First Capital BANK

Basel Pillar 3 Disclosures

For the Quarter Ended 30 June 2026

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1.0 Background and Scope

First Capital Bank's Pillar III disclosure is made in accordance with the requirements of the revised capital directive, which is based on Basel II, and became effective 1st January 2016, read together with the Basel Committee on Banking Supervision's Revised Pillar III disclosure requirements issued on 28 January 2015.

Pillar III is vital in providing information to the market about the bank's capital; risk assessment and management; and the underlying methodologies. The key objective of Pillar III is to allow market discipline to operate as sharing of information facilitates assessment of the bank by other parties such as investors, analysts, customers, other banks, and ratings agencies, leading to improved transparency and corporate governance. This will enhance market discipline, efficiency, and confidence.

2.0 Regulatory Capital Requirements

2.1 Capital Structure

Bank of Botswana sets and monitors the capital requirements for the Bank. The revised capital directive, which is based on Basel II, became effective 1st January 2016. It requires the Bank to temporarily maintain a minimum of 12.5 percent of risk weighted assets covering operational, market and credit risks as of 01 April 2020 in response to the impact of the COVID 19 pandemic. The Bank's regulatory capital is analysed into two parts: -

- Tier I capital, which includes paid-up stated capital, retained earnings and other reserves less goodwill or any intangible asset.
- Tier II capital, which includes unpublished current year profit, general provisions, subordinated debt, and preference share capital.

First Capital Bank Regulatory Capital Structure for the quarter ended 30 June 2026:

Basel III Common Equity Tier I Disclosure Template

2.2 Capital Adequacy

2.2.1 Qualitative Disclosures

First Capital Bank continues to maintain good capital position. The bank is in continuous monitoring of the capital adequacy requirements.

For the Quarter ended *30 June 2026*, the bank's capital ratios are outlined below:

Common Equity Tier I capital: instruments and reserves		
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus.	140,000
2	Retained earnings	784,867
3	Accumulated other comprehensive income (and other reserves)	15,289
4	Directly issued capital subject to phase out from CET1 CAPITAL (only applicable to non-joint stock companies)	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1 CAPITAL)	-
6	**Common Equity Tier I capital before regulatory adjustments**	**940,157**
	Common Equity Tier I capital: regulatory adjustments	
7	Prudential valuation adjustments	-
8	Goodwill (net of related tax liability)	-

9.a	Other intangibles other than mortgage-servicing rights (net of related tax liability)	12,591
	IFRS 9 Provisions Transitional Adjustments	-
9.b	a. Transitional Adjustment Amount Added Back to CET1	-
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
11	Cash-flow hedge reserve	-
12	Shortfall of provisions to expected losses	-
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-
15	Defined-benefit pension fund net assets	-
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-
17	Reciprocal cross-holdings in common equity	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
20	Mortgage servicing rights (amount above 10% threshold)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold	-
23	of which: significant investments in the common stock of financials	-
24	of which: mortgage servicing rights	-
25	of which: deferred tax assets arising from temporary differences	-
26	National specific regulatory adjustments	-
27	Regulatory adjustments applied to Common Equity Tier I due to insufficient Additional Tier I and Tier II to cover deductions	-
28	**Total regulatory adjustments to Common equity Tier I**	**-12,591**

29	**Common Equity Tier I capital (CET1 CAPITAL)**	**927,566**
	Additional Tier I capital: instruments	
30	Directly issued qualifying Additional Tier I instruments plus related stock surplus	-
31	of which: classified as equity under applicable accounting standards	-
32	of which: classified as liabilities under applicable accounting standards	-
33	Directly issued capital instruments subject to phase out from Additional Tier I	-
34	Additional Tier I instruments (and CET1 CAPITAL instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-
35	of which: instruments issued by subsidiaries subject to phase out	-
36	**Additional Tier I capital before regulatory adjustments**	**-**
Additional Tier I capital: regulatory adjustments		
37	Investments in own Additional Tier I instruments	-
38	Reciprocal crossholdings in Additional Tier I instruments	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
41	National specific regulatory adjustments	-
42	Regulatory adjustments applied to Additional Tier I due to insufficient Tier II to cover deductions	-
43	**Total regulatory adjustments to Additional Tier I capital**	**-**
44	**Additional Tier I capital (AT1)**	**-**
45	**Tier I capital (T1 = CET1 CAPITAL + AT1)**	**927,566**
Tier II capital: instruments and provisions		
46	Directly issued qualifying Tier II instruments plus related stock surplus	104,732
47	Directly issued capital instruments subject to phase out from Tier II	-

48	Tier II instruments (and CET1 CAPITAL and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier II)	-
49	of which: instruments issued by subsidiaries subject to phase out	-
	Unpublished Current Year's Profits	204,017
50	Provisions	44,256
51	**Tier II capital before regulatory adjustments**	**353,005**
	Tier II capital: regulatory adjustments	**-**
52	Investments in own Tier II instruments	**-**
53	Reciprocal cross-holdings in Tier II instruments	**-**
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold).	**-**
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions).	**-**
56	National specific regulatory adjustments	**-**
57	**Total regulatory adjustments to Tier II capital**	**-**
58	**Tier II capital (T2)**	**353,005**
59	**Total capital (TC = T1 + T2)**	**1,280,571**
60	**Total risk-weighted assets**	**8,378,251**

2.2.2 Quantitative disclosures

Portfolio	Approach	Amount (P'000)	Capital Requirement
Credit Risk	Simple	7,642,638	1,146,396
Market Risk	Standardised	18,733	2,810
Operational Risk	Basic Indicator	716,879	107,532
TOTAL		**8,378,251**	**1,256,738**

a) Capital requirements for Credit Risk

First Capital Bank uses the Simple Approach as per the Basel II framework to calculate Credit RWA. The RWA is the addition of the totals of the On-balance and Off-balance sheet subject to various credit risk mitigants

Portfolio	Exposures before CRM	Risk-Weights of Original Counterparties	Risk Weighted Assets
On-Balance Sheet Exposures	**P'000**		**P'000**
Cash	62,728	0%	-
Balances with Bank of Botswana	366,653	0%	-
Claims on Sovereign or Central banks	0	150%	-
Balances with domestic banks	1,235,630	20%	79,875.70
Balances with Domestic Public Sector Entities	0	20%	-
Balances with foreign bank(credit rating AAA to AA-)	0	20%	-
Balances with foreign bank (A+ to A-)	62,677	50%	31,338.35
Balances with foreign bank (credit rating BBB+ to BB-)	697,502	100%	697,501.72
Balances with foreign bank (credit rating BB+ to B-)	1,327,042	100%	1,327,042.32
Balances with foreign bank (credit rating below B-)	132,510	150%	198,764.50
Commercial loans (credit rating BBB+ to BB-)	952,801	100%	952,800.61
Past due for more than 90 and specific provision is less than 20% of loan	17,989	150%	26,984.07

Past due exposure where specific provision is equal to or greater than 20% but less than 50% of the loan.	4,805	100%	4,804.51
Past due exposure where specific provision is equal to 50% or more of the loan.	461,916	50%	230,958.12
Residential mortgage loans	100,791	35%	35,276.87
Other non-qualifying Residential Mortgages	12,492	75%	9,368.90
Past due (qualifying mortgage loans) for more than 90 days and specific provision is less than 20% of the loan		100%	
Past due (qualifying mortgage loans) for more than 90 days and specific provision is more than 20% of the loan.	0	50%	-
(i) Past due non-qualifying residential mortgages where specific provision is less than 20% of the loan.	1,276	150%	1,914.09
(ii) Past due non-qualifying residentail mortgages where specific provision is equal to or greater than 20% but less than 50% of the loan.	2,025	100%	2,024.77
(iii) Past due non-qualifying residentail mortgages where specific provision is equal to 50% or more of the loan.	1	50%	0.41
Commercial real estate	252,302	100%	252,302.25
Past due commercial real estate where specific provision is less than 20% of the loan.	2,605	150%	3,907.51
Past due exposure where specific provision is equal to or greater than 20% but less than 50% of the loan.	0	100%	-
Past due exposure where specific provision is equal to 50% or more of the loan.	0	50%	-
Retail exposures that fully comply with conditions set out in para 7.26 of the Capital Directive	3,659,346	75%	2,744,509.36
Retail exposures not complying with conditions referred to under above	0	100%	-

Past due exposure where specific provision is less than 20% of the loan.	0	150%	-
Past due exposure where specific provision betwee 20% and 50% of outstanding amount of the loan.	0	100%	-
Past due exposurer where specific provision is more than 50% of the outstanding loan.	21,569	50%	10,784.38
Other assets	389,213	100%	389,212.50
Property, plant and equipment	110,269	100%	110,269.00
Total On-Balance Sheet Exposures	**9,874,140**		**7,109,640**
Off-Balance Sheet Exposures			
Commitments – Original maturity up to 1 year	138,780	20%	27,756
Commitments – Direct credit substitute	505,242	100%	505,242
Performance and bid bonds	26,081	0%	0
Total Off-Balance Sheet Exposures	**670,103**		**532,998**
Total credit risk weighted assets	**10,544,243**		**7,642,638**

b) Capital requirements for market risk

The bank's market risk is calculated using the Standardised Approach. A market risk capital charge is computed for foreign exchange risks in the Banking book. The sum is then calibrated by a risk weight factor of 6.7.

Risk	**Amount**	**Risk Weight Factor**	**Risk Weight Asset (RWA)**
	P'000		**P'000**
Foreign exchange risk	2,796	6.7	18,733
Total Market Risk RWA	**2,796**		**18,733**

c) Capital requirement for Operational Risk

The bank has adopted the Basic Indicator Approach (BIA) in computing Operational Risk. The regulatory operational risk capital charge risk is equal to 15% of the average of the previous three years bank's positive annual gross income. The three-year average gross income is calculated based on the last three 12 month's monthly observations at the end of the financial year. Where audited financials are not available submitted returns are used.

Year	Gross Income
1	596,091
2	718,582
3	825,264
Total Gross Income	**2,139,937**
operational risk factor -denoted alpha (α)	15%
Aggregate Gross Income multiplied by α	320,991
No. of years with Positive Gross Income (n)	3
Operational Risk Capital Charge: BIA	106,997
Risk weight factor	6.7
Operational risk weight assets	**716,879**

d) Total and Tier I Capital ratios:

	Transitional Adjustment Capital Ratios	Fully Loaded Capital Ratios
Tier I Capital	927,566	4,299
Tier II Capital	353,005	353,005
Total Qualifying capital	1,280,571	357,304
Total Risk Weighted Asset	8,378,251	8,378,251
Tier I Capital Ratio	11.07%	0.05%
Total Capital Ratio	15.28%	4.26%

Table 25: Regulatory and IFRS publication for First Capital Bank

	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	As at period end	As at period end
Assets		
Cash and balances at central banks	166,409	166,409
Items in the course of collection from other banks	2,552,224	2,552,224
Trading portfolio assets	-	-
Financial assets designated at fair value	240,686	240,686
Derivative financial instruments	52,085.00	52,085.00
Loans and advances to banks	-	-
Loans and advances to customers	5,346,458	5,346,458
Reverse repurchase agreements and other similar	-	-
secured lending		
Available for sale financial investments	-	-
Current and deferred tax assets		-
Prepayments, accrued income and other assets	96,442	96,442

Investments in associates and joint ventures	-	-
Goodwill and intangible assets	12,591	12,591
Property, plant and equipment	110,269	110,269
Central government securities-bonds	1,166,108	1,166,108
Total assets	**9,743,272**	**9,743,272**
Liabilities		
Deposits from banks	532,154	532,154
Items in the course of collection due to other banks	-	-
Customer accounts	7,681,560	7,681,560
Repurchase agreements and other similar secured	-	-
borrowing		-
Trading portfolio liabilities	-	-
Financial liabilities designated at fair value	-	-
Derivative financial instruments	45,418.00	45,418
Debt securities in issue	26,132	26,132
Accruals, deferred income and other liabilities	88,573	88,573
Current and deferred tax liabilities	35,820	35,820
Subordinated liabilities	158,995	158,995
Provisions	21,342	21,342
Retirement benefit liabilities	-	-
Total liabilities	**8,589,993**	**8,589,993**
Shareholders' Equity		
Paid-in share capital	140,000	140,000
Retained earnings	784,867	784,867
Accumulated other comprehensive income	228,412	228,412
Total shareholders' equity	**1,153,279**	**1,153,279**

There is no difference between regulatory and IFRS publication for First Capital Bank Limited

Table 26: Expanded Regulatory Balance Sheet

	Balance sheet as in published financial statements	Under regulatory scope of consolidation	Reference
	As at period end	As at period end	
Assets			
Cash and balances at central banks	166,409	166,409	
Items in the course of collection from other banks	2,552,224	2,552,224	
Trading portfolio assets	-	-	
Financial assets designated at fair value	240,685.54	240,685.54	
Derivative financial instruments	52,085.00	52,085.00	
Loans and advances to banks	-	-	
Loans and advances to customers	5,346,458	5,346,458	
Reverse repurchase agreements and other similar secured lending	-	-	
Available for sale financial investments	-	-	
Current and deferred tax assets	-	-	
Prepayments, accrued income and other assets	96,442	96,442	
Investments in associates and joint ventures	-	-	
Goodwill and intangible assets			
of which goodwill		-	a
of which other intangibles (excluding MSRs)	12,591	12,591	b
of which MSRs	-	-	c
Property, plant and equipment	110,269	110,269	
Central government securities-bonds	1,166,108	1,166,108	
Total assets	**9,743,272**	**9,743,272**	

Liabilities			
Deposits from banks	532,154	532,154	
Items in the course of collection due to other banks	-	-	
Customer accounts	7,681,560	7,681,560	
Repurchase agreements and other similar secured borrowing	-	-	
Trading portfolio liabilities	-	-	
Financial liabilities designated at fair value	-	-	
Derivative financial instruments	45418	45,418	
Debt securities in issue	26,132	26,132	
Accruals, deferred income and other liabilities	88,573	88,573	
Current and deferred tax liabilities	35,820	35,820	
Of which DTLs related to goodwill	-	-	d
Of which DTLs related to intangible assets	-	-	e
(excluding MSRs)		-	
Of which DTLs related to MSRs	-	-	f
Subordinated liabilities	158,995	158,995	
Provisions	21,342	21,342	
Retirement benefit liabilities	-	-	
Total liabilities	**8,589,993**	**8,589,993**	
Shareholders' Equity			
Paid-in share capital			
of which amount eligible for CET1 CAPITAL	140,000	140,000	h

of which amount eligible for AT1	-	-	i
Retained earnings	784,867	784,867	
Accumulated other comprehensive income	228,412	228,412	
Total shareholders' equity	**1,153,279**	**1,153,279**	

Table 27: Extract of Basel III common disclosure template (with added column)

Common Equity Tier I capital: instruments and reserves			
		Component of regulatory capital reported by bank	**Source based on Reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2.**
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus.	140,000	**h**
2	Retained earnings	784,867	
3	Accumulated other comprehensive income (and other reserves)	15,289	
4	Directly issued capital subject to phase out from CET1 CAPITAL (only applicable to non- joint stock companies)	-	
5	Common share capital issued by subsidiaries and held by third parties (amount) allowed in group CET1 CAPITAL)	-	
6	Common Equity Tier I capital before regulatory adjustments	940,157	
7	Prudential valuation adjustments	0	
8	Goodwill (net of related tax liability)	12,591	**a-d**

Table 28: Main features of regulatory capital instruments

The bank has issued subordinated debt instruments as outlined in the table below.

1	Issuer	First Capital Bank Limited
2	Unique identifier (e.g. CUSIP ISIN or Bloomberg identifier for private placement)	Not Applicable
3	Governing law(s) of the instrument	Botswana Law
	Regulatory treatment	Subordinated debt
4	Transitional Basel III rules	Not Applicable
5	Post-transitional Basel III rules	Not Applicable
6	Eligible at solo/group/group and solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Subordinated debt
8	Amount recognised in regulatory capital (Currency in mil as of most recent reporting date)	157,000
9	Par value of instrument *(Approved by Central Bank)*	157,000
10	Accounting classification	Subordinated debt
11	Original date of issuance	01/07/2017 01/06/2019 31/01/2020
12	Perpetual or dated	Dated
13	Original maturity date	07/01/2027 30/07/2029 31/01/2030
14	Issuer call subject to prior supervisory approval	Non-callable
15	Optional call date contingent call dates and redemption amount	Not Applicable
16	Subsequent call dates if applicable	

		Not Applicable
	Coupons / dividends	Coupon
17	Fixed or floating dividend/coupon	Floating
18	Coupon rate and any related index	Floating rate earning interest at 270 basis points above the bank rate Floating rate earning interest at 325 basis points above the bank rate Floating rate earning interest at 325 basis points above the bank rate
19	Existence of a dividend stopper	Not Applicable
20	Fully discretionary partially discretionary or mandatory	Not Applicable
21	Existence of step up or other incentive to redeem	Not Applicable
22	Noncumulative or cumulative	Not Applicable
23	Convertible or non-convertible	Not Applicable
24	If convertible conversion trigger (s)	Not Applicable
25	If convertible fully or partially	Not Applicable
26	If convertible conversion rate	Not Applicable
27	If convertible mandatory or optional conversion	Not Applicable
28	If convertible specify instrument type convertible into	Not Applicable

29	If convertible specify issuer of instrument it converts into	Not Applicable
30	Write-down feature	Not Applicable
31	If write-down trigger(s)	Not Applicable
32	If write-down full or partial	Not Applicable
33	If write-down permanent or temporary	Not Applicable
34	If temporary write-down description of write-up mechanism	Not Applicable
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated notes
36	Non-compliant transitioned features	Not Applicable
37	If yes specify non-compliant features	Not Applicable

3.0 Credit Risk

Table 30 (a): Qualitative Disclosures

Credit risk is the risk of financial loss to the Bank if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Bank's loans and advances to customers and other banks and its investment in securities. For risk management reporting purposes, the Bank considers and consolidates all elements of credit risk exposure (such as individual obligor default risk country and sector risk).

Impaired loans and securities

Impaired loans and securities are loans and securities for which the Bank determines that it is probable that it will be unable to collect all principal and interest due according to the contractual terms of the loan/securities agreements.

Past due but not impaired loans

Loans and securities where contractual interest or principal payments are past due, but the Bank believes that impairment is not appropriate on the basis of the level of security/collateral available and/or the stage of collection of amounts owed to the Bank.

Loans with renegotiated terms

Loans with renegotiated terms are loans that have been restructured due to deterioration in the borrower's financial position and where the Bank has made concessions that it would not otherwise consider. Once the loan is restructured it remains in this category independent of satisfactory performance after restructuring.

Allowances for impairment

The Bank establishes an allowance for impairment losses that represents its estimate of incurred losses in, in line with IFRS 9.

The Bank assesses the expected credit losses ('ECL') associated with its debt instrument assets, loans and advances measured at amortised cost and FVOCI and with the exposure arising from loan commitments, bank balances and financial guarantee contracts. The Bank recognises a loss allowance for such losses at each reporting date.

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

- Stage 1 - Financial instruments not credit impaired on initial recognition and are performing;

- Stage 2 - If significant increase in credit risk is identified the asset is moved to Stage 2; and

- Stage 3 - If the asset is credit impaired it is moved to Stage 3.

- ECLs are measured on either a 12 month or Lifetime basis depending on whether a significant increase in credit risk (SICR) has occurred since initial recognition or whether the asset is considered credit impaired. ECLs are a probability-weighted discounted product of probability of default (PD), loss given default (LGD) and exposure at default (EAD).

- Credit losses are measured as the present value of all cash shortfalls (i.e., the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive).

- ECLs are discounted at the effective interest rate of the portfolio.

- The maximum period considered when estimating ECLs is the maximum contractual period (including extensions) over which the Bank is exposed to credit risk.

- The Group uses a combination of a portfolio-based approach and individual assessment to the calculation of ECLs.

- Portfolio assessment is performed by way of the ECL Model to support the modelling of probability of default, loss given default and exposure at default.

- Individual assessment is performed on all customer loans and advances after having defined a minimum exposure threshold.

Loss allowances are measured on either of the following bases:

i) 12 - month ECLs (Stage 1 - no significant increase in credit risk)

These are a portion of lifetime ECLs that result from possible default events within the 12 months after the reporting date. These ECLs are measured on assets which are performing assets.

- Customer loans and advances which do not reflect any SICR since initial recognition.

- Debt securities, loans to banks and bank balances which are performing assets.

ii) Lifetime ECLs (Stage 2 – significant increase in credit risk)

These are ECLs that result from all possible default events over the expected life of a financial instrument. These ECLs are measured on assets with a SICR since initial recognition.

- Customer loans and advances with regulatory asset classification of Special Mention (Rebuttable presumption basis of 30 to 89 days past due) or with a SICR (as demonstrated in terms of the Bank’s early warning risk monitoring process).

- Debt securities, loans to banks and bank balances which are past due.

iii) Lifetime ECLs (Stage 3 – default)

These ECLs are measured on all credit impaired/ in default credit exposures.

- Customer loans and advances with regulatory asset classification Substandard, Doubtful, Loss (Rebuttable presumption basis of more than 89 days past due) or with a SICR (as demonstrated in terms of the Bank's early warning risk monitoring process) justifying credit impairment.

- Debt securities, loans to banks, bank balances in default.

Impairment policy

The Bank writes off a loan/security balance (and any related allowances for impairment losses) when Bank Credit determines that the loans/securities are uncollectible. This determination is reached after considering information such as the occurrence of significant changes in the borrower/issuer's financial position such that the borrower/issuer can no longer pay the obligation or that proceeds from collateral will not be sufficient to pay back the entire exposure.

In respect of certain financial assets, the Bank has legally enforceable rights to offset them with financial liabilities. However, in normal circumstances there would be no intention of settling net or of realising the financial assets and settling the financial liabilities simultaneously. Consequently, the financial assets are not offset against the respective financial liabilities for financial reporting purposes.

Table 30 (b): Quantitative Disclosures

Exposures by major types of credit exposures (P'000)

Risk Type	Domestic	International	Total Exposure
Claims on Domestic & Foreign Banks			
Claims on Corporates	942,034	421,123	1,363,157
Claims included in the Retail Portfolios	3,729,724		3,729,724
Claims Secured by Commercial Real Estate	255,044		255,044
Claims Secured by Residential Mortgage Property	117,678		117,678
Claims on Public Sector Entities (PSEs) 0 one risk weight less favourable than sovereign	0		0
TOTAL	**5,044,480**	**421,122.82**	**5,465,604**

Geographic Distribution

Category	As of 30 June 2026
Botswana	5,044,481
Zimbabwe	0
Zambia	418,280
AE United Arab Emirates	2,325
South Africa	0
Mozambique	518
Total Gross Exposures	**5,465,604**

Industry or counter-party type distribution of exposures broken down by major types of credit exposures

Industry	**As of 30 June 2026**
Central Government	-
Local Government	-
Public Non-Financial Corporations	-
Agriculture, Forestry, Fishing	61,780
Mining and Quarrying	182,588
Manufacturing	97,777
Construction	137,234
Commercial real estate	255,044
Electricity	68,772
Water	203
Telecommunication and post	8,027
Tourism and hotels	12,107
Transport and storage	88,762
Trade, restaurants and bars	414,788
Business services	204,273
Other community, social and personal services	26,557
Residential property (owner occupied)	110,615
Residential property (rented)	7,062
Personal loans	3,701,112
Motor vehicle	28,612
Household goods	-
Credit card loans	-
Non-Profit Institutions Serving Households	-
Non-Residents	41,250
Finance companies	19,041
TOTAL	**5,465,604**

Residual contractual maturity breakdown by major types of credit exposures (P'000)

	No. of A/Cs	Original Loan Amount	Amount Outstanding
Overdrafts	1,020	542,060	416,247
Loans	-	-	-
>0 to 6 months	749	233,339	103,245
>6 months to 12 months	591	241,718	56,243
>1 to 2 years	1,641	771,892	391,507
>2 to 3 years	2,892	620,452	504,914
>3 to 5 years	3,184	660,808	601,249
>5 to 7 years	5,614	1,052,290	1,131,877
>7 to 10 years	12,663	2,181,406	2,173,235
Over 10 years	121	96,863	87,087
TOTAL	**28,475**	**6,400,827**	**5,465,604**

By major industry or counter party type: Amount of Impaired loans and if available Past Due Loans (P'000)

Impairments/Past due	Total Value of Past Due Loans	Total Value of Non-Performing Loans
Central Government	-	-
Local Government	-	-
Public Non-Financial Corporations	-	-
Agriculture, Forestry, Fishing	30,551	6,405
Mining and Quarrying	1,871	-
Manufacturing	7,334	130
Construction	20,143	1,665
Commercial real estate	19,743	2,742
Electricity	5,145	3,236
Water	-	-
Telecommunication and post	2,241	2,241
Tourism and hotels	5,618	1,017
Transport and storage	5,890	-
Trade, restaurants and bars	111,331	8,256
Business services	15,670	11,657

Other community, social and personal services	363	352
Residential property (owner occupied)	3,617	3,617
Residential property (rented)	778	778
Personal loans	160,192	84,807
Motor vehicle	130	41
Household goods	-	-
Credit card loans	-	-
Non-Profit Institutions Serving Households	-	-
Non-Residents	2	2
Finance companies	345	117
TOTAL	**390,964**	**127,063**

Impaired/ Past Due Loans by Geography including the amounts of specific and general provisions for the Geography (P'000)

Geographical	Past Due	Non-performing	Specific Provision	General Provision
International	-	-	-	-
Domestic	390,964	127,063	74,890	-
TOTAL	**390,964**	**127,063**	**74,890**	**0**

Exposure amount subject to the standardised approach (rated and unrated)

As of 30 June 2026	**Rated**	**Unrated**	**Total**
Banks and Government	-	-	-
Other	-	5,465,603	5,465,604
Total Gross Exposures	**-**	**5,465,603**	**5,465,604**

3.1 Credit Risk Mitigation

Table 32: The General Qualitative disclosure requirement with respect to credit risk mitigation

The Board of Directors of the Bank have delegated responsibility for the management of credit risk to their Credit Committee. A separate credit department reporting to the Credit Committee is responsible for oversight of the credit risk including: -

- *Formulating credit policies* covering collateral requirements credit assessment risk grading and reporting documentary and legal procedures and compliance with regulatory and statutory requirements.
- *Establishing the authorisation structure* for the approval and renewal of credit facilities. Authorisation limits are allocated to Head of Credit Chief Executive Officers. Larger facilities require approval by the Local Credit Committee and the Board Credit Committee as appropriate.
- *Reviewing and assessing credit risk*. The Credit Department assesses all credit exposures prior to facilities being committed to customers by Relationship Managers concerned. Renewals and reviews of facilities are subject to the same review process.
- *Limiting concentrations of exposure* to counterparties geographies and industries (for loans and advances) and by issuer credit rating band market liquidity and country (for investment securities).
- *Reviewing compliance* of business units with agreed exposure limits.

Types of Collateral

The primary consideration in the assessment of any lending opportunity should be the borrower's financial position and ability to repay from own resources and cash flow credit mitigation instruments are used where appropriate to reduce the Bank's lending risk resulting in security against the majority of exposures. These include financial or other collateral netting or set-off agreements guarantees or cash collateral. The collateral types are driven by portfolio product or counterparty type:

- The underlying assets financed secure mortgage and instalment sale finance portfolios.
- Personal loans and overdrafts exposures are generally unsecured or secured via guarantees and sureties as well as by salary deduction.
- Commercial and Corporate credit facilities are mostly secured by the assets of the counterparties and cash flow of the projects.

Concentration Risk

Concentration risk means that the portfolio has individual or small groups of exposures which are large in relation to the rest of the portfolio or in relation to the capital of the Bank and the default or loss of which would have a detrimental effect on the performance of the

entire portfolio. The portfolio could for example be concentrated in a few borrowers or the portfolio could be concentrated in one or more industries or sectors or the portfolio could be concentrated in a customer segment or the portfolio could be concentrated in new or existing borrowers. **Credit concentration** means a limit or exposure to a single customer or group of customers

- Concentration Risk is managed in the credit portfolios in accordance with the policy and directives of Bank of Botswana. Besides the Board shall approve credit risk strategy spelling out the Bank's plan to grant credit based on various customer segments and products economic sector's geographical location currency and maturity. The target market within each lending segment preferred level of diversification and/or concentration should be defined. Each portfolio must be measured and reported to the board credit committee every quarter.

  Such Concentrations include

  - Significant exposure to an Individual counterparty or a group of related counterparties as prescribed by BOB
  - Credit Exposure to counterparties in the same economic sector

Table 33: General disclosures related to counter party credit risk

(a) Qualitative Disclosures

Counterparty Credit risk is the risk that a counterparty fails to meet its contractual obligations. The risk that counterparties might default on their obligations is monitored on an on-going basis. In monitoring credit risk exposure consideration is given to trading instruments with a positive fair value and the volatility of the fair value of trading instruments.

The counterparty credit risk management ensures that the risk is measured analysed and monitored appropriately within specified and approved limits in line with the bank's risk appetite guidelines as mandated by the board.

The Board Credit Committee utilises the approved risk quantifying methodologies and assessments to assign individual counterparty risk limits as guided. Counterparty exposure monitoring is done by the relevant credit function on a continuous basis.

(b) Quantitative Disclosures

The bank aligns the credit risk measurement standard with the counterparty credit risk and set limits are adhered to.

4.0 Market Risk

(a) Qualitative Disclosures

Market risk is the risk that changes in market prices such as interest rates foreign exchange rates and other comprehensive income prices will affect the Bank's income or the value of its holding of financial instruments. The objective is to manage and control market risk exposures within acceptable parameters while optimising the return on risk.

The treasury department ensures the following: -

- Setting the foreign exchange risk management strategy and tolerance levels.
- Ensuring that effective risk management systems and internal controls are in place.
- Monitoring significant foreign exchange exposure.
- Ensuring that foreign exchange operations are supported by adequate management information systems which complement the risk management strategy.
- Reviewing the policies procedures and currency limits regularly in line with changes in the economic environment.

The ALCO regularly monitors the controls put in place by the treasury department which are approved and reviewed by the Board from time to time.

(b) Quantitative Disclosures

The capital requirement for:

i. Interest rate risk

Interest rate risk is the exposure of Bank's financial condition to adverse movements in interest rates. It arises from timing differences in the maturity or re-pricing of the bank's assets and liabilities. The Asset and Liability Committee (ALCO) monitors interest rate risk in the bank.

ALCO considers the bank's sensitivity to interest rate movements and regularly reviews the re-pricing mismatches. The bank's assets are largely funded by short-dated deposits. Pricing is linked to the prime lending rate so that although the assets are long-term the bank can re-price immediately upon a change in policy rates and this minimizes the mismatch risk. The bank strives to match asset and liability re-pricing positions as far as possible and have positive gap in initial time buckets.

Changes in interest rates impact on the net interest margin of the bank. The Asset and Liability Committee (ALCO) considers the bank's sensitivity to interest rate movements and regularly reviews the repricing mismatches. The bank's assets are largely funded by short-dated deposits. Pricing is linked to the prime lending rate so that although the assets are

long-term the bank can reprice immediately upon a change in policy rates and this minimizes the mismatch risk. The bank strives to match asset and liability re-pricing positions as far as possible and have positive gap in initial time buckets

ALCO monitors the mismatch positions and actively manages the interest rate in the banking book. Pricing of liabilities is guided by ALCO. Business is encouraged to diversify and improve the deposit mix. Continuous efforts are made to identify new sources of deposits and to lengthen the liability profile.

Interest Rate Risk in the Banking Book (IRRBB)

The bank recognizes the need to hold capital for mismatch risk arising from positions held to maturity. The bank is in the process of developing capacity through the deployment of BALM (Bank Asset and Liability Management Solution) to enable an effective measurement of Economic Value of Equity (EVE) in determining the impact of interest rate changes on capital. The bank's exposure is measured through the unmatched gap in the interest rate sensitive positions. Currently the bank has not established a measure of capital requirement for such mismatches and therefore applies an arbitrarily set 3.0 percent add-on.

IRRBB is the exposure of the bank's financial condition to adverse or favourable movements in interest rates. This arises mainly due to a maturity mismatch between the bank's assets and liabilities. Accepting this risk is a normal part of banking and it can be an important source of profitability and shareholder value for the bank. However, excessive interest rate risk can pose a serious threat to a bank's earnings and capital base. Changes in interest rates affect the bank's earnings by changing its Net Interest Income (NII) and fair value banking book profit. The most important sources of interest rate risk are re-pricing risk, yield curve risk, basis risk, optionality risk.

ii. Foreign Exchange Rate Risk Management

Treasury department monitors 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 both the trading and banking books. The foreign exchange positions arise from the following activities: -

- Trading in foreign currencies through spot forward and option transactions as a market maker or position taker including the unhedged position arising from customer driven foreign exchange transactions.
- Holding foreign currency position in the bank books (e.g. in the form of loans deposits cross border investments etc.).

The bank's exposure to foreign currency risk is minimal. The bank monitors the unhedged position of the bank in all foreign currencies against both an internal and a regulatory limit. The regulator limits the net open position to 15% of regulatory capital for a single currency and to 30% of regulatory capital for an aggregate of currencies. The internal limits the net open position to 15% of regulatory capital for a single currency and to 30% of regulatory

capital for an aggregate of currencies. The net open position on foreign currency of the bank as a percentage of unimpaired capital was 3.23% in June 2026 from 0.63% in March 2026. The exposures for all the currencies were within the regulatory requirement of +/- 15% for each currency relative to the unimpaired capital. The bank continually monitors the net open position and adheres to net open position limits.

Liquidity and Funding Risk

The bank is exposed to funding liquidity risk. The bulk of the deposit liabilities are short-term, yet the bank's assets are long-term in nature. The bank has a policy in place whose primary objective is to ensure that the bank can fund the bank and enable it to continue to operate and meet obligations under adverse circumstances. The bank has established liquidity guidelines that are intended to ensure that there is sufficient liquidity to withstand the potential impact of deposit attrition or diminished liquidity. The guidelines include maintaining an adequate liquidity reserve to cover potential funding requirements and diversified funding sources to avoid overdependence on volatile less reliable funding markets.

Liquidity risk is managed according to the following principles

Excess Liquidity – The bank seeks to maintain excess liquidity to meet a broad and comprehensive range of potential cash outflows and collateral needs in a stressed environment. While the regulatory liquid asset ratio (LAR) is 10% the bank has set for itself an internal limit of 15% where the 5% buffer provides a cushion during a stressed liquidity environment.

Asset-Liability Management – The bank has an Asset and Liability Committee (ALCO) through which anticipated holding periods of assets and their potential illiquidity in a stressed environment are assessed. Liquidity maturity mismatches and level of funding diversification across markets products and counterparties are managed and efforts are made to maintain liabilities of appropriate tenor relative to the asset base.

Liquidity Contingency Plan – The bank maintains a liquidity contingency funding plan (LCP) to provide a framework for analysing and responding to a liquidity crisis or periods of market stress. The framework sets the plan of action to fund normal business activity in emergency and stress situations early enough. It provides management with a set of possible actions to address potential liquidity threats. The LCP operates in conjunction with the finance and treasury management policy and the assets and liabilities management (ALM) policy to ensure a coordinated approach to liquidity management.

A liquidity position is produced daily and analysed. Treasury department assess and manage the overall liquidity position of the bank. Liquidity ratios are closely monitored. LAR should be at least 15% and the loan deposit ratio (LDR) should be at most 85%. The LAR was 26.46% and sufficiently above the internal limit of 12%; the LDR was 71.15%.

Market Risk under Standardised Approach- Risk Weighted Assets

P'000	Risk	Amount	Risk Weighted Factor	RWA
	Foreign exchange risk	2,796	6.7	18,733
	Interest rate risk	-	-	154,418
	Specific Risk	-	-	-
	General Risk	-	-	-
	Total Market RWA			**173,151**

5.0 Operational risk

Table 35(a): Qualitative Disclosures

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Bank's processes personnel technology and infrastructure and from external factors other than credit liquidity interest rate and market risks such as those arising from legal and regulatory requirements and the requirement to observe generally accepted standards of corporate behaviour. Operational risks arise from all the Bank's operations.

The objective of the Bank is to manage operational risks to balance the avoidance of financial losses and damages to the Bank's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity.

i. Management of Operational Risk

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management within each branch. The responsibility is supported by the development of overall standards in the Bank for the management of operational risks in the following areas: -

- requirements for appropriate segregation of duties including the independent authorisation of transactions.
- requirements for the reconciliation and monitoring of transactions.
- compliance with regulatory and other legal requirements
- documentation of controls and procedures
- requirements for the periodic assessment of operational risks faced and the adequacy of controls and procedures to address the risks identified.
- requirements for the reporting of operational losses and proposed remedial action
- development of contingency plans
- training and professional development
- ethical and business standards

Compliance with group standards is supported by a programme of periodic reviews undertaken by Group Internal Audit. The results of Internal Audit reviews are discussed with management of the business unit to which they relate with summaries submitted to the Audit Committee.

An independent Risk and Compliance function conducts ad-hoc risk assessments on premises products and processes and reports the findings to business units or respective departments and the Chief Executive Officer. It conducts operational risk assessments as part of the bank-wide risk assessments and reports to the Chief Executive Officer and the Risk Committee on quarterly basis.

The Bank has an operational risk management framework which gives guidelines on how to identify assess monitor and control/mitigate operational risk. In addition, there are policies and procedures on operational risk management that are aligned to the overall business strategy and supports continuous improvement of overall risk management in the Bank.

Table 35 (b): Quantitative Disclosures

For Operational Risk capital requirement, the bank uses the Basic Indicator Approach (BIA). Under the Basic Indicator Approach (BIA) the regulatory operational risk capital charge risk is equal to 15% of the average of the previous three years bank's positive annual gross income. The three-year average gross income is calculated based on the last three 12 month's monthly observations at the end of the financial year.

6.0 Remuneration

(a) Qualitative Disclosures

i. Overseeing Body

The newly established Appointment and Remuneration Board Committee is the overseeing body for remuneration decisions within First Capital Bank. The committee has the following functions:

(a) To determine remuneration structures for executive directors and senior executive officers of the Bank and to review these annually.
(b) To ensure that directors receive commensurate market related remuneration subject to the concept of capacity to pay.
(c) To review and approve recommendations on employee remuneration framework and parameters.
(d) Evaluate the performance of the senior executive management in light of their annually set goals and targets and set each Executive's performance related reward based on such evaluation
(e) Oversee the establishment of the remuneration policy that will promote the achievement of strategic objectives and encourage individual performance
(f) Oversee and review all aspects of any share option scheme or share based payments operated by or to be established by the Company, including but not limited to:

- the selection of eligible Executive Directors, Executive Officers and other employees to whom awards should be granted.
- the timing of any grant.
- the number of awards to be granted; and
- The exercise price at which options are to be granted.

(a) Regularly review incentive schemes to ensure continued alignment to creation of shareholder value and ensure that these are administered in terms of the rules.

(b) Approval of the cost of general salary increments and remain appraised of the mandates for negotiations with the representative Unions or Workers Committees.

The external consultants for salary survey the bank has been sought and engaged to conduct the remuneration market survey.

ii. Remuneration Processes

The bank is in the process of reviewing the reward policy to ensure the bank attracts, retains and motivates members of staff in order to serve the interest of the bank. The Group is currently undertaking a job grading exercise across all countries which will later be aligned and localised to country legislation and Markets. Key for the bank is to establish internal equity of remunerations and benefits for similar positions.

	Element	Operation
Fixed Remuneration	**Salary**	• Salaries reflect individuals' skills and experience and are reviewed annually against market information and in the context of annual performance assessment and affordability. • Increases may occur where there is a role change, increased responsibility or to ensure market competitiveness.
	Pension & Benefits	• Benefits are provided depending on local market practice. Employees have access to country-specific, company-funded benefits such as pension schemes, private medical insurance, life insurance and cash allowances. The cost of providing the benefits is defined and controlled. • Employees who are relocated or spend a substantial portion of their time in more than one jurisdiction for business purposes are provided with mobility benefits.
Variable Remuneration	**Variable Remuneration**	• Incentives and bonuses awarded to employees who have performed exceptionally well as per management discretion. This is important for motivation amongst employees within the bank. • Long Service Rewards

Every year the Human Resource Management Committee meet to salaries and conditions of service, chaired by the Chief executive Officer determines the percentages of increments to be awarded for each element of salary review, depending on:

- The financial ability of the bank to pay
- The inflation and cost of living increases in the economy
- Availability of skills in the market
- Individual performance

Rewarding Performance

For the bank to continually reward employees fairly, employees are kept accountable to deliver through a Performance Management System. Employees are scored on five-point rating scale, with performance objectives duly discussed, agreed and signed off by employees and their managers.

Good governance

The Bank has formed an Appointment and Remuneration Board committee that sits quarterly. Its primary role among other things shall be to ensure broad human resources policies and principles including remuneration and benefits are put in place and to maintain objectivity and neutrality in determining remuneration and benefits.

Variable pay

- Performance Bonus

Employee Types

- Permanent employees- First Capital Bank had 255 employees as at 30th June 2026 who are permanent and pensionable.
- Temporary/short term employees- The bank had 9 temporary/short-term employees as at 30th June 2026.
- Long term Contracts employees – The bank had 19 employees on long term contracts as at 30th June 2026.

The following risks are considered in the remuneration processes:

- Risk of losing employees due to remuneration that is below the market salaries
- Unfair and skewed salary structures
- Scare skills

The bank has taken the following measures to account for these risks, which include internal equity in salary bands and lower quartile of the salary survey. These measures put in place ensure competitive and fair reward.

Linking Performance to Remuneration

The bank uses the Performance Management System that uses a 5-point rating scale to measure performance and ultimately used for remuneration considerations. The Performance Management System is guided by the Performance Management Policy dully approved by the Board Appointment and Renumeration Policy.

(b) Quantitative Disclosures

As of 30 June 2026	Number of	Amount
Number of non-senior employees who received variable remuneration during the financial year	276	20,383
Number of senior management who received variable remuneration during the financial year	12	9,657
Number and total amount of sign-on awards made during the financial year	-	-
Number and total amount of severance payments made during the year	8	252
Total pay for non-senior managers	276	20,635
Total pay for senior managers	12	9,657

Table 38 (a): SENIOR MANAGEMENT COMPENSATION

Total value of remuneration awards for the current fiscal year	Unrestricted (P'000)	Deferred
Fixed Remuneration		
Cash-based	9,657	-
Shares and share-linked instruments	-	-
Other	-	-
Variable Remuneration		
Cash-Based	-	-
Shares and share-linked instruments	-	-
Other	-	-