	18 307	-	307	
Total	131,577	(78,486)	53,091	125,495	(69,366)	56,129

Reconciliation of property, plant and equipment - Group - 2025

	Opening balance P'000	Additions P'000	Transfers from Intan-gible assets P'000	Deprec-iation P'000	Total P'000
Buildings & leasehold improvements	22,237	-	-	(1,554)	20,683
Furniture and fixtures	2,812	164	307	682)	2,601
Motor vehicles	3,921	456	-	(1,299)	3,078
Office equipment	27,162	1,828	4,073	(5,619)	27,444
Capital - Work in progress	307	18	(307) -		18
	56,439	2,466	4,073	(9,154)	53,824

Notes to the Consolidated and Separate Financial Statements [Cont.]

20. Property, plant and equipment [continued]

Reconciliation of property, plant and equipment - Group - 2024

	Opening balance	Additions	Disposals	Transfers from Intangible assets	Depreciation	Total
Buildings & leasehold improvements	23,710	112	-	-	(1,585)	22,237
Furniture and fixtures	2,892	534	-	-	(614)	2,812
Motor vehicles	3,083	2,240	(208)	-	(1,194)	3,921
Office equipment	21,512	8,272	-	1,684	(4,306)	27,162
Capital - Work in progress	307	-	-	-	-	307
	51,504	11,158	(208)	1,684	(7,699)	56,439

Reconciliation of carrying amounts of property, plant and equipment - Company - 2025

	Opening balance	Additions	Transfers from Intangible assets	Depreciation	Total
	P'000	P'000	P'000	P'000	P'000
Buildings & leasehold improvements	22,135	-	-	(1,547)	20,588
Furniture and fixtures	2,685	165 307	(675)	2,482	
Motor vehicles	3,921	-	-	(1,299)	2,622
Office equipment	27,081	1,827	4,073	(5,600)	27,381
Capital - Work in progress	307	18	(307)	-	18
	56,129	2,010	4,073	(9,121)	53,091

Reconciliation of carrying amounts of property, plant and equipment - Company - 2024

	Opening balance	Additions	Disposals	Transfers from Intangible assets	Depreciation	Total
	P'000	P'000	P'000	P'000	P'000	P'000
Buildings & leasehold improvements	23,710	-	-	-	(1,575)	22,135
Furniture and fixtures	2,892	394	-	-	(601)	2,685
Motor vehicles	3,083	2,240	(208)	-	(1,194)	3,921
Office equipment	21,512	8,187	-	1,684	(4,302)	27,081
Capital - Work in progress*	307	-	-	-	-	307
	51,504	10,821	(208)	1,684	(7,672)	56,129

The Capital - work in progress of P18 thousand (2024: P 307 thousand) comprises of hardware for the Point-of-sale project. As at year end, there were no commitments on Capital work in progress.

Notes to the Consolidated and Separate Financial Statements [Cont.]

	Group		Company	
Figures in Pula thousand	2025	2024	2025	2024
21. Deposits due to customers				
Ordinary savings	420,151	306,810	421,753	306,810
Save-As-You-Earn	17,684	19,193	17,684	19,193
Sesigo savings	189,416	187,311	229,983	187,342
Thobo savings	425	443	425	443
Transactional account	30,708	38,743	30,708	38,743
National savings certificates (NSC)	378	1,796	378	1,796
Corporate fixed deposits	2,929,698	1,555,798	2,929,698	1,555,798
Corporate savings	10,627	11,612	10,627	11,612
Retail fixed deposits	484,899	376,584	484,899	376,584
Special savings account	9	779	9	779
	4,083,995	2,499,069	4,126,164	2,499,100

Maturity and Interest Rates		Maturity	Interest Rate 2025	Interest Rate 2024
Ordinary savings	-	- On demand	1.75%	1.75%
Save-As-You-Earn	-	- 24 months	1.25%	1.25% - 2.00%
Sesigo savings	-	- On demand	1.75%-2.75%	1.75% - 2.75%
Thobo savings	-	- 12 months	1.75%	1.75%
Transactional account	-	- On demand	0.3%	1.75%
National savings certificates (NSC)	-	- 60 months	3.75% - 4.5%	3.75% - 4.5%
Corporate fixed deposits	-	- 1 month to 3 years	Negotiable	Negotiable
Corporate savings	-	- On demand	Negotiable	Negotiable
Retail fixed deposits	-	- 3 months to over 24 months	Negotiable	0.54% - 1.52%
Special savings account	-	- 3 months to over 24 months	Negotiable	Negotiable

Management considers that the carrying amount of deposits due to customers is a reasonable approximation of their fair value.

Maturity analysis for deposits due to customers is presented below;

Due within 12 months	3,679,370	1,804,892	3,721,539	1,804,923
Due after 12 months	404,625	694,177	404,625	694,177
	4,083,995	2,499,069	4,126,164	2,499,100

Notes to the Consolidated and Separate Financial Statements [Cont.]

	Group		Company	
Figures in Pula thousand	2025	2024	2025	2024
22. Other liabilities				
Trade payables	7,248	9,659	7,285	9,201
Other creditors*	622	1,779	622	1,919
Clearing accounts	(2,802)	4,553	(2,802)	4,553
Accrued audit fees	2,300	1,712	2,300	1,542
Other accrued expenses	763	667	-	-
Unclaimed balances	3,622	5,322	3,622	5,322
Insurance premium payable	1,589	5,381	272	8,714
Payroll expenses	14,098	7,318	9,961	7,065
Pay as you earn	610	219	610	219
Value added tax	-	1,061	-	-
	28,050	**37,671**	**21,870**	**38,535**
Analysis of other liabilities				
Financial instruments	13,342	29,073	11,299	31,251
Non-financial instruments	14,708	8,598	10,571	7,284
	28,050	**37,671**	**21,870**	**38,535**

*Other creditors comprise of Visa P0.3 million (2024: P 1.5 million).

	Group		Company	
23. Borrowings	2025	2024	2025	2024
Principal amount outstanding at the beginning of the year	446,591	338,160	446,591	338,160
Proceeds from long term borrowings	50,000	150,050	50,000	150,050
Repayment of principal - long term borrowings	(56,720)	(45,067)	(56,720)	(45,067)
Repayment of interest - long term borrowings	(37,325)	(26,018)	(37,325)	(26,018)
Accrued Interest	37,558	29,466	37,558	29,466
	440,104	**446,591**	**440,104**	**446,591**

Botswana Government subordinated loan

A total of P105 million was advanced by the Government of Botswana for a period of twenty (20) years from July 2015. This period is inclusive of an initial grace period of two (2) years during which interest will be payable with the principal repayable over the remaining eighteen (18) years. The loan was initially obtained for purposes of facilitating the submission of an application for a banking licence to Bank of Botswana which is required for the commercialisation of Botswana Savings Bank.

As the bank's application for a banking licence had not yet been submitted, the bank was in violation of specific loan covenants and the loan had become callable at notice. The bank renegotiated the loan agreement with the lender and the breach was remedied. The loan is repaid annually and interest accrues at 5% per annum on the amount outstanding and is fixed over the loan term.
The loan was converted to a subordinated unsecured facility during the year ended March 2022.
Unsecured long term – bonds The Bank has five unsecured bonds listed on the Botswana Stock Exchange Limited of which one bond matured during the year. An additional bond of 50 million was also issued in the current year increasing the amount to P 349.3 million (2024: P 328.8 million).

Notes to the Consolidated and Separate Financial Statements [Cont.]

Ten year bond

BSB-CRB-1233-05 bond commenced on the 11 December 2023 with a fixed rate of 10.50% and a principle amount of P150.1 million. The interest paid twice a year December and June. The bond matures on 11 December 2033 but redeemable after 5 years.

The BSB-CRB-1234-06 bond, which amounts to P50 million, commenced on 19 December 2024 with a floating rate of 10.60%. Interest is determined at the beginning of the period as the Monetary Policy rate (MoPR) plus 8.7% as published by Bank of Botswana. The interest payment date are 19th June every year. The bond matures on 19 December 2034.

Five year bonds

The BSB-CRB-1227-03 bond, which amounts to P60 million, commenced on 9 December 2022 with a floating rate of 9.01%. Interest is determined at the beginning of the period as the Monetary Policy rate (MoPR) plus 6.36% as published by Bank of Botswana. The interest payment dates are 9th December and 9th June every year. The bond matures on 9 December 2027.
The BSB-CRB-0128-04 bond, which amounts to P82 million, commenced on 9 January 2023 with a floating rate of 9.01%. Interest is determined at the beginning of the period as the Monetary Policy rate (MoPR) plus 6.36% as published by Bank of Botswana. The interest payments dates are 9th July and 9th January every year. The bond matures on 9 January 2028.

Two year bond

BSB-CRB-1224-02 commenced on 9 December 2022 with a fixed rate of 9.25% and a principal amount of P30 million. The interest is paid twice a year, December and June. The bond matures on 9 December 2024 and was fully settled.

One year bond BSB-CRB-1223-01 commenced on 9 December 2022 with a fixed rate of 9.00% and a principal amount of P20.1 million. The bond matured on the 9 December 2023 and was fully settled.

Access Bank Botswana loan

The Bank has a loan facility with Access Bank Botswana of P100 million, meant to support the Bank's growth strategy of the retail book. The facility matures on 29 July 2026, is repaid monthly and bears interest at prime plus 1.5%.

The loan has the following covenants;

The Bank shall maintain a minimum Liquidity Asset Ratio(LAR) of 10%;

The Bank will not exceed non-performing loans ratio of 8%, with early trigger/terms re-negotiation at 7%;

The bank shall not pledge any assets that would jeopadise the lender's security;.

The Bank shall maintain a minimum net interest margin of 3%; and

Up to 120% of the outstanding balance of the loan will be secured by the Bank's loans and advances.

Management considers that the carrying amount of borrowings are a reasonable approximation of their fair value.

Notes to the Consolidated and Separate Financial Statements [Cont.]

	Group		Company	
Figures in Pula thousand	2025	2024	2025	2024
23. Borrowings [continued]				
The analysis of closing balances for borrowings is presented below.				
Botswana government subordinated loan	60,348	66,383	60,348	66,383
Access Bank Botswana loan	30,500	51,381	30,500	51,381
Unsecured subordinated long-term bonds	204,232	154,841	204,232	154,841
Unsecured long-term bonds	145,024	173,986	145,024	173,986
	440,104	446,591	440,104	446,591
The maturity analysis for borrowings is presented below.				
Within 1 year	37,644	65,667	37,644	65,667
After 1 year within 5 years	173,243	345,924	173,243	345,924
After 5 years	229,217	35,000	229,217	35,000
	440,104	446,591	440,104	446,591
24. Dormancy account liability				
Balance at the beginning of the year	26,730	27,144	26,730	27,144
Movement for the year	1,574	(414)	1,574	(414)
Balance at the end of year	28,304	26,730	28,304	26,730

A customer's savings account becomes dormant if after five consecutive years the customer does not transact in that account. Section 18 of the Botswana Savings Bank Act requires the Bank to transfer dormant accounts to a separate liability account. The dormancy liability is transferred to a separate bank account with another bank as per section 18(2) of the BSB act.

A transfer can only be made twelve months following the publication in the Government Gazette of dormant customer accounts so identified.

The amount transferred from customer accounts is reported separately from deposits with customers under the dormancy account liability. In the event that a customer who was identified as dormant comes forward, their respective balance will be transferred to them from the dormancy liability account, either as a cash payment or transferred into their savings accounts.

25. Government grant

	Group 2025	Group 2024	Company 2025	Company 2024
Opening balance	54,384	70,143	54,384	70,143
Grant refunded	1	(1,288)	1	(1,288)
Current year amortisation	(16,748)	(14,471)	(16,748)	(14,471)
	37,637	54,384	37,637	54,384

Current year amortisation comprise of capital grant amortisation amount of P 17 million (2024: P 14 million).

In 2020 a total of P141 million was secured from the Government of Botswana as a grant to fund specific BSB projects. The Bank completed new branches in Palapye, Molepolole, Gumare and Kanye, while a new cyber security system has been procured. The grant relating to new branches was limited to P22 million, while the cyber security software was limited to P14 million. Grants used for acquisition of assets are amortised over the useful lives of the respective assets acquired to match with the depreciation and amortisation costs for the acquired assets.

Notes to the Consolidated and Separate Financial Statements [Cont.]

	Group		Company	
Figures in Pula thousand	2025	2024	2025	2024
26. Unrecallable capital				
Subscribed				
Subscribed share capital	5,000	5,000	5,000	5,000
Unrecallable capital	14,721	14,721	14,721	14,721
	19,721	**19,721**	**19,721**	**19,721**

Section 3 (6) of the Botswana Savings Bank 1992 provides that the Bank's authorised share capital shall be P20 million of which the first P5 million shall constitute the fully subscribed share capital. The fully subscribed share capital represents the Government's contribution towards the construction of Tshomarelo House and other set up costs.

27. Statutory reserve

Balance at the beginning of the year	72,789	69,776	72,789	69,776
Movement for the year	13,093	3,013	13,093	3,013
Balance at the end of year	**85,882**	**72,789**	**85,882**	**72,789**

The statutory reserve has been established in terms of Section 3(e) of the Botswana Savings Bank Act, 1992. The section requires the Bank to transfer the equivalent of 25% of the comprehensive income for the year to a statutory reserve. The Bank may utilise this reserve against any remaining loss after such loss has been applied against retained earnings.

28. Contingent liabilities and commitments

These represents the commitments incurred on the issuance of residential property loans which, by virtue of long construction periods over several stages, results on some of the authorised amounts outstanding as at period end.

Loan commitments	1,867	1,908	1,867	1,908

29. Pension fund

The Bank operates a defined contribution pension fund for its eligible employees. The Bank contributes 15% of the employees' basic pay and employees contribute 5% of their basic pay. See note 7.

30. Financial assets and liabilities by category

The disclosed fair value of these financial assets and liabilities measured at amortised cost approximate their carrying value because of their short-term nature except for loans, advances and leases which are at variable interest rates.

Management considers that the carrying amounts of loans and advances and all other assets and liabilities are a reasonable approximation of their fair value.

Notes to the Consolidated and Separate Financial Statements [Cont.]

30. Financial assets and liabilities by category [continued]

Assets and liabilities category - Group - 2025

	Note(s)	Financial assets at amortised cost P'000	Financial liabilities at amortised cost P'000	Equity and non financial assets and liabilities P'000	Total P'000	Fair value P'000
Assets						
Loans and advances to customers	14	4,393,055	-	-	4,393,055	4,393,055
Investment in financial assets	12	275,298	-	-	275,298	-
Other assets		13 6,309	-	14,988	21,297	21,297
Cash and cash equivalents	11	183,843	-	-	183,843	183,843
Total Assets		4,858,505	-	14,988	4,873,493	4,598,195
Liabilities						
Deposits due to customers	21	-	4,083,995	-	4,083,995	4,083,995
Borrowings	23	-	440,104	-	440,104	440,104
Dormancy account liability	24	-	28,304	-	28,304	28,304
Lease liabilities	18	-	-	42,067	42,067	42,067
Other liabilities	22	-	13,342	14,708	28,050	28,050
Total Liabilities		-	4,565,745	56,775	4,622,520	4,622,520

Assets and liabilities category - Group - 2024

	Note(s)	Financial assets at amortised cost P'000	Financial liabilities at amortised cost P'000	Equity and non financial assets and liabilities P'000	Total P'000	Fair value P'000
Assets						
Loans and advances to customers	14	2,689,349	-	-	2,689,349	2,689,349
Investment in financial assets	12	162,526	-	-	162,526	162,525
Other assets	13	12,418	-	7,802	20,220	20,220
Cash and cash equivalents	11	340,236	-	-	340,236	430,236
Total Assets		3,204,529	-	7,802	3,212,331	3,302,330
Liabilities						
Deposits due to customers	21	-	2,499,069	-	2,499,069	2,499,069
Borrowings	23	-	446,591	-	446,591	446,591
Dormancy account liability	24	-	26,730	-	26,730	26,730
Lease liabilities	18	-	-	37,023	37,023	37,023
Other liabilities	22	-	29,073	8,598	37,671	37,670
Total Liabilities		-	3,001,463	45,621	3,047,084	3,047,083

Notes to the Consolidated and Separate Financial Statements [Cont.]

Assets and liabilities category - Company - 2025

	Note(s)	Financial assets at amortised cost P'000	Financial liabilities at amortised cost P'000	Equity and non financial assets and liabilities P'000	Total P'000	Fair value P'000
Assets						
Investment in subsidiary	15	-	-	911	911	911
Loans and advances to customers	14	4,393,055	-	-	4,393,055	4,393,055
Investment in financial assets	12	275,298	-	-	275,298	275,298
Other assets	13	5,962	-	14,986	20,948	20,948
Cash and cash equivalents	11	182,406	-	-	182,406	182,406
Total Assets		4,856,721	-	15,897	4,872,618	4,872,618
Liabilities						
Deposits due to customers	21	-	4,126,164	-	4,126,164	4,126,164
Borrowings	23	-	440,104	-	440,104	440,104
Dormancy account liability	24	-	28,304	-	28,304	28,304
Lease liabilities	18	-	-	42,067	42,067	42,067
Other liabilities	22	-	11,299	10,571	21,870	21,870
Total Liabilities		-	4,605,871	52,638	4,658,509	4,658,509

Assets and liabilities category - Company - 2024

	Note(s)	Financial assets at amortised cost P'000	Financial liabilities at amortised cost P'000	Equity and non financial assets and liabilities P'000	Total P'000	Fair value P'000
Assets						
Investment in subsidiary	15	-	-	911	911	911
Loans and advances to customers	14	2,689,349	-	-	2,689,349	2,689,349
Investment in financial assets*	12	162,526	-	-	162,526	162,526
Other assets	13	12,418	-	7,802	20,220	20,220
Cash and cash equivalents	11	325,943	-	-	325,943	325,943
Total Assets		3,190,236	-	8,713	3,198,949	3,198,949
Liabilities						
Deposits due to customers	21	-	2,499,100	-	2,499,100	2,499,100
Lease liabilities	18	-	-	37,023	37,023	37,023
Borrowings	23	-	446,591	-	446,591	446,591
Dormancy account liability	24	-	26,730	-	26,730	26,730
Other liabilities	22	-	31,251	7,284	38,535	38,535
Total Liabilities		-	3,003,672	44,307	3,047,979	3,047,979

Notes to the Consolidated and Separate Financial Statements [Cont.]

30. Financial assets and liabilities by category [continued]

Assets and liabilities category - Company - 2025

	Note(s)	Financial assets at amortised cost P'000	Financial liabilities at amortised cost P'000	Equity and non financial assets and liabilities P'000	Total P'000	Fair value P'000
Assets						
Investment in subsidiary	15	-	-	911	911	911
Loans and advances to customers	14	4,393,055	-	-	4,393,055	4,393,055
Investment in financial assets	12	275,298	-	-	275,298	275,298
Other assets	13	5,962	-	14,986	20,948	20,948
Cash and cash equivalents	11	182,406	-	-	182,406	182,406
Total Assets		4,856,721	-	15,897	4,872,618	4,872,618
Liabilities						
Deposits due to customers	21	-	4,126,164	-	4,126,164	4,126,164
Borrowings	23	-	440,104	-	440,104	440,104
Dormancy account liability	24	-	28,304	-	28,304	28,304
Lease liabilities	18	-	-	42,067	42,067	42,067
Other liabilities	22	-	11,299	10,571	21,870	21,87
Total Liabilities		-	4,605,871	52,638	4,658,509	4,658,5090

Assets and liabilities category - Company - 2024

	Note(s)	Financial assets at amortised cost P'000	Financial liabilities at amortised cost P'000	Equity and non financial assets and liabilities P'000	Total P'000	Fair value P'000
Assets						
Investment in subsidiary	15	-	-	911	911	911
Loans and advances to customers	14	2,689,349	-	-	2,689,349	2,689,349
Investment in financial assets*	12	162,526	-	-	162,526	162,526
Other assets	13	12,418	-	7,802	20,220	20,220
Cash and cash equivalents	11	325,943	-	-	325,943	325,943
Total Assets		3,190,236	-	8,713	3,198,949	3,198,949
Liabilities						
Deposits due to customers	21	-	2,499,100	-	2,499,100	2,499,100
Lease liabilities	18	-	-	37,023	37,023	37,023
Borrowings	23	-	446,591	-	446,591	446,591
Dormancy account liability	24 -		26,730	-	26,730	26,730
Other liabilities	22 -		31,251	7,284	38,535	38,535
Total Liabilities		-	3,003,672	44,307	3,047,979	3,047,979

Notes to the Consolidated and Separate Financial Statements [Cont.]

31. Financial risk management

The Bank's activities expose it to a variety of risks. Taking measured risks is core to the financial business sector and the operational risks are an inevitable consequence of being in business. The Bank's aim is therefore to achieve an appropriate balance between risk and retain and minimise potential adverse effects on the Bank's financial performance.

The Bank'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 Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practices. Risk management is carried out by the Bank under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as exchange risk, interest rate risk and credit risk. In addition, Internal Audit is responsible for the independent review of risk management process and the control environment.

The activities of the Bank to a large extent make use of financial instruments. The Bank accepts deposits from its customers at fixed and variable rates, and for varying periods, and therefore, would seek to earn interest margins by investing in high quality assets.

The Bank also mitigates its lending risks by giving out loans that are either guaranteed or have been granted against collateral or are based on employer direct deductions from payroll. The Bank is exposed to the following risks arising from its use of financial instruments:
a) Market risk
b) Credit risk
c) Liquidity risk
d) Capital risk

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Bank's income or the value of its holding of financial instruments.

Foreign exchange rate risk

The responsibilities of the finance department include monitoring of foreign exchange risk. Foreign exchange rate risk is the potential impact of adverse currency rates movements on earnings and economic value. This involves the risk of the Bank incurring financial loss on settlement of foreign exchange positions taken in the banking books. The foreign exchange positions arise from the Bank holding foreign currency position in its books (e.g., bank balances).

The finance department is responsible for:
- Ensuring that effective risk management systems and internal controls are in place.
- Monitoring significant foreign exchange exposure.
- Reviewing the policies, procedures, and currency limits regularly in line with changes in the economic environment.

The ALCO (Assets and Liability Committee) regularly monitors the controls put in place by the finance department.

The Bank's foreign exchange exposures in Botswana Pula at the reporting date were less than P5,000.

Notes to the Consolidated and Separate Financial Statements [Cont.]

31. Financial risk management [continued]

Group and Company Distribution by currency	Assets 31 March 2025 P'000	 31 March 2024 P'000	Liabilities 31 March 2025 P'000	 31 March 2024 P'000
United States Dollar	-	-	45	-
Others	-	-	2,680	-
	-	-	2,725	-

Loss arising from a 10% decrease	31 March 2025 P'000	31 March 2024 P'000
United States Dollar	5	-
Others	268	-
	273	-

Gain arising from a 10% increase	31 March 2025 P'000	31 March 2024 P'000
United States Dollar	(5)	-
Others	(268)	-
	(273)	-

The above gain/(loss) would affect the profit before tax in the income statements.

Interest rate risk

The Bank is exposed to interest rate risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position (fair value interest rate risk) and cash flows (cash flow interest rate risk).

Loans and advances to customers are variable rate based on the bank rate. The Bank's loan arrangements with customers reserves the right to change the rate at any times the Bank rate changes as set out by the central bank. The Bank also reserves the right to change the interest rates on deposits to customers in line with bank rate changes as set out by the central bank.

The Bank's main interest rate risk arises from retail deposits with variable rates, which exposes the Bank to the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in prime interest rate.

Interest rate risk is managed principally through monitoring interest rate gaps and by having pre-approved limits for repricing bands. ALCO is the monitoring body for compliance with these limits and is assisted by finance department in its month-to-month monitoring activities. These activities include monitoring changes in the Bank's interest rate exposures, which include the impact of the Bank's outstanding or forecast debt obligations and changes to exposures arising from bank rate reform.

ALCO is responsible for setting the overall investment strategy of the Bank. Finance is responsible for implementing that strategy by putting in place the individual investments arrangements.

The table below summarises the Bank's exposure to interest rate risks. It includes the Bank's financial instruments at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

Notes to the Consolidated and Separate Financial Statements [Cont.]

Group 31 March 2025	0 - 3 months P '000	3 - 12 months P '000	1 - 5 years P '000	Over 5 years P '000	Total P '000
Assets					
Cash and cash equivalents	183,843	-	-	-	183,843
Investment in financial assets	187,781	87,517	-	-	275,298
Loans and advances	33,599	81,582	691,784	3,702,106	4,509,071
Total financial assets	405,223	169,099	691,784	3,702,106	4,968,212
Liabilities					
Deposits due to customers	1,933,541	1,745,829	404,625	-	4,083,995
Borrowings	13,235	24,409	173,243	229,217	440,104
Lease liabilities	492	2,002	15,665	23,908	42,067
Total financial Liabilities	1,947,268	1,772,240	593,533	253,125	4,566,166
Total interest re-pricing gap	(1,542,045)	(1,603,141)	98,251	3,448,981	402,046
Company 31 March 2025					
Assets					
Cash and cash equivalents	340,236	-	-	-	340,236
Investment in financial assets	1	162,525	-	-	162,526
Loans and advances	1,759	14,524	971,051	1,793,583	2,780,917
Total financial assets	341,996	177,049	971,051	1,793,583	3,283,679
Liabilities					
Deposits due to customers	863,318	941,574	694,177	-	2,499,069
Borrowings	5,191	60,453	195,897	185,050	446,591
Lease liabilities	616	2,227	20,059	14,121	37,023
Total financial Liabilities	869,125	1,004,254	910,133	199,171	2,982,683
Total interest re-pricing gap	(527,129)	(827,205)	60,918	1,594,412	300,996
Company 31 March 2025					
Assets					
Cash and cash equivalents	182,406	-	-	-	182,406
Investment in financial assets	187,780	87,518	-	-	275,298
Loans and advances	33,599	81,582	691,784	3,702,106	4,509,071
Total financial assets	403,785	169,100	691,784	3,702,106	4,966,775
Liabilities					
Deposits due to customers	1,975,711	1,745,829	404,625	-	4,126,165
Borrowings	13,235	24,409	173,243	229,217	440,104
Lease liabilities	492	2,002	15,665	23,908	42,067
Total financial Liabilities	1,989,438	1,772,240	593,533	253,125	4,608,336
Total interest re-pricing gap	(1,585,653)	(1,603,140)	98,251	3,448,981	358,439

Notes to the Consolidated and Separate Financial Statements [Cont.]

31. Financial risk management [continued]

Company 31 March 2024	0 - 3 months P '000	3 - 12 months P '000	1 - 5 years P '000	Over 5 years P '000	Total P '000
Assets					
Investment in financial assets*	1	162,525	-	-	162,526
Loans and advances	1,759	14,524	971,051	1,793,583	2,780,917
Total financial assets	**327,703**	**177,049**	**971,051**	**1,793,583**	**3,269,386**
Liabilities					
Deposits due to customers	863,349	941,574	694,177	-	2,499,100
Borrowings	5,209	60,453	195,879	185,050	446,591
Lease liabilities	616	2,227	20,059	14,121	37,023
Total financial Liabilities	**869,174**	**1,004,254**	**910,115**	**199,171**	**2,982,714**
Total interest re-pricing gap	**(541,471)**	**(827,205)**	**60,936**	**1,594,412**	**286,67**

An increase of 100 basis points in interest rates during the reporting period would have a positive yield of P358 thousand (2024: P 287 thousand). On the other hand, a 100 basis point decrease in interest rates during the reporting period would have had the equal but opposite effect on the reported profit for the year to the amounts disclosed above, on the basis that all other variables remain constant.

To address the short-term negative gap, the Bank aims to change its lending strategies by advancing short-term loans and advances using short-term deposits. During the current year, the Bank has been more aggressive in securing longer term deposits to match the assets and foregoing some of the short term deposits that would increase the negative gap.

Credit risk

Credit risk measurement

Credit risk is the risk that a counterparty will be unable to repay amounts when they fall due resulting in a financial loss to the Bank. The Bank manages its credit risk exposure by placing limits on the acceptable risk exposure to individual borrowers or groups of borrowers.

Credit risk arises primarily from the following instruments:

- Loans and advances;
- Cash and cash equivalents;
- Other assets; and
- Investments in financial assets.

In order to minimise credit risk, the Bank has developed and maintains it's credit risk grading to categorise exposures according to their degree of risk of default. The credit rating information is based on a range of data that is determined to be predictive of the risk of default and applying experienced credit judgement. The nature of the exposure and type of borrower are taken into account in the analysis. Credit risk grades are defined using qualitative and quantitative factors that are indicative of risk of default.

The credit risk grades are designed and calibrated to reflect the risk of default as credit risk deteriorates. As the credit risk increases the difference in risk of default between grades changes. Each exposure is allocated to a credit risk grade at initial recognition, based on the available information about the counterparty. All exposures are monitored and the credit risk grade is updated to reflect current information. The monitoring procedures followed are both general and tailored to the type of exposure.

Notes to the Consolidated and Separate Financial Statements [Cont.]

The following data are typically used to monitor the Bank's exposures:
- Payment record and ageing analysis;
- Extent of utilisation of granted limit;
- Forbearances (both requested and granted);
- Changes in business, financial and economic conditions; and
- Credit rating information supplied by external rating agencies.

Credit risk is monitored on an ongoing basis and managed through the implementation of comprehensive policies, processes and controls to ensure a sound credit risk management environment with appropriate credit granting, administration, measurement, monitoring and reporting of credit risk exposure.

The assessment of credit risk relies on internally-developed quantitative models for addressing regulatory and business needs. The models are used for the internal assessment of the three primary credit risk components:
- probability of default (PD);
- exposure at default (EAD); and
- loss given default (LGD).

Forward –looking information incorporated in the ECL models

The assessment of SICR and the calculation of ECL both incorporate forward-looking information. The Bank has performed historical analysis and identified the key economic variables impacting credit risk and expected credit losses for each portfolio. The forecast of economic variables, regression analysis and expert judgement is applied and confirmed through internal governance structures.

Grouping of instruments for losses measured on a collective basis

For expected credit loss provisions modelled on a collective basis, a grouping of exposures is performed on the basis of shared risk characteristics, such that risk exposures within a group are homogeneous.

In performing this grouping, there must be sufficient information for the group to be statistically credible. Where sufficient information is not available internally, the Bank has considered benchmarking internal/external supplementary data to use for modelling purposes. The characteristics and any supplementary data used to determine groupings are outlined below:

Retail – Groupings for collective measurement
- Product type
- Repayment type
- Collateral type

All stage 3 exposures for retail are assessed individually.

The appropriateness of groupings is monitored and reviewed on a periodic basis by the Financial Risk team.

Notes to the Consolidated and Separate Financial Statements [Cont.]

31. Financial risk management [continued]

Group and Company - 31 March 2025	Stage 1 12-month ECL P'000	Stage 2 Lifetime ECL P'000	Stage 3 Lifetime ECL P'000	Total P'000
Gross exposure as at 01 April 2024	2,681,367	11,156	88,394	2,780,917
Transfer to stage 1 (12-month ECL)	(30,966)	13,597	17,369	-
Transfer to stage 2 (Lifetime ECL)	15,610	(22,131)	6,521	-
Transfer to stage 3 (Credit impaired)	14,171	3,568	(17,739)	-
Net transfers in/(out) of stage	(1,185)	(4,966)	6,151	-
Exposure increase from scheduled instalments	(718,527)	(6,117)	(18,193)	(742,837)
Business activity for the year	2,425,579	30,884	14,528	2,470,991
Increase in exposure for the year	1,707,052	24,767	(3,665)	1,728,154
Gross exposure as at 31 March 2025	**4,387,234**	**30,957**	**90,880**	**4,509,071**

Group and Company - 31 March				
Gross exposure as at 01 April 2023	2,324,902	24,694	85,240	2,434,836
Transfer to stage 1 (12-month ECL)	85,989	(22,523)	(63,466)	-
Transfer to stage 2 (Lifetime ECL)	(7,726)	7,726	-	-
Transfer to stage 3 (Credit impaired)	(3,101)	(1,517)	4,618	-
Net transfers (out)/in of stage 75,162	(16,314)	(58,848)	-	
Exposure reduction from scheduled instalments	1,063,903	242,753	302,057	1,608,713
Exposure reduction from repayments	(235,449)	(235,449)	(235,450)	(706,348)
Business activity for the year	(547,151)	(4,528)	(4,605)	(556,284)
Reductions in exposure for the year	281,303	2,776	62,002	346,081
Gross exposure as at 31 March 2024	**2,681,367**	**11,156**	**88,394**	**2,780,917**

Loss allowance

The loss allowance recognised in the period is impacted by a variety of factors, as described below:

- Transfers between Stage 1 and Stages 2 or 3 due to financial instruments experiencing significant increases (or decreases) of credit risk or becoming credit-impaired in the period, and the consequent "step up" (or "step down") between 12-month and Lifetime ECL;
- Additional allowances for new financial instruments recognised during the period, as well as releases for financial instruments de-recognised in the period;
- Impact on the measurement of ECL due to changes in PDs, EADs and LGDs in the period, arising from regular refreshing of inputs to models;
- Impacts on the measurement of ECL due to changes made to models and assumptions; and
- Discount unwind within ECL due to the passage of time, as ECL is measured on a present value basis;
- Financial assets derecognised during the period and write-offs of allowances related to assets that were written off during the period.

The following table explain the changes in the loss allowance between the beginning and the end of the annual period due to the above factors:

Notes to the Consolidated and Separate Financial Statements [Cont.]

Group and Company - 31 March 2025	Stage 1 12-month ECL P'000	Stage 2 Lifetime ECL P'000	Stage 3 Lifetime ECL P'000	Total P'000
Loss allowance as at 01 April 2024	22,733	1,694	67,141	91,568
Transfer to stage 1 (12-month ECL)	(592)	4,352	12,931	16,691
Transfer to stage 2 (Lifetime ECL)	196	(7,952)	4,200	(3,556)
Transfer to stage 3 (Credit impaired)	148	682	(12,140)	(11,310)
Net transfers in/(out) of stage	(248)	(2,918)	4,991	1,825
Exposure reduction from scheduled instalments	(6,163)	(2,363)	(7,847)	(16,373)
Business activity for the year	23,848	5,678	5,627	35,153
Model & changes in PD's, LGD's & FLI's	(968)	9,310	(4,499)	3,843
Provisions for the year	16,717	12,625	(6,719)	22,623
Loss allowance as at 31 March 2025	**39,202**	**11,401**	**65,413**	**116,016**
Loss allowance as at 01 April 2023	18,690	7,261	62,343	88,294
Transfer to stage 1 (12-month ECL)	64,185	(6,620)	(57,565)	-
Transfer to stage 2 (Lifetime ECL)	(8)	8	-	-
Transfer to stage 3 (Credit impaired)	(4)	(60)	64	-
Net transfers in/(out) of stage	64,173	(6,672)	(57,501)	-
Exposure reduction from scheduled instalments	(2,186)	(297)	(4,156)	(6,639)
Exposure reduction from repayments	(5,185)	(1,102)	(4,604)	(10,891)
Business activity for the year	11,576	633	5,350	17,559
Model & changes in PD's, LGD's & FLI's	(64,335)	1,871	65,709	3,245
Provisions for the year	(60,130)	1,105	62,299	3,274
Loss allowance as at 31 March 2024	**22,733**	**1,694**	**67,141**	**91,568**

Notes to the Consolidated and Separate Financial Statements [Cont.]

31. Financial risk management [continued]

Coverage Ratios

The Bank monitors the expected level of impairment through the coverage ratios. The coverage ratio is the expected loss divided by exposure. The following table details the coverage for the period.

Group and Company - 31 March 2025 Exposure	Stage 1 12-month ECL P'000	Stage 2 Lifetime ECL P'000	Stage 3 Lifetime ECL P'000	Total P'000
Personal loans	3,885,989	29,117	77,837	3,992,943
Motor vehicle loans	24,382	-	-	24,382
Residential property loans	476,863	1,840	13,043	491,746
Total	**4,387,234**	**30,957**	**90,880**	**4,509,071**
ECL				
Personal loans	38,548	11,308	63,538	113,394
Motor vehicle loans	92	16	-	108
Residential loans	563	76	1,875	2,514
Total	**39,203**	**11,400**	**65,413**	**116,016**
Coverage ratios				
Personal loans	1.0 %	38.8 %	81.6 %	2.8 %
Motor vehicle loans	0.4 %	- %	- %	0.4 %
Residential loans	0.1 %	4.1 %	14.4 %	0.5 %
Total	**0.9 %**	**36.8 %**	**72.0 %**	**2.6 %**

Company - 31 March 2024 Exposure				
Personal loans	2,180,524	6,010	76,594	2,263,128
Motor vehicle loans	13,996	-	-	13,996
Residential loans	486,847	5,146	11,800	503,793
Total	**2,681,367**	**11,156**	**88,394**	**2,780,917**
ECL				
Personal loans	**22,160**	**1,637**	**64,535**	**88,332**
Motor vehicle loans	19	-	-	19
Residential loans	554	57	2,606	3,217
Total	**22,733**	**1,694**	**67,141**	**91,568**
Coverage ratios				
Personal loans	1.0 %	27.2 %	84.3 %	3.9 %
Motor vehicle loans	0.1 %	- %	- %	0.1 %
Residential loans	0.1 %	1.1 %	22.1 %	0.6 %
Total	**0.8 %**	**15.2 %**	**76.0 %**	**3.3 %**

Notes to the Consolidated and Separate Financial Statements [Cont.]

Maximum exposure to credit risk before collateral held or other credit enhancements-All Financial instruments

	Group		Company	
	2025	**2024**	**2025**	**2024**
Credit risk exposures relating to on-statement-offinancial-position assets are as follows:				
Cash and cash equivalents	183,843	340,236	182,406	325,943
Investment in financial assets	275,298	162,526	275,298	162,526
Other assets	6,311	12,418	5,962	12,418
Gross loans and advances to customers				
Motor vehicles advances	24,382	13,996	24,382	13,996
Residential property loans	494,432	503,795	494,432	503,795
Personal loans	3,990,257	2,263,128	3,990,257	2,263,128
Total on-statement of financial position exposure	4,974,523	3,296,099	4,972,737	3,281,806
Credit risk exposure relating to off-statement-offinancial-position items are as follows:				
Loan commitments	1,867	1,908	1,867	1,908
Total off-statement-of-financial position exposure	**1,867**	**1,908**	**1,867**	**1,908**
Total credit risk exposure	4,976,390	3,298,007	4,974,604	3,283,714

The above table represents a worst case scenario of credit risk exposure to the Bank at 31 March 2025, without taking account of any collateral held or other credit enhancements attached. For all assets listed on the statement of financial position, the exposures set out above are based on carrying amounts as reported.

The most significant exposures are derived from loans and advances to customers.

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 other securities based on the following:

- The Bank employs a range of policies and practices to mitigate credit risk.
- Residential loans are backed by collateral.
- All financial assets, other than special mention and non-performing loans and advances, are neither past due nor impaired.

Notes to the Consolidated and Separate Financial Statements [Cont.]

31. Financial risk management [continued]

Maximum exposure to credit risk - Financial instruments

The following table contains an analysis of the credit risk exposure of financial instruments for which an ECL allowance is recognised. The gross carrying amount of financial assets below also represents the Bank's maximum exposure to credit risk on these assets.

Group and Company - 31 March 2025 Credit grade	Stage 1 12-month ECL P'000	Stage 2 Lifetime ECL P'000	Stage 3 Lifetime ECL P'000	Total P'000
Investment grade	4,387,234	-	-	4,387,234
Special monitoring	-	30,957	-	30,957
Default	-	-	90,880	90,880
Gross carrying amount	**4,387,234**	**30,957**	**90,880**	**4,509,071**
Loss allowance	(39,202)	(11,401)	(65,413)	(116,016)
Carrying amount	**4,348,032**	**19,556**	**25,467**	**4,393,055**
Group and Company - 31 March 2024				
Credit grade				
Investment grade	2,680,023	-	-	2,680,023
Standard monitoring	1,344	-	-	1,344
Special monitoring	-	11,156	-	11,156
Default	-	-	88,394	88,394
Gross carrying amount	**2,681,367**	**11,156**	**88,394**	**2,780,917**
Loss allowance	(22,733)	(1,694)	(67,141)	(91,568)
Carrying amount	**2,658,634**	**9,462**	**21,253**	**2,689,349**

Risk limit control and mitigation policies

The Bank structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to one borrower, or groups of borrowers, and to industry segments. Such risks are monitored on a monthly basis and are subject to regular review. Limits on the level of credit risk are approved by the Board of Directors.

Exposure to credit risk is managed upfront when an application for credit is received. The Credit Risk Management Model is utilised by the Bank and assesses the three components of safety, desirability and profitability. Throughout the lifespan of the credit facility, regular analysis of the ability of borrowers and potential borrowers to meet interest and capital repayment obligations is assessed and lending limits are changed where appropriate. Exposure to credit risk is also managed in part by obtaining collateral, insurance and personal guarantees. The amount the Bank is willing to lend unsecured is capped and approved by the Board.

Notes to the Consolidated and Separate Financial Statements [Cont.]

Placements with banks, including loans and advances to banks, are subject to the normal credit process.
Some other specific control and mitigation measures are outlined below:

As part of its credit risk mitigation practices, the Bank holds collateral in the form of residential properties in respect of its mortgage loan portfolio. These properties, which constitute non-financial assets, are subject to independent valuation by certified property valuation experts in accordance with the Bank's credit risk management policies. The use of collateral forms a central element in securing lending exposures and managing credit losses.

In accordance with the disclosure requirements under IFRS 7 – Financial Instruments: Disclosures, the Bank assesses whether it holds rights to sell or repledge collateral in the absence of borrower default. Under the Bank's standard mortgage agreements, collateral in the form of residential properties is retained strictly as security, with no contractual right to sell or repledge such collateral unless a default event has occurred. Consequently, the Bank does not recognize or disclose any fair value amounts of collateral sold or repledged in the absence of borrower default during the reporting period, as these rights are not conferred by the lending arrangements.

During the reporting period, the Bank repossessed certain residential properties following defaults by mortgage borrowers. These repossessed properties are not considered financial assets and are classified separately from the loan portfolio. In line with IFRS 7.38, where such assets are not readily convertible into cash, the Bank discloses the policies governing their disposal and usage.

Repossessed assets are managed under the Bank's collateral disposal policy, which provides for disposal primarily through public auctions. The Bank does not typically retain such assets for operational use. Repossessed properties are held temporarily and are subject to independent revaluation upon repossession and prior to disposal.

At each reporting date, the Risk Management Department maintains a collateral register which includes details of all collateral held and repossessed assets, including property location, valuation date, insurance coverage status, fair value, and any impairment provisions recognized. This ensures transparency and supports effective risk management and financial reporting compliance.
No significant obligations exist for the return of collateral as at the reporting date, and there have been no instances of collateral being repledged or sold without borrower default.

The Bank employs a range of policies and practices to mitigate credit risk. The most traditional of these is the taking of security for funds advanced, which is common practice. Within the credit risk area, mandates are predetermined in order to ensure that the applicable level of authority provides guidance and approval for advances. Risk exposure to advances is reduced by obtaining approved security as defined by the Board Risk Committee and listed in the advance instruction manual.

The Bank implements guidelines on the acceptability of specific classes of collateral or credit risk mitigation and the principal collateral types for loans and advances are:
- cash deposited with and ceded to the Bank;
- deposit with any registered financial institution and ceded to the Bank;
- life assurance policies with a confirmed surrender value; and
- any other form of tangible collateral security subject to approval by the Board Credit Committee.

The Bank's policies regarding obtaining collateral have not significantly changed during the reporting period and there has been no significant change in the overall quality of the collateral held by the Bank since the prior period.

Collateral per class of loans and advances:

Residential Property Loans (Mortgages):
- All loans issued under the GEMVAS scheme are guaranteed by the Botswana Government
- The government guarantees 80% of the book value (70% for loans issued after 1 April 2019)
- All other residential property loans (staff residential loans) are secured by a first, second or third lien on the property and the Bank obtains a cession on the insurance policy

Notes to the Consolidated and Separate Financial Statements [Cont.]

31. Financial risk management [continued]

Motor vehicle loans:

- All motor vehicle loans are issued under the scheme with the employer
- The employer guarantees 70% (previously 80%) of the loan balance
- Most employers on this scheme are parastatals

The following security can be given for any loan class depending on the circumstances and purpose of the loan:

- Suretyships
- Registered cession of life insurance policy
- Cession of fixed deposits, notice deposits, bills, bonds, shares, investments or debtors.

Valuation assumptions	2025 Motor vehicle loans	2025 Residential property loans	2024 Motor vehicle loans	2024 Residential property loans
Weighted average discount rate	6%	7% to 11%	6%	5% to 10%
Weighted average time to recovery	9 - months	12 - months	9 months	9 months

Financial year end	Recovery time	Discount rates
31 March 2025	8 to 12 months	7% to 11%
31 March 2024	8 to 12 months	5% to 8%

Discount rates

The Bank applies the discount rates based on the employment sector of customers. The collateral on loans of customers employed in the government sector is discounted at 3% (2024: 5.3%), whilst the private sector is discounted at 10% (2024: 10%).

Valuation methodologies

In determining the recoverable amount of the government guarantees the following are taken into consideration:
Government guarantees on GEMVAS residential property loans.

- The guarantee is discounted at the risk-free rate for the estimated time to realization, which is 18 months.

Property collateral on staff residential property loans

- Forced sales values are used as collateral, resulting in a range of haircuts.
- The value of the collateral is limited to the book value of the loan
- The limited collateral is discounted at 10 - 27% (2024: 10%) for the estimated time to realisation, which is 12 months (2024: 9 months).

Property valuation

In the case where a property is offered as security in the form of covering a mortgage bond, the valuation of the property is valid for three years in the banking book. A revaluation of the property needs to be done when there is an indication that the value of the property has declined. An approved revaluation of the property is required when a further advance or additional mortgage is applied for, when repayment comes in arrears, when an application for the release of collateral or any additional security is received or for properties in possession. Homeowners comprehensive insurance is compulsory for all the mortgage loans. All articles financed by the Bank must be comprehensively insured.

Life insurance valuation

Notes to the Consolidated and Separate Financial Statements [Cont.]

Life insurance that is used as security for loans taken out at the Bank is ceded to the Bank and the cession is registered by the insurance bank. The values of the life insurance policies ceded to the Bank must be updated at least annually to determine the security value and to establish whether premiums are up to date.

Credit life insurance

The customer signs a formal loan agreement and sufficient credit life insurance is ceded to the Bank. A formal payroll agreement between the applicant's employer and the Bank is also signed. Non-government applicants must sign an acknowledgement of debt and cede their surplus benefits (e.g. unpaid leave) payable on termination of service to the Bank.

Long-term finance and lending is generally secured. In addition, in order to minimise the credit loss the Bank will seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances. Although revolving individual credit facilities are generally unsecured, these are only granted to clients after stringent credit reviews.

Credit quality of loans and advances and other financial instruments

i. Credit quality and management of loans and advances

Initial applications

The Bank applies a standardised approach when assessing applications for credit. All applications are completed according to the Botswana Savings Bank risk model, which covers all information required to make an informed decision when granting advances. The risk model has the main components of safety, desirability and profitability which is further broken down as:

- background;
- needs;
- financial position;
- security;
- desirability;
- profitability; and
- recommendation – positive / negative aspects.

Subsequent credit assessments

Management information system reports were developed over time in order to effectively monitor and manage the quality of the loan portfolio and pro-actively identify problem accounts and trends. The following reports are generated:

- Excesses are reported and reviewed on a daily basis.
- The branches submit a monthly report on specific issues in order to take remedial actions on dormant accounts, suspended accounts, irregular accounts (outstanding 45 days and longer), outstanding security, special mention accounts, guarantees, and bad debts written off within branch mandates.
- The credit department submits a monthly report to the executive management team and a more detailed report to the Board of Directors on a quarterly basis regarding the status of the credit portfolio of the Bank.
- Monthly statistics per product are used to monitor the quality and management of the loan portfolio per branch.
- All clients with exposures approved above branch level are interviewed by credit before non-performing accounts are transferred to legal collection branch.
- All transfers to the legal collections branch with an impairment provision higher than P2,000 are scrutinised by the credit department and categorised under:
- poor assessment
- poor management
- poor collateral
- economic reasons; and
- other

The Bank has a process to proactively manage potential problem accounts to prevent possible losses. These advances are identified with assistance of the branches and are part of monthly credit reporting processes. Impairment provisions on these active accounts are raised in accordance with the credit policy.

Notes to the Consolidated and Separate Financial Statements [Cont.]

31. Financial risk management [continued]

Motor vehicle loans:

- All motor vehicle loans are issued under the scheme with the employer
- The employer guarantees 70% (previously 80%) of the loan balance
- Most employers on this scheme are parastatals

The following security can be given for any loan class depending on the circumstances and purpose of the loan:

- Suretyships
- Registered cession of life insurance policy
- Cession of fixed deposits, notice deposits, bills, bonds, shares, investments or debtors.

Valuation assumptions	Group and Company 2025		Company 2024	
	Loans and advances to customers P '000	Investments in financial assets P '000	Loans and advances to customers P '000	Investments in financial assets P '000
Performing/Past due but not impaired	4,418,191	275,298	2,692,523	162,526
Individually impaired	90,880	-	88,394	-
Gross	4,509,071	275,298	2,780,917	162,526
Less: allowance for impairment	(116,016)	-	(91,568)	-
Net	**4,393,055**	**275,298**	**2,689,349**	**162,526**

a) Loans and advances neither past due nor impaired

Loans and advances to customers in this category primarily comprise structured finance to clients, which have no evidence of a deterioration of credit quality.

b) Loans and advances past due but not individually impaired

Loans and advances less than 90 days past due are not considered impaired, unless other information is available to indicate the contract.

c) Loans and advances individually impaired

Loans and advances are managed with reference to the days in arrears. Days in arrears are calculated based on the amount past due relative to the instalment amount. Loans and advances outstanding for longer than 90 days are considered non-performing and are included in stage 3 for the loss allowance calculation.

Notes to the Consolidated and Separate Financial Statements [Cont.]

Group and Company - 31 March 2025 Exposure	Neither past nor impaired P '000	Past due but not individually impaired P '000	Individually impaired P '000	Total P '000
Personal loans	3,885,989	29,117	77,837	3,992,943
Motor vehicle advances	24,382	-	-	24,382
Residential property loans	476,863	1,840	13,043	491,746
	4,387,234	**30,957**	**90,880**	**4,509,071**
Group and Company - 31 March 2024 **Exposure**				
Personal loans	2,180,524	6,010	76,594	2,263,128
Motor vehicle advances	13,996	-	-	13,996
Residential property loans	486,847	5,146	11,800	503,793
	2,681,367	**11,156**	**88,394**	**2,780,917**

Exposure under different loans Group and Company - 31 March 2025	**Motor Vehicle advances**	**Personal loans**	**Residential property loans**	**Total**	**Related party**
Stage 1	24,382	3,885,989	476,863	4,387,234	-
Stage 2	-	29,117	1,840	30,957	-
Stage 3	-	77,837	13,043	90,880	-
	24,382	**3,992,943**	**491,746**	**4,509,071**	**-**
Fair value of collateral	(10,454)	-	(473,385)	(483,839)	-
Total	13,928	3,992,943	18,361	4,025,232	-
Impairment raised against unsecured amounts	(108)	(113,395)	(2,513)	(116,016)	-
Net exposure	**13,820**	**3,879,548**	**15,848**	**3,909,216**	**-**
31 March 2024 Motor					
Stage 1	13,996	2,180,524	486,847	2,681,367	7,150
Stage 2	-	6,010	5,146	11,156	-
Stage 3	-	76,594	11,800	88,394	-
	13,996	**2,263,128**	**503,793**	**2,780,917**	**7,150**
Interest in suspense	-	(3,568)	(116)	(3,684)	-
Fair value of collateral	(7,474)	-	(388,051)	(395,525)	-
Total	6,522	2,259,560	115,626	2,381,708	7,150
Impairment raised against unsecured amounts	(18)	(88,276)	(3,274)	(91,568)	-
Net exposure	**6,504**	**2,171,284**	**112,352**	**2,290,140**	**7,150**

Notes to the Consolidated and Separate Financial Statements [Cont.]

31. Financial risk management [continued]

The value of tangible collateral disclosed above is limited to the outstanding balance, therefore any over-collateralised portion of a loan is excluded from the value of tangible collateral. Impairments are raised for under-collateralised non-performing loans, resulting in a net exposure of nil. Further information of the impairment allowance for loans and advances to customers is provided in note 6.

Included in loans and advances is a related party balance of P- million (2024: P 7.2 million)

The following section summarises the credit quality of financial assets and exposures to corresponding and counterparty banks.

Group - 31 March 2025	Carrying amount P '000	Unrated P '000	Total P '000
Cash equivalents	183,843	183,843	183,843
Investment in financial assets	275,298	275,297	275,297
Other assets	6,309	6,292	6,292
Total assets (excluding loans and advances and other securities)	465,450	465,432	465,432
Group - 31 March 2024			
Cash equivalents	340,236	340,236	340,236
Investment in financial assets	162,526	162,525	162,525
Other assets	12,418	12,418	12,418
Total assets (excluding loans and advances and other securities)	515,180	515,179	515,179
Company -31 March 2025			
Cash equivalents	182,406	182,406	182,406
Investment in financial assets	275,298	275,298	275,298
Other assets	5,962	5,962	5,962
Total assets (excluding loans and advances and other securities)	463,666	463,666	463,666
Company - 31 March 2024			
Cash equivalents	325,943	325,943	325,943
Investment in financial assets	162,526	162,526	162,526
Other assets	12,418	12,418	12,418
Total assets (excluding loans and advances and other securities)	500,887	500,887	500,887

Unrated exposures consist mainly of cash balances, investments in financial assets and Bank of Botswana certificates, which are short term and highly liquid in nature. The creditworthiness of these government and large commercial banks' money market instruments are of high quality, which poses low credit risk. Other assets consist of accounts receivable as well as clearing and settlement accounts. Rated and unrated exposures are not collateralised.

Cash and cash equivalents and investments in financial assets are considered to have a low credit risk.

Notes to the Consolidated and Separate Financial Statements [Cont.]

Repossessed collateral

The Bank obtains assets by taking possession of collateral held as security. During the reporting period collateral repossessed included government guarantees on GEMVAS residential properties, which came on the form of cash.

The Bank manages credit concentration risk by imposing credit risk concentration caps on the exposure for different loans and advances classifications, such as product classes, regions and industry. The credit risk concentration caps are directly linked to the board-approved risk capacity, appetite and tolerance thresholds, and are managed as part of the risk management process. The credit concentration risk is also further assessed using stress testing and scenario analyses quantitative models.

Assumptions for the valuation of collateral

Group and Company - 31 March 2025 Valuation assumptions	Motor vehicle loans	Residential property loans
Range of discount rates	6%	7%-11%
Weighted average time to recovery	9 months	12 months

Assumptions for the valuation of collateral

Group and Company - 31 March 2024 Valuation assumptions		
Range of discount rates	5%	5%-8%
Weighted average time to recovery	9 months	9 months

Valuation assumptions	
Weighted average discount rates	0.03
Weighted average time to recovery	18 months
Weighted average hair cut to market value of collateral	1.8%

Range of assumptions Financial year end	Recovery time	Discount rates
31 March 2025	8 to 12 months	7% to 11%
31 March 2024	8 to 12 months	5 to 8%
31 March 2023	8 to 12 months	5% to 10%
31 March 2022	8 to 12 months	3.5% to 10%
31 March 2021	8 to 12 months	3.5% to 10%

Liquidity risk

Liquidity risk is the risk that the Bank is unable to meet its obligations from its financial liabilities. Liquidity risk may arise in situations where there are mismatches between maturities of assets and liabilities.

The matching and controlled mismatching of the maturities and interest rates of assets and liabilities is fundamental to the management of the Bank›s liquidity risk. It is unusual for banks to be completely matched, as transacted business is often of uncertain term and of different types. An unmatched position potentially enhances profitability, but also increases 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 Bank and its exposure to changes in interest rates.

Notes to the Consolidated and Separate Financial Statements [Cont.]

31. Financial risk management [continued]

Assets and liabilities are generated from a variety of different sources and opportunities over a period of time and therefore inherently this will create a mismatch in the statement of financial position. The Bank actively and closely manages this mismatch.

The Bank›s liquidity management process, as carried out within the Bank, includes:

a. 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 customer;
b. Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
c. Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
d. Managing the concentration and profile of debt maturities.

i) Management of liquidity risk

The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by the Asset and Liabilities Committee (ALCO). A summary report, including any exceptions and remedial action taken, is submitted regularly to the ALCO Committee.

ii) Exposure to liquidity risk

The table below analyses assets and liabilities of the Bank into relevant maturity groupings based on the remaining period at the reporting date to the maturity date

Notes to the Consolidated and Separate Financial Statements [Cont.]

Maturity analysis table

Group - 31 March 2025

Assets	0 - 3 months P '000	3 - 12 months P '000	1 - 5 years P '000	Over 5 years P '000	Total P '000
Cash and cash equivalents	183,843	-	-	-	183,843
Investments in financial assets	187,780	87,517	-	-	275,297
Loans and advances to customers**	33,044	82,138	691,784	3,699,420	4,506,386
Other assets	6,309	-	-	-	6,309
Total assets	410,976	169,655	691,784	3,699,420	4,971,835
Liabilities					
Deposits due to customers**	1,933,542	1,745,829	404,625	-	4,083,996
Other liabilities	13,342	-	-	-	13,342
Borrowings**	13,235	24,409	173,243	229,217	440,104
Dormancy account liability	28,304	-	-	-	28,304
Lease liabilities**	492	2,002	15,665	23,908	42,067
Total liabilities	1,988,915	1,772,240	593,533	253,125	4,607,813
Net liquidity gap	(1,577,939)	(1,602,585)	98,251	3,446,295	364,022

31 March 2024

	0 - 3 months P '000	3 - 12 months P '000	1 - 5 years P '000	Over 5 years P '000	Total P '000
Assets					
Cash and cash equivalents	340,236	-	-	-	340,236
Fixed deposits with banks	-	162,525	-	-	162,525
Loans and advances to customers	1,786	58,706	1,164,225	1,556,200	2,780,917
Other assets	12,418	-	-	-	12,418
Total assets	354,440	221,231	1,164,225	1,556,200	3,296,096
Liabilities					
Deposits due to customers	1,077,554	1,066,666	890,938	618	3,035,776
Other liabilities	29,073	-	-	-	29,073
Borrowings	7,431	91,243	309,043	269,951	677,668
Dormancy account liability	26,730	-	-	-	26,730
Lease liability	1,408	4,329	25,022	22,913	53,672
Total liabilities	1,142,196	1,162,238	1,225,003	293,482	3,822,919
Net liquidity gap	(787,756)	(941,007)	(60,778)	1,262,718	(526,823)

Notes to the Consolidated and Separate Financial Statements [Cont.]

31. Financial risk management [continued]

Company - 31 March 2025

Assets	0 - 3 months P '000	3 - 12 months P '000	1 - 5 years P '000	Over 5 years P '000	Total P '000
Cash and cash equivalents	182,406	-	-	-	182,406
Investments in financial assets	187,781	87,517	-	-	275,298
Loans and advances to customers**	33,044	82,138	691,784	3,582,090	4,389,056
Other assets	5,962	-	-	-	5,9629
Total assets	**409,193**	**169,655**	**691,784**	**3,582,090**	**4,852,722**
Liabilities					
Deposits due to customers**	1,975,711	1,745,829	404,625	-	4,126,165
Other liabilities	11,299	-	-	-	11,299
Borrowings**	13,235	24,409	173,243	229,217	440,104
Dormancy account liability	28,304	-	-	-	28,304
Lease liabilities**	492	2,002	15,665	23,908	42,067
Total liabilities	**2,029,041**	**1,772,240**	**593,533**	**253,125**	**4,647,939**
Net liquidity gap	**(1,619,848)**	**(1,602,585)**	**98,251**	**3,328,965**	**204,783**
Cumulative liquidity gap	**-**	**(3,222,433)**	**(3,124,182)**	**204,783**	**204,783**

31 March 2024

Assets	0 - 3 months P '000	3 - 12 months P '000	1 - 5 years P '000	Over 5 years P '000	Total P '000
Cash and cash equivalents*	325,943	-	-	-	325,943
Investments in financial assets*	-	162,526	-	-	162,526
Loans and advances to customers**	1,786	16,017	1,439,444	3,991,197	5,448,444
Other assets	12,418	-	-	-	12,418
Total assets	**340,147**	**178,543**	**1,439,444**	**3,991,197**	**5,949,331**
Liabilities					
Deposits due to customers**	1,077,554	1,066,666	890,938	618	3,035,776
Other liabilities	29,073	-	-	-	29,073
Borrowings**	7,431	91,243	309,043	269,951	677,668
Dormancy account liability	26,730	-	-	-	26,730
Lease liability**	1,408	4,329	25,022	22,913	53,672
Total liabilities	**1,142,196**	**1,162,238**	**1,225,003**	**293,482**	**3,822,919**
Net liquidity gap	**(802,049)**	**(983,695)**	**214,441**	**3,697,715**	**2,126,412**
Cumulative liquidity gap	**-**	**(1,785,744)**	**(1,571,303)**	**2,126,412**	**2,126,412**

As per the maturity analysis table, there is an overall liquidity mismatch in period 0-5 years, management is addressing this through regular monitoring of current and future cash flows. Furthermore, Management is aiming to raise long term debt to reduce the reliance on short term deposits which are causing the significant short-term gap.

** Balances represent undiscounted cash flows in accordance with IFRS 7.

Notes to the Consolidated and Separate Financial Statements [Cont.]

Liquidity ratio

The Bank of Botswana has issued guidelines on the management of liquidity. These guidelines require that total liquid assets divided by total customer deposits should be at least 10%. Liquidity ratios have been assessed as follows:

Group	2025 P '000	2024 P '000
Total liquid assets	459,141	502,761
Total deposits	4,083,995	2,499,069
Ratio	11 %	20 %

Company		
Total liquid assets	457,704	488,468
Total deposits	4,126,164	2,499,100
Ratio	11 %	20 %

The following are considered as liquid assets by the Bank of Botswana
a) Notes and coins;
b) Balances due from Bank of Botswana excluding primary reserve requirement balances;
c) Balances due from domestic banks with maturities less than 184 days;
d) Treasury bills equal to or less than 6 months;
e) Government bonds with maturities less than 12 months;
f) Bank of Botswana Certificates - those pledged as security;
g) Other government obligations with less than 12 months' maturity; and
h) Other liquid assets.

Capital risk management

Capital adequacy and the use of regulatory capital are monitored by the Bank, applying techniques based on the guidelines developed by the Basel Committee on Banking Regulations and Supervisory Practices (Basel Committee) and European Community Directives, as implemented by the Bank of Botswana for supervisory purposes.

These techniques include the risk asset ratio, which the Bank of Botswana regards as a key supervisory tool. The Bank of Botswana has set the individual minimum ratio requirements for Banks in Botswana at 12.5% which is above the Basel Committee minimum guideline of 8%. The ratio calculation involves the application of designated risks weightings to reflect an estimate of credit, market and other risks associated with broad categories of transactions and counterparties.

The concept of risk weighting, as applied to banking activities, assumes that such activities generally include some risk of loss. For risk weighting purposes, commercial lending is taken as a benchmark to which a risk weighting of 100% is ascribed. Other transactions considered to generate lower levels of risk than commercial lending may qualify for reduced weightings. Off balance sheet items are converted to credit risk equivalents by applying credit conversion factors laid down by the Basel Committee, as implemented by the Bank of Botswana. The resulting amounts are then risk weighted according to the nature of the counterparty.

Regulatory guidelines define two tiers of capital resources:
a) Tier 1 (core) capital, comprising mainly shareholders' funds, is the highest tier
b) Tier 2 capital includes perpetual, medium and long term subordinated debt and qualifying general provisions for bad and doubtful debts.

Notes to the Consolidated and Separate Financial Statements [Cont.]

31. Financial risk management [continued]

Both tiers can be used to meet trading and banking activity requirements. To monitor the adequacy of its capital, the Bank uses ratios established by the Bank of Botswana. These ratios measure adequacy by comparing the Bank's eligible capital with its reported assets and commitments at weighted amounts to reflect their relative risk. The regulator has advised all financial institutions to ensure capital requirements to be based on the Basel framework. The regulator has advised the adoption of the following approaches:

Standardised Approach (SA) for Credit risk,

Basic Indicator Approach (BIA) for Operational risk

Standardised Measurement Method (SMM) for Market risk.

For prudential supervisory purposes, Tier 1 capital consists of unrecallable share capital together with the general and the statutory reserves. The Bank's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain growth of the business. The objective is to strike a balance between the higher returns that might be possible with greater earnings and the advantages and security afforded by a sound capital position. The Bank has complied with all externally imposed capital requirements throughout the period. The capital adequacy ratio 16.9% as at 31 March 2025 (2024: 21.9%). The minimum capital adequacy rate as set by the Bank of Botswana is 12.5%.

The following table shows the capital adequacy for the Bank and the risk weighted assets based on Basel II as at 31 March 2025:

Company	2025 P '000	2024 P '000
Tier 1 capital		
Stated Capital	19,721	19,721
Statutory reserve	85,882	72,789
Retained earnings	240,907	165,959
Deduct		
Intangible assets	(37,982)	(51,975)
Total Tier 1 capital	**308,528**	**206,494**
Tier 2 capital		
Provisional reserve (capped at 1.25% of RWA)	42,875	24,025
Subordinated debt	260,398	221,224
Total qualifying capital	**611,801**	**451,743**
Credit RWAs	3,429,988	1,922,037
Operational RWAs	262,624	193,408
Total Risk weighted assets	**3,692,612**	**2,115,445**
Tier 1 risk based capital ratio (minimum 7.5%)	8.4 %	10.3 %
Total risk-weighted capital ratio (minimum 12.5%)	16.6 %	21.9 %

Notes to the Consolidated and Separate Financial Statements [Cont.]

32. Related parties

100% shareholding	Botswana Government
100% Subsidiary	BSB Insurance Services 15

Related parties comprise the Government of the Republic of Botswana, Botswana Postal Services and key management personnel. Botswana Savings Bank and Botswana Postal Services ("BPS") had an agency agreement where the latter accepts deposits and pays out withdrawals through the postal network for a fee. Botswana Savings Bank existed from the relationship in the prior year.

Key management personnel refers to the Bank's Board of Directors, executive management team and senior management team. Information on borrowings from the Botswana Government is disclosed in note 23.

The volumes of related party transactions outstanding balances at the year end, and the related expense and income for the year are as follows:

	Group		Company	
Figures in Pula thousand	2025	2024	2025	2024
Related party balances				
Balance due to related parties				
Interest due on Borrowings - Botswana Government	2,015	2,216	2,015	2,216
Capital due on borrowings - Botswana Government	58,333	64,167	58,333	64,167
Insurance premium payable - BSB Insurance Services	-	-	231	8,714
Balances due from BSB Insurance Services	-	-	4,094	-
Deposit balance due to BSB Insurance Services	-	-	42,445	-
	60,348	66,383	107,118	75,097
Related party transactions				
Transactions with BSB Insurance Services				
Rent paid to Botswana Savings Bank	-	-	73	68
Capital contribution by Botswana Savings Bank	-	-	-	911
Payments for shared services	-	-	182	182
Interest on call paid to BSB Insurance Services	-	-	908	-
Management fees paid to Botswana Savings Bank	-	-	3,000	-
Non-executive directors fees				
Board meeting fees and expenses	1,018	519	-	519
Compensation to Executive and Senior management				
- Salaries and allowances	6,853	6,852	6,853	6,035
Termination benefits	1,891	-	1,891	-
	8,744	6,852	8,744	6,035

Loans to employees (including executive directors) are made on concessionary terms in accordance with the conditions of employment.

A list of members of the Board of Directors is disclosed in General Information. Directors' remuneration is disclosed in note 9.

Loans to directors				
Executive directors loans	7,769	7,150	7,769	7,150

Notes to the Consolidated and Separate Financial Statements [Cont.]

33. Events after the reporting period

There are no material or significant events or contingencies after the reporting date, which require disclosure or adjustment in the financial statements for the year ended 31 March 2025.

34. Segment Reporting

Banking segment - Comprising loan advances, deposits and the revenue flowing from individual customers.

BancAssurance- Comprise commission from placing credit and life cover with underwriters.

The Group presents interest income after the cost of funding and interest expenditure after the benefit of funding for each reportable segment. These are the amounts that are presented to the Chief Operating Decision Maker for management reporting purposes when assessing performance and allocating resources. This presentation is in line with the management approach of presenting segment information.

Group - 2025	Retail segment	Banc Assurance Segment	Elimination on conso-lidation	Total
Income Statement	P'000	P'000	P'000	P'000
Interest income using effective interest rate	595,993	919	(908)	596,004
Fee and commission income	19,089	34,561	-	53,650
	615,082	35,480	(908)	649,654
Interest, fee and commission expense	(301,272)	-	908	(300,364)
	313,810	35,480	-	349,290
Net impairment expense of financial assets	(21,634)	-	-	(21,634)
Other Income	23,668	3,568	(3,204)	24,032
	315,844	39,048	(3,204)	351,688
Depreciation and amortisation	(26,997)	(82)	49	(27,030)
Employee benefits	(124,405)	(2,405)	(508)	(127,318)
Administrative and general expenses	(93,739)	(5,146)	3,734	(95,151)
Profit before tax	70,703	31,415	71	102,189
Taxation				(25,400)
				76,789
Statement of Financial Position				
Cash and cash equivalents	182,406	43,506	(42,069)	183,843
Loans and advances to customers	4,509,071	-	-	4,509,071
Loss allowances	(116,016)	-	-	(116,016)
Net advances to customers	4,393,055	-	-	4,393,055
Deposits from customers	4,126,164	-	(42,169)	4,083,9

Notes to the Consolidated and Separate Financial Statements [Cont.]

Group - 2024 Income Statement	Retail segment P'000	Banc Assurance Segment P'000	Elimination on conso-lidation P'000	Total P'000
Fee and commission income	18,304	16,236	-	34,540
	381,625	16,314	-	397,939
Interest, fee and commission expense	(199,175)	-	-	(199,175)
	182,450	16,314	-	198,764
Net impairment expense of financial assets	(1,784)	-	-	(1,784)
Other Income	23,237	724	(242)	23,719
	203,903	17,038	(242)	220,699
Depreciation and amortisation	(23,530)	(82)	55	(23,557)
Employee benefits	(95,948)	(2,416)	1,207	(97,157)
Administrative and general expenses	(70,437)	(973)	-	(71,410)
Profit before tax	13,988	13,567	1,020	28,575
Taxation				(5,270)
				23,305

Statement of Financial Position				
Cash and cash equivalents	325,943	14,293	-	340,236
Loans and advances to customers	2,780,917	-	-	2,780,917
Loss allowances	(91,568)	-	-	(91,568)
Net advances to customers	2,689,349	-	-	2,689,349
Deposits from customers	2,499,100	-	(31)	2,499,069

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BANK

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