2023
INTEGRATED REPORT

Bank Botswana Limited

Making
Progress Real

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Consolidated and separate annual financial statements

Overview

Operational Resilience – Powering Progress

Making Progress Real

Operational resilience is no longer an option, but a necessity in the rapidly evolving corporate world. This critical component determines how well organizations can bounce back from disruptions while maintaining vital functions. Operational resilience helps businesses manage risks and ensure continuity even during unforeseen circumstances. It serves as a backbone that keeps operations running smoothly regardless of challenges faced.

The relationship between business continuity and operational resilience forms the foundation for robust organizational health, and this allows for the delivery of real progress. The key to enhancing Access Bank's operational resilience lies within leveraging proven strategies of business continuity and empowering all our stakeholders.

As the Bank moves forward, new trends are shaping this domain which could redefine our approach towards risk management in future.

Our vision

To be the world's most respected African Bank.

Our mission

Setting standards for sustainable business practices that unleash the talents of our employees, deliver superior value to our customers and provide innovative solutions for the markets and communities we serve.

Our core values


Leadership


Excellence


Empowered employees


Passion for customers


Professionalism


Innovation

INTEGRATED REPORTING SCOPE AND BOUNDARY

The Board and Management of Access Bank Botswana are delighted to produce the Bank's inaugural integrated report. With this enhanced reporting we aim to provide investors and other stakeholders with a holistic view of the company's performance, encompassing value creation and preservation in addition to the financial performance of the Bank. This report covers the period from 1 January 2023 to 31 December 2023 and is to be read in conjunction with the annual financial statements and the forward-looking information.

FORWARD-LOOKING STATEMENTS

This report covers disclosures and information for the financial year ended 31 December 2023 and includes information relating to material events after the year end date up to the **10th of June 2024**. The report also contains forward-looking statements about the Bank's expected performance and results, and although the statements made refer to our future ambitions and expectations, it must be noted that the statements carry a certain level of uncertainty, as they are made on the assumption of future events occurring which are subject to their inherent risks, and as a result, no unwarranted reliance should be placed on such opinions or information, as the results could potentially differ from the opinions expressed.

MATERIALITY

Being the inaugural integrated report, the Bank methodically reviewed information for presentation on the report, assessing for materiality utilising the process defined below:

- Assessing matters based on their ability to impact value creation.
- Weighting the potential impact on value creation of the matters assessed.
- The matters carrying the largest impact were prioritized and relevant useful information on the matters was reported.

In reading this report it is to be noted that those matters deemed to be material are those that have the most considerable influence on the stakeholders, operations, performance, and outlook of the Bank.

APPROVAL OF THE INTEGRATED REPORT

The Bank's Management acknowledges our responsibility for the integrity of the Banks's external reporting and as a result the report has been put through multiple levels of review and assessment of the information contained in the report, This report provides information that is relevant and informative to enable the shareholders and other stakeholders to make informed investment decisions.

This inaugural integrated report is presented by the Integrated Reporting Framework (2021), addressing matters influencing Access Bank's current ability to sustainably create value as well as its prospects into the foreseeable future. It is our opinion that this Integrated Report presents a fair and balanced presentation of the bank's performance and outlook. The Board of Directors approved this report on the **10th of June 2024.**

Lorato Nthando Mosetlhanyane (Chairperson)	**Jacob Mooketsi Motlhabane**	**Oluseyi Kumapayi**
Sheperd Aisam	**Ntoti Mosetlhe**	**Robert Michael Yorwerth Giles**
Joshua Benjamin Galeforolwe	**John Bosco Sebabi**	**Ratang Icho-Molebatsi**
Boiki Matema Wabo Tema	**Lynda Mataka**	**Ogone Mothooagae**
Calistas Chijoro		

ORGANIZATIONAL OVERVIEW, EXTERNAL ENVIRONMENT AND STAKEHOLDERS

The Bank has made substantial progress in building a strong foundation in order to meet its mission. Having successfully moved through the COVID-19 pandemic and transition from BancABC to Access Bank challenges there is hope that the Bank's performance targets will be met. The Bank's mission statement is to *set standards for sustainable business practices that unleash the talents of our employees, deliver superior value to our customers and provide innovative solutions for the markets and communities we serves.* This will be done through upholding the following core values;

- Leadership
- Excellence
- Empowered employees
- Passion for customers
- Professionalism
- Innovation

WORLD ECONOMIC OUTLOOK

According to the International Monetary Fund (IMF), the global economy continues to recover slowly from the blows of the pandemic, Russian invasion of Ukraine, the middle east war and the cost of living crisis. Despite the disruption in energy and food markets caused by the war and the unprecedented tightening of global monetary conditions to combat high decades of high inflation the global economy has slowed but not stalled.

The baseline is for global growth to slow from 3.5 percent in 2022 to 3.0 percent in 2023 and 2.9 percent in 2024, well below the historical (2000–19) average of 3.8 percent. Advanced economies slowed from 2.6 percent in 2022 to 1.5 percent in 2023 and 1.4 percent in 2024 as policy tightening starts to bite. Emerging market and developing economies have a modest decline in growth from 4.1 percent in 2022 to 4.0 percent in both 2023 and 2024. Global inflation declined steadily, from 8.7 percent in 2022 to 6.9 percent in 2023 and 5.8 percent in 2024, due to tighter monetary policy aided by lower international commodity prices. Core inflation is generally projected to decline more gradually, and inflation is not expected to return to target until 2025 in most cases. Monetary policy actions and frameworks are key at the current juncture to keep inflation expectations anchored.

Local economic review

The GDP of Botswana grew by 2.7% in 2023 compared to 5.5% in 2022. The decline was mainly due to contracting of the diamond trade during the year. According to Statistics Botswana headline inflation decreased from 3.9% in December 2023 remaining within the Bank's medium term objective range of 3 - 6% and significantly lower than the 12.4% in December 2022. Inflation averaged 5.2% in 2023 and this was significantly lower than the 12.1% in 2022.

KEY STAKEHOLDERS FOR THE YEAR ENDED 31 DECEMBER 2023

Employees

423 employees
241women and 182 men

Customers

Individuals
Businesses
Local authorities and state owned enterprises

Regulators

Bank of Botswana
Botswana Unified Revenue Service
Botswana Stock exchange
Non-Bank Financial Institutions Regulatory Authority

Investor community

Shareholders
Prospective investors

DIFFERENTIATOR IN THE MARKET

In an ever-evolving financial landscape, our Bank has continued to excel through its unwavering commitment to innovation and customer-centric services. As evidenced by our report, one of our key differentiators in the market has been our relentless pursuit of technological advancement. By leveraging cutting-edge digital platforms and employing state-of-the-art security measures, we have set ourselves apart as a leader in providing seamless, secure, and convenient banking experiences for our customers. Furthermore, our emphasis on personalized financial solutions and robust risk management practices has established us as a trusted partner for both individual and corporate clients. Through a combination of innovation, reliability, and customer-focused strategies, we have successfully navigated the competitive landscape, positioning our Bank as a trailblazer in the industry.

STRATEGY DEVELOPMENT, APPROVAL, AND MONITORING

In the past year, our Bank has focused on strategic execution and monitoring to ensure sustained growth and stability. Our strategy development process includes a comprehensive analysis of market trends, customer preferences, and regulatory changes. This analysis provided the foundation for the formulation of a robust strategic plan aimed at expanding our market presence, enhancing customer experience, and optimizing operational efficiency. Our strategic intent is to be amongst the leading Banks in Botswana by the year 2027.

Following extensive internal discussions and consultations with industry experts, our strategic plan was presented to the board of directors for approval. Their in-depth review and constructive feedback played a pivotal role in refining the plan to align with our long-term vision and shareholder interests. Upon receiving board approval, the plan was communicated across the organization, ensuring that every employee understood their role in executing the strategy.

Throughout the year, we meticulously monitored the implementation of our strategic initiatives, regularly assessing key performance indicators and adjusting course as necessary. This ongoing monitoring process enabled us to proactively address challenges and capitalize on opportunities, ultimately driving the Bank toward its strategic objectives.

As a result of our rigorous strategy development, approval, and monitoring processes, we have achieved significant milestones, including notable growth in market share, improved customer satisfaction, and enhanced risk management practices. Looking ahead, we remain committed to the disciplined execution of our strategic plan, continuously adapting to the evolving financial landscape and delivering sustainable value to our stakeholders.

Key Strategic Objectives

Our strategic focus enables us to pull resources and efforts together to achieve maximum results. These are:

- Expanding the Retail business and diversify income streams; this was driven by the Bank intentionally retaining and fostering profitable relationships, mining existing relationships for growth by completely banking them. Aggressively acquiring new customer segments, providing solutions for the under banked Batswana, exploring and solutioning for the small and medium enterprises and developing products tailored specifically for women from all works of life.
- Having an impact in Business Banking; positioning ourselves as significant player in the sustainable Business Banking transactional activity segment growth, trade finance ecosystem supply chain financing banking partner of choice.
- Corporate Banking; drive core banker status across all customer segments within the corporate sector, diversify funding base from Non-Banking Financial institutions and become the trade finance partner of choice.
- Grow treasury and foreign currency transactions from low base and introduce new products and on expanded Business Banking and trade clients.

PROGRESS TO DATE

As we reflect on the past year, it is with great pride that we present an overview of our progress to date on the implementation of our strategic initiatives. The strategic roadmap laid out by our organization has served as a guiding light, directing our efforts toward achieving our long-term objectives while navigating the dynamic landscape of the financial industry. This annual report provides a comprehensive insight into the significant milestones we have achieved, the challenges we have overcome, and the strategic advancements that have propelled our Bank forward. From innovative customer-centric initiatives to operational efficiencies, our progress to date on strategy reflects our unwavering commitment to driving sustainable growth and delivering value to all our stakeholders. During the 2023 financial year, the Bank achieved the following milestones.

Digital Banking Driving Income Diversification

Bank to Wallet (B2W) continues to be key to our growth with it contributing significantly to the volume of transactions during the year. B2W contributed 50% of the revenue on our digital income. With heavy investment in our ATM footprint, the current financial year experienced a growth in transactional volumes and growth in revenue.

We experienced a growth in our foreign exchange volume particularly on foreign exchange forwards added to this was an onboarding on a total of 30 core banking customers, a 60% attainment of the targeted customer base of core banker status.

Woman Banking: We started with events targeting woman (C-Suite Event). At this event we were able to bring together women from all walks of life to discuss what products and solutions would best suite them, compared to what we have on offer, in 2024, we look forward to rolling out the complete product solution and see this part of our market well served.

Strong Customer Growth & Product Uptake

Throughout the year we on-boarded new customers and resuscitated dormant customer accounts. Accounts showed a 21% growth from 89K accounts to 108K accounts, ending the year at just 71% acquisition of our target customer numbers. Customer base showed 21% growth over the same period. Drivers of growth include Branch Activations and collaboration with Corporate. Our number of active Point of Sale (POS) terminals increased by 90% thereby also increasing transactional banking and current account and savings accounts balances and turnover on POS.

(POS) terminals increased by **90%**

Balance Sheet & Capital Structured for Growth

Growth in our capital adequacy from 20% to 22%. Improvement on liquidity measures driven by the increase in the customer deposits. Overall balance sheet total asset growth of 6% showing that our business is scaling up.

22%

2022: 20%

Capital adequacy ratio

Our people

In tandem with our strategic goals, our Bank has placed a strong emphasis on human capital development, recognizing that our people are the cornerstone of our success. Throughout the year, we have made substantial strides in nurturing a culture of continuous learning, diversity, and inclusion, aligning our human capital strategy with the overarching objectives of the organization. From talent acquisition and development to fostering a supportive and inclusive work environment, our strategic process has been instrumental in achieving significant human capital achievements. We have invested in upskilling our workforce, equipping them with the necessary tools and knowledge to adapt to the evolving demands of the industry. Furthermore, by promoting diversity and inclusivity, we have cultivated a workforce that reflects the varied perspectives of our customer base, ultimately enhancing our capacity for innovation and service excellence. Our human capital achievements stand as a testament to our unwavering commitment to harnessing the full potential of our employees, ensuring that they remain integral to our strategic success both now and in the future.

OUTLOOK 2024

In 2024 we aim to continue being Botswana's trusted partner in offering banking and financial solutions. We look forward to introducing to the market more customer fit banking solutions, increasing our service offering and increasing our market share and market position.

OUR STRATEGY, BUSINESS MODEL, HOW WE DO BUSINESS

OUR BUSINESS MODEL

In the fiscal year 2023, our Bank continued to thrive and grow, driven by a robust and resilient business model. Our core business model is centered around delivering exceptional financial services to our diverse customer base while carefully managing risk and maintaining a strong balance sheet. We are committed to providing innovative and tailored solutions to meet the evolving needs of our clients, ranging from individuals and small businesses to large corporations and institutional investors. Our multi-channel distribution strategy, which incorporates both traditional and digital channels, has allowed us to reach a wider audience and enhance customer experience while optimizing operational efficiency. Furthermore, our focus on prudent risk management and compliance with regulations has enabled us to sustain profitability and maintain the trust and confidence of our stakeholders. As we look ahead, we remain dedicated to refining our business model to adapt to the changing landscape of the financial industry and to capitalize on emerging opportunities for sustainable growth and value creation.

2009
Became a licensed fully fledged commercial

2009-2019
Achieved critical mass owing to partnerships with union schemes

Best retail and SME bank in Botswana

STP USD Dollar payment excellence award

2018-2019
Listed on the BSE for Investment for Remediation of Technology deficiencies to provide for digitally led growth into transactional

2021
Access Bank Plc acquisition of a majority equity stake in Access Botswana

Best Payment Solution Provider 2021 - Global Banking Finance Award

2022-2023
40% Increase in FX Forwards Volumes, 21% Increase in Transaction Volumes, 13% Increase in Number of FX Clients.

Growth in our Nstakolle in partnership with Orange Botswana

KEY METRICS

59 ATMs	88,896 unique mobile app and Internet banking	1437+ POS
421 Professional Staff 43% Women 57% Men	19 Branches	1000+ Access Closa

HIGHLIGHTS OF FINANCIAL PERFORMANCE

The report shows and highlights some key improvement in 2023, showing strategic success, through expanded customer base and improved customer value proposition.

Key highlights includes the addition of the access closa agencies to more than 1100, increasing the POS machines to more than 1.3k, swipe and win card campaign by VISA, good performace from Nstakolle.

The Bank has also performed different activations in order to increase awareness of product as well as the foot print. Such activation include the Access Africa activation, black friday activation and the salary advance activation campaigns. Further Access Bank has 's aim to foster business has resulted in the Bank getting in to new partnerships.

Overall the Bank has demonstrated its dedication to making real progress in the financial services sector.

P408.8m

2022: P399.2
Net interest income ▲

P6,362m

2022: P6,821m
Gross loans ▼

P204.0m

2022: P152.3m
Non interest income ▲

P7,734m

2022: P7,277m
Deposits ▲

P52.3m

2022: P28.5
Profit before tax ▲

22%

2022: 20%
Capital adequacy ratio ▲


Bank on our
far-reaching presence
With operations expanding to 21 countries across 3 continents, our quest for the finest banking opportunities reaches beyond the visible horizon.
We are dedicated to broadening our presence in Botswana, with 59 ATMs and 19 branches and service centres strategically positioned across the nation.
Visit botswana.accessbankplc.com
Member of the Deposit Insurance Scheme of Botswana.
access
more than banking

CHAIRPERSON'S REPORT

Lorato Nthando Mosetlhanyane
Chairperson

Strategic Update
The year 2023 was deeply rooted in optimization. The Bank has very notably, come from a period of heavy investment in infrastructure and overall growth of the brand, this has already begun bearing fruit for our customer's testament to our vision "*To Be The World's Most Respected African Bank*"

In our Bank we have pulled the right levers and optimized on the strong foundations laid, this has led to:

- A notable increase in our customer numbers.
- An increase in digital platform users, and
- An increase in our digital channel volumes,
- An increase in our active point-of-sale terminals,
- Amazing acceptance of our instant digital lending solutions,
- Excellent outcomes for all stakeholders and from our partnerships, and additions of new strategic partners.

This year was overall a year that has seen so much progress, in what is a very sustainable and forward-looking organization. The year has not only brought us and our stakeholders a lot of excitement, but a year that has put us squarely on course to attain our vision for the Bank. Customer centricity remains at the heart of everything we do, and the marked growth of the uptake in digital channel usage and the Point-of-Sale terminals gives recognition to the improvement in the ease of banking for both our retail and wholesale banking stakeholders. The Bank's transactional capabilities were further enhanced with first-to-market products as well as with the introduction of Access Africa, enabling customers to send money to over 100 countries worldwide.

Our strategic period ends in December 2027 and there is good progress made on the attainment of our strategy. In 2024 we welcomed our new Managing Director Sheperd Aisam, an experienced leader and a right fit, to get us to our 2027 aspirations. Join me as we welcome him to the team and look forward to his contribution as we continue our strategic journey.

"The Bank has very notably, come from a period of heavy investment in infrastructure and overall growth of the brand, this has already begun bearing fruit

12% TOTAL INCOME GROWTH

P52.2m
PROFIT BEFORE TAX COMPARED TO P28.5M IN 2022.

Performance update
The Bank's results demonstrate incredible fortitude and are a strong encouragement to the board for the journey that the Bank is on. Total income grew by 12%, driven by an 11% increase in interest income, as well as tremendous growth in the non-interest revenue of 44%, adding to the diversification of revenue channels. The uplift noted in revenue was due to the strengthening of interest rates, which also had a similar impact on the interest expense with it growing by 20%. Despite this, there was a strong 83% growth year on year on profit before tax with 2023 closing the year at P52.2m compared to P28.5m in 2022.

The Bank's focus on growing customer base resulted in deposit book growth of 7% while total assets grew by 6%. Significant strides were made toward the Bank's goal of obtaining greater balance sheet efficiency, ensuring the Bank remains on course for its long-term strategic objectives.

The Bank declared and paid a dividend of four thebe per share in May 2024 for the performance related to the financial year 2023 and continues to hold a healthy capital adequacy level above both the regulatory and internal limits of 12.5% and 15% respectively. This positions the Bank perfectly for the strategic growth expected in the coming years.

Corporate governance
During the year, we bid farewell to the former Managing Director Mr. Kgotso Bannalothe, with Ms. Musonda Chishimba expertly steering the ship until we were able to welcome Mr. Sheperd Aisam to the helm, who through his extensive experience, is well-placed to guide the Bank to the achievement of our vision and strategic intent.

The Board continues to adhere to the principles of King IV Corporate Governance. This includes ensuring that the Board of Directors comprises the appropriate balance of knowledge, skills, experience, diversity, and independence for them to discharge their governance role and responsibility objectively and effectively. The board is compliant with all the sixteen principles as set out in King IV out of the seventeen principles. The remaining principle is not applicable as it relates to an institutional investor organisation of which the Bank is not.

Acknowledgement
We extend our sincere gratitude to our customers, our regulators, our shareholders, the Board, management, and all the Access Bank Botswana team for their contribution in leading and guiding us in the year 2023. We remain committed to the sustainable growth of our Bank, optimizing shareholder value and making ours a Bank where progress is seen for our customers.

MANAGING DIRECTOR'S REPORT

Sheperd Aisam
Managing Director

Economy
Global economy growth prospects remain uncertain as the on-going geo-political tensions and supply chain uncertainties continue to present potential shocks that could slow down global economic growth. According to the International Monetary Fund Global growth is estimated to slow down from 3.5% in 2022 to 3.1% in 2023 and rise to 3.2% in 2025. Elevated central bank policy rates to fight inflation and withdrawal of fiscal support continue to weigh on economic activity. Inflation is falling faster than expected in most regions. Global headline inflation therefore is expected to fall to 5.8% percent in 2024 and 4.4% percent in 2025.

Our Performance
Our recent initiatives have proven to be exceptionally worthwhile investments, underpinned by substantial efforts to expand our presence and enhance our customer offerings. While these endeavors did lead to increased operational expenses, it's important to emphasize that these strategic moves have yielded positive results in terms of income. Although there may be a temporary impact on our financial performance during this period, we want to underscore the vital importance of these strategic investments. They have not only fortified Access Bank but have also positioned us favorably for a period of imminent growth and prosperity.

Among the achievements accomplished through our strategic endeavours are the establishment of new service centres and a substantial increase in our ATM network, ensuring widespread accessibility to banking services across Botswana. The introduction of our "Access Closa" agency model has extended our reach to areas without easy access to ATMs or Service Centre. We have introduced pioneering products that underscore our commitment to innovation in Botswana's banking sector. Notably, our groundbreaking offerings such as the "N'stakolle" loan, Salary Advance loan, and Access Africa have captured the market's attention. Access Africa has revolutionized cross-border payments, offering our customers real-time international transactions - a testament to our ethos of delivering #MoreThanBanking experiences.

Retail Banking
The retail loan book was reduced due to a lower market demand for personal loans in 2023. Deposit growth in retail is about 19% due to aggressive customer acquisition. Non interest revenue increased by 36% from digital products, lending-related fees, and transactional revenues. Users in our digital platforms continue to grow, increasing by 47% during the year under review. The products launched to advance the digital strategy for this segment are bearing positive results. These products include Instant Digital Data Driven "Salary Advance Loan" that provides instant and 24/7 financial assistance for unforeseen circumstances and Instant Nano Loan "N'stakolle" in partnership with Orange.

Wholesale Banking
The loan book contracted by 21% as a result of prioritizing high-yielding Government Purchase Orders for the Business Banking segment. Deposits grew by 4% in comparison to December 2022. This was due to the focus on customer transactional activities and a change in the funding strategy. The emphasis was on changing the deposit mix to reduce the overall cost of funding and this was achieved to a greater extent. The exponential increase in point-of-sale channels together with increases in other transactional volumes have resulted in growth in transactional revenue by 99%.

2024 focus
With the unrivaled world-class product suite that we possess and the operational excellence coming from belonging to a brand like Access, we are well placed to aggressively pursue our performance pillars, key among them being a strong focus on customer centricity moreover ensuring we evolve with our customers' needs and aspirations, helping to grow our market share.

Acknowledgement
The Bank's ambitions seemed audacious at first, a sentiment that has transitioned in this part of the journey we are on, to being bold, which would not have been possible in 2023 without the unwavering support of our customers and partners. I would like to take this moment to extend my heartfelt gratitude to our Access Bank Botswana Warriors for all their dedication and resilience shown in helping us on the journey we are on, and to the Board for providing sound strategic direction during the year.

Our recent initiatives have proven to be exceptionally worthwhile investments, underpinned by substantial efforts to expand our presence and enhance our customer offerings.

EXECUTIVE MANAGEMENT PROFILE

Sheperd Aisam
Managing Director

Musonda Chishimba
Deputy Managing Director

Ratang Icho-Molebatsi
Finance Director

Godwin Chukwunta
Chief Operations Officer

Segametsi Sethantsho
Chief Risk Officer

Thato Mmile
Head, Legal and Company Secretary

Pako Moshaga
Head, Credit (Acting)

Grace Setlhare-Mankanku
Head, Retail Banking

Pauline Motswagae
Head, Wholesale Banking

Kefentse Kebaetse
Head, Global Markets and Treasury

Ontibile Baakile
Head, Internal Audit

Allec Tainton
Head, Conduct and Compliance

Mathews Moloi
Head, Human Capital (Acting)

Ngoni Chikore
Chief Information Officer

SHEPERD AISAM
Managing Director

Mr Sheperd Aisam is the Managing Director of Access Bank Botswana, a member of the Access Bank Group. He was appointed to the role on 4 January 2024.

Sheperd is an experienced financial services executive with an elite track record of driving shareholder value and operational efficiency in the financial sector on the African continent. Across his career spanning over 20 years, Sheperd has amassed extensive experience in various facets of banking. He joined Access Bank Botswana from Standard Bank Group where he served as Group Head of Public Sector, Business & Commercial Banking.

Prior to this, he was based in Botswana at Stanbic Bank as Executive Head of Corporate & Investment Banking, where he was instrumental in growing the client base and profitability with a diverse team. Sheperd also served in various other roles at Stanbic Bank Botswana and as Interim Head of Client Coverage & TPS at Standard Bank Mauritius during his 15 year career with the banking group.

Before joining Stanbic Bank and the Standard Bank Group he gained significant experience and exposure with Barclays Africa notably, he was responsible for leading teams in the Africa sovereign and country risk as well as managing a portfolio in Africa Corporate credit. He has also spent time living and working on these portfolios in Kenya, Tanzania, Zambia, and Mozambique, to mention a few countries in the sub region.

Sheperd holds a Bachelor of Business Administration (BBA) degree from the University of Botswana, a Master of Science (MSc) degree in Strategic Management from the University of Derby and an Executive Master of Business Administration (EMBA) degree, specialising in Executive Management, from the University of Cape Town Graduate School of Business. He has undertaken several professional development programmes, including but not limited to completing the Barclays Africa Leadership Programme, an accelerated Management Development Programme.

Sheperd is passionate about building high impact teams, nurturing sustainable businesses, and social impact funding. Collaborating with clients and key partners to unlock opportunities in these areas remains close to his heart.

MUSONDA CHISHIMBA MUSAKANYA
Deputy Managing Director

Ms Musonda Chishimba is a seasoned professional with over 25 years' experience as a banker in various markets throughout Africa. Within this period, eight years were acquired in Botswana and Zambia, while 14 years were acquired with Citibank in Zambia, South Africa and Kenya. Out of the total period, 15 years comprises experience in senior managerial roles during which she developed first-hand knowledge and expertise in the management of Client Relations, Technology, Risk Management and overall Banking Operations.

Ms Chishimba first joined Access Bank Botswana upon her substantive appointment as Deputy Managing Director on 01 October 2022. Prior to this appointment, she was part of the Access Bank PLC executive team, holding the position of Executive Director - Africa Subsidiaries. She holds an MBA specialising in Finance from Herriot Watt Business School, UK. She also holds a BSc Honours in Computing & Diploma in Industrial Studies from Loughborough University, UK.

RATANG ICHO-MOLEBATSI
FINANCE DIRECTOR

Mrs Ratang Icho-Molebatsi, is an experienced financial services executive, with a strong track record in being a trusted advisor to Board of Directors, CEOs and Executive Management teams. Mrs Icho-Molebatsi is an expert in financial reporting, strategy, business planning and overall finance discipline. She has, over the past 14 years, amassed intricate working knowledge in the financial services industry. Some of her earlier appointments include Deloitte and Touché and Stanbic Bank of Botswana. During her tenure at Stanbic Bank, she held the positions of Manager in Financial Accounting, Tax and Regulatory; Financial Controller; and Head of Finance respectively, over a period of five years. She then went on to join Old Mutual Botswana as Group Chief Finance Officer from 2017 to 2019. Mrs Icho-Molebatsi holds a Bachelor of Social Sciences in Economics and Accounting (BA) from the University of Botswana, Association of Chartered Certified Accountants (ACCA), and a Master's in Science - Strategic Management (MSc), both from the Botswana Accountancy College (BAC).

GODWIN CHIMAOBI CHUKWUNTA
Country Operating Officer

Mr Chukwunta is an accomplished banking professional with over two decades of experience in the industry. He embarked on his career journey with United Bank for Africa PLC as an Operations Officer, later joining Zenith Bank PLC where he honed his skills across various departments and quickly rose through the ranks. His relentless pursuit of excellence, coupled with his strong analytical abilities, helped him excel in roles of increasing responsibility, including strategic planning, risk management, and business development. He held several management positions at Zenith before joining Access Bank PLC.

Mr Chukwunta's academic qualifications include a BSc in Mathematics and Statistics from the University of Calabar, Calabar, Nigeria. Building upon this foundation, he obtained a Master of Business Administration degree from Ambrose Alli University Ekpoma, Nigeria, further enhancing his business acumen. To expand his expertise in finance and management, Godwin earned an MSc in Finance and Management from the Cranfield School of Management of Cranfield University, England.

He is an associate of the Chartered Institute of Bankers of Nigeria, a testament to his deep knowledge and commitment to professional excellence. He also holds the distinguished title of Professional Scrum Product Owner, highlighting his dedication to agile methodologies and innovative project management practices.

He has attended several management trainings throughout his career including the Middle Management programme of The Wharton School of the University of Pennsylvania Philadelphia, USA and Leading Organisations in Disruptive Times with INSEAD.

SEGAMETSI SETHANTSHO
Chief Risk Officer

Ms Segametsi Sethantsho joined BancABC in 2018 as the Head of Credit. She was promoted to the role of Chief Risk Officer in 2022. She started her career at Barclays Bank as a Performance Analyst, rising to the position of Retail Manager before moving to Corporate Banking as Corporate Relationship Manager. She then moved to Stanbic Bank where she held various roles and was promoted to Head of Credit Origination in 2009. Ms Sethantsho re-joined Barclays Bank in 2013 as Head of Portfolio Management and later became Consumer Risk Director.

She holds a master's degree in leadership and Change Management Leeds Metropolitan University (UK) and a BA Honors in Economics and Environmental Science from the University of Botswana.

PAULINE MOTSWAGAE
Head, Wholesale Banking

Ms Pauline Motswagae has over 30 years of banking experience, with detailed technical experience on Treasury Management, Global Markets and Corporate Banking as well as general banking. She has also spent considerable time building businesses which entailed: building structures, teams, developing business strategies and operationalizing those in order to deliver returns to stakeholders in the most efficient manner. She has held various executive and leadership roles in various organizations, both locally and regionally, including Head of Wholesale Banking at Access Bank Botswana (current role from June 2019), Head of Rand Merchant Bank Botswana; and Treasurer: Rand Merchant Bank Nigeria; Treasurer: First National Bank Botswana, Treasury Manager, Debswana Diamond Company. She was also a part of the Bank of Botswana team for a period of 10 years.

She has an MBA from the University of Stellenbosch; A Bachelor of Economics and Accounting degree from the University of Botswana. She completed the Senior Development Programme from the University of Pretoria; and an Associate Diploma in Banking from the Botswana Institute of Banking and Finance (formerly known as Botswana Institute of Bankers).

GRACE SETLHARE-MANKANKU
Head, Retail Banking

Ms Setlhare-Mankanku has had the position of Head of Retail since 2017 having joined the Bank as Regional Head, Corporate and Investment Banking in 2015.

She started her career in the banking industry as an Executive Trainee at First National Bank Botswana (FNBB) before being appointed as a Corporate Analyst. She rose through the ranks, holding several positions including Manager Customer Service, Relationship Executive, Deputy Head Corporate Banking, Director Wholesale & Corporate Banking Segment and ultimately Director, FNBB Business Segment.

Mrs Setlhare-Mankanku has a Bachelor of Commerce (Accounting) from the University of Botswana and has completed a Management Development Programme from the University of Cape Town and a Senior Management Programme from the University of Pretoria Graduate School of Business. She also holds a Masters in Business Administration from Duke University, USA.

THATO MMILE
Head, Legal & Company Secretary

Ms Mmile is a seasoned legal and corporate governance specialist with over 20 years' work experience. Throughout this period, she amassed a wealth of experience in handling various legal matters, management of legal risk together with ensuring legal compliance and discharging company secretariat duties.

A significant portion of her experience was gained from executive roles held in large international commercial banks in Botswana and Mauritius. Prior to her current role she was Head of Legal and Compliance for African Banking Corporation Botswana Limited and its parent company ABC Holdings Limited. She held this position at ABC Holdings Limited, during the period between 2017 – 2019. Prior thereto, she was the Head of Legal and Compliance of Standard Chartered Bank Mauritius Limited having also held several key executive positions at Standard Chartered Bank Botswana including Head of Legal, Company Secretary and Head of Legal and Compliance.

Prior to joining the banking sector, she served in the judiciary as a Magistrate in the Courts of Botswana. Ms Mmile holds an LLB from the University of Botswana. Amongst many various postgraduate certifications, Mrs Mmile is pursuing specialized studies in arbitration.

ONTIBILE BAAKILE
Head, Internal Audit

Ms Ontibile Baakile is a Chartered Accountant with 22 years 'accounting, audit and risk experience in the banking and insurance industries. She started her career with Grant Thornton Acumen as an Audit Trainee in 2001. In 2006, she moved to Metropolitan as a Financial Accountant and rose to the position of acting Finance Manager & Company Secretary, before moving to Standard Chartered Bank Botswana where she held different roles including, Finance Business Partnering, Head of Risk and Controls and Senior Operational Risk Officer.

Ms Baakile is a fellow of both the Association of Chartered Certified Accountants (ACCA) and the Botswana Institute of Chartered Accountants (BICA). She also holds a Higher National Diploma in Accounting and Business Studies from BICA. She has completed the Senior Manager Development Programme at University of Stellenbosch Business School and is now pursuing an MBA with Oxford Brookes University.

NGONI CHIKORE
Chief Information Officer
Mr Chikore's work experience ranges from the private sector, mining sector, government and the banking sector in the last 18 years. Before joining the then BancABC, he held the role of Chief Information Officer at First National Bank Botswana, a position he held for the last 4 years.

He graduated from the University of Arkansas, USA, in 2002 with a degree in Computer Engineering. Following his graduation, he started his career in early 2003 at Panasonic Business Systems here in Gaborone as an IT Engineer. 6 months later he left to join Debswana as an IT Developer and rapidly rose through the ranks to the position of Group IT Infrastructure Manager in a career that spanned 13 years at the mining giant. He left Debswana to join the Botswana Innovation Hub as Head of ICT Programmes and then later moved on to Bank Gaborone as IT Manager before transitioning to FNB as Chief Information Officer in my last role.

Mr Chikore is a certified COBIT 5 practitioner and previously certified as a Data Centre Professional as well. He has completed several leadership, customer service, technology and productivity related seminars and courses over the course of my 18-year career.

MATHEWS MOLOI
Head, Human Capital (Acting)
Mr Mathews Moloi has over 11 years' experience in the Human Capital sphere, having joined BancABC in 2014. Prior to his appointment as the current Acting Head of HR of Access Bank Botswana, he held the position of Head of HR Shared Services. Preceding the merger of BancABC and Access Bank, he held the role of Group HR Manager African Banking Corporation Botswana Limited and its parent company ABC Holdings Limited. Mathews provides invaluable experience in human resources corporate governance, reward & recognition, project management, talent acquisition & management, performance management, culture transformation, organizational design & development. He holds a Bachelor of Arts Degree (Psychology) from University of Botswana and currently pursuing his MBA.

ALLEC TAINTON
Head, Conduct and Compliance
Mr Allec Tainton is a seasoned banking professional with extensive experience in the field of Compliance Risk Management, Financial Crime Control, Regulatory Supervision, Audit and Governance spanning a period in excess of 19 years. Mr Tainton started his career as an Auditor with Deloitte upon graduation from the University of Botswana. He then moved to the Central Bank as a Bank Examiner, supervising banking institutions for a period in excess of 5 years, a platform which enabled for the development and deepening of relations with key regulatory stakeholders.

Prior to joining Access Bank Botswana, he was employed by Stanbic Bank Botswana where he rose through the ranks from the role of AML & Compliance Manager to the Country Head of Compliance role, a position he held for a period of almost 5 years until he joined Access Bank Botswana as the Head of Conduct and Compliance. Mr Tainton is currently leading a team of professionals with a diverse background at both the Country and Regional level, double hatting as the Country Head of Conduct and Compliance and the Regional Chief Compliance Officer for Southern Africa.

He holds a Bachelor of Accountancy Degree from the University of Botswana and ACCA (UK). Mr Tainton is an affiliate of the Compliance Institute of Southern Africa, having undertaken a Compliance training program with the Institute and successfully sat for the Board Exams. As part of the ongoing continuous professional development, Mr Tainton is currently studying towards attaining ACAMS.

KEFENTSE KEBAETSE
Global Markets and Treasury
Mr Kefentse Kebaetse is a seasoned Global Markets and Treasury professional with a demonstrated history of working in the financial services industry. He is an experienced banker with over 16 years' experience in different roles, having started his career at Standard Chartered Bank as a graduate trainee and later moving to Barclays as FX Sales Manager.

In 2019 Mr Kebaetse joined Access Bank – formally called BancABC, as the Senior Treasury Sales Dealer. He is currently Head of Global Markets and Treasury following his appointment in January 2023, having acted from October 2021.

He holds a Bachelor of Commerce Degree - Majoring in Economics & Finance, ACI Dealing and Operations Certificates, Certified Treasury Analyst certificate from the Global Academy of Finance and Management (GAMS). Mr Kebaetse has also gone through ALM Training by Euromoney.

PAKO MOSHAGA
Head, Credit (Acting)
Mr Pako Moshaga is a well experienced leader and banker expert with 14 years of experience across four commercial banks. His specialist knowledge is in credit origination, evaluation & risk. Pako is driven by excellence and a passion for growth & transformation. His career began at Stanbic Bank as a graduate trainee, where he moved up the ranks to Managerial level before pursuing career growth opportunities elsewhere.

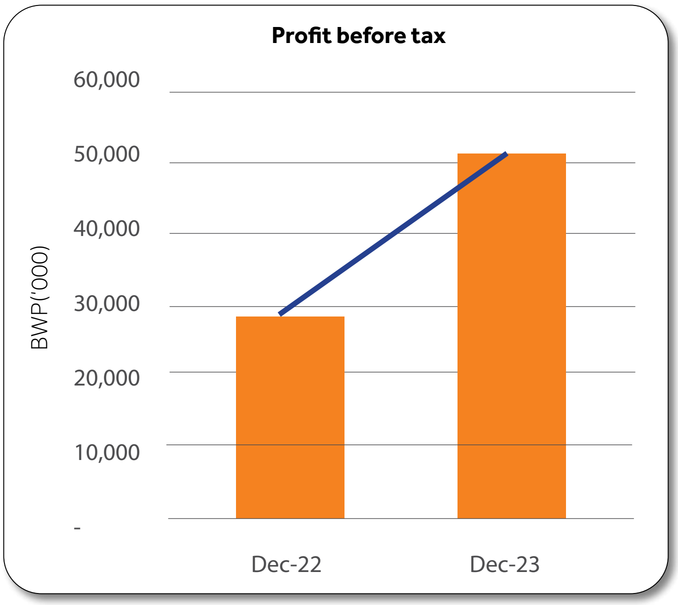
In 2019 he joined Access Bank – formally called BancABC as a Corporate Credit Manager and is currently Acting Head of Credit Risk, having acted since September 2023.

He holds a Bachelor of Finance Degree, an Enterprise Risk Management certificate and is an accredited Risk & Finance trainer.

FINANCE DIRECTOR'S REPORT

Ratang Icho-Molebatsi
Finance Director

For Botswana, economic growth is expected to slow from 5.5% in 2022 to 3.2% in 2023, this is on the back of relatively weak performance of diamond trading and mining activities throughout 2023. Inflation has generally been on a downward trajectory since September 2022 and has returned to the central bank's medium-term objective range of 3 - 6 %. According to Bank of Botswana, inflation is forecast to remain within the Bank's 3 - 6 % objective range into the medium term and risks to the inflation outlook are assessed to be balanced. The government's medium-term plan to close the fiscal deficit has seen some success to almost balanced budgets in recent years. Public debt levels remain within the statutory debt ceiling of 40%, currently sitting at 20.2%. The mining sector remains pivotal to the Botswana economy and the agreement between De Beers and the Government of the Republic of Botswana is a significant economic milestone during 2023. The agreement in principle is a 10-year sales agreement for Debswana's rough diamond production and the new 25-year Debswana mining licenses.



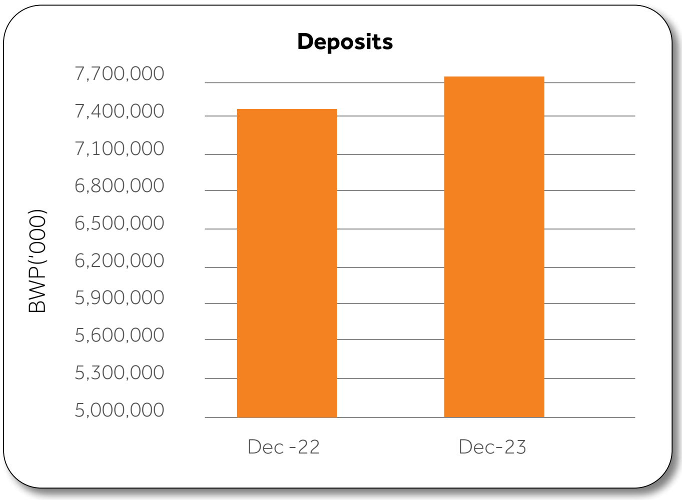
SUMMARY OF FINANCIAL PERFORMANCE

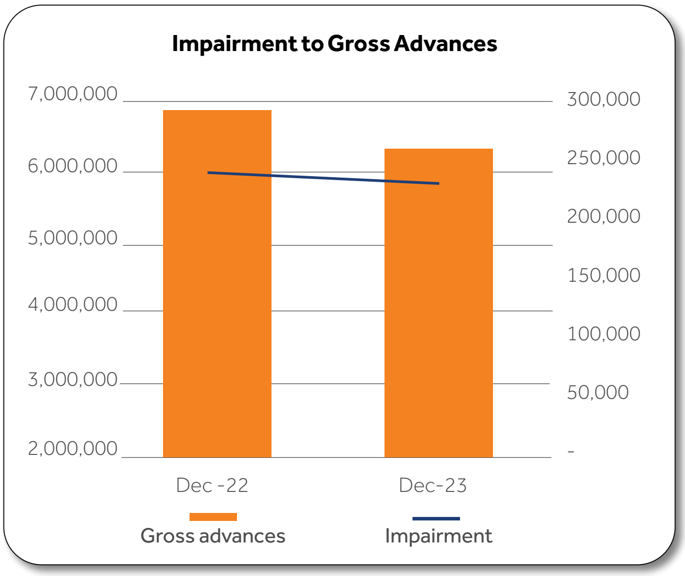
The Bank has achieved consistent growth across net interest income and non-funded revenue lines during the period under review resulting in double digit growth on the top line. Profitability for the year is 83% higher than for the full year 2022 profits. Moderate cost growth was anticipated and in line with strategic investments made by the bank in the previous periods. Balance sheet growth remained key with emphasis on driving efficiency.

OUR INCOME STATEMENT

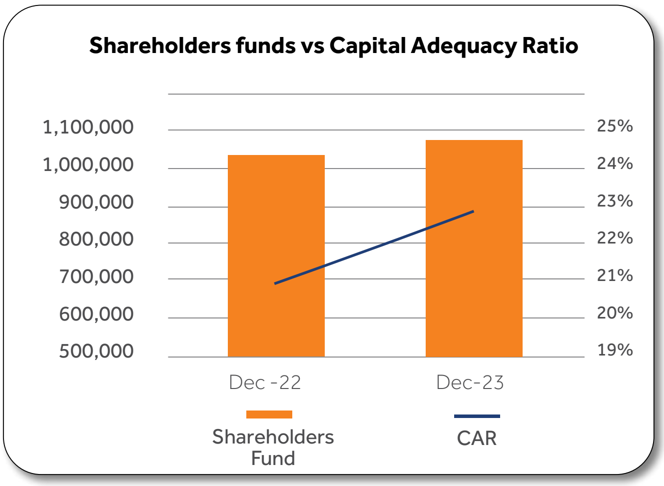
Interest income went up by 11% from 31 December 2022 albeit on a contracting loan book. The increase was mainly due to income from short, dated instruments which repriced quickly thereby increasing returns. Interest expense rose by 20%, the increase was lower compared to the growth in 2022 on the back of a conscious effort to contain cost of funds through growing transactional banking type products being current accounts, call, and savings accounts. This was made possible due to the revamped transaction banking offering among other initiatives. Net fees and commission income increased by 44% during the year 2023, compared to the full year 2022. Growth was recorded across all the major fee lines, with impressive growth from digital products and increasing by 66% a demonstration of the bank's strong digital capabilities and high utilization from our customers. Trading income was relatively flat year on year mostly due to depressed margins and volumes due to a stronger United States Dollar.

The Bank continued to refine the expected credit loss (ECL) modeling to arrive at the most appropriate best estimate to be held against the credit risk portfolio. With time data inputs are improved, and during the current financial year this has had a significant impact on the increase in the expected credit loss. Overall, there is a net impairment charge of P15m largely driven by ECL adjustments on the back of further enhancements to the ECL model. Overall, total expenses are 8% higher than the previous year. The bulk of the increase in cost is due to the full impact of investments in line with the strategic expansion of the Bank where more than 50 new ATM sites were opened and added 8 new Sales and Service Centers, since June 2022. Operating expenses have also increased due to depreciation and amortization from our investment in IT systems and infrastructure. The Bank continues to optimize on processes and technology support which has resulted in some cost savings during the year to cushion the impact of the inflationary and investment cost increases.





OUR BALANCE SHEET
Total assets increased by 6% in 2023. The Bank continued with its focus on short term high yielding digital loans which have a shorter repayment period, the loan book reduced by 7%, whilst investment securities increased by 31% utilizing the excess liquidity. Several key liquidity measures such as loan to deposit ratio and liquid asset ratio improved during the year. This demonstrates relentless execution on ensuring the Bank's balance sheet is stable. Deposits from customers have grown by 6% on the back of transactional banking growth and an increase in customer numbers from the different segments. There continued to be focus on increasing utilization on our digital platforms thereby retaining funds within the overall Bank's eco system. Net interest income P408.8 2022: P399.2 Non interest income P204.0m 2022: P152.3m



CAPITAL ADEQUACY
Our capital adequacy is at 22 percent as at 31 December 2023, compared to 20 percent as at 31 December 2022, which is well above the 12.5 percent minimum regulatory requirement. The strong capital levels position the Bank well for future growth as investment into transforming the Bank is key to unlocking growth.

OUTLOOK
With the Bank having made significant investments in new products and channels, the Bank's focus is on growing the customer base through quick and easy onboarding of clients and accelerating digitization and channel optimization. This will be achieved through the continued roll-out of agency banking channels, enhancing customer value propositions to make banking affordable and bringing it closer to Batswana. The provision of convenient and reasonably priced digital loans will continue as a focus area. In the Wholesale banking segment, the Bank will increase its support for small and medium enterprises through the government purchase order (GPO) offering, drive transactional banking, and customer acquisition, and increase the share of wallets for existing clients. Management will focus on leveraging the Bank's digital capabilities to grow the top line, optimize operating costs, and increase returns to shareholders.

ACKNOWLEDGEMENT
We extend our sincere gratitude to every Motswana, our customers, the Board, management, and the entire Access Bank Botswana Warriors for all their continued support. Our heartfelt gratitude to our customers, regulators, and partners who continue supporting our strategic expansion.

02 Reviews

Grace Setlhare-Mankanku
Head, Retail Banking

RETAIL BANKING AND EMERGING BUSINESS REPORT

Business Overview
Our Retail Banking and Emerging Business segment is dedicated to providing tailored financial solutions to Individuals, Affluent Customers, and Emerging Businesses. Utilising an omni-channel strategy, we ensure the delivery of our products and services through both traditional means — Branches, Service Centers, ATMs — and modern digital platforms including our Virtual Branch, online banking, and mobile apps.

Strategic Expansion and Investment
In our commitment to sustainable growth, we inaugurated our 11th Sales and Service Centre in Serowe and expanded our ATM network to 59 units. Our strategic investments in distribution not only underscore our belief in the market's potential but also affirm our resolve to expand our reach. The rollout of Access Closa, our agency banking model, now features over 1,100 agents nationwide, enhancing financial inclusion and facilitating banking services in underserved areas. This initiative not only broadens our footprint but also enriches the business ecosystem by enabling service providers to diversify their income streams.

Enhancing Customer Experience with Personalized Solutions
2023 was a landmark year for digital engagement as we upgraded our mobile banking application, enhancing user interface and adding comprehensive transaction capabilities in collaboration with mobile network operators. This initiative led to a significant increase in digital adoption, with 90% of our new clients engaging through digital channels. Our digital lending solutions, such as the Salary Advance and N'stakolle products, have streamlined borrowing processes and dramatically increased accessibility, solidifying our leadership in the digital lending space.

Innovation at the Forefront
Our proprietary platform, AccessAfrica, simplifies global payments, offering expedient, cost-effective multi-currency transfers. This platform is part of our broader strategy to innovate within the financial services ecosystem, ensuring we remain at the cutting edge of the banking sector. We are also enhancing our remittance services, planning to onboard additional partners to further enrich our offerings.

Looking Forward
As we move into 2024, our focus will intensify on digitising and refining our customer relationship management tools to improve engagement, transaction efficiency, and overall customer satisfaction. We are confident that our ongoing investments in digital innovation will drive future sustainability and growth, reinforcing our position as a leading entity in retail banking and emerging business sectors.

8
Full service branches

59
ATMs

11
Sales & service centres

Pauline Motswagae
Head, Wholesale Banking

WHOLESALE BANKING REPORT

During the year under review, Wholesale Banking (WB) realised tremendous growth across different transactional banking channels, in line with the strategy that the business established at the beginning of the period. POS turnover more than doubled during the year while online transaction volumes grew by 39% YOY as turnover from that channel increased by seven percent.

Key initiatives that were aimed at penetrating sectors where the Bank was underrepresented bore fruits, as the business onboarded new relationships and increased share of wallet from Local Authorities, Oil and Gas, Mining and Fast Moving Consumer Goods sectors. Key solutions introduced during the year included E-Commerce, distributor and purchase order finance programmes, enhanced bulk collections and others. The strategy led to a client growth of 22% as well as a massive growth of more than six times on disbursement of purchase orders, during the year under review. Deposits grew by 13% on the back of this client growth as well as increased transactional activity. Assets however, were down 15% YOY, as the business spent time during the year putting up credit programmes to drive the loan book going forward.

Looking ahead into 2024, Wholesale Banking will leverage off solutions that were targeted to enhance client value proposition introduced in 2023 to accelerate growth within transactional banking and trade universe. Client acquisition and retention continues to be at the core of growing business and gaining market share within chosen segments. Therefore, the plan for 2024 is to revamp the operating platform as well as continue to innovate to meet and exceed client expectations. The business will look for opportunities for restructuring to ensure that the operational structure is fully aligned to growing in sectors like State Owned Enterprises and Construction. Focus on Balance Sheet efficiencies will be key to attaining great returns within an acceptable risk environment. The division will continue to ensure that talent is matched to the ever growing market demands through relevant upskilling and talent retention strategies.

Kefentse Kebaetse
Head, Global Markets & Treasury

GLOBAL MARKETS & TREASURY REPORT

The Global Markets desk provides foreign exchange solutions to commercial clients, while supporting the branch network's retail foreign exchange service. The desk manages the bank's overall FX risk to ensure the bank adheres to FX limits. The Treasury Asset & Liability Management (ALM) desk plays an important role in Asset & Liabilities' management and managing the Bank's balance sheet risks such as liquidity, funding and interest rate risks. It also assists with sourcing contingency lines and supporting complex transactions. This business unit is facilitated and benefits from the Access Bank PLC coordination and efforts within the Access Group that specialises in global markets and treasury operations.

The Global Markets & Treasury segment saw a 78% growth in PBT, supported by a 44% year on year increase on the net interest income line while the trading line went down by three percent. The trading line was down due to subdued trading volumes and suppressed margins.

78% GROWTH IN PBT

44% NET INTEREST INCOME INCREASE

RISK MANAGEMENT REPORT

Segametsi Sethantsho
Chief Risk Officer

Risk management remains a key consideration in the Bank's decision making process. While the Bank strives to intensify its strategic objective to be the leading Bank in Botswana, a balance is created to ensure sustainable business growth through sound risk management practices.

The Bank has, over the year, launched several exciting products and projects, and all of these were risk assessed ahead of launch and deployment. Embedding risk management into processes has supported the Bank in proactively identifying potential risks and ensuing that there are adequate mitigants to negate against such risks materialising. Access Bank therefore continuously endeavours to adopt best practices in Risk Management and implementing a comprehensive risk management process for the identification, assessment, measurement, and monitoring of key risks inherent to the banking industry.

Risk Priorities

Risk Culture
At Access Bank, we embrace a moderate risk appetite, whilst delivering strategic bjectives. We anticipate the risks in our activities and reward behaviour that aligns with our core values, controls and regulations. Challenges are discussed in an open environment of partnership and shared responsibility.

Enhance Control Environment
In a volatile and fast changing control environment, the Bank continues to be on the look out for emerging risks and identifying controls to mitigate against such risks. Continuous risk Identification and assessment is therefore imperative to ensure that adequate controls are in place to mitigate any existing and emerging risks.

Information Technology and cyber security risks
With the adoption of enhanced technology to improve the banking experience, technology and cyber security risk becomes of paramount concern. The Bank has since intensified efforts to increase cyber security across all systems and devises. Staff awareness and training on cyber security and vigilance have been enhanced through various interactive learning tools and in-person training interventions. System controls have been added to manage access to the Bank's information by unauthorized personnel and the risk of data leakage and theft. The Bank had also increased the capacity of the Cyber Security personnel on ground to ensure adequate resourcing to proactively address control breakdowns and actively be ahead of the curve in managing emerging technological and cyber threats and vulnerabilities.

Financial Crime Risk
Financial crime risk management is an integral part of the Bank's operations. Sound financial crime controls are critical in protecting the safety and soundness of the bank and the integrity of banking systems as a whole. The Bank is committed to working with the regulators, key industry players and Access Group counterparts in fighting financial crime. Measures are in place to continuously assess the changing nature of financial crime and adopt best practices and international guidelines to manage the risk. Our tools are also calibrated accordingly to ensure they are aligned with the changing trends in financial crime.

At National level, the country continues to strengthen its laws against Money laundering, Terrorist and Proliferation Financing as evidenced by the new Financial Intelligence Act of 2022 and Regulations, which brought some new requirements and stiffer penalties for non-compliance. The country is also conducting a National Risk Assessment on Money laundering, Terrorist and Proliferation Financing, the result of which will guide the country on the appropriate actions and controls to be implemented. Access Bank Botswana is participating in the National Risk Assessment, and will be guided appropriately once this exercise is complete

Principal Risks

Liquidity and Funding Risk

We have a strong capital and liquidity position to support the business on a sustainable basis. We also continuously enhance and align our risk management frameworks to reflect the changes in the industry, thus ensuring that we can proactively anticipate and respond to any liquidity threats.

Mitigating actions

- Ongoing assessment of liquidity risk frameworks and adoption of updated practices.
- Proactive management and forecasting of liquidity positions.
- Transformation of the structure of the balance sheet.
- Re-assess funding/capital plan in the light of the current economic situation while conducting a review of the effectiveness of liquidity stress testing and contingency funding plans/policies.

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people, systems, or from external events. Operational Risk management is embedded in key processes across the various business units within the Bank. Operational risk emanates from potential loss due to failed processes, systems, peoples and external factors. Operational risk is therefore the most dominant risk type across the Bank.

Mitigating actions

- Appropriate skills training and elevation of employee awareness across the Bank of fraud, controls and selfassessments.
- Continuous review of controls and assessment of the adequacy thereof.
- Maintaining risk management governance forums to promote dialogue on risk exposures.
- Promoting effective risk management through escalation and transparency on risk issues.
- Ongoing review of operational risk policies and processes to ensure alignment with the changing control environment.

Compliance Risk

As a subsidiary of the larger international group, the Bank adopts a robust compliance framework which ensures adherence to both the local, group and international requirements. The structured approach on interactions with regulatory authorities and the systematic regime of compliance with Laws, regulations and best practice mitigates legal and compliance risks and fosters stakeholder confidence.

Market Risk

The Bank's capital and earnings are exposed to risk due to adverse changes in market prices. It may also be adversely be impacted by significant holdings of financial assets, significant loans, or commitments to extend loans.

The objective is not to completely avoid these risks but to ensure exposure to these risks through our trading and banking book positions are kept within the Bank's defined risk appetite and tolerance.

Mitigating actions

- Vigilant monitoring of macroeconomic and geopolitical conditions.
- Establishment and regular monitoring of trading limits and positions.
- Rates hedging programmes, both with respect to interest rates and foreign exchange.
- Stress testing and scenario planning.
- Assess and quantify the impact of the emerging changes in market variables on the bank's current position.

Credit Risk

Credit Risk is a key risk inherent to the Bank as a lending institution. The Bank therefore closely monitors the credit exposure related to lending. Credit risk arises from the possibility of loss emanating from failure of customers or counterparties to meet their financial obligations timeously.

Mitigation Actions

- Credit policies are aligned with best practices and prudent lending criteria and are reviewed accordingly.
- Governance structures are in place with appropriate separation between origination and sanctioning.
- Continuous review of credit processes and controls and proactive portfolio monitoring of the Non performing loan (NPL) and pre-NPL and ensuring effective remedial management.
- Ongoing review of credit processes to identify any potential exposures that arise from external factors and develop ways to mitigate them.

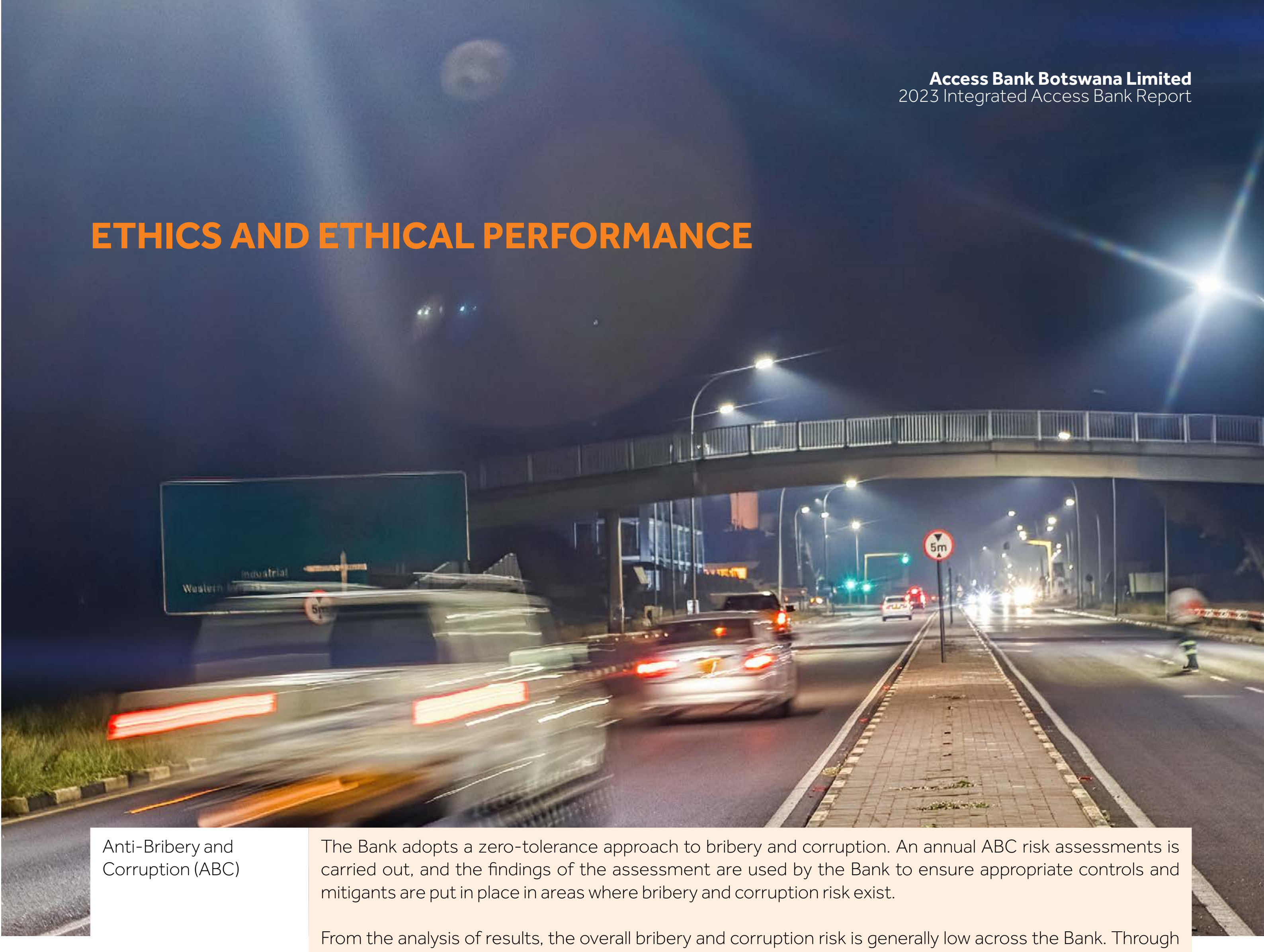
Reputational Risk

Reputational risk arises from damage to the Access Bank Brand due to actions by the Bank or by association, which are perceived by customers, regulators, shareholders or other stakeholders as inappropriate or unethical would impact the company's ability to achieve its strategic goals.

Mitigating actions

- Continuous emphasis on a culture of excellence and integrity to preserve and enhance our reputation.
- Sustaining a robust internal audit function to ensure compliance with standards, policies and procedures. Continuous proactive engagement with relevant stakeholders.
- There is a clear and transparent escalation process in place to assist dissatisfied customers in reaching solutions amicably.

ETHICS AND ETHICAL PERFORMANCE



Anti-Bribery and Corruption (ABC)	The Bank adopts a zero-tolerance approach to bribery and corruption. An annual ABC risk assessments is carried out, and the findings of the assessment are used by the Bank to ensure appropriate controls and mitigants are put in place in areas where bribery and corruption risk exist. From the analysis of results, the overall bribery and corruption risk is generally low across the Bank. Through this exercise, various functions have been able to demonstrate the controls that are in place to ensure the risk is kept under control. Results are in line with the Global Corruption index which places Botswana as one of the least corrupt countries in Africa. The Bank will however ensure this culture is maintained through continuous training of its staff on issues of Corruption and Bribery.
Whilstle blowing	The whistle blowing policy is fundamental to the Bank's professional integrity. All acts of suspected internal violations, including violations of, among others, Access Bank's Ethical Standards, Conflicts of Interest Policy, Confidential Information Policy, laws and regulations, etc are reported through this hotline. The platform is managed by an independent vendor and has adequate safeguards, and stakeholders have similarly demonstrated confidence in this platform as reflected by its usage. Reports received through this platform are investigated as appropriate and escalated through the appropriate channels. This has also proved to be an invaluable tool to the governance structures of the Bank in executing on their respective oversight mandate.
Ethics and Conflict of Interest policy	Employees of Access Bank do not engage, without prior approval of the Bank in writing, in any business for which the Bank is licensed. Training and awareness sessions are rolled out to ensure awareness on stakeholder obligations on the need to act ethically and to avoid conflict of interest. Matters which could give rise to a conflict of interest such as the giving and accepting of gifts is declared and a register maintained, Outside Business Interests are also declared. As a listed entity, the Bank also takes complementary measures to manage issues on insider trading, market abuse and other risks related to and incidental to a listed entity.
Ethical Stakeholder Conduct	As a financial institution, the Bank does not tolerate incidents of financial impropriety. Appropriate action is taken against relevant internal stakeholders who fail to manage their financial affairs in a manner that is reflective of their association with the bank. Such information is also shared with the appropriate oversight governance structures. This monitoring has proved to be highly effective and acts as a deterrent.
Treating Customers Fairly / Consumer Protection	Consumers are provided with clear information and kept appropriately informed before, during and after every point of sale/ life of a product. The Bank ensure that customers are made to understand the features, benefits, risks and costs of the financial products we offer and minimize the sale of unsuitable products by encouraging best practice before, during and after sales. The Bank generally ensures that consumers and the general public are safeguarded against unfair practices in the marketplace.

GOVERNANCE

Access Bank Botswana is committed to incorporating E&S risk considerations into our decision making and aims to be aligned with international best practices in this regard. The Environmental & Social Risk Management Policy (ESRM) sets out a framework for the consistent management of E&S risk at Access Bank Botswana. Access Bank's commitment to ESRM is aligned with our key strategic objectives which includes the vision to be the World's most respected African Bank and is consistent with the Bank's Enterprise Risk Management Framework which promotes a moderate and guarded risk attitude to ensure sustainable growth in shareholder value and reputation. The ESRM Manual is also in line with and forms part of Access Bank's guiding principles for our risk culture, which stipulates the consideration of all forms of risk in decision making and recognizes that enterprise risk management is the cornerstone of our risk approach.

In addition to the observation of the applicable law and regulations in Botswana (including applicable environmental protection and labour laws), we support the following international conventions and protocols, codes of conduct and industry best practice initiatives:

- International Finance Corporation Performance Standard ("IFC PS")
- UN Global Compact
- Global Reporting Initiative (GRI)
- United Nations Environment Programme (UNEP) Finance Initiative
- Equator Principles
- United Nations Environment Programme Finance Initiative's Taskforce on Climate-related financial disclosure (UNEP-FI TCFD)
- Partnerships for Carbon Accounting Financials (PCAF)

Specific objectives of the ESRM Policy are to:

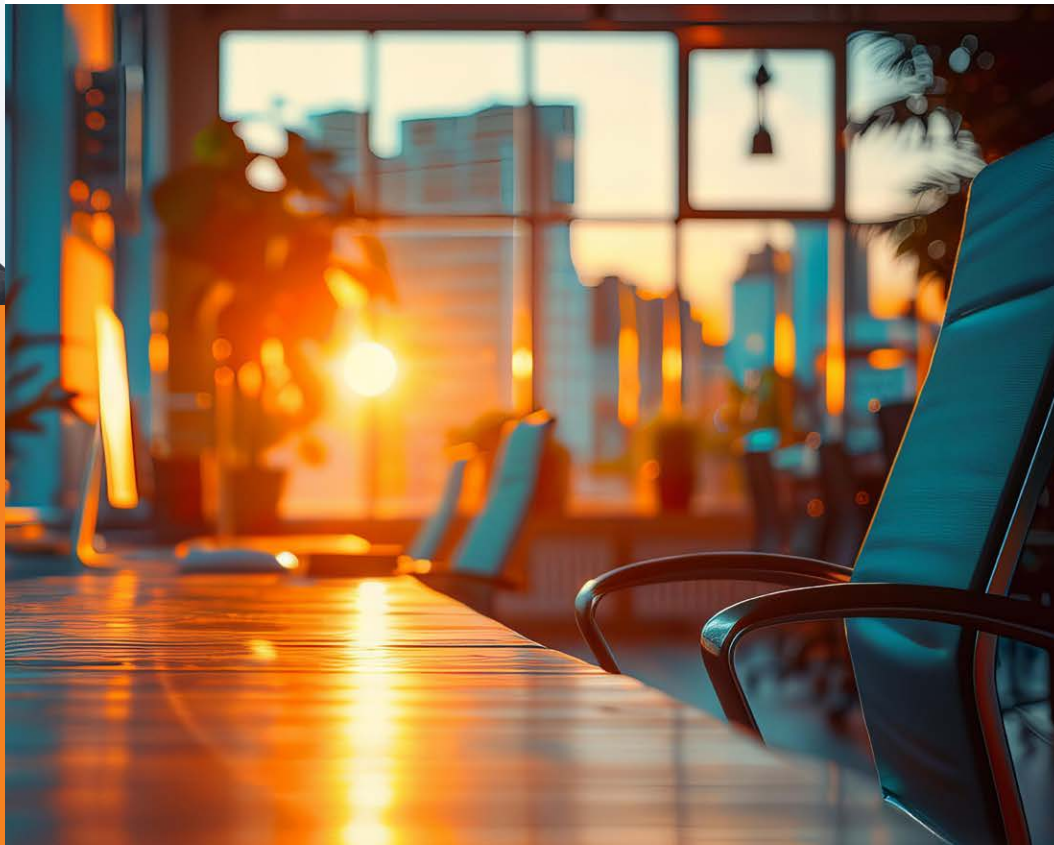
- Integrate ESRM considerations into the Bank's Credit/Investment process.
- Provide clear guidance on Access Bank Botswana's position on ESRM in our business activities.
- Fully implement and comply with Equator Principles for all Project Finance facilities.
- Fully apply the contractual E&S requirements solely of Development Finance Institutions (each, a DFI) where facilities include DFI financing.
- Establish an effective reporting framework to track and report (on a periodic and ad-hoc basis) E&S issues in relevant products and services offered by Access Bank Botswana.
- Incorporate global reporting standards and framework in the disclosure of Green House Gas (GHG) emissions, physical and transition risks associated with the Bank's portfolio.

Access Bank Botswana shall not finance prospectively any activity involving:

1. Production or activities involving forced or child labour.
2. Production or trade in any product or activity deemed illegal under host country laws or regulations or international conventions and agreements.
3. Production or trade in:
   - Weapons and munitions: Access Bank Botswana shall not lend to obligor for the purpose of Trade, distribution or manufacturing of weapons and ammunitions except to the Government in the overriding interest of public peace and under a threat to the sovereignty of the Country wherein the Federal Government requires funding to purchase this equipment under a controlled environment against insurgency; and where the business activity does not form a substantial part of the company's operations or a financial institution, investment fund or company's financed activity.
   - Hard liquor/Tobacco: Access Bank Botswana shall not lend to the obligor for the purpose of trade, distribution, or manufacturing of hard liquor/tobacco except where the volume of trade, distribution and manufacture is not considered 'substantial'.
4. Gambling, casinos, and equivalent enterprises.
5. Any business relating to pornography or prostitution.
6. Trade in wildlife or wildlife products regulated under the Convention on International Trade in Endangered Species of wild fauna and flora (CITES).
7. Production or use of or trade in hazardous materials such as radioactive materials, unbounded asbestos fibers and products containing Polychlorinated Biphenyls (PCBs).
8. Cross-border trade in waste and waste products unless compliant to the Basel Convention and the underlying regulations.
9. Drift net fishing in the marine environment using nets more than 2.5 km in length.
10. Production, use of or trade in pharmaceuticals, pesticides/herbicides, chemicals, ozone depleting substances and other hazardous substances subject to international phase outs or bans.
11. Significant conversion or degradation of Critical Habitat.
12. Production and distribution of racist and anti-democratic media.
13. Commercial logging operations for use in primary tropical moist forests.
14. Production or trade in wood or other forestry products other than from sustainably managed forests.
15. Production or trade in radioactive materials. This does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded.
16. Significant alteration, damage, or removal of any critical cultural heritage.
17. Forced relocation of Indigenous Peoples from traditional or customary lands.

CREDIT RISK REPORT

Pako Moshaga
Head, Credit (Acting)



83% GROWTH IN PBT

The inputs and assumptions into the IFRS 9 model are carefully considered by management for completeness and relevance. The inputs and assumptions are reviewed on an annual basis and adjusted accordingly to reflect changing macro-economic environment and vintages in the loan book. ECL calculations are reviewed for accuracy and consistency and reasonableness on a regular basis. The results for the year are relatively consistent with management expectations. Management overlays are only instituted in cases where the model results are not reflective of underlying customer behavior and economic conditions. Management overlays are subjected to review and approval by the Management Committee after a rigorous review of the underlying assumptions and departures from the model assumptions.

For the year ended 31 December 2023 management performed out of model adjustments to loans and advances and ECL increased by P 30 million, P 7 million being sme book and P 22 million retail. The retail book mentioned is a potential to write-off portfolio where management decided to increase the ECL so the coverage is 80% and the extra ECL cost at time for write-off is mitigated. The sme portfolio, are known accounts where credit risk significantly increased. Some of the reasons include; dilapidation of the collateral, debtor under judicial management and where the property has depreciated lower than OMV.

The model output for the above-mentioned accounts for the segments sme & retail was P 2,9 million & P 29,7 million while the out of model took the ECL to P 10 million for sme and P 51,7 million retail.

SUSTAINABILITY REPORT

In 2023, the Bank initiated the development of a Sustainability Strategy aimed at creating enduring value for the Bank and its principal stakeholders. A comprehensive strategy has been devised to thoroughly comprehend and manage our impacts, while optimizing the benefits for the Bank, clients, workforce, investors, suppliers, partners, and communities.

Our 5-year strategy is founded on three pillars:

Our 5-year strategy is founded on three pillars:

1. Our **sustainability operations** serve as the bedrock and bolster all endeavours to enhance our sustainability performance.

2. Our **sustainability development finance**. As a major financial institution, we acknowledge that actively promoting and facilitating sustainable, equitable, and ethical economic development is fundamental to our corporate sustainability strategy.

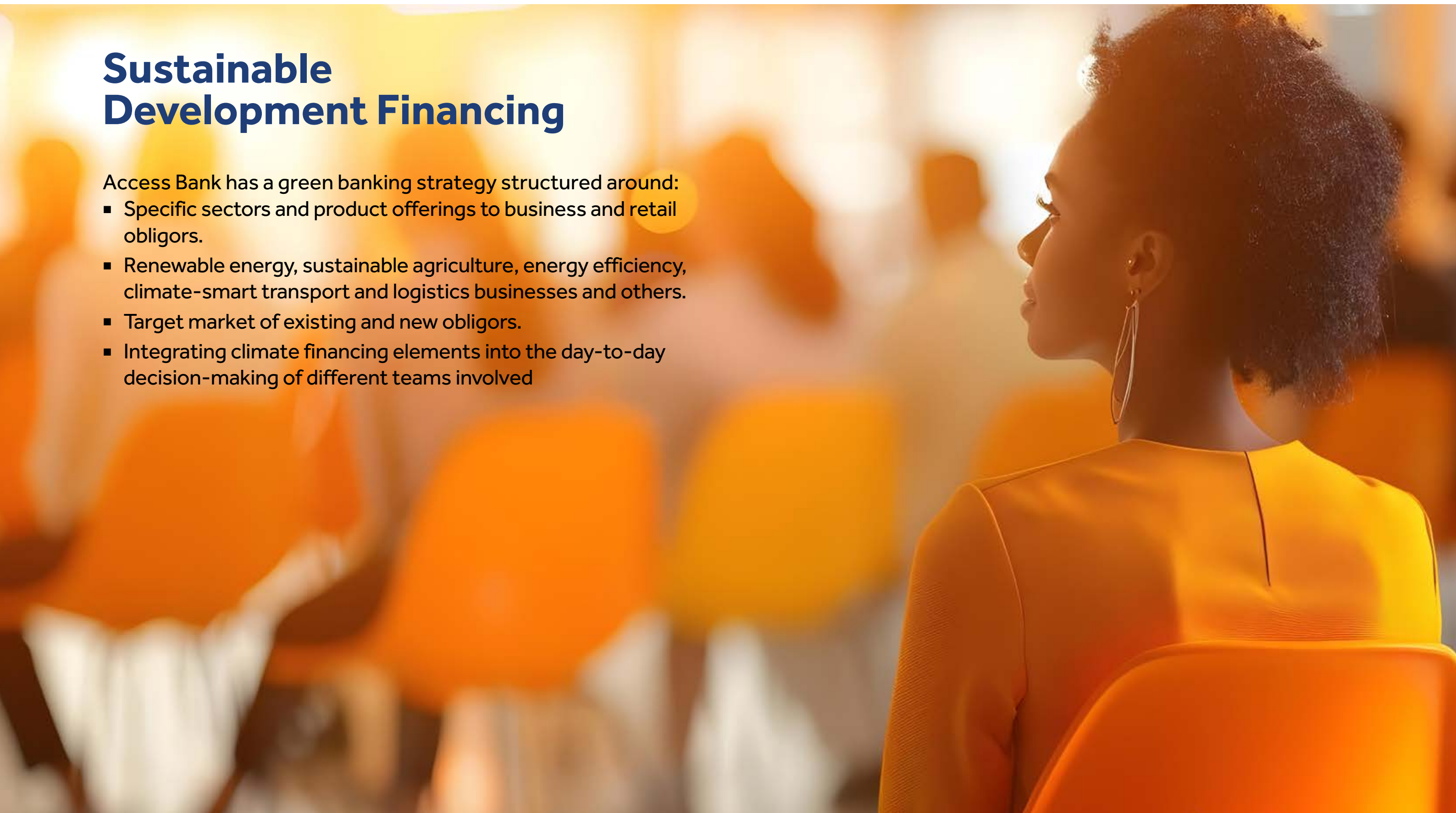
3. Our **corporate social investment**. We hold the responsibility to positively influence the communities in which we operate through our recruitment and employment practices, our culture and values, and our community investments.

To enact this strategy, the initial step involved cultivating connections within the communities in which we operate. This was accomplished through the establishment and implementation of the Bank's Employee Volunteering Programme.

By continually encouraging and nurturing a culture of volunteerism, we can unleash the passion and enthusiasm of our employees to actively support social and environmental projects through volunteering.

Our employees heeded the call with enthusiasm, actively assessing and identifying programs aligned with our focus areas of health, education, environment, and entrepreneurship.

Their endeavors reached across the nation, from Gaborone to Kasane, serving as a powerful example of the positive change that dedication and commitment can bring about.



Sustainable Development Financing

Access Bank has a green banking strategy structured around:

- Specific sectors and product offerings to business and retail obligors.
- Renewable energy, sustainable agriculture, energy efficiency, climate-smart transport and logistics businesses and others.
- Target market of existing and new obligors.
- Integrating climate financing elements into the day-to-day decision-making of different teams involved

Environmental Impact

Green Impact Reporting Metrics

Access Bank adheres to the following reporting metrics

- Renewable Energy (Contribution towards renewable energy levels)
- Energy Efficiency
- Pollution Control
- Climate Change Adaptation

Impact Management

Emissions Tracking

- Operational Green House Gas emissions are tracked monthly to gauge the impact on the environment. Usage of the following is tracked: diesel, electricity, petrol & air travel (miles).

Responsible Lending

- An Environmental & Social (E&S) grading of low, medium to high is accorded to clients based on their level of impact on their environment.
- Credit appraisals are evaluated to assess the level of impact on the environment through an E & S checklist.
- Clients with heightened risk grades are monitored at a closer basis through spot visits & confirmation of renewal of relevant Safety, Health, and Environmental policies

Exposure Management

- The Bank has set an E&S portfolio categorization threshold to manage maximum appetite levels for the three categories based on their risk: low, medium & high.
- This is tracked monthly & reported quarterly to the Board.

Banking Operations / The Banking Operations team successfully raised funds to donate 91 pairs of shoes to the Ramotswa Centre for Deaf Education.

Game City/ Game City Branch project aims to enhance the quality of life for orphans and children at the Happy Home Shelter. The Branch raised funds to purchase hampers, toiletries, and gently used clothes.

Wholesale Banking/ The team planted fruit trees in two government-assisted primary schools. The initiative aims to alleviate the shortage of fruit supply provided by the government. This was at Lesedi Primary.

Human Capital / The Human Capital team donated toiletries and pre-owned loved clothes to the Kagisano Women's Shelter.

Kasane SCC / The Kasane Sales & Service Centre donated food hampers to two families in Kasane and Kazungula.

Wholesale Banking / The Wholesale Banking team planted fruit trees at Lesedi and Ben Thema Government-aided schools in Gaborone.

Maun Branch / The Maun Branch donated and installed rubbish bins along the Thamalakane River to reduce littering and promote eco-friendly solutions.

Ghanzi SCC / The Ghanzi Sales & Service Centre partnered with the Village Development Committee to donate sanitary pads to a group of disadvantaged women in D'kar village.

Internal Audit , MD's Office and Brand & Comms/ These teams successfully raised funds to donate a stove to Happy Hearts Cancer Clinic. This generous contribution will enable the clinic to provide nutritious meals for young children in need.

Credit Risk/ The Credit Risk team generously contributed food hampers and toiletries to support the Old Naledi committee through the Tsholofelo Children & Youth Trust.

Mogoditshane Sales & Service Center/ The SSC identified community needs through discussions with Elders and Mogoditshane VDC. They required painting materials to support the repainting of the Village communication. The team donated the required painting materials.

FINCON, EBS and Legal / The Financial Control, Enterprise Business Services, Legal teams donated sanitary pads, shoe care and other hygiene products for young girls at Bokamoso CJSS in Gaborone.

Mathews Moloi
Head, Human Capital (Acting)

HUMAN CAPITAL

Our Warriors continue to be at the centre of our focus for 2023 and beyond. As such it was imperative that the Bank develops a unique Employee Value Proposition (EVP) which strives to make Access Bank a great place to work in by creating an engaging, inclusive and safe environment that rewards success. At the core of the Bank's people strategy is our focus on employee engagement and being the employer of choice. Engagement is a key driver of productivity and performance, which creates the foundation of our performance culture.

Employee Engagement

Employee engagement remains a focus area, as the Bank values and recognises the crucial role that our employees play in the organisation's growth. The Bank continues to ensure that it provides the best working environment for all its employees, enabling them to thrive and reach their fullest potential. Employee engagement has become synonymous with concepts such as employee satisfaction and the employee experience, which is more about the complete employee journey from hiring, to employee recognition, to when they leave the job.

To ensure that we can get all colleagues on board with the above, the Bank reviewed its Engagement Committee in 2023 by ensuring that it has representatives from different branches and functions across the Bank who are passionate about people. Their role is to represent all voices across the business to address any challenges, as well as to enhance staff engagement by coming up with initiatives and activities.

Employee Value Proposition

In 2023 we launched our EVP which is crucial in today's highly competitive job market. Our view is that a strong EVP can significantly improve our company's ability to attract and retain high-calibre candidates. It is our unique selling point for prospective employees. Key pillars of the EVP include but are not limited to, employee well-being and recognition, competitive compensation packages, clear career development opportunities and work-life balance.

Employee Wellbeing & Recognition

We are committed to establishing and maintaining a workplace that fosters and promotes a culture of physical, mental and social wellbeing. It is to this end that as part of the EVP, management approved 100% gym membership for all employees within the Bank. Employees also have access to multiple well-being tools through partnerships with various clinics for mental care and various wellness activities. To ensure that employees manage their mental wellbeing, the Bank also provides an employee assistance programme which is always on standby to provide support to employees and their families. The Bank contributes 100% medical cover for all employees and ensures that there is adequate cover.

As a Bank we are passionate about our leadership and strive to enhance overall performance, innovation, and employee engagement. Great leaders inspire, motivate, and guide us toward success. They shoulder immense responsibility, navigate complex challenges, and dedicate themselves to empowering others. A passionate leader is not merely someone in a position of authority, but is committed to the Bank's vision and exhibits unwavering dedication and enthusiasm. The Bank is committed to personal growth and the development of others; hence it strives to ensure that Warriors receive continuous training and development where applicable. We are proud to celebrate with our employees who recently graduated from the University of Stellenbosch on a New Management Development Programme. We strive to sponsor more of our employees on similar leadership training courses and look forward to having more of these achievements which will create leadership capability across the various workforce levels.

We are pleased to announce our top-performing Warriors for the year 2023:

ONTHATILE SEEMA
ORATENG INALETSILE
NTEBANG MAGASHULA
GALALETSANG MOTHUSI
MATTHEWS MOLOI
LESEDI MOILWA

Employee recognition and appreciation is key to ensuring that all those who excel are timeously recognised. The Bank recognised the 2023 top performers; their commitment and hard work are instrumental in our quest to become the world's most respected African bank.

Looking Ahead

For 2024, our objective is to ensure that the Bank continues to attract and retain the best talent to drive the Bank through the growth and expansion journey. The Employee Value Proposition is a holistic offering to our employees and consists of both monetary and non-monetary benefits, including culture, career development and learning by building future skills. Another key people focus for us will be to create leadership capability across the different workforces because we believe capable leaders are essential to unlocking the potential of the workforce in terms of productivity, learning, continuous improvement, quality and customer service.

Allec Tainton
Head, Conduct and Compliance

CONDUCT AND COMPLIANCE REPORT

The Bank maintains a centralised compliance function that provides oversight on the management of compliance risks. These include, amongst others, regulatory risk, money laundering, terrorist and proliferation financing as well as other financial crimes. Key regulatory stakeholders managed by the function who are issuers of various licences and are central to the Bank's operations include:

- Bank of Botswana (BoB)
- Deposit Insurance Scheme of Botswana (DISB)
- Botswana Stock Exchange (BSE)
- Non-Bank Financial Institutions Regulatory Authority (NBFIRA)
- Financial Intelligence Agency (FIA)
- Botswana Accountancy Oversight Authority (BAOA)
- Gambling Authority

Compliance Risk Oversight

The Board of Directors is responsible for overseeing the management of compliance risk at the Bank. To ensure effective governance, the Board has established an independent compliance function tasked with developing and enforcing policies and processes for identifying, assessing, monitoring, reporting, and advising on compliance risks.

Role of the Compliance Function

The compliance function serves as a critical component of the Bank's second line of defence, with a mandate to ensure the Bank operates in accordance with applicable laws, regulations and internal policies. This function also upholds the Bank's integrity and commitment to responsible operations.

Senior management is responsible for creating a compliance policy that aligns with the Board's approved principles and establishes the processes by which compliance risks are identified and managed throughout the organisation. Although accountability for compliance ultimately lies with the Board and senior management, the compliance function plays a pivotal role in promoting corporate values and supporting adherence to relevant regulations and standards.

Advisory and Supportive Functions

The compliance function advises the Board, senior management and staff on compliance with applicable laws, rules, and standards, keeping them informed of relevant developments. It also educates staff on compliance issues, serves as a point of contact for compliance-related queries, and offers guidance on implementing applicable laws and regulations through various policies, procedures, compliance manuals, internal codes of conduct, and practice guidelines.

Independence and Authority

To maintain objectivity and prevent undue influence, the Bank's compliance function operates independently from management. It reports directly to the Country Managing Director and the Board, as necessary, to provide a reasonable assurance on the management of compliance risks. The compliance function has sufficient authority, stature, resources, and access to the Board.

03
Governance

Corporate Governance And Board Structure

The role and responsibility of the Board is to set the strategic direction and guide the implementation of the Bank's strategy. This corporate function is carried out in a manner that is in compliance with the applicable Laws, the Guidelines on Corporate Governance for Banks and Financial Institutions licensed and supervised by the Bank of Botswana and the King IV Code on Corporate Governance.

Ethical and Effective Leadership

To embed the referenced, Management has developed the Bank's strategy, policies and standard operating procedures that are approved by the Board of Directors. The implementation and execution of the strategy, guided by robust governance processes, continues to be overseen by the Board to ensure accountability for the Bank's performance through effective reporting and disclosures. The Board remains cognisant that good Corporate Governance is indispensable for the running of the Bank in a manner that promotes a good ethical culture as well as value creation for shareholders.

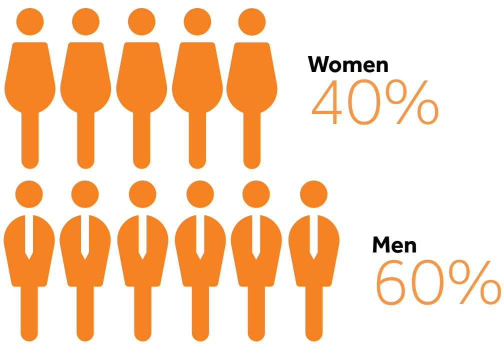
Board Composition and Structure

Access Bank Botswana Limited has strived to ensure that its Board of Directors comprises the appropriate balance of knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively and effectively.

As of December 31, 2023, the Bank's Board constituted 11 Directors, of which seven are Independent Non-Executive Directors, two Non-Executive Directors and two Executive Directors. The Bank constantly upholds an adequate balance and independent composition of the Board of Directors to ensure it remains compliant with the Guidelines set by the Bank of Botswana. One of the cardinal requirements of the Guidelines is a related party representation prescribed at 33.3% as the maximum. Access Bank's ratio is currently 36.4% following Bank of Botswana's approval of the appointment of Ms. Mataka on July 1, 2022.

The Board of Directors is required to convene at least four times per annum. This year the Board has met eight times to discuss a number of issues.

11
DIRECTORS



7	2	2
INDEPENDENT NON-EXECUTIVE DIRECTORS	NON-EXECUTIVE DIRECTORS	EXECUTIVE DIRECTORS

Appointment, Rotation, Evaluation, Board Training And Board Secretariat

Appointment of members:

Directors are appointed through a formal process. The nomination and shortlisting of candidates is delegated to the Board Governance Nomination and Remuneration Committee. In addition to candidates skills, experience, availability, the Committee considers proven leadership, demonstrated integrity and other directorships and commitment to ensure that the candidate will have sufficient time to discharge their role effectively.

Rotation of members:

All Independent Non-Executive Directors are subject to recruitment by rotation and re-election by shareholders annually at the Annual General Meeting. The Company Constitution provides for no less than a third of the Non-Executive Directors to retire and, if eligible, offer themselves for re-election. This re-election is not automatic, it requires shareholder approval.

Evaluation:

During the year an independent evaluation process of Directors was conducted. Amongst other aspects, the following were focal:

- Performance and effectiveness of the Board.
- Performance and effectiveness of Board Committees.
- Performance and effectiveness of the individual Directors, and specific to the Board Chairperson including the Managing Director and Finance Director.
- Performance and effectiveness of the Company Secretary.

As an outcome of the evaluation, the Board is satisfied with the suitability, expertise and experience of all the Directors and the Company Secretary.

Training and Development of members:

An annual Board development and training programme is maintained for purposes of ensuring continued skills development of Directors. A training schedule prepared and submitted for Board approval is utilized to guide the rolling out of trainings sessions throughout the year. Specific training programmes and topics are reviewed annually to ensure continued focus on relevant topics that are aligned to the Bank's strategy. The training sessions are in-house facilitated.

Company Secretariat:

The Company Secretary is responsible for the Board, acting as a central source of information and advising the Board on its fiduciary duties and responsibilities, adherence to good corporate governance requirements, compliance with policies and laws. Thato Mmile is the Company Secretary of the bank. All Directors have unrestricted access to the advice and services of the Company Secretary in all aspects of the Board's mandate.

An assessment of the performance of the Company Secretary is undertaken annually, as part of the Board evaluation process. The evaluation has confirmed the adequacy of the competence, experience and qualifications of the Company Secretary.

BOARD OF DIRECTORS

Lorato Nthando Mosetlhanyane

Board Chair, Independent Non-Executive Director
Qualifications: Masters in Business Administration, Association of Certified Chartered Accountants (ACCA)

Appointed: July 23, 2014

Sheperd Aisam

Managing Director
Qualifications: Executive Master of Business Administration (EMBA) degree, Master of Science (MSc) degree in Strategic Management, Bachelor of Business Administration (BBA)

Appointed: January 4, 2024

Joshua Benjamin Galeforolwe

Senior Independent Non-Executive Director
Qualifications: BCom in Accounting, BA in Economics

Appointed: April 1, 2018

Boiki Matema Wabo Tema

Independent Non-Executive Director
Qualifications: Master of Science (MSc) in Strategic Management, Bachelor of Arts (BA) in Economics

Appointed: October 3, 2018

Jacob Mooketsi Motlhabane

Independent Non-Executive Director
Qualifications: Bachelor of Commence in Accounting

Appointed: November 12, 2014

Ntoti Mosetlhe

Independent Non-Executive Director
Qualifications: Bachelors of Administration, Certificate in Manpower Planning

Appointed: November 1, 2018

John Bosco Sebabi

Independent Non-Executive Director
Qualifications: MSc in International Economics, Banking and Finance

Appointed: June 3, 2020

Lynda Mataka

Independent Non-Executive Director
Qualifications: Master's Degree in International Business Law (LLM) and Postgraduate LLB degree, Diploma in Legal Drafting

Appointed: July 1, 2022

Oluseyi Kumapayi

Non-Executive Director
Qualifications: Master's Degree in Mechanical Engineering, Bachelor's Degree in Agricultural Engineering, Alumni of Harvard Business School

Appointed: November 5, 2021

Robert Michael Yorwerth Giles

Non-Executive Director
Qualifications: Bachelor of Science, Geography; Statistics for Social Sciences and Economic Geography, Postgraduate Diploma in Management

Appointed: November 5, 2021

Ratang Icho-Molebatsi

Finance Director
Qualifications: Masters in Science - Strategic Management (MSc), Bachelor of Social Sciences in Economics and Accounting (BA), Association of Chartered Certified Accountants (ACCA)

Appointed: September 1, 2019

Ogone Mothooagae

Independent Non-Executive Director
Qualifications: BEng. (Hons) in Software Engineering

Appointed: January 4, 2024

Calistas Chijoro

Independent Non-Executive Director
Qualifications: Bachelor of Social Science Degree (major in Accounting and Economics), Postgraduate Diploma in Banking, Dealing Certificate from the Financial Markets Association.

Appointed: January 1, 2024

DIRECTORS PROFILES

BOARD OF DIRECTORS – ACCESS BANK BOTSWANA LIMITED

MRS. LORATO NTHANDO MOSETLHANYANE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Having worked as an accountant at different levels, in different industries for over 17 years, Mrs Mosetlhanyane brings a wealth of experience to the Board. Having successfully completed the Professional Coaching Course (PCC) through the Centre for Coaching which is in partnership with the University of Cape Town's Graduate School of Business and New Ventures West (NVW) based in San Francisco, she left the corporate world, resigning from her position as Chief Finance Officer of a leading Life Insurance company in Botswana to set up practice as a Certified Professional Integral Coach, coaching and training young and mature leaders, locally and internationally. Prior to forming PinnaLead, Lorato amassed 17 years working experience in the corporate world as an Accountant in different capacities.

Mrs. Mosetlhanyane is a Chartered Accountant by profession and a member of the Association of Certified Chartered Accountants (ACCA). She also holds a Master in Business Administration (MBA) from Oxford Brookes University in the UK.

MR. ROBERT MICHAEL YORWERTH GILES
NON-EXECUTIVE DIRECTOR

Robert Giles is a seasoned banker, with a global career spanning over 20 years. Mr. Giles currently holds the position of Senior Banking Advisor, Retail Banking at Access Bank PLC (Lagos, Nigeria) where he is responsible for leading the development of the retail banking space at Access Banking Nigeria.

Robert has previously worked for Diamond Bank PLC (Lagos, Nigeria) where he was responsible for the development and performance management of the retail and SME lending business for the Group as well as managing assets with an excess value of $350 million in addition to a fast-growing portfolio of over 1.2 million credit and debit cards.

During his time at Access Bank PLC, Robert has co-led the successful integration management of Access Bank and Diamond Bank to help form the continent's largest retail bank.

Robert holds a Bachelor of Science, Geography from the University of Birmingham where the focus of his studies was Statistics for Social Sciences and Economic Geography. He also holds a Postgraduate Diploma in Management from the University of Leicester Business School and has attended several Executive Management Development programmes in leading institutions including London Business School, and the University of Pretoria.

MR. SEYI KUMAPAYI, FCA
(NON-EXECUTIVE DIRECTOR)

Before being appointed to his current position of Director - African Subsidiaries (Access Bank PLC) Mr. Kumapayi was the Group Chief Financial Officer of Access Bank PLC, a position he had held since 2008. He is a highly accomplished and result-driven professional with over 20 years of progressive banking experience spanning across Finance, Strategy, Risk Management, and Treasury.

He joined Access Bank in 2002 as the Head of Financial Control and Credit Risk Management. Prior to joining Access Bank, he held controller and analyst positions with First City Monument Bank Limited and Guaranty Trust Bank Plc respectively.

Since joining Access Bank, he has played a significant role in the creation of the largest retail bank in Nigeria and specific corporate actions that have supported the Bank's growth objectives and enhanced its capacity to play in key local and international markets.

Mr. Kumapayi is an alumnus of Harvard Business School. He holds a Master's Degree in Mechanical Engineering from the University of Lagos, and a Bachelor's Degree in Agricultural Engineering from the University of Ibadan, Nigeria. He has also attended several Executive Management Development programmes in leading institutions including INSEAD, IMD and London Business School. He is a Fellow of the Institute of Chartered Accountants of Nigeria (ICAN), and a member of the Global Association of Risk Professionals (GARP), the Chartered Institute of Taxation of Nigeria (CITN) and the Chartered Institution of Bankers of Nigeria (CIBN). He is a board member of the Ogun State Security Trust Fund.

He joined the Board in November 2020.

MR. JACOB MOOKETSI MOTLHABANE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Motlhabane is the former Chief Executive Officer of Turnstar Holdings, a property company listed on the Botswana Stock Exchange. He also previously served as group strategic business development manager for Letshego Holdings Limited, a microfinance company with operations in nine countries. He has excelled in various senior management positions as a member of executive management teams charged with various responsibilities including, driving strategic direction, preparing business plans, including scope and budget, and also driving new business opportunities throughout Africa as well as facilitating mergers and acquisitions.

Mr. Motlhabane holds a Bachelor of Commence in Accounting from the University of Botswana and is currently pursuing a Masters of Business Administration at Mancosa in Botswana and Certificate in Management Accounting from the Chartered Institute of Management Accounting.

MR. JOHN BOSCO SEBABI
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Sebabi has 20 years of amassed experience in the financial services sector as a seasoned banker, and through the process, has served as a key resource person on a number of Boards, Committees and Task Forces. He was a member of the G25 Panel of experts that was constituted by the World Bank, to set guidelines for successful regional integration of Financial Infrastructure.

Between March 2013 and April 2014, he was the Chief Operating Officer (COO) for the East Africa Commodity Exchange that is mandated to uplift national and regional economies by eliminating market barriers to trading, providing access to financing to farmers and traders in return for commodities, and more broadly engaging in regional capital market development. Between July 2014 and October 2018, Bosco served as the Deputy Director General of the Rwanda Social Security Board in charge of fund management, managing assets over $1 billion in value.

He holds a MSc in International Economics, Banking and Finance from Cardiff University, Cardiff, Wales (The United Kingdom); a BSc in Economics and an Associate degree in Economics both completed with distinctions from the National University of Rwanda and a certificate in Financial Programming and Policy from the IMF. He is also a fellow of the Fletcher Leadership Program for Financial Inclusion of the Fletcher School, Tufts University. He also holds an executive education certificate of the Advanced Management Programme (AMP), a sandwich programme from Strathmore, Lagos and IESE business schools.

MRS. NTOTI MOSETLHE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mrs. Ntoti Mosetlhe acquired her Bachelor of Administration from the University of Botswana and went on to obtain a certificate in Manpower Planning from the University of Sussex. She headed Debswana's Human Resources Department from 2008 to September 2018, during which time she led two restructuring processes to optimise the Head Office and improve cost efficiency at the mines. She also embedded a talent management and performance management system which resulted in increased productivity and improved succession planning whilst also managing to put in place as well as implement a workforce planning method aligned to Debswana's long term resource plan. Prior to her tenure at Debswana, she had acquired vast experience through having led a Corporate Strategy/Corporate Performance monitoring team and developing several products and services through strategic alliances.

She also previously held the position of Deputy Chief Executive Officer at Botswana Housing Corporation where she led the Corporate Strategy and Corporate Performance Monitoring team. In this position, she also successfully led negotiations with the Unions and other key stakeholders in the rationalisation and retrenchment process of the Corporation on two occasions.

MR. BOIKI MATEMA WABO TEMA
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Tema has acquired extensive expertise in banking and other financial services over a period of 24 years, during which he worked in different capacities within the FirstRand Group and more recently as Coverage Director at Rand Merchant Bank Botswana (RMBB). He started his career as an Executive Trainee at First National Bank of Botswana Limited (FNBB) in 1994, moving through the ranks to hold numerous senior positions including Senior Manager and Head of the Property Finance Division; Senior Manager - New Business Development; Head – Wholesale Segment; Director Commercial Banking; and Director, Property Finance Division.

He has a Bachelor of Arts (BA) in Economics from the University of Botswana, and a Master of Science (MSc) in Strategic Management from the University of Derby in the United Kingdom. He has completed Part 1 of a Diploma in Banking (Botswana Institute of Bankers) and a Diploma in Financial Management with Allenby College in South Africa. Mr. Tema has served on the Boards of various executive management committees of FNBB, and on the Boards of subsidiary and associate entities such as FNBB Insurance Agency and FNBB Pension Fund. He has also been a member of the Botswana Post Board.

MR. JOSHUA BENJAMIN GALEFOROLWE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Galeforolwe is a Managing Consultant for West Cliff Capital (Pty) Ltd, a corporate advisory and management consultancy company in Botswana, which led negotiations for the sale of a portion of shares held by Batswana citizen shareholders in Orange Botswana, to France Telecom, with the support of other transaction advisors.

He has over 35 years' experience in large scale performance and process improvement, leadership and strategic management, policy formulation, and the development of privatisation implementation strategies. Mr. Galeforolwe is the former Chief Executive of the Public Enterprises Evaluation and Privatisation Agency (PEEPA). During his tenure, Mr. Galeforolwe oversaw the preparation and adoption of government's first Privatisation Masterplan and the formulation and approval of the Public Private Partnership Policy Implementation Framework and PPP regulations. Other achievements include the development of the privatisation and transaction strategies for the Botswana Telecommunications Corporation and the National Development Bank (NDB).

He has a BCom in Accounting from Makerere University, Kampala, Uganda and completed Part 1 of a BA in Economics at the University of Botswana, as well as a Management and Development Programme at the University of Pittsburgh.

MS. LYNDA MATAKA
INDEPENDENT NON-EXECUTIVE DIRECTOR

Lynda Mataka holds an LLB degree (Bachelor of Laws), a Postgraduate Diploma in Legal Drafting and a Master's Degree in International Business Law (LLM). Through her extensive career, she has accumulated a broad range of experience and skills spanning the fields of Private and Civil Law, Financial Services, International Investment, as well as Corporate Governance and Compliance.

She has extensive experience in financial services, having served as the Secretary to the Financial Sector Development, inspector in the Non-Bank Financial Sector Supervision Department and Legal Counsel Advisory. She also spearheaded the review and analysis of financial sector legislation to align with other related Acts at the Central Bank of Zambia. She has also served as a Board member of Access Bank Zambia, for 10 years.

Lynda was instrumental in the entry of new banks into the Zambian market, where she was also involved in the incorporation of their respective companies and obtaining various requisite regulatory approvals. She has first-hand experience in providing legal advice to banks within the African market. She is currently a non-executive director of Dangote Cement and Dangote Quarries (Zambia).

MR. CALISTAS CHIJORO
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Calistas Chijoro was appointed as an Independent Non-Executive Director of Access Bank Botswana Limited on 1 February 2024.

Calistas holds a Bachelor of Social Science Degree (major in Accounting and Economics), a Postgraduate Diploma in Banking and a Dealing Certificate from the Financial Markets Association.

Throughout his extensive career, he has accumulated a broad range of experience and skills in banking and financial services with almost two decades of banking experience, more than half of which has been spent in senior managerial roles and serving several boards across the sector.

Having worked at different levels including Assistant Dealer, Head of Treasury Sales, Head of Customer Dales and Head of Business and Commercial Client at ABSA and Stanbic Bank Botswana respectively for over seventeen years, Mr Chijoro brings a wealth of experience to the Board.

He currently serves as an Executive Director at Johdee Mineral Processing where he is responsible for driving strategy, stakeholder management and growing business. Mr Chijoro has served on various Boards, including the Chairmanship of Liberty Life Botswana, a position that he held immediately prior to joining Access Bank Botswana.

MR. OGONE MOTHOOAGAE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Ogone Mothooagae was appointed an Independent Non-Executive Director of Access Bank Botswana Limited on 4 January 2024.

Ogone is the Founder and CEO of Stencil Technologies, a role that sees him spearheading a Botswana-borne regional software and technology services company. Holding a BEng. (Hons) in Software Engineering from the University of Manchester and equipped with PRINCE2 Practitioner credentials, Ogone is a seasoned business leader championing organisational transformation through technology-enabled initiatives.

With a decade-long stint as a management consultant at Accenture, Ogone ascended through various senior management roles. He would ultimately serve as the Managing Director of Adapt IT, a pan-African JSE-listed technology services company with his role having specific focus on the SADC region. His career has been defined by driving Technology Innovation, Organisational Operations Management, Corporate Governance, Predictive Analytics and of late, Artificial General intelligence (AGI).

Ogone's transformative experience extends across diverse industries, from Energy and Resources to Retail, Products, Telco, Fintech, Computer Technology and Public Services. As a thought leader in ICT and business transformation, he actively contributes to industry discourse through keynote addresses at high-profile events, that recently included the 2023 US-Africa Summit and the Seamless Africa Fintech conference. Ogone's advocacy for cutting-edge technologies is evident in his authored opinion white papers on optimising business functions through technology, coupled with a strong stance on organisational integration.

Beyond his operational engagements, Ogone plays a pivotal role in organisational governance, having served on several boards of directors such as the Botswana Stock Exchange, Botswana Railways, and others. Towards continuous growth and leadership excellence, Ogone is currently part of the 2024 cohort of the Stanford Seed Management & Business Leadership programme.

MR. SHEPERD AISAM
MANAGING DIRECTOR

Refer to page 18 for Mr. Sheperd Aisam's profile

MRS. RATANG ICHO-MOLEBATSI
FINANCE DIRECTOR

Refer to page 18 for Mrs. Ratang Icho-Molebatsi's profile

BOARD COMMITTEES

BOARD COMMITTEES AND COMPOSITION

The Board of Directors has delegated some of its powers to the committees listed below to promote independent judgement, assist with the balance of power and to effectively discharge its duties. Each Committee has formal terms of references which are reviewed on an annual basis to ensure compliance with laws, rules and corporate governance codes. The Managing Director and the Finance Directors are not members. They attend some of the meetings by invitation from respective committee chairs.

Committee	SEBABI	MOSETLHANYANE	MOTLHABANE	TEMA	GALEFOROLWE	MOSETLHE	KUMAPAYI	GILES	MATAKA
Role	Independent Non-Executive Director	Board Chair, Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Senior Independent Non-Executive Director	Independent Non-Executive Director	Non-Executive Director	Non-Executive Director	Non-Executive Director
Risk Management & Compliance						C			
Audit			C						
Governence, Nomination & Remuneration					C				
Credit And Finance				C					

Board Audit Committee

Committee membership - J. Motlhabane (C), O. Kumapayi, J. Sebabi

Mandate:- The Audit Committee, guided by its written Terms of Reference which are reviewed annually by the Board, and are in compliance with the Banking Act – 46:04, meets at least four (4) times per year to monitor the integrity of the financial statements of the Bank. This entails review of the Bank's annual and half-yearly reports, prospectuses, trading updates, interim management statements, and any other formal announcement relating to its financial performance. The Committee also reviews and reports to the Board on significant financial reporting issues and judgements having regard to matters communicated to it by the auditors. The Committee focuses on monitoring financial controls, accounting systems, and shareholder reporting as well as adherence to appropriate accounting standards in line with the King IV Code Corporate Governance best practice. Though independent, the Committee reports to and remains fully accountable to the Board of Directors and Shareholders and discharges its duties in line with the King IV principles in mind. The committee is chaired by an Independent Non-Executive Director, Mr Jacob Motlhabane.

In 2023 the Committee achieved the following with respect to its mandate:

- Reviewed and approved the financial year budget;
- Reviewed and approved the Annual Financial Statements and annual report;
- Reviewed and approved the Audit plan for the financial year;
- Reviewed the new Committee's new terms of reference ;
- Continued to provide oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations;
- Reviewed and recommended the Charter to Board for approval;
- Reviewed the audit results with management and external auditors, including matters required to be communicated to the Committee, Board and Shareholders under generally accepted auditing standards;
- Continued to monitor the impact of COVID-19 on the Bank's financial position.

Board credit and finance committee

Committee membership - B Tema (C), R. Y Giles, L Mataka

Mandate:- The Board Credit and Finance Committee meets at least four (4) times per year to assist the Board with discharging its responsibility to review the quality of the Bank's loan portfolio and periodically review the Bank's Credit appetite. The Credit and Finance Committee has standing weekly meetings for purposes of the consideration and approval of Credit deals placed before them with the mandate and responsibility of evaluating credit applications greater than BWP2,500,000. The Committee operates with guidance from the Bank's Credit Policy and position on Credit Risk. This Committee is separate from the Risk Committee and is mandated to exercise oversite over Credit Risk. Though independent, the Committee reports to and remains fully accountable to the Board of Directors and Shareholders and discharges its duties in line with the King IV principles in mind. The committee is chaired by an Independent Non-Executive Director, Mr Boiki Matema Wabo Tema.

In 2023 the Committee achieved the following with respect to its mandate:

- Reviewed, recommended and approved the Bank's debt recovery strategies;
- Reviewed and recommended the Charter to Board for approval;
- Maintained oversight of the balance between advanced Non-Performing Loans and impairment provisioning;
- Ensured all credit activities relating to large exposures were conducted within the risk strategy, policies and tolerance levels approved by the Board;
- Provided oversight of Company policies and management activities relating to the identification, assessment, measurement, monitoring, and management of the Company's credit risk

Board Risk Management And Compliance Committee

Committee membership- N. Msetlhe (C), L. N Mosetlhanyane, J Galeforolwe, R.Y Giles, B Tema

Mandate:- The Risk and Compliance Board Committee convenes four (4) times annually. Its fundamental mandate is to assist the Board in overseeing the Bank's full adherence to the management of the overall risk framework. In fulfilling this mandate, it oversees the maintenance and implementation of appropriate compliance systems, policies, procedures, regulatory or statutory requirements across the Bank. Under the same mandate it further provides close guidance for the monitoring of the Bank's risk appetite and capital management. Further, it oversees the Board's management of issues regarding current risk exposures and future risk containment strategies, simultaneously ensuring that the Bank remains compliant with all legal and regulatory requirements applicable to it within the jurisdiction and internationally. The committee is chaired by an Independent Non-Executive Director, Mrs Ntoti Mosetlhe.

In 2023 the Committee achieved the following with respect to its mandate:

- Reviewed and recommended the Charter to Board for approval;
- Ensured that the Bank remained compliant with all regulatory controls required under legislative laws and by the Bank of Botswana

Board Governance, Nomination And Remuneration Committee

Membership- **J Galeforolwe (C), L.N Mosetlhanyane, N. Mosetlhe, L Mataka**

Mandate:- The Governance Nomination and Remuneration Committee convenes four (4) times annually. This Committee is tasked with the mandate of discussing and making recommendations on the appointment of new executive and non-executive directors, including making recommendations on the composition of the Board generally and the balance between executive and non-executive directors appointed to the Board. The Committee also regularly reviews the Board structure, size and composition and makes recommendations with regards to any adjustments that are deemed necessary. The Committee is chaired by a Senior Independent Director, Mr. Joshua Benjamin Galeforolwe.

In 2023 the Committee achieved the following with respect to its mandate:

- Approved the appointment of Management Director, Mr Sheperd Aisam;
- Approved the appointment of new Independent Non-Executive Directors, Mr Calista Chijoro and Mr Ogone Mothooagae;
- Reviewed and approved the reconstitution of the Board Committees and their functions;
- Reviewed and recommended the new Charter to Board for approval;
- Succeeded in ensuring that a balanced board membership was maintained with a clear balance of appointees who are executive or non-executive and the replacement of retired Directors

BOARD MEETING ATTENDANCE

Director	Main Board	Board Strategy	Governance, Nomination and Remuneration	Audit	Risk Management and Compliance	Credit and Finance	2023 BOARD FEES P'000	
Lorato Nthando Mosetlhanyane	7/8	1/1	4/4	-	4/4	-		**BWP 616,000.00**
Oluseyi Kolawole Kumapayi	6/8	1/1	-	4/4		-		**-**
Robert Michael Yorwerth Giles	7/8	1/1	-	-	4/4	4/4		**-**
Jacob Mooketsi Motlhabane	8/8	1/1	-	4/4	-	-		**BWP 571,000.00**
Joshua Benjamin Galeforolwe	8/8	1/1	4/4	-	4/4	-		**BWP 632,500.00**
Boiki Matema Wabo Tema	8/8	1/1	-	-	4/4	4/4		**BWP 649,000.00**
Ntoti Mosetlhe	8/8	1/1	4/4	-	4/4	-		**BWP 632,500.00**
Lynda Mataka	7/8	1/1	4/4	-	-	4/4		**BWP 610,500.00**
John Bosco Sebabi	7/8	1/1		4/4	-	-		**BWP 495,000.00**
Kgotso Bannalotlhe*	1/1**	-	1/1**	1/1**	1/1	1/1**		**-**
Ratang Icho-Molebatsi	7/8	1/1	-	4/4**	4/4**	4/4**		**-**
Musonda Chishimba*	7/8	1/1	4/4**	4/4**	4/4**	4/4**		
								BWP4,206,500.00

*Director's emoluments FYE 2023 amounted to **BWP4,206,500.00***
**Former Managing Director K. Bannalotlhe resigned on March 18, 2023 and M. Chishimba acted from then until December 31, 2023.*
***Denotes attendance as an invitee.*

SHAREHOLDERS UPDATE

MAJORITY SHAREHOLDERS ABOVE 5%

ACCESS BANK PLC (78.15%)

COUNTRY OF INCORPORATION	Nigeria
NATURE OF BUSINESS	Access Bank PLC is the parent company of the Access Bank Botswana Limited. Access Bank PLC, commonly known as Access Bank, is a Nigerian multinational commercial bank, listed on the NASD OTC Exchange since 1998. Access Bank is a diversified financial institution which combines a strong retail customer franchise and digital platform with deep corporate banking expertise and proven risk management and capital management capabilities. The Bank serves its various markets through four business segments: Retail, Business, Commercial and Corporate. The Bank has over 900,000 shareholders (including several Nigerian and International Institutional Investors)
DIRECTORS	PAUL USORO ADENIYI ADEKOYA IBOROMA AKPANA IFEYINWA OSIME DR. OKEY NWUKE HASSAN USMAN OMOSALEWA FAJOBI TITILAYO OSUNTOKI ROOSEVELT OGBONNA DR. GREGORY JOBOME HADIZA AMBURSA IYABO SOJI-OKUSANYA CHIZOMA OKOLI OLUSEYI KUMAPAYI
REGISTERED OFFICE AND PLACE OF BUSINESS	Plot 14/15, Prince Alaba Oniru Street, Oniru Estate, Victoria Island, Lagos
POSTAL ADDRESS	Private Bag 00303
DATE OF INCORPORATION	8 February, 1989
AUDITORS	KPMG
BANKERS	ACCESS BANK
COMPANY SECRETARY	SUNDAY EKWOCHI
FUNCTIONAL CURRENCY	US$

SHAREHOLDING ANALYSIS AS AT DECEMBER 31ST 2023

CATEGORY	NUMBER OF SHARES	NUMBER OF SHARES HELD	% OF SHARES HELD
Public	435	158,415,046	21.85%
Non-public			0%
Directors' interest	0	0	0%
Access Bank PLC	1	566,584,954	78.15%
Total	**436**	**725,000,000**	**100%**

SHAREHOLDERS HOLDING MORE THAN 5%			
Access Bank PLC	1	566,584,954	78.15%
Botswana Public Officers Pension Fund Vunani	1	55,975,000	7.72%

SHAREHOLDER SPREAD BY HOLDING

Range	No. of shareholders	Percentage of shareholders	Total shares	Percentage Holding
<2000	208	47.71%	149269	0.02%
2001-5000	90	20.64%	324228	0.04%
5001-10000	31	7.11%	250613	0.04%
10001-50000	57	13.07%	1598341	0.22%
50001-100000	8	1.83%	609520	0.08%
100001-500000	20	4.59%	5326949	0.74%
>500000	22	5.05%	716741080	98.86%
Total	**436**	**100.00%**	**725000000**	**100.00%**

BOTSWANA PUBLIC OFFICERS PENSION FUND VUNANI (7.72%)

COUNTRY OF INCORPORATION	Botswana
NATURE OF BUSINESS	Pension Fund
DIRECTORS	G Macholo (Chairperson), A Gabana, N Joel, L Molodi, R Moses, T Rari, L Moseki, T Tomango, O Tsamaase, K Motshegwa, T Mbereki, J Zibochwa
REGISTERED OFFICE	Plot 54366 2nd Floor, Unit 3, Peelo Place, CBD Gaborone
POSTAL ADDRESS	Private Bag 00195, Gaborone
DATE OF INCORPORATION	08-Apr-02
AUDITORS	Ernest & Young
BANKERS	First National Bank of Botswana Ltd Access Bank Botswana Ltd Stanbic Bank Botswana Ltd Standard Chartered Bank Botswana"
COMPANY SECRETARY	N/A
FUNCTIONAL CURRENCY	BWP

COMPLIANCE WITH KING IV PRINCIPLES ON CORPORATE GOVERNANCE

KING IV PRINCIPLES OF CORPORATE GOVERNANCE

PRINCIPLE	EXPLANATION	STATUS
Principle 1	The Bank has adopted a Code of Conduct for Directors. It sets out basic principles to guide the actions of Directors in matters of professional ethics and behaviour.	Compliant
Principle 2	The Bank has adopted a Code of Conduct for all employees. It covers all areas of business practices, procedures and sets out basic principles to guide the actions and conduct of staff in matters of professional ethics and behaviour.	Compliant
Principle 3	The Board has approved a Corporate Social Responsibility (CSR) strategy. A CSR Committee has been introduced.	Compliant
Principle 4	The Board has approved the strategy for the Bank. Regular updates from management on the execution of the strategy are provided to the Board.	Compliant
Principle 5	The Bank's external Auditors review management reports for accuracy and completeness. They report through the Audit Committee, ultimately to the Board.	Compliant
Principle 6	The Board discharges its functions in leading the strategic direction of the Bank in full compliance with the applicable laws, rules and the principles of the King IV Code of Corporate Governance.	Compliant
Principle 7	The Board strives to ensure that its Board of Directors is comprised of the appropriate balance of knowledge, skills, experience and diversity. This is discernible from the membership disclosed in this report.	Compliant
Principle 8	Standing Board committees are maintained to ensure continued effective delegation of power, spread of authority and promotion of independent judgment.	Compliant
Principle 9	Board Evaluations are conducted annually to assess the areas of improvement of the Board performance and effectiveness. Evaluations of the results have been done and necessary remedial action have been put in place.	Compliant
Principle 10	All executive managers have been approved by the Board, which has delegated authority in accordance with the Bank's delegation of authority policies.	Compliant
Principle 11	The Board has approved all risk policies. The Board receives periodic reports through the governance channels on all material risk issues.	Compliant
Principle 12	The Board has approved all Information Technology (IT) policies, IT strategy and receives regular updates on implementation.	Compliant
Principle 13	The Board has approved all compliance policies, compliance monitoring plans which ensures compliance with all applicable laws. They receive regular reports on all Regulatory issues having a direct impact on the Bank.	Compliant
Principle 14	The Board has approved the remuneration policy that ensures a fair and transparent reward structure.	Compliant
Principle 15	The Board has approved the operational risk management framework and receives reports on a regular basis through both the Risk Management and Compliance Committee as well as the Board Audit Committee.	Compliant
Principle 16	The Board has adopted a shareholder inclusive approach in terms of engagement through regular meetings.	Compliant
Principle 17	Not applicable.	

04

Consolidated and separate annual financial statements

Contents

General information

Board of Directors

Mrs. Lorato Nthando Mosetlhanyane	Motswana (Chairperson)
Mr. Mooketsi Jacob Motlhabane	Motswana
Mr. Joshua Benjamin Galeforolwe	Motswana
Mr. Boiki Matema Wabo Tema	Motswana
Mrs. Ntoti Mosetlhe	Motswana
Mr. John Bosco Sebabi	Rwandese
Mr. Robert Michael Yorwerth Giles	British
Mr. Oluseyi Kolawole Kumapeyi	Nigerian
Ms. Lynda Mataka	Zambian
Mrs. Ratang Icho-Molebatsi	Motswana
Mrs. Musonda Chishimba Musakanya	Zambian (Resigned 04 Jan 2024)
Mr. Kgotso Elvis Bannalotlhe	Motswana (Resigned 18 March 2023)
Mr. Calistas Chijoro	Motswana (Joined 01 February 2024)
Mr. Sheperd Aisam	Motswana (Joined 04 Jan 2024)
Mr. Ogone Lekgotla Mothooagae	Motswana (Joined 01 Jan 2024)

Company Secretary

Mrs. Thato Mmile

Management

Mr. Sheperd Aisam	Managing Director (Joined 04 Jan 2024)
Mrs. Musonda Chishimba	Deputy Managing Director
Mrs. Ratang Icho-Molebatsi	Finance Director
Mrs. Segametsi Sethantsho	Chief Risk Officer
Mr. Godwin Chukwunta	Chief Operating Officer
Mrs. Pauline Motswagae	Head of Whole Sale Banking
Mrs. Kagiso Grace Setlhare-Mankanku	Head of Retail Banking
Mrs. Prescilla Gower	Head of Human Capital
Mr. Ngoni Chikore	Chief Information Officer
Mrs. Polelo Kilner	Head of Marketing and Communications (Resigned 31 March 2024)
Ms. Ontibile Masupe	Head of Internal Audit
Mr. Allec Tainton	Head of Conduct and Compliance
Mrs. Thato Mmile	Head of Legal & Company Secretary
Mr. Kefentse Kebaetse	Head of Treasury

Administration

Registered Office:	Access House Plot 62433 Fairgrounds Office Park Gaborone Botswana
Telephone:	3674300
Fax:	3902131

Auditors	**Main Bankers**
PriceWaterHouseCoopers	Standard Bank of South Africa Limited
Plot 64289	Standard Chartered Bank New York
Tlokweng Road	Citibank New York
P O Box 1519	Commerz Bank
Gaborone	First Rand

Directors' report

The directors have pleasure in submitting the financial statements of Access Bank Botswana Limited for the year ended 31 December 2023, which comprise the statements of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, as set out on pages 11 to 103, and other information contained in this report.

Activities

The Bank was licensed as a commercial bank on 28 August 2009 and was trading as "BancABC" until October 2021. On 11 October 2021, the Bank ceased trading as a subsidiary of ABC Holdings Limited and became a subsidiary of Access Bank PLC, following a shareholder transaction where Access Bank PLC acquired a majority 78.1% shareholding in the Bank from ABC Holdings Limited. The Bank now trades as Access Bank Botswana Limited. Its principal activities include treasury activities, corporate and small medium enterprise (SME) banking, trade finance, investment banking and retail banking, which includes micro lending and emerging business banking. The Bank registered an insurance agency on 18 January 2012. The insurance agency was registered as Kaleu Pty Ltd, trading as Access Insurance. Kaleu Pty Ltd is 100% owned by the Bank.

Stated capital

The issued share capital of the bank comprised of 725 000 000 (2022: 725 000 000) ordinary shares at the end of the year.

Capital adequacy and dividend declaration

No dividend (2022: 20.7 thebe) per share was declared and paid during the year 2023.

Changes in directorate

Mr. Kgotso Elvis Bannalotlhe and Mrs. Musonda Chishimba Musakanya have resigned as directors on the 18th of March 2023 and 4th of January 2024, respectively. Mr. Calistas Chijoro joined as a director on the 1st February 2024. Mr. Sheperd Aisam joined as a director on the 4th January 2024. Mr. Ogone Lekgotla Mothooagae joined as a director on the 1st January 2024.

Events after the reporting date

There have been no material events, occurring after the reporting date that require adjustments to or disclosure in the financial statements.

Mrs. Thato Mmile
Company Secretary

Directors' responsibilities and approval

The directors are required in terms of the Companies Act, 2003 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated and separate annual financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated and separate annual financial statements fairly present the state of affairs of the group and of the 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 and the Companies Act, 2003. The external auditors are engaged to express an independent opinion on the consolidated and separate annual financial statements.

The consolidated and separate annual financial statements are prepared in accordance with International Financial Reporting Standards and the Companies Act, 2003 and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets 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 all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints. The group's system of controls includes controls over the security of the website and specifically establishing and controlling the process for electronically distributing annual financial statements and other financial information to shareholders.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated and separate annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group and the company's cash flow forecast for the year to December 31, 2024 and, in light of this review and the current financial position, they are satisfied that the group and the company have access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated and separate annual financial statements. The consolidated and separate annual financial statements have been examined by the group's external auditors and their report is presented on pages 6 to 10.

The consolidated and separate annual financial statements set out on pages 11 to 103, which have been prepared on the going concern basis, were approved and authorised by the board of directors on April 04, 2024 and were signed on their behalf by:

Mrs. Lorato Nthando Mosetlhanyane
Chairperson

Mr. Shepard
Managing Director

Independent auditor's report

To the Shareholders of Access Bank Botswana Limited

Our opinion

In our opinion, the consolidated and separate financial statements give a true and fair view of the consolidated and separate financial position of Access Bank Botswana Limited (the "Company") and its subsidiaries (together the "Group") as at 31 December 2023, and of its consolidated and separate financial performance and its consolidated and separate cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

Access Bank Botswana Limited's consolidated and separate financial statements set out on pages 11 to 103 comprise:

- the consolidated and separate statements of financial position as at 31 December 2023;
- the consolidated and separate statements of profit or loss and other comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants and other independence requirements applicable to performing audits of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements applicable to performing audits of financial statements in Botswana.

Our audit approach

Overview

Overall group materiality

- Overall materiality: BWP 2 613 800, which represents 5% of consolidated profit before tax.

Group audit scope

- The Company and its fully owned subsidiary are financially significant components of the Group based on the consolidated profit before taxes of the Group.
- We performed a full scope audit of the Company and its subsidiary.

Key Audit Matters

- Expected credit losses ("ECL") on loans and advances.

PricewaterhouseCoopers, Plot 64289, Tlokweng Road, Gaborone, Botswana,
P O Box 294, Gaborone, Botswana
T: (267) 370 9700, www.pwc.com/bw

Country Senior Partner: R Binedell
Partners: A S Edirisinghe, I D Molebatsi, S K Wijesena

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated and separate financial statements. In particular, we considered where the directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall group materiality	BWP 2 613 800
How we determined it	5% of consolidated profit before tax.
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5%, which is consistent with quantitative materiality thresholds used for profit-oriented companies in this industry.

How we tailored our group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group consists of the Company and one wholly owned subsidiary. Our scoping assessment took into consideration the financial significance of each component to the Group. We concluded that the Company and its subsidiary to be financially significant components in the Group based on its contribution to the consolidated profit before tax of the Group.

We performed a full scope audit for the Company and its subsidiary. All testing was performed centrally by the Group audit team. By performing the procedures outlined above, we obtained sufficient and appropriate audit evidence regarding the financial information of the Group to provide a basis for our opinion on the consolidated financial statements as a whole.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated and separate financial statements of the current year. These matters were addressed in the context of our audit of the consolidated and separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter

Expected credit losses ("ECL") on loans and advances to customers

This key audit matter refers both to the consolidated and separate financial statements.

Refer to the following notes to the consolidated and separate financial statements for disclosures relating to this key audit matter:

- note 1.3 (Significant judgments and sources of estimation uncertainty - Measurement of expected credit loss allowance);
- note 1.17 (Financial instruments - Expected credit losses);
- note 3.1.6 to 3.1.8 (Financial risk management - Credit risk);
- note 7 (Loans and advances to customers);
- note 21 (Impairment credit on financial assets); and
- note 38 (Restatement).

As at 31 December 2023, the Group and Company recognised gross loans and advances to customers amounted to BWP 6 396 991 000, against which a provision for ECL of BWP 228 278 000 was recognised.

The measurement of the ECL on loans and advances to customers is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour. Statistical models have been developed to support the quantification of credit risk.

Key areas of significant management judgement and estimation applied in the measurement of ECL on loans and advances include:

- Determining criteria for significant increase in credit risk ("SICR");
- Determining appropriate Probabilities of Default ("PD"), Loss Given Default ("LGD") and Exposure at Default ("EAD") applicable to loans and advances;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/ market and the associated ECL;
- Establishing groups of financial assets with similar credit risk for the purposes of measuring ECL; and
- Establishing whether any management overlays are required for credit risk elements which are not captured by the models.

During the year, errors and omissions were identified in the data inputs used in the ECL models, relating to prior periods. The effects of these errors were adjusted retrospectively, which resulted in a restatement to the previously reported balances. The impact of these adjustments on the comparative information is disclosed in note 38 to the consolidated and separate financial statements.

We considered the ECL on loans and advances to be a matter of most significance to our current year audit due to:

How our audit addressed the key audit matter

Our audit addressed this key audit matter as follows:

For a sample of loans and advances, we agreed the loans and advances information included in the models to the underlying data, accounting records and other information such as loan agreements. Our procedures identified certain data inputs, which were not correctly included in the ECL models. These exceptions were satisfactorily addressed by management during our audit, as confirmed through the testing of additional samples.

Utilising our actuarial expertise, we reperformed and assessed the reasonableness of the ECL calculation by performing the following procedures :

- We obtained a detailed breakdown of the loans and advances by product type and independently calculated the risk stage for each loan. We compared this to management's classification of loans and advances into various risk stages. No material differences were noted.
- We assessed the appropriateness of the model used by the Group and Company with reference to the requirements of IFRS 9 - Financial Instruments, and assessed whether the model was consistently applied to all loans and advances portfolios. We noted no material matters requiring further consideration and there were no inconsistencies in the manner that it was applied across the loans and advances portfolios.
- We evaluated the reasonableness of key judgemental inputs used in the model, including:
  - the PDs applied;
  - the LGDs applied;
  - the EADs applied; and
  - the definition and application of SICR

  by recalculating these assumptions and comparing our independently calculated outcomes to management's assumptions applied in the ECL calculation. Based on our procedures performed, we noted errors in the manner in which the ECL model performed certain LGD and EAD calculations. These errors were appropriately addressed by management in the final ECL calculations.
- We developed an independent estimation of the ECL on loans and advances by calculating a base case ECL, which incorporated our independently determined SICR adjustments, before considering forward-looking indicators. We compared our results against the Group's and Company's ECL estimate in order to identify possible gaps within the modelling components. We determined that the Group's and Company's ECL estimates were not materially different from our independently determined range of estimated outcomes.

We evaluated the reasonableness of the management overlays by performing the following procedures and noted no material exceptions based on our procedures performed:

- We obtained management's calculations in support of the overlays and assessed the reasonability of management assumptions by agreeing the overlays to the underlying information supporting the calculations; and
- Tested the mathematical accuracy of the calculations.

We requested management to determine whether the input data and model calculations errors identified in the current financial year (as referenced above) impacted on the ECL amounts and balances as reported in prior periods. Management confirmed that these matters impacted materially on amounts and balances previously reported in the financial year ended 31 December 2022, and proposed a retrospective correction of those financial statements (as set out in Note 38 to the financial statements).

Key audit matter	*How our audit addressed the key audit matter*
• the degree of judgement and estimation applied by management in determining the ECL on loans and advances; • the magnitude of the ECL recognised as at 31 December 2023 in relation to the consolidated and separate financial statements; and • the impact of the data input errors and omissions used in the ECL models on the comparative information.	We performed the following procedures with respect to the restated comparative ECL information: • Using our actuarial expertise, we recalculated PDs and LGDs using corrected data and applying these to the updated EADs and LGDs to arrive at our own possible range of the error in the ECL for the year-ended 31 December 2022. The Group's and Company's estimate of the understatement of ECL for the year ended 31 December 2022 was not materially different from our independently determined range of estimated outcomes. • We selected a sample of corrected data model inputs for loans and advances and agreed these to the underlying data, accounting records and other information such as loan agreements and noted no material exceptions; and • We selected a sample of relevant loan information from the underlying data, accounting records and other information such as loan agreements and agreed that information to the corrected data inputs listing and found no material exceptions.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Access Bank Botswana Limited Consolidated and Company Annual Financial Statements for the year ended 31 December 2023" which we obtained prior to the date of this auditor's report, and the document titled "Access Bank Botswana Limited Annual Report 2023", which is expected to be made available to us after that date. The other information does not include the consolidated or the 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 identified above 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 for the consolidated and separate financial statements

The directors are responsible for the preparation of the consolidated and separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and 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 and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, 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.

PricewaterhouseCoopers

PricewaterhouseCoopers
Firm of Certified Auditors
Practicing member: Sheyan Edirisinghe (CAP 0042022)

05 April 2024
Gaborone

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income

		Group		Company	
	Notes	2023 P'000	2022 Restated* P'000	2023 P'000	2022 Restated* P'000
Effective interest and similar income	20	900 890	810 717	900 890	810 717
Effective interest expense and similar charges *	20	(492 122)	(411 550)	(504 352)	(418 938)
Net interest income	20	**408 768**	**399 167**	**396 538**	**391 779**
Impairment credit on financial assets	21	(14 700)	(18 005)	(14 700)	(18 005)
Net interest income after impairment credit on financial assets		**394 068**	**381 162**	**381 838**	**373 774**
Net trading income	22	31 742	32 560	31 742	32 560
Net fee and commission income	23	172 286	119 744	149 621	93 533
Fee and commission income		*232 370*	*135 826*	*209 705*	*109 615*
Fee and commission expenses		*(60 084)*	*(16 082)*	*(60 084)*	*(16 082)*
Income from operations		**598 096**	**533 466**	**563 201**	**499 867**
Personnel expenses	24	(207 804)	(182 991)	(206 261)	(181 541)
General and administrative expenses	25	(202 851)	(179 589)	(201 773)	(180 089)
Depreciation and amortisation expenses *	26	(74 658)	(68 019)	(74 658)	(68 019)
Other operating expenses	27	(60 507)	(74 327)	(59 165)	(74 327)
Total operating expenses		**(545 820)**	**(504 926)**	**(541 857)**	**(503 976)**
Profit before tax		**52 276**	**28 540**	**21 344**	**(4 109)**
Income taxation expense	28	(10 172)	(52 827)	(3 352)	(46 470)
Profit /(loss) for the year		**42 104**	**(24 287)**	**17 992**	**(50 579)**
Other Comprehensive Income					
Items that will not be reclassified subsequently to profit or loss					
Gain on revaluation of land and buildings		1 870	210	1 870	210
Deferred tax on revaluation of land and buildings	28.3	(412)	(46)	(412)	(46)
Other comprehensive income for the year		**1 458**	**164**	**1 458**	**164**
Total comprehensive income / (loss) for the year attributable to owners of the parent		**43 562**	**(24 123)**	**19 450**	**(50 415)**
Earnings per share					
Basic and diluted earnings per share (thebe)*	29	5.8	(3.3)	5.8	-3.3

The notes on pages 11 to 103 are an integral part of these financial statements.

*Refer note 38 for restatement

Consolidated and Separate Statements of Financial Position as at 31 December 2023

	Notes	31 December 2023 P'000	31 December 2022 Restated* P'000	1 January 2022 Restated* P'000	31 December 2023 P'000	31 December 2022 Restated* P'000	1 January 2022 Restated* P'000
ASSETS							
Cash and balances with the Central Bank	5	324 457	217 678	258 979	324 457	217 678	258 979
Balances with other banks	6	1 499 069	823 011	1 391 705	1 499 069	823 011	1 391 705
Balances due from related parties	12.1	257 353	397 736	975	258 200	398 195	975
Derivative financial assets	8	-	20 838	67 915	-	20 838	67 915
Investment securities	9	1 144 229	876 333	567 960	1 144 229	876 333	567 960
Loans and advances to customers	7	6 134 639	6 580 188	6 508 695	6 134 639	6 580 188	6 508 695
Current tax receivable	13.1	24 609	10 106	8 609	22 648	11 027	7 197
Other assets	14	250 482	119 730	88 255	250 639	118 547	76 694
Property and equipment*	10	169 880	186 456	115 445	169 880	186 456	115 445
Intangible assets	11	44 943	76 172	75 627	44 943	76 172	75 627
Deferred tax asset	13.2	1 150	-	38 668	1 150	-	38 668
Investment in subsidiary	32	-	-	-	2 000	-	-
Total Assets		**9 850 811**	**9 308 248**	**9 122 833**	**9 851 854**	**9 308 445**	**9 109 860**
LIABILITIES							
Balances due to related parties	12.2	5 908	6 097	5 680	5 908	6 097	5 680
Deposits from banks	15	14 547	191 565	364 021	14 547	191 565	364 021
Deposits from customers	15	7 734 242	7 276 718	6 607 881	7 966 494	7 481 974	6 786 575
Derivative financial liabilities	8	-	20 302	64 809	-	20 302	64 809
Other liabilities*	17	246 204	193 487	206 276	244 966	194 287	194 176
Current tax payable	13	-	-	-	-	-	-
Borrowings	16	808 328	618 021	686 024	808 328	618 021	686 024
Deferred tax liability	13.2	-	4 038	-	-	4 038	-
Total liabilities		**8 809 229**	**8 310 228**	**7 934 691**	**9 040 243**	**8 516 284**	**8 101 285**
EQUITY							
Stated capital	18	222 479	222 479	222 479	222 479	222 479	222 479
Retained earnings*	19.1	802 945	760 841	951 127	572 974	554 982	771 560
Revaluation reserve	19.2	10 067	8 609	8 445	10 067	8 609	8 445
Other reserves	19.3	6 091	6 091	6 091	6 091	6 091	6 091
Capital		**1 041 582**	**998 020**	**1 188 142**	**811 611**	**792 161**	**1 008 575**
Total Equity and Liabilities		**9 850 811**	**9 308 248**	**9 122 833**	**9 851 854**	**9 308 445**	**9 109 860**

The notes on pages 11 to 103are an integral part of these financial statements.
*Refer note 38 for restatement

Consolidated and Separate Statements of Changes in Equity

Group	Notes	Stated capital P'000	Revaluation reserve P'000	Other reserves P'000	Total reserves P'000	Retained earnings P'000	Total equity P'000
Balance at 1 January 2022 (before restatement)		**222 479**	**8 445**	**6 091**	**14 536**	**949 121**	**1 186 136**
Restatement*		-	-	-	-	2 006	2 006
Balance at 1 January 2022 (Restated)*		**222 479**	**8 445**	**6 091**	**14 536**	**951 127**	**1 188 142**
Profit for the year (Restated)*		-	-	-		(24 287)	(24 287)
Other comprehensive Income							
Revaluation of land and buildings	**19.2**	-	210	-	210	-	210
Deferred tax on revaluation of land and buildings	**19.2**	-	(46)	-	(46)	-	(46)
Total other comprehensive income		-	**164**	-	**164**	-	**164**
Total comprehensive income		-	164	-	**164**	**(24 287)**	**(24 123)**
Transactions with owners of the group					**-**		**-**
Dividend declared and paid		-			**-**	(165 999)	(165 999)
Total other movements in reserves		-	-	-	-	**(165 999)**	**(165 999)**
Balance at 31 December 2022		**222 479**	**8 609**	**6 091**	**14 700**	**760 841**	**998 020**
	Notes	**18**	**19.2**	**19.3**			
Balance at 1 January 2023 (before restatement)		**222 479**	**8 609**	**6 091**	**14 700**	**791 330**	**1 028 509**
Restatement*		-	-	-	-	(30 489)	(30 489)
Balance at 1 January 2023 (Restated)*		**222 479**	**8 609**	**6 091**	**14 700**	**760 841**	**998 020**
Profit for the year		-	-	-	-	42 104	42 104
Other comprehensive Income							
Revaluation of land and buildings	**19.2**	-	1870	-	1870	-	1 870
Deferred tax on revaluation of land and buildings	**19.2**	-	(412)	-	(412)	-	(412)
					-		-
Total other comprehensive income		-	**1 458**	**-**	**1 458**	**-**	**1 458**
Total comprehensive income		-	1 458	-	**1 458**	**42 104**	**43 562**
Transactions with owners of the group Dividend declared and paid		-	**-**	**-**	**-**	**-**	**-**
Total other movements in reserves		-	-	-	-	-	-
Balance at 31 December 2023	**18**	**222 479**	**10 067**	**6 091**	**16 158**	**802 945**	**1 041 582**
	Notes	**18**	**19.2**	**19.3**			

* Refer note 38 for restatement.
The notes on pages 11 to 103 are an integral part of these financial statements.

Statements of Changes in Equity (Continued)

Group

	Notes	Stated capital P'000	Revaluation reserve P'000	Other reserves P'000	Total reserves P'000	Retained earnings P'000	Total P'000
Balance at 1 January 2022 (before restatement)		**222 479**	**8 445**	**6 091**	**14 536**	**769 554**	**1 006 569**
Restatement*		-	-	-	-	2 006	2 006
Balance at 1 January 2022 (Restated)*		**222 479**	**8 445**	**6 091**	**14 536**	**771 560**	**1 008 575**
Profit for the year (Restated)*		-	-	-	-	(50 579)	(50 579)
Other comprehensive Income							
Revaluation of land and buildings	**19.2**	-	210	-	210	-	210
Deferred tax on revaluation of land and buildings	**19.2**	-	(46)	-	(46)	-	(46)
Total other comprehensive income		-	**164**	-	**164**	-	**164**
Total comprehensive income		-	164		**164**	(50 579)	(50 415)
Dividend paid		-	-	-	-	**(165 999)**	**(165 999)**
Balance at 31 December 2022	18	**222 479**	**8 609**	**6 091**	**14 700**	**554 982**	**792 161**
	Notes	**18**	**19.2**	**19.3**			

	Notes	Stated capital P'000	Revaluation reserve P'000	Other reserves P'000	Total reserves P'000	Retained earnings P'000	Total P'000
Balance at 1 January 2023 (before restatement)		**222 479**	**8 609**	**6 091**	**14 700**	**585 471**	**822 650**
Restatement*		-	-	-	-	(30 489)	(30 489)
Balance at 1 January 2023 (Restated)*		**222 479**	**8 609**	**6 091**	**14 700**	**554 982**	**792 161**
Profit for the year		-	-	-	-	17 992	17 992
Other comprehensive Income							
Revaluation of land and buildings		-	1870	-	1870	-	1 870
Deferred tax on revaluation of land and buildings		-	(412)	-	(412)	-	(412)
Total other comprehensive income		-	**1 458**	-	**1 458**	**-**	**1 458**
Total comprehensive income		-	**1 458**	-	**1 458**	**17 992**	**19 450**
Transactions with owners of the group							
Dividends paid		-	-	-	-	-	-
Total other movements in reserves		-	-	-	-	-	-
Balance at 31 December 2023	**18**	**222 479**	**10 067**	**6 091**	**16 158**	**572 974**	**811 611**
	Notes	**18**	**19.2**	**19.3**			

* Refer note 38 for restatement.

The notes on pages 11 to 103 are an integral part of these financial statements.

Consolidated and Separate Statements of Cash flows

		Group		Company	
Cash flows from operating activities		**2023 P'000**	**2022 Restated* P'000**	**2023 P'000**	**2022 Restated* P'000**
Profit before tax Adjusted for:		**52 276**	**28 540**	**21 344**	**(4 109)**
Depreciation and amortisation	**26**	74 658	68 019	74 658	68 019
Impairment losses/(credit) on financial assets	**21**	18 370	26 544	18 370	26 544
Net exchange losses on borrowings	**16.1**	4 768	16 676	4 768	16 676
Currency revaluations	**22**	(25)	(29)	(25)	(29)
Net interest income*	**20**	(408 768)	(399 167)	(396 538)	(391 779)
Fair value adjustment on derivatives		-	(32)	-	(32)
Cash flows from operating activities before changes in operating assets and liabilities		**(258 721)**	**(259 449)**	**(277 423)**	**(284 710)**
Movements in operating assets/liabilities:		**564 175**	**360 466**	**587 405**	**390 502**
Loans and advances to customers		446 509	(190 243)	446 509	(190 243)
Balances with other banks		(29 424)	-	(29 424)	-
Balances due from related parties		(3 253)	821	(3 641)	362
Other assets		(132 570)	116 668	(133 914)	106 292
Derivative financial assets		20 838	47 077	20 838	47 077
Deposits from customers and banks		220 445	480 953	247 441	508 922
Other liabilities*		62 121	(50 719)	60 087	(37 818)
Derivative financial liabilities		(20 302)	(44 507)	(20 302)	(44 507)
Balances due to related parties		(189)	417	(189)	417
Interest received		884 098	877 091	884 098	877 091
Interest paid*		(426 715)	(395 088)	(438 945)	(403 867)
Taxation (paid)/received	**13.1**	(29 769)	(10 240)	(20 067)	(7 015)
Net cash from operating activities		**733 068**	**572 780**	**735 069**	**572 001**
Cash flows from investing activities					
Purchase of property and equipment	**10**	(18 125)	(62 749)	(18 125)	(62 749)
Purchase of intangibles assets	**11**	(9 221)	(52 895)	(9 221)	(52 895)
Additions to Investment securities		(119 440)	(584 222)	(119 440)	(583 297)
Disposal of Investment securities	**9**	-	-	-	-
Investment in subsidiary		-	-	(2 000)	-
Net cash used in investing activities		**(146 786)**	**(699 866)**	**(148 786)**	**(698 941)**
Cash flows from financing activities					
Dividend paid		-	(165 999)	-	(165 999)
Proceeds from Borrowings	**16.1**	368 997	150 000	368 997	150 000
Repayments on Borrowings	**16.1**	(193 341)	(241 366)	(193 341)	(241 366)
Payment of principal on lease liabilities	**35.2**	(7 811)	(8 132)	(7 811)	(8 132)
Net cash from financing activities		**167 845**	**(265 497)**	**167 845**	**(265 497)**
Net increase/(decrease) in cash and cash equivalents		754 127	(392 583)	754 127	(392 438)
Cash and cash equivalents at beginning of year		1 439 488	1 804 365	1 439 488	1 804 365
Effect of exchange rate fluctuations on cash and cash equivalents held		4 561	27 706	4 561	27 561
Cash and cash equivalents at end of year		**2 198 176**	**1 439 488**	**2 198 176**	**1 439 488**
Cash and cash equivalents comprised of:					
Balances with other banks	**6**	1 469 645	824 228	1 469 645	824 228
Balances due from related parties	**12.1**	254 107	397 582	254 107	397 582
Investment securities	**9.1**	149 967	-	149 967	-
Cash and balances with the Central Bank	**5**	324 457	217 678	324 457	217 678
		2 198 176	**1 439 488**	**2 198 176**	**1 439 488**

The notes on pages 11 to 103 are an integral part of these financial statements.
*Refer note 38 for restatement

Significant accounting policies

General information

Access Bank Botswana Limited ("Access Bank" or "the Bank") provides corporate banking, retail and treasury activities. The company is a limited liability company and is incorporated and domiciled in Botswana (registration number C086/384). A 100% owned subsidiary company of Access Bank, Kaleu (Pty) Ltd was registered as an insurance agency in 2012. The registered address of the Group and company is Plot 62433, Access House, Fairgrounds Office Park, Private Bag 00303, Gaborone. The Group's holding company is Access Bank plc with a shareholding of 78.33%. Access Bank Botswana Limited was listed on the Botswana Stock Exchange on 13 December 2018.

1. Basis of preparation

The consolidated and separate annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, IFRS Accounting Standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these consolidated and separate annual financial statements and the Companies Act, 2003.

The consolidated and separate annual financial statements have been prepared on the historic cost convention, except as modified by the revaluation of financial instruments measured as fair value through profit and loss and property measured at revalued amounts. They are presented in Pula, which is the company's functional currency.

Presentation
The Bank presents its statement of financial position in order of liquidity. Where permitted or required under IFRS, the bank offsets assets and liabilities or income and expenses and presents the net amount in the statement of financial position, the income statement or the statement of other comprehensive income.

Revenue in the form of interest and non-interest income are presented on the statement of profit and loss by their function. This is due to the distinct functions/activities responsible for the generation of this income within the Bank such as Lending activities, Trading and Transactional activities. Expenses are presented in terms of the nature of the expenses rather than by function. This is because the expenses are mainly incurred by the services and support units of the Bank and the expenses cannot be directly attributable to a particular function. As such, the expenses are more accurately monitored and reported by nature e.g. personnel costs, depreciation and amortization, information and technology costs.

These accounting policies are consistent with the previous period.

Going concern basis of accounting
As the global economy emerges and stabilizes from the impact of the Covid-19 pandemic, the positive gains have been dampened by the Russia-Ukraine conflict as evidenced by inflation increasing globally, mostly attributable to high food and energy prices. As such, interest rates are expected to increase to bring inflation back to target levels across the globe after a prolonged period of support from central banks during the Covid-19 pandemic. Increasing inflation poses material risk to the global economy's recovery. In addition, pressure on global diamond prices contributes to additional uncertainty to the domestic market. As such, management judgement has been applied to quantify the impact of the existing and developing stressors on the global and local economy.

The directors reviewed the group and company's budgets and flow of funds forecasts over a 5 year period (2024 – 2028) in light of changing economic circumstances and considered the group and company's ability to continue as a going concern in light of current and anticipated economic conditions. These budgets and flow of funds forecasts took the impact of the above mentioned economic uncertainty into consideration, including projections of the impact on the group's capital, funding and liquidity requirements, all of which have remained within internal targets and above regulatory requirements.

On that basis, the financial statements are prepared on a going concern basis as there are neither intentions to cease trading nor adverse issues identified that threaten the continued operations of the company.

1.2 Basis of consolidation

Functional and presentation currency
The Company and Group's functional and presentation currency for the year ended 31 December 2023 was Botswana Pula ("BWP" or "P").

All amounts have been rounded to the nearest thousand, except where otherwise stated.

Comparatives
Accounting policies have been applied in a manner consistent with the previous financial year.

The consolidated and separate annual financial statements incorporate the consolidated and separate annual financial statements of the company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the Group.

The consolidated annual financial statements include those of Access Bank Botswana Limited and it's subsidiary Kaleu Pty Ltd (jointly, "the Group").

The Group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use of its power over the entity. The result of the subsidiary is included in the consolidated annual financial statements from the date the Group gets control of the subsidiary and ceases when the Group loses control.

Adjustments are made when necessary to the consolidated and separate annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group. All inter-company transactions, balances, and unrealised gains on transactions between Group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the Statement of Changes in Equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the company.

Investments in subsidiaries in the separate financial statements
In the bank's separate financial statements, investments in subsidiaries are carried at cost less any accumulated impairment losses. This excludes investments which are held for sale and are consequently accounted for in accordance with IFRS 5 Non- current Assets Held for Sale and Discontinued Operations.

1.3 Significant judgements and sources of estimation uncertainty

The preparation of consolidated and separate annual financial statements in conformity with IFRS requires management, from time to time, to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. These estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Critical judgements in applying accounting policies
Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment for the year ended 31 December 2023 have been included in the following notes:
- Determination of the fair value of financial instruments with significant unobservable inputs (note 3)
- Impairment of financial instruments: key assumptions used in estimating recoverable cash flows (note 1.3)
- Determination of the fair value of land and buildings with significant unobservable inputs (note 10)
- Determination of the lease period (impact of lease renewals) and incremental borrowing rate (note 35)

The judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed below:

Impairment of financial assets at amortised cost
The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group and Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and Company's past history and existing market conditions, as well as forward-looking estimates at the end of each reporting period.

The critical judgements made by management in applying accounting policies, apart from those involving estimations, that have the most significant effect on the amounts recognised in the financial statements, are outlined as follows:

Measurement of expected credit loss allowance
The measurement of the expected credit loss allowance for financial assets measured at amortised cost is an area that requires the use of complex models and significant assumptions about future economic conditions and credit behaviour (e.g. the likelihood of customers defaulting) and the resulting losses. It also includes estimation of probability of default, loss given default, estimation of exposure at default, assessing significant increases in credit risk, determination of points of write off and curing as well as judgement on management overlays.

A number of significant judgements are also required in applying the accounting requirements for measuring ECL, such as:
- Determining criteria for significant increase in credit risk;
- Choosing appropriate models and assumptions for the measurement of ECL;
- Establishing the number and relative weightings of forward-looking scenarios for each type of product/market and the associated ECL; and
- Establishing groups of similar financial assets with similar credit risk for the purposes of measuring ECL.

The following are considered when assessing changes in credit risk for the retail portfolio, including mortgages:
- 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.
- Retrenchment or similar events that could lead to loss of employment of the customers
- Expected changes in the loan documentation including changes that demonstrate signs of reduced repayment capacity of the customer.
- Changes in the rates or terms of an existing financial instrument that would result in a significant difference in the carrying amount, if the instrument was newly originated or issued at the reporting date.

The following are considered when assessing changes in credit risk for the corporate portfolio, including mortgages:

- Significant changes in external market indicators of credit risk for a particular financial instrument or similar financial instruments with the same expected life.
- An actual or expected significant change in the financial instrument's external credit rating.
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant change in the borrower's ability to meet its debt obligations, such as an actual or expected increase in interest rates or an actual or expected significant increase in unemployment rates.
- An actual or expected significant change in the operating results of the borrower.
- Significant increases in credit risk on other financial instruments of the same borrower.
- Actual or expected significant adverse change in the regulatory, economic, or technological environment of the borrower that results in a significant change in the borrower's ability to meet its debt obligations, such as a decline in the demand for the borrower's sales product because of a shift in technology.
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements, which are expected to reduce the borrower's economic incentive to make scheduled contractual payments or to otherwise have an effect on the probability of a default occurring.
- Significant change in the quality of the guarantee provided by a shareholder (or an guarantor who is an individual) if the shareholder (or guarantor) have an incentive and financial ability to prevent default by capital or cash infusion.
- Significant changes, such as reductions in financial support from a parent entity or other affiliate or an actual or expected significant change in the quality of credit enhancement, that are expected to reduce the borrower's economic incentive to make scheduled contractual payments.
- Expected changes in the loan documentation including an expected breach of contract that may lead to covenant waivers or amendments, interest payment holidays, interest rate step-ups, requiring additional collateral or guarantees, or other changes to the contractual framework of the instrument if the changes demonstrate signs of reduced repayment capacity of the counterparty.
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group.

The above factors are considered in analysing whether there has been significant increase in credit risk (SICR) to loan/other financial asset, which would result in migration from Stage 1 to Stage 2. Loans and other financial assets are migrated to Stage 3 when they are considered impaired.

3 Stage approach

Stage 1 - As soon as a financial instrument is originated or purchased, 12-month expected credit losses are recognised in profit or loss and a loss allowance is established. This serves as a proxy for the initial expectations of credit losses.

Stage 2 - If the credit risk increases significantly and the resulting credit quality is not considered to be low credit risk, full lifetime expected credit losses are recognised. Lifetime expected credit losses are only recognised if the credit risk increases significantly from when the entity originates or purchases the financial instrument.
At each reporting date, the Bank assesses whether there has been a significant increase in credit risk ("SICR") for financial instruments since initial recognition by:

- comparing the remaining lifetime probability of default ("PD") with the residual lifetime PD expected at the reporting date when the exposure was first recognised;
- using a set of portfolio-specific qualitative criteria that are indicative of a SICR to enhance the overall SICR assessment; and
- considering instruments that are more than 30 days past due to have experienced a SICR.

Stage 3 - If the credit risk of a financial asset increases to the point that it is considered credit-impaired, full lifetime expected credit losses are still recognised on these financial assets. Interest revenue however is calculated based on the amortised cost (i.e. the gross carrying amount adjusted for the loss allowance). Financial assets in this stage will generally be individually assessed.

As a curing rule, the Group applies a 3- month period whereby the performance of an account in default is monitored and evaluated in order to determine whether the account is a candidate for reversal from Stage 3 (non-performing state) to Stage 2 (underperforming state).

Technical default is when a loan defaults and migrates into a different credit stage but the default does not necessarily present significant increase in credit risk. This is mainly due to administrative issues in collecting or recording a loan installment.

Probability of Default

Probability of default (PD), is defined as a probability-weighted estimation of the likelihood that a customer will default over a given time horizon. The Probability of Default model estimates the probability of default across various product segments with PD term structures being developed for each segment. The base term structures are calculated empirically based on one monthly hazard rates. Hazard rates being the proportion of the default balances for a given time on the book across all origination cohorts in the data, to the balance of the accounts at risk. Different fits to these base term structures are then assessed to determine the best fit for each term structure.

Loss given Default

Loss given default (LGD) is an estimate of the loss arising on default. It is based on the difference between the contractual cashflows due and those that the lender would expect to receive, including from any collateral. The Secured LGD approach was applied to all Retail Secured, Corporate and Government segments.

Sensitivity analysis on impairment losses on managements estimates is shown as follows:

	2023 P'000	2022 P'000
Corporate loans		
Migration of 5% of stage 1 loans to stage 2	488	51
Migration of 5% of stage 2 loans to stage 3	11	-
Increasing the loss ratio by 10%	3 984	478
Mortgages		
Migration of 5% of stage 1 loans to stage 2	140	466
Migration of 5% of stage 2 loans to stage 3	63	90
Increasing the loss ratio by 10%	2 121	118
Retail and SME loans		
Migration of 1% of stage 1 loans to stage 2	3 180	5 650
Migration of 1% of stage 2 loans to stage 3	97	270
Increasing the loss ratio by 5%	10 228	9 617

Retail

For retail exposure, the assessment of the credit risk is made on a collective basis, incorporating all relevant credit information. For this purpose, the Bank groups its exposures on the basis of shared credit risk characteristics.

Wholesale

For larger exposures such as corporate and commercial, the assessment is driven by the internal credit rating of the exposure and other factors, that are specific to the individual borrower, to the extent such information has not been already reflected in the rating process.

Management overlays

Refer to note 3.1.7

Key sources of estimation uncertainty - Fair value estimation

Apart from the estimation of expected credit losses as already described, another source of estimate uncertainty is from determining the fair value of assets and liability. This is particularly so for fair valuation of land and buildings which are accounted for using the revaluation model and derivative financial assets and liabilities which are carried at fair value.

To determine the fair values of the assets or liabilities, observable market data is used as inputs to the extent that it is available. Qualified external valuers are consulted for the determination of appropriate valuation techniques and inputs.

Information about the specific techniques and inputs of the various assets and liabilities is disclosed in note 3.4 and note 10.

1.4 Functional currency and presentation currency

Items included in the consolidated and separate annual financial statements of each of the Group entities are measured using the currency of the primary economic environment in which the entity operates (functional currency).

The consolidated and separate annual financial statements are presented in Pula which is the Group functional and presentation currency.

Foreign currency transactions
A foreign currency transaction is recorded, on initial recognition in Pula, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:
- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

In circumstances where the Group receives or pays an amount in foreign currency in advance of a transaction, the transaction date for purposes of determining the exchange rate to use on initial recognition of the related asset, income or expense is the date on which the Group initially recognised the non-monetary item arising on payment or receipt of the advance consideration.

If there are multiple payments or receipts in advance, Group determines a date of transaction for each payment or receipt of advance consideration.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated and separate annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a nonmonetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Pula by applying to the foreign currency amount the exchange rate between the Pula and the foreign currency at the date of the cash flow.

1.5 Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or in its absence, the most advantageous market to which the Group has access to at that date. The best evidence of the fair value of a financial instrument on initial recognition is the transaction price, i.e. the fair value of the consideration given or received, unless the fair value is evidenced by comparison with other observable current market transactions in the same instrument, without modification or repackaging, or based on discounted cash flow models and option pricing valuation techniques whose variables include only data from observable markets. When available, the Group measures fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for assets and liabilities take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market then the Group uses valuation techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all the factors that market participants would take into account in pricing a transaction.

When such valuation models, with only observable market data as input, indicate that the fair value differs from the transaction price, this initial difference, commonly referred to as day one profit or loss, is recognised in the profit or loss immediately. If non-observable market data is used as part of the input to the valuation models, any resulting difference between the transaction price and the model value is deferred. The timing of recognition of deferred day one profit or loss is determined individually. It is either amortised over the life of the transaction, deferred until the instrument's fair value can be determined using market observable inputs, or realised through settlement. The deferral and unwind method is based on the nature of the instrument and availability of market observable inputs.

Subsequent to initial recognition, the fair values of financial assets and liabilities are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. If the market for a financial asset is not active or the instrument is an unlisted instrument, the fair value is determined by using applicable valuation techniques. These include the use of recent arm's length transactions, discounted cash flow analysis, pricing models and valuation techniques commonly used by market participants.

1.6 Interest income and expense

Interest income and interest expense are recognised in profit or loss for all interest bearing financial instruments on an accruals basis using the 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 interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset or to the amortised cost of a 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. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

1.7 Fee and commission and trading income Fee and commission income

Fees and commissions that form an integral part of the effective interest rate are excluded from fees and commissions from customers. Fee and commission income is earned by the bank by providing customers with a range of services and products, and consists of the following main categories:
- banking fee and commission income;
- knowledge-based fee and commission income;
- fee and commission income from service providers; and
- other non-banking fee and commission income.

The vast majority of fee and commission income is earned on the execution of a single performance obligation and, as such, it is not necessary to make significant judgements when allocating the transaction price to the performance obligation. As such, fee and commission income, which typically includes transactional banking fees such as bank charges, interchange fees, point-of-sale fees, exchange commissions, cash deposit fees, bundled fees and knowledge-based fee and commission income, are recognised at a point in time.

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 bank's performance obligation is satisfied, e.g. annual card fees, VISA interchange sponsorship fees and related fees; and
- commission income on bills and promissory notes endorsed is credited to profit or loss over the life of the relevant instrument on a time apportionment basis.

Other non-banking fee and commission income relates to fees and commissions earned for rendering services to customers other than those related to the banking, insurance and asset management operations. This includes fee and commission income earned from providing services on behalf of third-party service providers, in effect acting as an agent. The revenue is recognised at a point in time and includes commission earned from the sale of prepaid airtime and electricity vouchers paid through SaruMoney mobile platform, as well as insurance commission.

Trading income

Net trading income comprises gains less losses related to trading assets and liabilities, and includes all realised and unrealised fair value changes and foreign exchange differences. Net trading income is recognised at the point in time when the transaction takes place.

1.8 Tax

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.

Current tax receivable 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.

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). Deferred tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

A deferred tax asset is recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the deductible temporary difference or unused tax losses 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).

Deferred tax assets and liabilities are recognised on a gross basis in the statement of financial position unless (1) the entity has a legally enforceable right to set off Current tax receivable against current tax liabilities and (2) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority. In the instance of group, deferred tax assets and liabilities can be offset between different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, where permitted by the tax authority.

1.9 Property and equipment

Property, plant and equipment are tangible assets which the Group and Company holds for its own use or for rental to others and which are expected to be used for more than one year.

An item of property, plant and equipment is recognised as an asset 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.

Property, plant and equipment is initially measured at cost. Property, plant and equipment is subsequently stated at cost less accumulated depreciation and any accumulated impairment losses, except for land and buildings which is measured at fair value.

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. All other repairs and maintenance are charged to other operating expenses during the financial period in which they are incurred.

Land and buildings, the fair values of which can be reliably measured, are carried at revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses. Revaluation increases are credited directly to other comprehensive income and presented in equity under the heading 'Revaluation reserve'. However, revaluation increases are recognised in profit or loss to the extent that they reverse a revaluation decrease of the same asset previously recognised in profit or loss. Revaluation decreases are recognised in profit or loss. However, decreases are debited directly to equity to the extent of any credit balance existing in the revaluation surplus in respect of the same asset. Land and buildings are revalued at fair value as per IFRS 13. Revaluations are performed annually.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost over their estimated useful lives, as follows:

Item	Depreciation method	Average useful life
Buildings	Straight line	40 years
Furniture and fittings	Straight line	10 years
Motor vehicles	Straight line	5-6 years
Information Technology (IT) equipment	Straight line	5 years
Right of use assets	Straight line	3-10 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.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

An impairment loss on a non-revalued asset is recognized in profit or loss. However, an impairment loss on a revalued asset is recognized in revaluation surplus to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that class of assets. Such an impairment loss on a revalued asset reduces the revaluation surplus for that class of assets. The Group transfers the revaluation reserve to retained earnings upon disposal.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

1.10 Intangible assets

Software
Software acquired by the Group is stated at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure on computer software is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. Amortisation is recognised in profit or loss on a straight line basis over the estimated useful life of the software, from the date that it is available for use. The estimated useful life is three to five years. Intangible assets includes Intangible assets in development and are initially recognised at cost and are subsequently measured at cost less accumulated impairment losses if any. Capital work in progress is stated at cost less accumulated impairment losses.

Qualifying costs for software and intangibles still under construction are capitalised and recognized at cost as capital work-in-progress until the software or intangible is complete and available for use. Capital work in progress is recognized as and when the costs are incurred and measured at cost.

Impairment of non-financial assets
Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1.11 Repossessed property

In certain circumstances, property pledged as collateral by customers is repossessed following the foreclosure on loans that are in default.

Repossessed assets are maintained off-balance sheet by the Group's Recoveries and Credit Recovery Administration department until they are sold off to extinguish or reduce the outstanding debt. Repossessed assets are maintained off-balance sheet as repossession gives the Bank the right to sell the property and recover amounts due without giving the Bank legal title of the full value of the property. The Group's policy is to pursue timely realisation of the collateral in an orderly manner so that repossessed properties are sold as soon as practical, with the proceeds used to reduce the outstanding indebtedness.

1.12 Provisions

Provisions are recognised when:
- the Group has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

1.13 Financial guarantee contracts and commitments

Initial recognition

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Financial guarantees are given to banks, financial institutions and other bodies on behalf of customers to secure loans, overdrafts and other banking facilities.

Loan commitments are firm commitments to provide credit under pre-specified terms and conditions. Loan commitments issued at a below- market interest rate are initially recognised in the financial statements at fair value on the date the loan commitment was given, while loan commitments issued at market rates are recorded off balance sheet.

Subsequent measurement

Subsequently financial guarantees and loan commitments are measured at higher of:

- the amount of the loss allowance determined in accordance with IFRS 9, or
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15.

1.14 Employee benefits

a. **Defined contribution plans**
   The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.
b. **Other short term employee benefits**
   The Group's obligation in respect of accumulated leave days is recognised in full in the statement of financial position. Short term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

The Group assists officers and employees in respect of housing, motor vehicles and personal loans at subsidised rates as part of their remuneration package. The loans are held as financial assets at amortised cost.

1.15 Stated capital

Share issue costs

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends on ordinary shares

Dividends on ordinary shares are recognised in equity as a deduction in the period in which they are approved by the Group's shareholders. Dividends paid are disclosed as part of cash flows from financing activities in the statement of cash flows.

1.16 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 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 is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the group recognises the lease payments as an operating expense (note 25) 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.

However as an exception to the preceding paragraph, the Group has elected not to separate the non-lease components for leases of land and buildings.

Details of leasing arrangements where the Group is a lessee are presented in note 35 Leases (Group as lessee).

Lease liability
The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed lease payments, including in-substance fixed payments, less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the Group under residual value guarantees;
- the exercise price of purchase options, if the Group is reasonably certain to exercise the option;
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right-of-use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses (note 25).

The lease liability is presented within other liabilities on the Statements of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in Interest charges (note 20).
The Group and Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) when:

- there has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change in the assessment of whether the Group will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- there has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- there has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;
- a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recognised in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

For the purposes of the statements of cash flows, interest on lease liabilities are classified as part of Operating cash flows:

Rights of use assets

Right-of-use assets are presented within property, plant and equipment on the Statements of Financial Position. Lease payments included in the measurement of the lease liability comprise the following:

- the initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Group incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

For right-of-use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

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. Each part of a right-of-use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

1.17 Financial instruments

Recognition and initial measurement

The Group recognises a financial asset or financial liability when, and only when, the Group becomes party to the contractual provisions of the instruments. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date the Group becomes a party to the contractual provisions of the instrument.
A financial asset or financial liability is measured initially at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. These assets are subsequently measured at amortised cost using the effective interest method.

Financial liabilities other than derivative liabilities are initially recognised at fair value and subsequently carried at amortised cost using effective interest method. Financial liabilities are derecognised when they are extinguished. Derivative liabilities are measure at fair value with gain or losses recorded under net trading income in the statement of profit or loss (refer to note 22).

Classification of financial assets
IFRS 9 contains two principal classification categories for financial assets: measured at amortised cost and fair value through profit or loss (FVTPL). IFRS 9 classification is generally based on the business model in which a financial asset is managed and its contractual cash flows. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the whole hybrid instrument is assessed for classification.

On initial recognition, a financial asset is classified as measured at amortised cost or FVTPL. The classification and subsequent measurement of financial assets depends on:
- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual cash flow characteristics of the asset (that is, whether the cash flows represent solely payments of interest and principal).

The bank classifies the financial assets as detailed below:

Type of financial instrument	Business model	Accounting classification	Accounting treatment
Derivative financial assets	Realise changes in value	Fair value through profit or loss (FVPL)	Fair value, changes recorded through profit and loss
Investment securities, loans and advances, cash and balances with central bank, balances with other banks, other assets and balances due from related parties	Collect contractual cash flows	Amortised cost	Amortised cost method

Measurement of fair value
Refer to note 1.5

Amortised cost method
The amortised cost method is used to account for financial assets that intended for collecting contractual cash flows until maturity. This is different from FVPL assets or liabilities because FVPL is intended to be held for a certain period and then sold. Under the amortised cost method, the instruments are recorded at acquisition cost with any premium or discount amortized over the life of the instrument using the effective interest method, and transaction costs, if any, are capitalised.

Assessment of whether contractual cash flows are solely payments for principal and interest
For the purpose of this assessment, "principal" is defined as the fair value of the financial asset on initial recognition. "Interest" is defined as the consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment, the Group considers:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- prepayment and extension terms; and
- terms that limit the Group's claim to cash flows from specified assets

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets. Such changes are expected to be infrequent and arise as a result of significant external or internal changes such as the termination of a line of business or the purchase of a subsidiary whose business model is to realise the value of pre-existing held for trading financial assets through a hold to collect model.

Financial assets are reclassified at their fair value on the date of reclassification and previously recognised gains and losses are not restated.

Borrowings

On initial recognition for Borrowings, any difference between the proceeds net of transaction costs and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transactions costs of the loan to the extent that is probable that some or all of the facility will be drawn down. In this case the fee is deferred until the draw-down occurs.

Derivative financial assets and liabilities

A derivative is a financial instrument with the following characteristics:

- It's value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable;
- It requires no initial net investment, or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors; and
- It is settled at a future date.

Expected credit losses

The Group recognises loss allowances for ECL on all financial instruments that are not measured at FVTPL which include:

- loans and advances to customers;
- investment securities;
- cash and balances with the central bank;
- balances with other banks;
- balances due from related parties;
- other financial assets;
- financial guarantee contracts; and
- loan commitments issued.

No impairment loss is recognised on financial assets measured at fair value through profit or loss.

An expected credit loss represents the present value of expected cash shortfalls over the residual term of a financial asset, undrawn commitment or financial guarantee. A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that the Group expects to receive over the contractual life of the instrument.

The amount of expected credit losses is updated at each reporting date.

Key credit definitions
Credit risk is broken down into the common risk components of probability of default (PD), Exposure at Default (EAD) and Loss Given Default (LGD), modelled at a client, facility and portfolio level. These risk components are used in the calculation of a number of aggregate risk measures such as Expected Loss Credit (ECL). The models used by the Group are aimed to be compliant with Basel II and regulatory requirements. These risk measures would be used as inputs to calculate the collective impairment amounts.

Components	Definition
Probability of default (PD)	The probability that a counterparty will default, over the next 12 months from the reporting date (stage 1) or over the lifetime of the product (stage 2 and stage 3) and incorporating the impact of forward-looking economic assumptions that have an effect on credit risk, such as interest rates, unemployment rates and GDP forecasts.
	The PD estimates will fluctuate in line with the economic cycle. The lifetime (or term structure) PDs are based on statistical models, calibrated using historical data and adjusted to incorporate forward-looking economic assumptions.
Loss given default (LGD)	The loss that is expected to arise on default, incorporating the impact of forward-looking economic assumptions where relevant, which represents the difference between the contractual cash flows due and those that the bank expects to receive.
	The Group estimates LGD based on the history of recovery rates and considers the recovery of any collateral that is integral to the financial asset, taking into account forward-looking economic assumptions where relevant.
Exposure at default (EAD)	The expected statement of financial position exposure at the time of default, taking into account the expected change in exposure over the lifetime of the exposure. This incorporates the impact of drawdowns of committed facilities, repayments of principal and interest, amortisation and prepayments.

To determine the expected credit loss (ECL), these components are multiplied together (PD for the reference period (up to 12 months or lifetime) x LGD at the beginning of the period x EAD at the beginning of the period) and discounted to the balance sheet date using the original effective interest rate as the discount rate.

Measurement
Expected credit losses are computed as unbiased, probability-weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information including that which is forward- looking.

Forward-looking economic assumptions are incorporated into the PD, LGD and EAD where relevant and where they influence credit risk, such as GDP growth rates, interest rates, house price indices and commodity prices among others. These assumptions are incorporated using the Group's most likely forecast for a range of macroeconomic assumptions. These forecasts are determined using all reasonable and supportable information, which includes both internally developed forecasts and those available externally, and are consistent with those used for budgeting, forecasting and capital planning. To account for the potential non-linearity in credit losses, multiple forward-looking scenarios are incorporated into the range of reasonably possible outcomes for all material portfolios.

The period over which cash shortfalls are determined is generally limited to the maximum contractual period for which the Group and Company is exposed to credit risk. However, for certain revolving credit facilities, which include overdrafts, the Group's and Company's exposure to credit risk is not limited to the contractual period. For these instruments, the Group and Company estimates an appropriate life based on the period that the Group and Company is exposed to credit risk, which includes the effect of credit risk management actions such as the withdrawal of undrawn facilities.

For credit-impaired financial instruments, the estimate of cash shortfalls may require the use of expert credit judgement. As a practical expedient, the Group and Company may also measure credit impairment on the basis of an instrument's fair value using an observable market price.

The estimate of ECL on a collateralised financial instrument reflects the amount and timing of cash flows that are expected from foreclosure on the collateral less the costs of obtaining and selling the collateral, regardless of whether foreclosure is deemed probable.

Recognition of credit losses and impairment methodology

12 months expected credit losses (stage 1)
If financial assets are exposed to low credit risk, expected credit losses are recognised at the time of initial recognition of a financial instrument and represent the lifetime cash shortfalls arising from possible default events up to 12 months into the future from the balance sheet date. The credit risk on a financial instrument is considered low if it has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. Expected credit losses continue to be determined on this basis until there is either a significant increase in the credit risk of an instrument or the instrument becomes credit impaired. If an instrument is no longer considered to exhibit a significant increase in credit risk, expected credit losses will revert to being determined on a 12-month basis. The Group and Bank does not have any assets deemed to be exposed to low credit risk, hence, the above requirement has not been applied.

Financial assets that are 0-29 days past due and not credit-impaired are classified as stage 1.

Financial guarantees, commitments and other credit related liabilities are also classified as stage 1 unless if the counterparty has an underperforming or non-performing exposures to the Group and Company in which case the off balance exposure is migrated to the same stage as the on balance sheet loans.

Significant increase in credit risk (stage 2)
Refer to note 1.3 for the criteria applied in assessing increase in credit risk.

Collateral valuation
To the extent possible, the Group and Company used active market data for valuing financial assets, held as collateral. Other financial assets which do not have a readily determinable market value were valued using models. Non-financial collateral, such as real estate, was valued based on data provided by third parties such as mortgage brokers, housing price indices, audited financial statements, and other independent sources.

Credit-impaired (or defaulted) exposures (stage 3)
Financial assets that are credit-impaired (or in default) represent those that are at least 90 days past due in respect of principal and/or interest. Financial assets are also considered to be credit-impaired where the obligors are unlikely to pay on the occurrence of one or more observable events that have a detrimental impact on the estimated future cash flows of the financial asset. It may not be possible to identify a single discrete event but instead the combined effect of several events may cause financial assets to become credit-impaired.

Evidence that a financial asset is credit-impaired includes observable data about the following events:
- Significant financial difficulty of the issuer or borrower;
- Breach of contract such as default or a past due event;
- For economic or contractual reasons relating to the borrower's financial difficulty, the lenders of the borrower have granted the borrower concession/s that lenders would not otherwise consider. This would include forbearance actions.
- Pending or actual bankruptcy or other financial reorganisation to avoid or delay discharge of the borrower's obligations;
- The disappearance of an active market for the applicable financial asset due to financial difficulties of the borrower;

Irrevocable lending commitments to a credit-impaired obligor that have not yet been drawn down are also included within the stage 3 credit impairment provision to the extent that the commitment can be drawn down.

Loss provisions against credit-impaired financial assets are determined based on an assessment of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate. The loss provisions held represent the difference between the present value of the cash flows expected to be recovered, discounted at the instrument's original effective interest rate, and the gross carrying value of the instrument prior to any credit impairment. The Group's and Company's definition of default is aligned with the regulatory definition of default.

For individually significant financial assets within stage 3, the MANCO(Management committee) Credit Committee will consider all judgements that have an impact on the expected future cash flows of the asset. These include: the business prospects, industry and geo political climate of the customer, quality of realisable value of collateral, the Group's legal position relative to other claimants and any renegotiation/ forbearance/ modification options. The difference between the loan carrying amount and the discounted expected future cash flows will result in the stage 3 credit impairment amount. The future cash flow calculation involves significant judgements and estimates. As new information becomes available and further negotiations/ forbearance measures are taken the estimates of the future cash flows will be revised, and will have an impact on the future cash flow analysis.

For financial assets which are not individually significant, such as the Retail lending portfolio which comprise a large number of homogenous loans that share similar characteristics, statistical estimates and techniques are used, as well as credit scoring analysis.

Retail lending clients are considered credit-impaired where they are more than 90 days past due. Retail lending products are also considered credit-impaired if the borrower files for bankruptcy or other forbearance programme, the borrower is deceased or the business is closed in the case of a small business, or if the borrower surrenders the collateral, or there is an identified fraud on the account. Additionally, if the account is unsecured and the borrower has other credit accounts with the Group and Company that are considered credit-impaired, the account may be also be credit-impaired.

For Corporate lending, borrowers are graded by credit risk management on a credit grading scale from Performing to Loss. Once a borrower starts to exhibit credit deterioration, it will move along the credit grading scale in the performing book and when it is classified as credit grade Special Mention the credit assessment and oversight of the loan will normally be performed by Group Credit Committee.

Expert credit judgement
Techniques used to compute impairment amounts use models which analyse historical repayment and default rates over a time horizon. Where various models are used, judgement is required to analyse the available information provided and select the appropriate model or combination of models to use. Expert credit judgement is also applied to determine whether any post-model adjustments are required for credit risk elements which are not captured by the models. Judgement is also applied to estimate the curing point of loans.
Forward-looking economic assumptions are incorporated into the PD, LGD and EAD where relevant and where they influence credit risk, such as GDP growth rates, interest rates, house price indices and commodity prices among others.

Classification and measurement- Modifications financial instruments
Where the original contractual terms of a financial asset have been modified for credit reasons and the instrument has not been derecognised, the resulting modification loss is recognised within changes in expected credit losses in profit or loss in the statement of comprehensive income with a corresponding decrease in the gross carrying value of the asset. If the modification involved a concession that the Group would not otherwise consider, the instrument is considered to be credit-impaired and is considered forborne.

ECL for modified financial assets that have not been derecognised and are not considered to be credit-impaired will be recognised on a 12- month basis, or a lifetime basis, if there is a significant increase in credit risk. These assets are assessed to determine whether there has been a significant increase in credit risk subsequent to the modification. Although loans may be modified for non-credit reasons, a significant increase in credit risk may occur. In addition to the recognition of modification gains and losses, the revised carrying value of modified financial assets will impact the calculation of expected credit losses, with any increase or decrease in expected credit loss recognised within impairment.

Forborne loans
Forborne loans are those loans that have been modified in response to a customer's financial difficulties. Forbearance strategies assist clients who are temporarily in financial distress and are unable to meet their original contractual repayment

terms. Forbearance can be initiated by the client, the Group or a third-party including government sponsored programmes or a conglomerate of credit institutions. Forbearance may include debt restructuring such as new repayment schedules, payment deferrals, tenure extensions, interest only payments, lower interest rates, forgiveness of principal, interest or fees, or relaxation of loan covenants. Forbearance and the reasons thereof are considered in the assessment of whether there has been significant increase in credit risk which determinates the stage of the loan and expected credit loss thereof.

Forborne loans that have been modified (and not derecognised) on terms that are not consistent with those readily available in the market and/or where we have granted a concession compared to the original terms of the loans are considered credit-impaired if there is a detrimental impact on cash flows. The modification loss (see Classification and measurement- Modifications) is recognised in the profit or loss within credit impairment and the gross carrying value of the loan reduced by the same amount.

Derecognition of financial assets
The basic premise for the derecognition model in IFRS 9 is to determine whether the asset under consideration for derecognition is:
- an asset in its entirety or
- specifically identified cash flows from an asset (or a group of similar financial assets) or
- a fully proportionate (pro rata) share of the cash flows from an asset (or a group of similar financial assets), or
- a fully proportionate (pro rata) share of specifically identified cash flows from a financial asset (or a group of similar financial assets)

Once the asset under consideration for derecognition has been determined, an assessment is made as to whether the asset has been transferred, and if so, whether the transfer of that asset is subsequently eligible for derecognition.

An asset is transferred if either the entity has transferred the contractual rights to receive the cash flows, or the entity has retained the contractual rights to receive the cash flows from the asset, but has assumed a contractual obligation to pass those cash flows on under an arrangement that meets the following three conditions:
- the entity has no obligation to pay amounts to the eventual recipient unless it collects equivalent amounts on the original asset
- the entity is prohibited from selling or pledging the original asset (other than as security to the eventual recipient),
- the entity has an obligation to remit those cash flows without material delay

Once an entity has determined that the asset has been transferred, it then determines whether or not it has transferred substantially all of the risks and rewards of ownership of the asset. If substantially all the risks and rewards have been transferred, the asset is derecognised. If substantially all the risks and rewards have been retained, derecognition of the asset is precluded.

If the entity has neither retained nor transferred substantially all of the risks and rewards of the asset, then the entity must assess whether it has relinquished control of the asset or not. If the entity does not control the asset then derecognition is appropriate; however if the entity has retained control of the asset, then the entity continues to recognise the asset to the extent to which it has a continuing involvement in the asset.

Expired rights to the cash flows from the asset
The most obvious examples of situations when the contractual rights to the cash flows from the financial asset expire are repayment of a financial asset or expiry of an option. Other less obvious instances are discussed below:

Renegotiation and modification of a financial asset
Some modifications of contractual cash flows will result in derecognition of a financial instrument and the recognition of a new financial instrument in accordance with IFRS 9. If the modification of a financial asset measured at amortised cost does not result in derecognition of the financial asset, then the Group first recalculates the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss.

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, in both retail and wholesale, 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 retail 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 perfection of collateral and retail unsecured loans are written off when observation of post-default payment behaviour indicates that further material recoveries are unlikely. Write-off points within retail unsecured portfolios are defined on a per-portfolio basis with reference to cumulative delinquency and/or payment recency, with write-offs typically occurring when 12 to 15 cumulative payments have been missed.
- Within wholesale portfolios, a judgemental approach to write-off is followed, based on case-by-case assessment by a credit committee.
- Partial write-offs are not performed within credit portfolios except in limited circumstances within the wholesale portfolio where it is assessed on a case-by case basis. Where required, additional provisions against irrecoverable assets will be raised until such a time as final write-off can occur.

The bank writes off a loan after all legal recovery processes have ceased. However, the credit department does as part of its normal process continue to follow up on written off accounts with customers for recoveries which may or may not result in post write off recoveries.

Collection and enforcement activities post write-off

For unsecured advances, post write-off collection strategies include outsourcing of the account to external debt collections (EDCs). In addition, settlement campaigns are run to encourage clients to settle their outstanding debt. For secured advances, any residual balance post the realisation of collateral and post write-off is outsourced to EDCs. In 2023, loans with an outstanding gross amount of **P41 million** were written off and are under the care of EDCs for continued recovery efforts.

Transfers

The next steps in the derecognition decision tree concern transfers of financial assets. Financial assets should be derecognised if they are transferred and this transfer qualifies for derecognition. An entity transfers a financial asset if, and only if, it either;

a. transfers the contractual rights to receive the cash flows of the financial asset, or
b. retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients ('pass through' transfers).

Derecognition of financial liabilities

A financial liability should be removed from the balance sheet when, and only when, it is extinguished, that is, when the obligation specified in the contract is either discharged or cancelled or expires. Where there has been an exchange between an existing borrower and lender of financial instruments with substantially different terms, or there has been a substantial modification of the terms of an existing financial liability, this transaction is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. A gain or loss from extinguishment of the original financial liability is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents represent cash on hand and demand deposits and cash equivalents that are short term (i.e. with a maturity of less than 90 days from acquisition), highly liquid investments that are readily convertible to known amounts of cash, and which are subject to an insignificant risk of changes in value. Cash and cash equivalents therefore include cash and balances with central banks that can be withdrawn on demand (except where a specific minimum balance at the end of the day is required to be maintained), other eligible bills and amounts due from banks.

1.18 Other assets

Included in other assets are prepayments, security deposits, interbranch accounts and other receivables. Except for prepayments, other assets are financial assets carried at amortised cost. Prepayments are non-financial assets and are stated at their nominal values.

1.19 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

1.20 Offsetting income and expense

Income and expenses are presented on a net basis only when permitted under IFRS, or for gains and losses arising from a Group of similar transactions such as the Group's trading activities.

1.21 Segment reporting

An operating segment is a component of an entity that engages in business activities from which it may earn revenues, the operating results of which components are regularly reviewed by the Group's and Company's chief operating decision-makers to make decisions about resources to be allocated and to assess its performance, and for which financial information is available.

The Group's and Company's identification of its segments and the measurement of segment results are based on the Group's and Company's internal management reporting as used for day-to-day decision-making and as reviewed by the chief operating decision-maker, which is the Managing Director, supported by the rest of the Management Committee (MANCO). The segments have been identified according to the nature of their respective products and services and their related target markets. The segments are Retail Banking (offers lending and transactional banking services to individuals), Commercial Banking (provides investment solutions to corporates, financial institutions, government entities and international organisations) and Global Markets (provides foreign exchange solutions to commercial clients, while supporting the branch network's retail foreign exchange service).

The segments identified are complemented by the Head Office functions, which provides support in the areas of finance, human resources, governance and compliance, risk management and information technology. Additional information relating to other performance measures is provided (Refer to note 36). The Group accounts for intersegment revenues and transfers as if the transactions were with third parties at current market prices.

1.22 Earnings per share

Basic earnings per share is calculated by dividing the net profit after tax attributable to the owners of the parent by the weighted average number of equity shares outstanding during the year adjusted for bonus element in equity share, attributable to the owner's of the parent. Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as at the beginning of the period unless issued at a later date.

1.23 Related parties

Parties are considered to be related to the Group if meet the following definitions;

a. A person or a close member of that person's family:
- has control or joint control over the Group;
- has significant influence over the Group; or
- is a member of the key management personnel of the Group or of the parent of the Group.

b. An entity for which the following conditions apply:
- the entity and the Group are members of the same Group
- the entity is controlled or jointly controlled by a person identified in (a)
- the entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

A number of transactions are entered into with related parties in the normal course of business. These transactions are summarised in the notes to the financial statements.

Notes to the Consolidated and Separate Annual Financial Statements

2. New standards and interpretations

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:

IFRS	Effective date	Subject of amendment
IFRS 17, 'Insurance contracts'	1 January 2023	The IASB issued IFRS 17, 'Insurance contracts', and thereby started a new epoch of accounting for insurers. Whereas the current standard, IFRS 4, allows insurers to use their local GAAP, IFRS 17 defines clear and consistent rules that will significantly increase the comparability of financial statements. For insurers, the transition to IFRS 17 will have an impact on financial statements and on key performance indicators. Under IFRS 17, the general model requires entities to measure an insurance contract at initial recognition at the total of the fulfilment cash flows (comprising the estimated future cash flows, an adjustment to reflect the time value of money and an explicit risk adjustment for non-financial risk) and the contractual service margin. The fulfilment cash flows are remeasured on a current basis each reporting period. The unearned profit (contractual service margin) is recognised over the coverage period. This amendment did not have a have a significant impact on the financial statements of the Group.
IFRS 17, Insurance contracts Amendments	1 January 2023	In response to some of the concerns and challenges raised, the Board developed targeted amendments and a number of proposed clarifications intended to ease implementation of IFRS 17, simplify some requirements of the standard and ease transition. The amendments relate to eight areas of IFRS 17, and they are not intended to change the fundamental principles of the standard or unduly disrupt implementation already underway. This amendment did not have a have a significant impact on the financial statements of the Group.
Amendment to IAS 1, 'Presentation of Financial Statements' on Classification of Liabilities as Current or Non - current	1 January 2023	The amendment clarifies that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. A number of requirements are required to be met in conjunction with this amendment. This amendment did not have a have a significant impact on the financial statements of the Group.
Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	The amendments require companies to recognise deferred tax on transactions that, on initial recognition give rise to equal amounts of taxable and deductible temporary differences. An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented. It also, at the beginning of the earliest comparative period presented, recognises deferred tax for all temporary differences related to leases and decommissioning obligations and recognises the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The Group recognised deferred tax on leases entered into in 2022 whose total value amounts to P20 million in terms of right of use asset per note 35.1. The Group quantified the impact of the deferred tax from the right of use asset and corresponding lease liabilities, and the impact is not

IFRS	Effective date	Subject of amendment
Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	In specific circumstances, entities are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. There had been some diversity in practice as to whether the exemption applied to transactions such as leases and decommissioning obligations. These are transactions where entities recognise both an asset and a liability. The amendments require an entity to recognise deferred tax on certain transactions (e.g leases and decommissioning liabilities) that give rise to equal amounts of taxable and deductible temporary differences on initial recognition. This amendment did not have a have a significant impact on the financial statements of the Group.
Definition of Accounting Estimates (Amendments to IAS 8)	1 January 2023	The amendments include a definition of 'accounting estimates' as well as other amendments to IAS 8 that will help entities distinguish changes in accounting policies from changes in accounting estimates. This amendment did not have a have a significant impact on the financial statements of the Group.
Narrow scope amendments to IAS 1 'Presentation of Financial Statements', Practice statement 2 and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'	1 January 2023	The amendment aim to improve accounting policy disclosures and to help users of the financial statements to distinguish changes in accounting policies from changes in accounting estimates. This amendment did not have a have a significant impact on the financial statements of the Group.

2.2 International Financial Reporting Standards, interpretations and amendments issued but not effective

IFRS	Effective date	Subject of amendment
Amendment to IFRS 16 – Leases on sale and leaseback	1 January 2024	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted. The Group expects to adopt the amendment for the first time in the 2024 annual financial statements. This amendment is not expected to have a significant impact on the financial statements of the Group.
Amendment to IAS 1 – Non-current liabilities with covenants	1 January 2024	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. The Group expects to adopt the amendment for the first time in the 2024 annual financial statements. This amendment is not expected to have a significant impact on the financial statements of the Group.
Amendment to IAS 7 and IFRS 7 - Supplier finance	1 January 2024	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis. The Group expects to adopt the amendment for the first time in the 2024 annual financial statements. This amendment is not expected to have a significant impact on the financial statements of the Group.

Notes to the Consolidated and Separate Annual Financial Statements (continued)
New Standards and Interpretations (continued)
Standards and interpretations effective and adopted in the current year (continued)

Amendments to IAS 21 - Lack of Exchangeability	1 January 2025	An entity is impacted by the amendments when it has a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. A currency is exchangeable when there is an ability to obtain the other currency (with a normal administrative delay), and the transaction would take place through a market or exchange mechanism that creates enforceable rights and obligations. The Group expects to adopt the amendment for the first time in the 2025 annual financial statements. This amendment is not expected to have a significant impact on the financial statements of the Group.

3. Financial risk management

Objectives on risk management
The Group's and Banks's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and operational risks are an inevitable consequence of being in business. The Group's and Bank's aim is therefore to achieve an appropriate balance between risk and return and minimise potential adverse effects on the group's financial performance.

The Group's and 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 Group and Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Financial risk governance

Audit Committee
The Group's Audit Committee's primary objective is to assist the Board in overseeing the systems of internal control and external financial reporting across the Group. The Committee performs its role by ensuring that the external and internal audit arrangements are appropriate and effective. The annual report and accounts, interim reports and accounts, related internal control disclosures and any other publicly available financial information are reviewed and scrutinised.

Risk and Compliance Committee
The objective of the Committee is to assist the Board in overseeing the systems of compliance policies and procedures across the Group and to provide oversight and advice to the Board in respect of the Group's risk appetite, risk monitoring, capital management and compliance requirements. Further, the Committee provides oversight and advice to the Board on current risk exposures and future risk strategy, and to assist the Board in monitoring and reviewing the effectiveness of the credit and risk functions in the context of the Group's overall risk management framework and in maintaining appropriate compliance policies and procedures such that the Group will remain compliant with all legal and regulatory requirements applicable to it.

Assets and Liabilities Committee (ALCO)
The Group trades in financial instruments where it takes positions in financial instruments, to take advantage of short-term market movements in currency and interest rates. Amongst other responsibilities, ALCO is tasked to monitor the risks associated with these activities. Risk management includes the setting of trading limits on the level of exposure that can be taken in relation to both overnight and intra-day market positions. In addition, with the exception of specific hedging arrangements, foreign exchange and interest rate exposures associated with these derivatives, are normally offset by entering into counterbalancing positions, thereby controlling the variability in the net cash amounts required to liquidate market positions.

The Assets and Liabilities Committee monitors the balance sheet management and consideration of risk, liquidity risk, and interest rate risk in the banking book, the foreign exchange position risk and the capital risk. The meetings of the Committee are held monthly, however, extraordinary committee meetings may be called where there is:

a. a sudden change in regulations;
b. material loss of deposits without notice, and ahead of maturity;
c. failure to honour commitments and approved facilities; or
d. unanticipated movement in exchange rates.

Credit Committee
The Credit Committee approves large exposures and monitors them on an ongoing basis. The committee also assist the Board in ensuring that all credit activities relating to large exposures are conducted within the risk strategy, policies and tolerance levels approved by the Board.

3.1 Credit risk

Credit risk is the risk of loss due to inability or unwillingness of the customer or other counter-party to meet their obligations. Credit risk is a significant risk facing the Group. In order to manage this risk, the Group has implemented clearly defined credit policies which are documented and form the basis of all credit decisions. The Group structures the levels of credit risk it undertakes, placing limits on the amounts of risk accepted in relation to one borrower, or group of borrowers, and to geographical and industry segments. The Group also makes provision against non-performing accounts in line with the approved provisioning policy. Also refer to note 3.1.7 for details on management overlays applied to the ECL model.

A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1 and has its credit risk continuously monitored. If a SICR since initial recognition is identified, the financial instrument is moved to Stage 2 but is not yet deemed to be credit impaired.

Risk limit control and mitigation policies

The Group manages, limits and controls concentrations of credit risk in respect of individual counterparties and groups, and to industries and countries.

Such risks are monitored on a revolving basis and subject to an annual or more frequent reviews, when considered necessary. Limits on the level of credit risk by product, industry sector and by country are approved by the board of directors, and reviewed regularly. Some specific control and mitigation measures are outlined below.

(a) Collateral

The Group 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. The Group implements guidelines on the acceptability of specific classes of collateral for credit risk mitigation. The principal collateral types for loans and advances are:
-cash collateral;
-charges over assets financed;
-charges over cash proceeds from trading transactions financed;
-mortgages over residential and commercial properties;
-charges over business assets such as premises, inventory and accounts receivable; and
-charges over financial instruments such as debt securities, and equities.

In order to minimise credit losses, the Group will also seek additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant individual loans and advances. Collateral held as security for financial assets other than loans and advances is determined by the nature of the instrument.

(b) Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a customer as required. Guarantees and standby letters of credit carry the same credit risk as loans. Documentary and commercial letters of credit – which are written undertakings by the Group on behalf of a customer authorising a third party to draw drafts on the Group up to a stipulated amount under specific terms and conditions – are collateralised by the underlying shipments of goods to which they relate and therefore carry less risk than a direct loan. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans, guarantees or letters of credit. With respect to credit risk on commitments to extend credit, the Group is potentially exposed to loss in an amount equal to the total unused commitments. However, the likely amount of loss is less than the total unused commitments, as most commitments to extend credit are contingent upon customers maintaining specific credit standards.

Notes to the Consolidated and Separate Annual Financial Statements (continued)

3. Financial risk management (continued)

3.1 Credit risk (continued)

Maximum exposure to credit risk before collateral held or other credit enhancements.

31 December 2023	P'000	P'000			P'000
	Maximum exposure to credit risk	Fair value of collateral			Net exposure
		Property	Vehicles	Cash and other	
Balances with other banks	1 499 069	-	-	-	1 499 069
Balances with Central Bank	324 457	-	-	-	324 457
Investment securities	1 146 397	-	-	-	1 146 397
Amounts due from related parties	257 515	-	-	-	257 515
Derivative financial assets	-	-	-	-	-
Other financial assets	192 601	-	-	-	192 601
Loans and advances to customers	**6 362 917**	**1 468 938**	**22 816**	**62 310**	**5 094 951**
Mortgage lending	712 811	956 358	-	5 362	-
Vehicle asset finance	16 882		22 816	-	-
Corporate lending	355 441	330 808	-	55 888	-
Commercial and property finance	3 017	560	-	-	2 457
Retail and SME lending	5 274 766	181 212	-	1 060	5 092 494
Maximum exposure	**9 782 956**	**1 468 938**	**22 816**	**62 310**	**8 514 990**
Credit exposures relating to off-balance sheet items are as follows:					
Financial guarantees	249 394	-	-	173 482	75 912
Loan commitments and other credit related liabilities	17 547	-	-	-	17 547
	266 941	**-**	**-**	**173 482**	**93 459**

31 December 2023	P'000	P'000			P'000
	Maximum exposure to credit risk	Fair value of collateral			Net exposure
		Property	Vehicles	Cash and other	
Balances with other banks	1 499 069	-	-	-	1 499 069
Balances with Central Bank	324 457	-	-	-	324 457
Investment securities	1 144 229	-	-	-	1 144 229
Amounts due from related parties	258 200	-	-	-	258 200
Derivative financial assets	-	-	-	-	-
Other financial assets	192 758	-	-	-	192 758
Loans and advances to customers	**6 362 917**	**1 468 938**	**22 816**	**62 310**	**5 094 951**
Mortgage lending	712 811	956 358	-	5 362	-
Vehicle asset finance	16 882	-	22 816	-	-
Corporate lending	355 441	330 808	-	55 888	-
Commercial and property finance	3 017	560	-	-	2 457
Retail and SME lending	5 274 766	181 212	-	1 060	5 092 494
Maximum exposure	**9 781 630**	**1 468 938**	**22 816**	**62 310**	**8 513 664**

Notes to the Consolidated and Separate Annual Financial Statements (continued)
3. Financial risk management (continued)
3.1 Credit risk (continued)
Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

Credit exposures relating to off-balance sheet items are as follows:					
Financial guarantees	249,394	-	-	173,482	75,912
Loan commitments and other credit related liabilities	17,547	-	-	-	17,547
	266,941	**-**	**-**	**173,482**	**93,459**

31 December 2022	**P'000**	**P'000**			**P'000**
Group	**Maximum exposure to credit risk**	**Fair value of collateral**			**Net Exposure**
		Property	**Vehicles**	**Cash and other**	
Balances with other banks	824,228	-	-	-	824,228
Balances with Central Bank	217,678	-	-	-	217,678
Investment securities	876,990	-	-	-	876,990
Amounts due from related parties	397,736	-	-	-	397,736
Derivative financial assets	20,838	-	-	-	20,838
Other financial assets	58,883	-	-	-	58,883
Loans and advances to customers	**6,820,608**	**1,811,940**	**15,668**	**-**	**5,768,592**
Mortgage lending	730,469	1,198,234	-	-	-
Vehicle asset finance	15,608	-	15,668	-	-
Corporate lending	300,779	598,559		-	-
Commercial and property finance	5,024	15,011	-	-	
Retail and SME lending	5,768,728	136	-	-	5,768,592
Maximum exposure	**9,216,961**	**1,811,940**	**15,668**	**-**	**8,164,945**

Credit exposures relating to off-balance sheet items are as follows:					
Financial guarantees	205,741	-	-	78,275	127,466
Loan commitments and other credit related liabilities	20,181	-	-	-	20,181
	225,922	**-**	**-**	**78,275**	**147,647**

31 December 2022	**P'000**	**P'000**			**P'000**
Company	**Maximum exposure to credit risk**	**Fair value of collateral**			**Net Exposure**
		Property	**Vehicles**	**Cash and other**	
Balances with other banks	824,228	-	-	-	824,228
Balances with Central Bank	217,678	-	-	-	217,678
Investment securities	876,990	-	-	-	876,990
Amounts due from related parties	398,195	-	-	-	398,195
Derivative financial assets	20,838	-	-	-	20,838
Other financial assets	57,698	-	-	-	57,698
Loans and advances to customers:	**6,820,608**	**1,811,940**	**15,668**	**-**	**5,768,592**
Mortgage lending	730,469	1,198,234	-	-	-
Vehicle asset finance	15,608		15,668		-
Corporate lending	300,779	598,559		-	-
Commercial and property finance	5,024	15,011	-	-	-
Retail and SME lending	5,768,728	136	-	-	5,768,592
Maximum exposure	**9,216,235**	**1,811,940**	**15,668**	**-**	**8,164,219**

Notes to the Consolidated and Separate Annual Financial Statements (continued)
3. Financial risk management (continued)
3.1 Credit risk (continued)
Maximum exposure to credit risk before collateral held or other credit enhancements (continued)

	P'000	P'000			P'000
	Maximum exposure to credit risk	Fair value of collateral			Net Exposure
		Property	Vehicles	Cash and other	
Credit exposures relating to off-balance sheet items are as follows:					
Financial guarantees	205,741	-	-	78,275	127,466
Loan commitments and other credit related liabilities	20,181	-	-	-	20,181
	225,922	**-**	**-**	**78,275**	**147,647**

3.1.1 Repossessed collateral

During the year, the Group obtained assets by taking possession of collateral held as security, as follows:

	Consolidated and Company	
Nature of assets	**2023**	**2022**
	P'000	**P'000**
Property - residential	9,412	3,596
Property - commercial	43,100	5,851
Motor Vehicles	-	1,124
	52,512	**10,571**

The properties repossessed are for Mortgages (secured by residential property), Term loan (secured by commercial property) and Vehicle Financing (secured by motor vehicles). Refer to note 1.11 for the Group's policy on treatment of repossessed assets.

3.1.2 Loans and advances by industry sectors

The following table analyses the Group's gross loan book by the industry sectors of the counterparties:

	Consolidated and Company	
	2023	**2022**
	P'000	**P'000**
Construction	8,060	737
Wholesale, retail and trade	-	140,544
Financial services	-	250,264
Transport	1,092	1,345
Real Estate	-	8,182
Individuals	6,013,380	6,412,816
Other	340,385	6,720
Total	**6,362,917**	**6,820,608**
Credit exposures relating to off-balance sheet items are as follows:		
Financial services	184,149	154,010
Telecommunications	45,700	45,700
Other	37,092	26,212
	266,941	**225,922**

Cash and bank balances with Central Bank, Balances with other banks, Investment securities, Derivative financial assets and Balances from related parties are fall into the financial services sector whilst Other financial assets are predominantly from the Financial Services sector.

3.1.3 Financial instruments at amortised cost by stage

The table below presents an analysis of financial instruments at amortised cost by gross exposure, impairment allowance and coverage ratio by stage allocation and products as at 31 December, 2023 for the Group and the Company. Also included are off-balance sheet items and financial guarantee contracts. ECL on cash and balances with central bank and derivative assets are considered not significant, and not presented below. This is because cash and bank balances with central bank and investment securities are owed from the government and deemed to be sovereign debt. The government of Botswana has a credit rating of A- and has never defaulted on the amounts owing, hence, the probability of default is minimal. ECL for balances due from related parties is calculated using the loss rate approach which takes into account the probability of default (including country risk) and loss given default. Other assets consist of prepaid expenses where risk of default is negligible, including clearing accounts which are very short term (less than 30 days) and would have cleared within the expected timelines, hence limited probability of default. ECL for Balances with other banks is calculated using the loss rate approach. The balances have short tenors of less than 60 days and are all classified as stage 1 hence, the resulting ECL is considered immaterial.

The ECLs were calculated based on actual credit loss experience over the past years. The Group performed the calculation of ECL rates separately for Corporate and Retail customers.

31 December 2023

In thousands of Pula	31 December 2023 Balance				31 December 2023 ECL				Net exposure				31 December 2023 ECL Coverage Ratio*
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	
Mortgage lending	632,386	29,320	47,033	708,739	(535)	(596)	(13,619)	(14,750)	631,851	28,724	33,414	693,989	2.08%
Corporate lending	212,429	-	6,423	218,852	(355)	-	(112)	(467)	212,074	-	6,311	218,385	0.21%
Retail and SME lending	5,176,029	20,490	238,807	5,435,326	(50,450)	(11,681)	(150,930)	(213,061)	5,125,579	8,809	87,877	5,222,265	3.92%
Total loans and advances	**6,020,844**	**49,810**	**292,263**	**6,362,917**	**(51,340)**	**(12,277)**	**(164,661)**	**(228,278)**	**5,969,504**	**37,533**	**127,602**	**6,134,639**	**3.59%**
Balances due from related parties	257,515	-	-	257,515	-	(162)	-	(162)	257,515	(162)	-	257,353	0.06%
Financial guarantees and loan commitments	266,941	-	-	266,941	(1,412)	-	-	(1,412)	265,529	-	-	265,529	0.53%
Investment securities	1,146,397	-	-	1,146,397	(2,168)	-	-	(2,168)	1,144,229	-	-	1,144,229	0.19%
Cash and balances with the Central Bank	324,457	-	-	324,457	-	-	-	-	324,457	-	-	324,457	0.00%
Balances with other banks	1,499,069	-	-	1,499,069	-	-	-	-	1,499,069	-	-	1,499,069	0.00%
Other financial assets	192,601	-	-	192,601	-	-	-	-	192,601	-	-	192,601	0.00%
Total	**9,707,824**	**49,810**	**292,263**	**10,049,897**	**(54,920)**	**(12,439)**	**(164,661)**	**(232,020)**	**9,652,904**	**37,371**	**127,602**	**9,817,877**	**2.31%**

31 December 2022

In thousands of Pula	31 December 2022 Balance				31 December 2022 ECL**				Net exposure				31 December 2022 ECL Coverage Ratio*
	Stage 1	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	**Stage 1**	**Stage 2**	**Stage 3**	**Total**	
Mortgage lending	638,402	39,207	52,861	730,470	(1,215)	(27)	(477)	(1,719)	637,187	39,180	52,384	728,751	0.24%
Corporate lending	299,868	-	5,934	305,802	(4,066)	-	(113)	(4,179)	295,802	-	5,820	301,622	1.37%
Retail and SME lending	5,427,921	111,761	244,654	5,784,336	(62,053)	(14,500)	(157,969)	(234,522)	5,365,868	97,261	86,685	5,549,814	4.05%
Total Loans and advances	**6,366,191**	**150,968**	**303,449**	**6,820,608**	**(67,334)**	**(14,527)**	**(158,559)**	**(240,420)**	**6,298,857**	**136,441**	**144,889**	**6,580,188**	**3.52%**
Balances due from related parties	397,736	-	-	397,736	-	-	-	-	397,736	-	-	397,736	0.10%
Financial guarantees and loan commitments	225,921	-	-	225,921	(757)	-	-	(757)	225,164	-	-	225,164	0.34%
Investment securities	876,990			876,990	(657)			(657)	876,333	-	-	876,333	0.07%
Cash and balances with the Central Bank	217,678	-	-	217,678	-	-	-	-	217,678	-	-	217,678	0.00%
Balances with other banks	824,228	-	-	824,228	(1,217)	-	-	(1,217)	823,011	-	-	823,011	0.15%
Other financial assets	58,883	-	-	58,883	-	-	-	-	58,883	-	-	58,883	0.00%
Total	**8,967,627**	**150,968**	**303,449**	**9,422,044**	**(69,965)**	**(14,527)**	**(158,559)**	**(243,051)**	**8,897,662**	**136,441**	**144,889**	**9,178,993**	**2.58%**

* ECL coverage ratio is calculated as the total ECL to the gross exposure/balance.
** Refer note 38 for restatement.

3.1.4 Renegotiated loans

A renegotiated loan shall return to performing status only after its renegotiated terms are no longer considered to be past due.

Restructuring policies and practices are based on indicators or criteria which, in the judgment of management, indicate that payment will most likely continue. The renegotiated loans are then monitored more strictly than the performing loans with advice of performance being reported to credit committees submitted on a monthly basis.

The following table shows renegotiated loans and advances to customers at amortised cost per stage allocation under IFRS 9 treatment. This was due to a facility that was restructured on technical grounds and not necessarily due to increased credit risk.

	Consolidated and Company			
Renegotiated loans as at 31 December 2023	**Stage 1 P'000**	**Stage 2 P'000**	**Stage 3 P'000**	**Total P'000**
Gross carrying amount				
Retail and SME lending	-	6 908	-	6 908
	-	**6 908**	**-**	**6 908**
Allowance for ECL				
Retail and SME lending	**-**	**(125)**	**-**	**(125)**
	-	**(125)**	**-**	**(125)**
Net renegotiated loans	**-**	**6 783**	**-**	**6 783**

	Consolidated and Company			
Renegotiated loans as at 31 December 2022	**Stage 1 P'000**	**Stage 2 P'000**	**Stage 3 P'000**	**Total P'000**
Gross carrying amount				
Retail and SME lending	-	339	-	339
	-	**339**	**-**	**339**
Allowance for ECL				
Retail and SME lending	**-**	**(11)**	**-**	**(11)**
	-	**(11)**	**-**	**(11)**
Net renegotiated loans	**-**	**328**	**-**	**328**

Notes to the Consolidated and Separate Annual Financial Statements (continued)
3. Financial risk management (continued)
3.1 Credit risk (continued)

3.1.5 Credit quality by asset class

The table below shows the stage wise break up of financial assets.

Consolidated and Company

31 December 2023	Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	Total P'000	Collateral P'000	Net exposure P'000
At FVTPL						
Derivative financial assets	-	-	-	-	-	-
At amortised cost						
Cash and balances with Central Bank	324,457	-	-	324,457	-	**324,457**
Balances with other banks	1,499,069	-	-	1,499,069	-	**1,499,069**
Balances due from related parties	257,515			257,515	-	**257,515**
Loans and advances	6,020,844	49,810	292,263	6,362,917	1,532,952	**4,829,965**
Performing	6,020,844	-	-	6,020,844	1,366,507	**4,654,337**
Special mention	-	49,810	-	49,810	35,128	**14,682**
Substandard	-	-	27,647	27,647	11,355	**16,292**
Doubtful	-	-	38,500	38,500	13,911	**24,589**
Loss	-	-	226,116	226,116	106,051	**120,065**
Investment securities	1,146,397	-	-	1,146,397	-	**1,146,397**
Other financial assets	192,601	-	-	192,601	-	**192,601**
	9,440,883	**49,810**	**292,263**	**9,782,956**	**1,532,952**	**8,250,004**
Off balance sheet items						
Financial guarantees and loan commitments	266,941	-	-	266,941	173,482	**93,459**
Total	**9,707,824**	**49,810**	**292,263**	**10,049,897**	**1,706,434**	**8,343,463**

3.1.5 Credit quality by asset class

Consolidated and Company

31 December 2022 *At FVTPL*	**Stage 1 P'000**	**Stage 2 P'000**	**Stage 3 P'000**	**Total P'000**	**Collateral P'000**	**Net exposure P'000**
Derivative financial assets	20 838			20 838		**20 838**
At amortised cost						
Cash and balances with Central Bank	46 261	-	-	46 261	-	**46 261**
Balances with other banks	824 228	-	-	824 228	-	**824 228**
Balances due from related parties	397 736	-	-	397 736	-	**397 736**
Loans and advances	6 366 192	150 968	303 448	6 820 608	1 827 608	**4 993 000**
Performing	6 366 192	-	-	6 366 192	1 509 840	**4 856 352**
Special mention	-	150 968	-	150 968	60 825	**90 143**
Substandard	-	-	48 924	48 924	35 803	**13 121**
Doubtful	-	-	46 801	46 801	27 618	**19 183**
Loss	-	-	207 723	207 723	193 522	**14 201**
Investment securities	876 990	-	-	876 990	-	**876 990**
Other financial assets	58 883	-	-	58 883	-	**58 883**
	8 591 128	**150 968**	**303 448**	**9 045 544**	**1 827 608**	**7 217 936**
Off balance sheet items						**-**
Financial guarantees and loan commitments	225 921	-	-	225 921	78 275	**147 646**
Total	**8 817 049**	**150 968**	**303 448**	**9 271 465**	**1 905 883**	**7 365 582**

Substandard - The loan is past due for more than 90 days but less than 180 days and the debtor is potentially bankrupt. The business or obligor is in financial distress and there is considerable uncertainty with respect to payment of principal and interest. In addition, the primary source of repayment is insufficient to service the debt and the obligor has had to resort to secondary sources of payment such as collateral, sale of fixed assets, refinancing or additional capital injections for repayment. The loan has been renegotiated or restructured and requires attention and intensive management.

Doubtful - The obligor is not legally or formally Bankrupt. Nonetheless, the business is effectively or virtually bankrupt and is encountering severe liquidity and solvency challenges. The loan is pas due for more than 180 days but less than 360 days and the debtor has failed to pay scheduled principal and interest payments.

Loss - The debtor has defaulted on the debt obligation and is legally and formally Bankrupt. The asset is past due for more than 360 days and the obligor has been unable to meet scheduled principal and interest payments. The loan is uncollectible or of such little value that its continuance as an asset is not warranted.

Performing - A loan is not in or near default. Performing loan is a loan in which loan installments inclusive of interest and principal payments are up to date.

Special mention assets - when there is evidence of increased credit risk on a loan but the loan is not considered impaired. This could be due to the loan being past due by not more than 90 days overdue, inadequate credit documentation or collateral not fully in place.

Notes to the Consolidated and Separate Annual Financial Statements (continued)
3. Financial risk management (continued)
3.1 Credit risk (continued)

3.1.6 Movement in expected credit losses

Changes in expected credit losses includes the impacts of transfers between stages, changes made to parameters (such as probability of default, exposure at default and loss given default), changes in macroeconomic variables, drawdowns, repayments and other movements.

The following table shows movement in gross loans and advances from 1 January 2023 to 31 December 2023:

(i)

	Gross loans and advances			
	Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	Total P'000
Opening balance	**6,366,191**	**150,968**	**303,449**	**6,820,608**
New loans	1,654,142	2,627	4,485	1,661,254
Transfer to stage 1	48,595	(34,106)	(14,489)	-
Transfer to stage 2	(25,705)	32,588	(6,883)	-
Transfer to stage 3	(55,012)	(20,721)	75,733	-
Loan settlements and write-offs	-	-	(27,974)	(27,974)
Payments, drawdowns, accruals & re-advances	(1,967,367)	(81,546)	(42,058)	(2,090,971)
Closing Balance	**6,020,844**	**49,810**	**292,263**	**6,362,917**

There were no purchased or originated credit-impaired financial assets during the period.

Overall, movements in the stages are reflective of improved performance of the loan book during the year. This was due to (1) loan write- offs which reduces the non-performing book and (2) effective collection strategies employed by the Bank in the past 2 years. This has resulted in the book being skewed towards stage 1 and stage 2, compared to the position as at 1 January 2023.

Retail and SME loans	Gross loans and advances			
	Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	Total P'000
Opening balance	**5,427,921**	**111,761**	**244,654**	**5,784,336**
New loans	1,591,684	1,662	4,485	1,597,831
Transfer to stage 1	25,390	(18,271)	(7,119)	-
Transfer to stage 2	(16,099)	18,314	(2,215)	-
Transfer to stage 3	(46,636)	(14,838)	61,474	-
Loan settlements and write-offs	-	-	(27,974)	(27,974)
Payments, drawdowns, accruals & re-advances	(1,806,231)	(78,138)	(34,498)	(1,918,867)
Transfer from corporate	-	-	-	-
Closing Balance	**5,176,029**	**20,490**	**238,807**	**5,435,326**

Movement in the Retail and SME loans are in line with the movements in the gross book as aforementioned. The performance of the portfolio has improved due to write-off of parts of the non performing portfolio and improved collection strategy. The movement between Corporate and Retail and SME is due to correction of incorrect disclosures made in the prior period. The loan and amount and ECL were correctly calculated but disclosed in the incorrect segment.

Corporate loans	Gross loans and advances			
	Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	Total P'000
Opening balance	**299,868**	**-**	**5,934**	**305,802**
New loans	5,124	-	-	5,124
Transfer to stage 1	-	-	-	-
Loan settlements and write-offs	-	-	-	-
Payments, drawdowns, accruals & re-advances	(92,563)	-	489	(92,074)
Transfer to Retail and SME	-	-	-	-
Closing Balance	**212,429**	**-**	**6,423**	**218,852**

No significant movements in corporate loans apart from the reduction in the book due to reduced lending activities and reclassification of some corporate loans to the SME portfolio.

Notes to the Consolidated and Separate Annual Financial Statements (continued)
3. Financial risk management (continued)
3.1 Credit risk (continued)
3.1.6 Movement in expected credit losses (continued)

Mortgage loans	**Gross loans and advances**			
	Stage 1 P'000	**Stage 2 P'000**	**Stage 3 P'000**	**Total P'000**
Opening balance	**638,402**	**39,207**	**52,861**	**730,470**
New loans	57,334	965	-	58,299
Transfer to stage 1	23,205	(15,835)	(7,370)	-
Transfer to stage 2	(9,606)	14,274	(4,668)	-
Transfer to stage 3	(8,376)	(5,883)	14,259	-
Loan settlements and write-offs	-	-	-	-
Payments, drawdowns, accruals & re-advances	(68,573)	(3,408)	(8,049)	(80,030)
Closing Balance	**632,386**	**29,320**	**47,033**	**708,739**

The following table shows movement in expected credit losses from 1 January 2023 to 31 December 2023:

	Expected credit losses			
(ii) Loans and advances	**Stage 1 P'000**	**Stage 2 P'000**	**Stage 3 P'000**	**Total P'000**
Opening balance	**67,334**	**14,527**	**158,559**	**240,420**
New loans	13,066	300	11,263	24,629
Transfer to stage 1	986	(224)	(762)	-
Transfer to stage 2	(2,778)	3,127	(349)	-
Transfer to stage 3	(25,795)	(7,895)	33,690	-
Write-offs	-	-	(27,974)	(27,974)
Changes in PD, LGD and model assumptions	-	-	-	-
Payments and other changes	(1,473)	2,442	(9,766)	(8,797)
Closing Balance	**51,340**	**12,277**	**164,661**	**228,278**

The table above below provides a breakdown of the change in the ECL impairment recognised in the current period based on the key drivers. The key components of the ECL impairment recognised in the current period are as follows:

Stage 1 – This represents the change in the impairment on stage 1 advances assuming that the coverage ratio has remained unchanged from the prior period. This column therefore represents the change in volume of stage 1 advances due to new business, stage migration, loans commencing in the period in stage 1 subsequently written off or curing. Increases in stage 1 ECL is largely due to new loans and effective collection strategies employed by the Bank during the past 2 years which resulted in curing of non-performing loans to stage 1.

Stage 2 – This represents the change in the impairment on stage 2 advances assuming that the coverage ratio remained unchanged from the prior period. This column therefore represents the change in volume of stage 2 advances due to stage migration, loans commencing the period in stage 2 subsequently migrating to stage 3 or curing. The volume change in stage 2 advances is in line with the modest growth in the loan book and curing of loans from stage 3 due to collection strategies.

Stage 3 – This represents the change in the impairment on stage 3 advances due to a change in the coverage ratio and volume changes due to loans commencing in the period in stage 3 subsequently written off or curing. Decreases to Stage 3 ECL driven by (1) eventual write-off of loans and (2) collection strategies which resulted in the curing of loans to stage 1 and 2.

Other - these includes change to ECL due to model enhancements and differences in product mix where coverage ratios will differ due to the nature of collateral.

Retail and SME loans	**P'000**	**P'000**	**P'000**	**P'000**
Opening balance	**62,053**	**14,500**	**157,969**	**234,522**
New loans	12,975	265	11,263	24,503
Transfer to stage 1	972	(210)	(762)	-
Transfer to stage 2	(2,344)	2,604	(260)	-
Transfer to stage 3	(24,511)	(7,208)	31,719	-
Changes in PD, LGD and model assumptions	-	-	-	-
Payments and other changes	1,305	1,730	(21,025)	(17,990)
Write-offs	-	-	(27,974)	(27,974)
Closing balance	**50,450**	**11,681**	**150,930**	**213,061**

Corporate loans	**Stage 1 P'000**	**Stage 2 P'000**	**Stage 3 P'000**	**Total P'000**
Opening balance	**4,066**	**-**	**113**	**4,179**
New loans	9	-	-	9
Transfer to stage 1	-	-	-	-
Changes in PD, LGD and model assumptions	-	-	-	-
Payments and other changes	(3,720)	-	(1)	(3,721)
Write-offs	-	-	-	-
Closing balance	**355**	**-**	**112**	**467**

Mortgage loans	**Stage 1 P'000**	**Stage 2 P'000**	**Stage 3 P'000**	**Total P'000**
Opening balance	**1,215**	**27**	**477**	**1,719**
New loans	82	35	-	117
Transfer to stage 1	14	(14)	-	-
Transfer to stage 2	(434)	523	(89)	-
Transfer to stage 3	(1,284)	(687)	1,971	-
Write-offs	-	-	-	-
Changes in PD, LGD and model assumptions	-	-	-	-
Payments and other changes	942	712	11,260	12,914
Closing balance	**535**	**596**	**13,619**	**14,750**
Changes in expected credit losses (ECL) for total loans during the year	**(15,994)**	**(2,250)**	**2,412**	**(15,832)**
Impact of write-offs	-	-	27,974	27,974
Changes in ECL recognised in statement of profit or loss (note 21)	**(15,994)**	**(2,250)**	**30,386**	**12,142**

Off balance sheet and Investment securities	**Stage 1 P'000**	**Stage 2 P'000**	**Stage 3 P'000**	**Total P'000**
Opening balance	**(720)**	-	-	(720)
Movements for the year	(692)			(692)
Closing balance	**(1,412)**	**-**	**-**	**(1,412)**

The following table shows movement in gross loans and advances from 1 January 2022 to 31 December 2022:

(i)	Gross loans and advances			
	Stage 1 P'000	**Stage 2 P'000**	**Stage 3 P'000**	**Total P'000**
Opening balance	**6 360 933**	**63 941**	**371 783**	**6 796 657**
New loans	1 867 444	15 163	9 489	1 892 096
Transfer to stage 1	100 983	(48 596)	(52 387)	-
Transfer to stage 2	(72 572)	86 669	(14 097)	-
Transfer to stage 3/ estimation change	(40 388)	(10 909)	51 297	-
Payments, drawdowns, accruals & re-advances	(58 867)	-	(88 027)	(146 894)
Other*	(1 791 342)	44 700	25 390	(1 721 251)
Closing Balance	**6 366 191**	**150 968**	**303 448**	**6 820 608**

There were no purchased or originated credit-impaired financial assets during the year.
*Overall, movements in the stages are reflective of improved performance of the loan book during the year. This was due to (1) loan write-offs which reduces the non-perfoming loan book and (2) effective collection strategies employed by the bank in the past 2 years. This has resulted in the book being skewed towards stage1 and stage 2, compared to the position as at 1 January 2022.

- Realignment of roles within the Collections shop
- Risk segmentation of accounts giving priority to high-risk accounts
- Introduction of Collector KPIs aligned to the impairment budget
- Securing and enforcing Judgement on matters undergoing litigation
- Frequent engagement with our External Debt Collectors to monitor performance and align to Recoveries Strategy

Retail and SME loans	Gross loans and advances			
	Stage 1 P'000	**Stage 2 P'000**	**Stage 3 P'000**	**Total P'000**
Opening balance	**5 283 706**	**37 526**	**206 033**	**5 527 265**
New loans	1 737 365	14 659	9 490	1 761 514
Transfer to stage 1	68 723	(42 869)	(25 854)	-
Transfer to stage 2	(56 229)	62 102	(5 873)	-
Transfer to stage 3	(27 178)	(6 942)	34 120	-
Loan settlements and write-offs	(38 625)	-	(65 803)	(104 428)
Payment, drawdowns, accruals & re-advances	(1 614 682)	36 258	45 455	(1 532 969)
Transfer from corporate	74 841	11 027	47 086	132 954
Closing Balance*	**5 427 921**	**111 761**	**244 654**	**5 784 336**

Movement in the Retail and SME loans are in line with the movements in the gross book as aforementioned. The performance of the portfolio has improved due to write-offs of part of the non performing portfolio and improved collection strategy. The movement between Corporate and Retail and SME is due to correction of incorrect disclosures made in the prior period. The loan and amount and ECL were incorrectly calculated but disclosed in the incorrect segment

Notes to the Consolidated and Separate Annual Financial Statements (continued)
3. Financial risk management (continued)
3.1 Credit risk (continued)
3.1.6 Movement in expected credit losses (continued)

Corporate loans	Gross loans and advances			
	Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	Total P'000
Opening balance	**382 476**	**11 027**	**66 334**	**459 837**
New loans	98 213	-	-	98 213
Transfer to stage 2	5 469	-	(5 469	-
Transfer to stage 3/ estimation change	-	-	(5 264)	(5 264)
Payments, drawdowns, accruals & re-advances	(111 449)	-	(2 581)	(114 030)
Transfer to Retail	(74 841)	(11 027)	(47 086)	(132 954)
Other	-	-	-	-
Closing Balance*	**299 868**	**-**	**5 934**	**305 802**

No significant movements in corporate loans apart from the reduction in the book value due to reduced lending activities and reclassification of some corporate loans to the SME portfolio.

Mortgage Loans	Gross loans and advances			
	Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	Total P'000
Opening balance	**694 748**	**15 391**	**99 416**	**809 555**
New loans	31 862	502	-	32 364
Transfer to stage 1	32 259	(5 727)	(26 532)	-
Transfer to stage 2	(16 343)	24 566	(8 223)	-
Transfer to stage 3/ estimation change	(7 741)	(3 967)	11 708	-
Payments, drawdowns, accruals & re-advances	(31 176)	-	(6 024)	(37 200)
Other	(65 207)	8 442	(17 484)	(74 249)
Closing Balance	**638 402**	**39 207**	**52 861**	**730 470**

There were no significant movements in the mortgages portfolio during the year in terms of gross balance and also distribution of the loans amongst stages. This is due to the relatively low risk nature of the portfolio as it is secured such that volume of payments remains high and there are relatively low defaults, hence, insignificant movement between the stages or quicker cure rates in the event of default.

The following table shows movement in expected credit losses from 1 January 2022 to 31 December 2022:

(i) Loans and advances*	Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	Total P'000
Opening balance	**49 537**	**6 115**	**232 310**	**287 962**
New loans	19 264	1 802	30 508	51 574
Transfer to stage 1	29 980	(3 942)	(26 038)	-
Transfer to stage 2	(215)	5 262	(5 047)	-
Transfer to stage 3	(149)	(281)	430	-
Write-offs	-	-	(73 002)	(73 002)
Changes in PD, LGD and model assumptions	26 180	(850)	(69 860)	(44 530)
Payments and other changes	(57 263)	6 421	69 258	18 416
Closing balance	**67 334**	**14 527**	**158 559**	**240 420**

* Refer note 38 for restatement.

The following tables shows movement in expected credit losses from 1 January 2022 to 31 December 2022 across the various portfolios:

	Stage 1	Stage 2	Stage 3	Total
Retail and SME loans	**P'000**	**P'000**	**P'000**	**P'000**
Opening balance	**44,393**	**5,511**	**206,171**	**256,075**
New loans	17,535	1,802	30,509	49,846
Transfer to stage 1	29,848	(3,827)	(26,021)	-
Transfer to stage 2	(197)	5,239	(5,042)	-
Transfer to stage 3	43	(277)	234	-
Write-offs	-	-	(67,628)	(67,628)
Changes in PD, LGD and model assumptions	24,028	(558)	(72,275)	(48,805)
Payments and other changes	(53,597)	6,610	92,021	45,034
Closing balance*	**62,053**	**14,500**	**157,969**	**234,522**

	Stage 1	Stage 2	Stage 3	Total
Corporate loans	**P'000**	**P'000**	**P'000**	**P'000**
Opening balance	**2,689**	**52**	**12,110**	**14,851**
New loans	1,669	-	-	1,669
Transfer to stage 1	90	-	(90)	-
Changes in PD, LGD and model assumptions	2,473	(52)	(4,759)	(2,338)
Payments and other changes	(2,855)	-	(1,854)	(4,709)
Write-offs	-	-	(5,294)	(5,294)
Closing balance*	**4,066**	**-**	**113**	**4,179**

	Stage 1	Stage 2	Stage 3	Total
Mortgage loans	**P'000**	**P'000**	**P'000**	**P'000**
Opening balance	**2,455**	**553**	**14,028**	**17,036**
New loans	60	-	-	60
Transfer to stage 1	132	(115)	(17)	-
Transfer to stage 2	(19)	24	(5)	-
Transfer to stage 3	(102)	(4)	106	-
Write-offs	-	-	(79)	(79)
Changes in PD, LGD and model assumptions	(901)	(926)	(16,575)	(18,402)
Payments and other changes	(410)	495	3,019	3,104
Closing balance	**1,215**	**27**	**477**	**1,719**
Changes in expected credit losses (ECL) during the year	17,797	8,412	(748)	25,461
ECL credit/(charge) for the period	**17,797**	**8,412**	**(748)**	**25,461**

		Stage 1	Stage 2	Stage 3	Total
(ii)	**Off balance sheet and Investment securities**	**P'000**	**P'000**	**P'000**	**P'000**
	Opening balance	**(620)**	**-**	**-**	**(620)**
	Movements for the year	(100)	-	-	(100)
	Closing balance	**(720)**	**-**	**-**	**(720)**

3.1.7 Management overlays

The inputs and assumptions into the IFRS 9 model are carefully considered by management for completeness and relevance. The inputs and assumptions are reviewed on an annual basis and adjusted accordingly to reflect changing macro-economic environment and vintages in the loan book. ECL calculations are reviewed for accuracy and consistency and reasonableness on a regular basis. The results for the year are relatively consistent with management expectations. Management overlays are only instituted in cases where the model results are not reflective of underlying customer behaviour and economic conditions. Management overlays are subjected to review and approval by the Management Committee after a rigorous review of the underlying assumptions and departures from the model assumptions.

For the year ended 31 December 2023 management performed out of model adjustments to ECL on loans and advances of P30 million (increase to ECL) whilst in 2022 net out of model adjustments to loans and advances was P6.1 million (increase to ECL). The overlays are detailed below:

The loans are likely to be written off in the financial year ended 31 December 2024 due to them being stage 3 loans with collateral attached to them not being in a state where its market value cannot be used to recover outstanding loan amounts. ECL was increased out of model by P30 million.

3.1.8 ECL sensitivity analysis

The Group and Company incorporates forward-looking information into both the assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and the measurement of ECL. The Group formulates three economic scenarios: a base case, which is the central scenario, developed internally based on consensus forecasts, and two less likely scenarios; one upside and one downside scenario. The central scenario is aligned with information used by the Group for other purposes such as strategic planning and budgeting.

Several macro economic factors such as GDP growth rate and changes in lending rates, inflation and unemployment rates were considered. Not all factors were statistically significant as such the final model only incorporated change in GDP and lending rates.

The table below lists the macroeconomic assumptions used in the base, upside and downside scenarios over a two-year forecast period. The assumptions represent year-on-year percentage change for GDP and change in lending rate for Q1 2023, based on the Government of Botswana budget speech of February 2023 and other sources. The assumptions are based on analysis of historic projections against actual outturn and establishing a reasonable range of outcomes.

	Base case scenario	Upside/ favourable case scenario	Adverse case scenario
Real GDP growth rate			
2025	4.5%	4.95%	4.28%
2024	4.7%	5.17%	4.47%
Change in lending rates			
Q1 2023	0.00%	(0.25)%	0.25%

The final ECL numbers for loans and advances of P228 million with a coverage ratio of 3% were measured by weighting the ECL outcome for each of scenario by the likelihood of that scenario occurring. The likelihood of the base scenario occurring was 85%, with upside and adverse scenarios weighted at 10% and 5% respectively.

The table below shows the Group's analysis of the ECL's sensitivity to upside, downside and base case economic scenarios.

Loans and advances

31-Dec-23	Gross P'000	ECL P'000	Net P'000	ECL coverage ratio %
Base scenario	6,362,917	(228,278)	6,134,639	3.59%
Upside scenario	6,362,917	(205,450)	6,157,467	3.23%
Adverse scenario	6,362,917	(239,692)	6,123,225	3.77%

Loans and advances

31-Dec-22	Gross P'000	ECL P'000	Net P'000	ECL coverage ratio %
Base scenario	6,820,608	(240,420)	6,580,188	3.52%
Upside scenario	6,820,608	(216,378)	6,604,230	3.17%
Adverse scenario	6,820,608	(252,441)	6,568,167	3.70%

The 2022 balance above were based on the assumptions below:

	Base case scenario	Upside/ favourable case	Adverse case scenario
Real GDP growth rate			
2023	4.00%	4.40%	3.20%
2024	5.10%	5.61%	4.08%
Change in lending rates			
Q1 2023	-	-0.25%	0.25%

3.2 Liquidity risk

Liquidity risk is the risk of the group not being able to meet its commitments due to shortage of funds. Liquidity risk may arise in situations where there are mismatches between maturities of assets and liabilities. The Group's exposure to the risk is managed by the maturity profiles of the assets and liabilities.

The analysis of assets and liabilities of the group into relevant maturity groupings is based on the remaining period at reporting date to the contractual maturity date. The matching and controlled mismatching of the maturities is fundamental to the management of the risk. An unmatched position potentially enhances profitability, but can increase the risk of loss.

Liquidity risk management process

The Group holds liquidity reserves in highly tradable instruments or money market placements which are immediately available if required. Liquidity is assessed by currency as well as by time bracket. The Group's liquidity management is dependent upon accurate cash flow projections and the monitoring of it's future funding requirements. The Group's liquidity management process, is monitored by Treasury and includes:

- Day-to-Day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature or are borrowed by customers. The Group maintains an active presence in global money markets to enable this to happen.
- Maintaining a portfolio of highly marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flows.
- Monitoring statement of financial position liquidity ratios against internal and regulatory requirements; and
- Managing single counterparty and sector depositor's concentration and profile of debt maturities to minimize liquidity shocks. The
- Bank has put in place single counterparty and sector concentration limits as a means of managing liquidity risk.

The Group manages large depositor and sectorial concentrations through limits on the amounts to be accepted from an individual depositors and exposures to various sectors. The limits are reviewed at Assets and Liabilities Committee ("ALCO") on a regular basis.

ALCO also monitors unmatched medium-term assets, the level and type of undrawn lending commitments, the usage of overdraft facilities and the impact of contingent liabilities such as standby letters of credit and guarantees.

Changes in monetary policies were exacerbated by the changes in the price commodities which resulted in increases to interest rates. In Botswana, the Bank of Botswana increased the prime lending rate by 0.51% in January and decreased by 0.25% in December 2023. The Bank managed to comply with the regulatory minimum liquidity ratio of 10% throughout the year. As at 31 December 2023, the Bank's liquidity ratio was 20% (2022: 14.5%).

Liquidity analysis based on contractually undiscounted amounts
The table below analyses the Group's financial assets and liabilities that will be settled on a gross basis into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Other financial assets and liabilities exclude prepayments, other assets and liabilities which does not meet the criteria of a financial instrument.

Consolidated

Gross cash flows 31 December 2023 Assets	Up to 1 month P'000	1 to 3 months P'000	3 to 12 months P'000	1 to 5 years P'000	Greater than 5 years	Total P'000	Effect of discounting P'000	Carrying amount P'000
Cash and balances with the Central Bank	324,457	-	-	-	-	324,457	-	324,457
Balances with other banks	1,469,645	-	29,424	-	-	1,499,069	-	1,499,069
Loans and advances to customers	140,779	280,084	1,216,337	5,710,995	1,399,937	8,748,132	(2,613,493)	6,134,639
Derivative financial assets	-	-	-	-	-	-	-	-
Investment securities	149,967	251,707	301,571	227,091	362,367	1,292,703	(148,474)	1,144,229
Balances due from related parties	3,246	254,269	-	-	-	257,515	(162)	257,353
Other financial assets	192,601	-	-	-	-	192,601	-	192,601
Total	**2,280,695**	**786,060**	**1,547,332**	**5,938,086**	**1,762,304**	**12,314,477**	**(2,762,129)**	**9,552,348**
Liabilities								
Deposits from banks	14,547	-	-	-	-	14,547	-	14,547
Deposits from customers	3,636,851	1,585,362	2,250,522	409,735	-	7,882,470	(148,228)	7,734,242
Borrowings	2,439	4,878	54,449	936,572	208,890	1,207,228	(398,900)	808,328
Derivative financial liabilities	-	-	-	-	-	-	-	-
Balances due to related parties	5,908	-	-	-	-	5,908	-	5,908
Lease liabilities	1,264	3,840	10,434	67,191	23,102	105,831	(26,454)	79,377
Other financial liabilities	104,828	-	-	-	-	104,828	-	104,828
Total	**3,765,837**	**1,594,080**	**2,315,405**	**1,413,498**	**231,992**	**9,320,812**	**(573,582)**	**8,747,230**
Liquidity (gap)/surplus	**(1,485,142)**	**(808,020)**	**(768,073)**	**4,524,588**	**1,530,312**	**2,993,665**	**(2,188,547)**	**805,118**

Gross cash flows 31 December 2022 Assets	Up to 1 month P'000	1 to 3 months P'000	3 to 12 months P'000	1 to 5 years P'000	Greater than 5 years P'000	Total P'000	Effect of discounting P'000	Carrying amount P'000
Cash and balances with the Central Bank	217,678	-	-	-	-	217,678	-	217,678
Balances with other banks	823,011	-		-	-	823,011	-	823,011
Balances due from related parties	282,675	115,061	-	-	-	397,736	-	397,736
Investment securities	-	50,000	800,740	-	40,000	890,740	(14,407)	876,333
Loans and advances to customers*	1,322	11,675	36,386	2,785,641	6,698,291	9,533,315	(2,953,127)	6,580,188
Derivative financial assets	-	-	20,838	-	-	20,838	-	20,838
Other financial assets	58,883	-	-	-	-	58,883	-	58,883
Total	**1,383,569**	**176,736**	**857,964**	**2,785,641**	**6,738,291**	**11,942,201**	**(2,967,534)**	**8,974,666**
Liabilities								
Deposits from banks	76,531	114,796	-	-	-	191,327	-	191,327
Deposits from customers	3,793,149	1,388,715	1,900,999	202,065	-	7,284,928	(8,210)	7,276,718
Borrowings	208	35,351	205,576	157,995	545,996	945,126	(327,105)	618,021
Derivative financial liabilities	-	-	20,302	-	-	20,302	-	20,302
Balances due to related parties	6,097	-	-	-	-	6,097	-	6,097
Lease liabilities*	1,277	3,876	10,767	50,395	36,107	102,422	(12,301)	90,121
Other financial liabilities*	60,823	-	-	-	-	60,823	-	60,823
Total	**3,938,085**	**1,542,738**	**2,137,644**	**410,455**	**582,103**	**8,611,025**	**(347,616)**	**8,263,409**
Liquidity (gap)/surplus	**(2,554,516)**	**(1,366,002)**	**(1,279,680)**	**2,375,186**	**6,156,188**	**3,331,176**	**(2,619,918)**	**711,257**

* Refer to note 38 for restatement

Notes to the Consolidated and Separate Annual Financial Statements (continued)
3. Financial risk management (continued)
3.2 Liquidity risk (continued)
Liquidity analysis based on contractually undiscounted amounts (continued)

Company

31 December 2023 Assets	Up to 1 month P'000	1 to 3 months P'000	3 to 12 months P'000	1 to 5 years P'000	Greater than 5 years P'000	Total outflows P'000	Effect of discounting P'000	Carrying amount P'000
Cash and balances with the Central Bank	324,457	-	-	-		324,457	-	324,457
Balances with other banks	1,469,645	-	29,424	-		1,499,069	-	1,499,069
Loans and advances to customers	140,779	280,084	1,216,337	5,710,995	1,399,937	8,748,132	(2,613,493)	6,134,639
Derivative financial assets	-	-	-	-	-	-	-	-
Investment securities	149,967	251,707	301,571	227,091	362,367	1,292,703	(148,474)	1,144,229
Balances due from related parties	4,093	254,269	-	-	-	258,362	(162)	258,200
Other financial assets (note 14)	192,758	-	-	-	-	192,758	-	192,758
Total	**2,281,699**	**786,060**	**1,547,332**	**5,938,086**	**1,762,304**	**12,315,481**	**(2,762,129)**	**9,553,352**
Liabilities								
Deposits from banks	14,547	-	-	-	-	14,547	-	14,547
Deposits from customers	3,636,851	1,585,362	2,250,522	409,735	-	7,882,470	84,024	7,966,494
Borrowings	2,439	4,878	54,449	936,572	208,890	1,207,228	(398,900)	808,328
Derivative financial liabilities	-	-	-	-	-	-	-	-
Balances due to related parties	5,908	-	-	-	-	5,908	-	5,908
Lease liabilities*	1,264	3,840	10,434	67,191	23,102	105,831	(26,454)	79,377
Other financial liabilities (note 17)*	98,990	-	-	-	-	98,990	-	98,990
Total	**3,759,999**	**1,594,080**	**2,315,405**	**1,413,498**	**231,992**	**9,314,974**	**(341,330)**	**8,973,644**
Liquidity (gap)/surplus	**(1,478,300)**	**(808,020)**	**(768,073)**	**4,524,588**	**1,530,312**	**3,000,507**	**(2,420,799)**	**579,708**

31 December 2022 Assets	Up to 1 month P'000	1 to 3 months P'000	3 to 12 months P'000	1 to 5 years P'000	Greater than 5 years P'000	Total P'000	Effect of discounting P'000	Carrying amount P'000
Cash and balances with the Central Bank	217,678	-	-	-	-	217,678	-	217,678
Balances with other banks	823,011	-	-	-	-	823,011	-	823,011
Balances due from related parties	283,134	115,062	-	-	-	398,196	-	398,196
Investment securities	-	50,000	800,740	-	40,000	890,740	(14,407)	876,333
Loans and advances to customers*	1,322	11,675	36,386	2,785,640	6,698,292	9,533,315	(2,953,127)	6,580,188
Derivative financial assets	-	-	20,838	-	-	20,838	-	20,838
Other financial assets	57,698	-	-	-	-	57,698	-	57,698
Total	**1,382,843**	**176,737**	**857,964**	**2,785,640**	**6,738,292**	**11,941,476**	**(2,967,534)**	**8,973,942**
Liabilities								
Deposits from banks	76,531	114,796	-	-	-	191,327	-	191,327
Deposits from customers	3,829,437	1,388,715	2,061,757	210,275	-	7,490,184	(8,210)	7,481,974
Borrowings	208	35,351	205,576	157,995	545,996	945,126	(327,105)	618,021
Derivative financial liabilities	-	-	20,302	-	-	20,302	-	20,302
Balances due to related parties	6,097	-	-	-	-	6,097	-	6,097
Lease liabilities*	1,277	3,876	10,767	50,395	36,108	102,423	(12,302)	90,121
Other financial liabilities*	61,623	-	-	-	-	61,623	-	61,623
Total	**3,975,173**	**1,542,738**	**2,298,402**	**418,665**	**582,104**	**8,817,082**	**(347,617)**	**8,469,465**
Liquidity (gap)/surplus	**(2,592,330)**	**(1,366,001)**	**(1,440,438)**	**2,366,975**	**6,156,188**	**3,124,394**	**(2,619,917)**	**504,477**

* Refer to note 38 for restatement

Liquidity risk on financial guarantee contracts and commitments

31 December 2023	Total P'000	Not later than 1 year P'000	1-5 years P'000	Over 5 years P'000
Financial guarantees, acceptances and other financial facilities	249,394	249,394	-	-
Loan commitments and other credit related liabilities	17,547	17,547	-	-
Total	**266,941**	**266,941**	**-**	**-**

Financial guarantees and loan commitments are callable on demand.

31 December 2022	Total P'000	Not later than 1 year P'000	1-5 years P'000	Over 5 years P'000
Financial guarantees, acceptances and other financial facilities	205,585	205,585	-	-
Loan commitments and other credit related liabilities	20,337	20,337	-	-
Total*	**225,922**	**225,922**	**-**	**-**

3.2.1 Maturity profile

The table below analyses assets and liabilities of the Group into relevant maturity groupings based on the remaining period at reporting date to the remaining contractual maturity date.

As at 31 December 2023	Up to 1 month P'000	1 - 3 months P'000	3 - 12 months P'000	1 - 5 years P'000	Greater than 5 years P'001	Total P'000
Cash and balances with the Central Bank	324,457	-	-	-	-	324,457
Balances with other banks	1,469,645	-	29,424	-	-	1,499,069
Loans and advances to customers	38,589	21,012	115,629	2,371,149	3,588,260	6,134,639
Derivative financial assets	-	-	-	-	-	-
Investment securities	149,966	493,213	49,544	188,310	263,196	1,144,229
Balances due from related parties	3,246	254,107	-	-	-	257,353
Other financial assets	192,601	-	-	-	-	192,601
Total assets	**2,178,504**	**768,332**	**194,597**	**2,559,459**	**3,851,456**	**9,552,348**
Deposits from banks	14,547	-	-	-	-	14,547
Deposits from customers	3,440,375	1,564,408	2,358,192	371,267	-	7,734,242
Borrowings	-	-	-	618,114	190,214	808,328
Derivative financial liabilities	-	-	-	-	-	-
Balances due to related parties	5,908	-	-	-	-	5,908
Lease liabilities	948	2,880	7,826	50,396	17,327	79,377
Other financial liabilities (note 17)	104,828	-	-	-	-	104,828
Total liabilities	**3,566,606**	**1,567,288**	**2,366,018**	**1,039,777**	**207,541**	**8,747,230**
Net maturity gap 31 December 2023	**(1,388,103)**	**(798,955)**	**(2,171,421)**	**1,519,682**	**3,643,915**	**805,118**

Notes to the Consolidated and Separate Annual Financial Statements (continued)
3. Financial risk management (continued)
3.2 Liquidity risk (continued)
3.2.1 Maturity profile (continued)

Group

As at 31 December 2022	Up to 1 month P'000	1 - 3 months P'000	3 - 12 months P'000	1 - 5 years P'000	Greater than 5 years P'000	Total P'000
Cash and balances with the Central Bank	217,678	-	-	-	-	217,678
Balances with other banks	823,011	-	-	-	-	823,011
Loans and advances to customers*	101,316	11,529	54,718	1,595,018	4,817,607	6,580,188
Derivative financial assets	-	-	20,838	-	-	20,838
Investment securities	-	48,903	788,412	-	39,017	876,332
Balances due from related parties	282,675	115,061	-	-	-	397,736
Other financial assets	58,883	-	-	-	-	58,883
Total assets	**1,483,563**	**175,493**	**863,968**	**1,595,018**	**4,856,624**	**8,974,666**
Deposits from banks	76,531	114,796	-	-	-	191,327
Deposits from customers	3,793,149	1,388,711	1,900,999	193,859	-	7,276,718
Borrowings	208	32,316	157,997	-	427,500	618,021
Derivative financial liabilities	-	-	20,302	-	-	20,302
Balances due to related parties	6,097	-	-	-	-	6,097
Lease liabilities*	1,123	3,407	9,465	45,001	31,125	90,121
Other financial liabilities	60,823	-	-	-	-	60,823
Total liabilities	**3,937,931**	**1,539,230**	**2,088,763**	**238,860**	**458,625**	**8,263,409**
Net maturity gap 31 December 2022	**(2,454,368)**	**(1,363,737)**	**(1,224,795)**	**1,356,158**	**4,397,999**	**711,257**

* Refer to note 38 for restatement

Company

As at 31 December 2023	Up to 1 month P'000	1 - 3 months P'000	3 - 12 months P'000	1 - 5 years P'000	Greater than 5 years P'000	Total P'000
Cash and balances with the Central Bank	324,457	-	-	-	-	324,457
Balances with other banks	1,469,645	-	29,424	-	-	1,499,069
Loans and advances to customers	38,589	21,012	115,629	2,371,149	3,588,260	6,134,639
Derivative financial assets			-	-	-	-
Investment securities	149,966	493,213	49,544	188,310	263,196	1,144,229
Balances due from related parties	4,093	254,107	-	-	-	258,200
Other financial assets (note 14)	192,758	-	-		-	192,758
Total assets	**2,179,508**	**768,332**	**194,597**	**2,559,459**	**3,851,456**	**9,553,352**
Deposits from banks	14,547	-	-	-	-	14,547
Deposits from customers	3,672,627	1,564,408	2,358,192	371,267	-	7,966,494
Borrowings	-	-	-	618,114	190,214	808,328
Derivative financial liabilities	-	-	-	-	-	-
Balances due to related parties	5,908	-	-	-	-	5,908
Lease liabilities	948	2,880	7,826	50,396	17,327	79,377
Other financial liabilities (note 17)	98,990	-	-	-	-	98,990
Total liabilities	**3,793,020**	**1,567,288**	**2,366,018**	**1,039,777**	**207,541**	**8,973,644**
Net maturity gap 31 December 2023	**(1,613,512)**	**(798,956)**	**(2,171,421)**	**1,519,682**	**3,643,915**	**579,708**

Company

As at 31 December 2022	**Up to 1 month P'000**	**1 - 3 months P'000**	**3 - 12 months P'000**	**1 - 5 years P'000**	**Greater than 5 years P'000**	**Total P'000**
Cash and balances with the Central Bank	217,678	-	-	-	-	217,678
Balances with other banks	823,011	-	-	-	-	823,011
Loans and advances to customers*	101,316	11,529	54,718	1,595,018	4,817,607	6,580,188
Derivative financial assets	-	-	20,838	-	-	20,838
Investment securities	-	48,903	788,413	-	39,017	876,333
Balances due from related parties	282,299	115,897	-	-	-	398,196
Other financial assets	57,698	-	-	-	-	57,698
Total assets	**1,482,002**	**176,329**	**863,969**	**1,595,018**	**4,856,624**	**8,973,942**
Deposits from banks	76,531	114,796	-	-	-	191,327
Deposits from customers	3,837,647	1,388,715	2,061,757	193,855	-	7,481,974
Borrowings	208	32,316	157,997		427,500	618,021
Derivative financial liabilities	-	-	20,302	-	-	20,302
Balances due to related parties	6,097	-	-	-	-	6,097
Lease liabilities*	1,123	3,407	9,465	45,001	31,125	90,121
Other financial liabilities	61,623	-	-	-	-	61,623
Total liabilities	**3,983,229**	**1,539,234**	**2,249,521**	**238,856**	**458,625**	**8,469,465**
Net maturity gap 31 December 2022	**(2,501,227)**	**(1,362,905)**	**(1,385,552)**	**1,356,162**	**4,397,999**	**504,477**

*Refer to note 38 for restatement

3.3 Market risk

The Group takes on exposure to market risks, which is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks arise from open positions in interest rate, currency and equity products, all of which are exposed to general and specific market movements and changes in the level of volatility of market rates or prices such as interest rates, credit spreads, foreign exchange rates and equity prices.

Market and foreign currency exposures related to dealing positions are managed in the Treasury division within a framework of pre-approved dealer, currency and counterparty limits. The currency exposure that arises is managed through ALCO.

3.3.1 Interest rate risk

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. Assets and liabilities carrying variable rate interest are classified under 'up to one month' bracket.

Loans and advances are of a floating rate nature based on the Bank rate, since as per the Group's and Company's loan agreements, the Group reserves the right to change the rate of interest at any time in the event of market fluctuations and/or credit/banking considerations which may be set out from time to time by the Group and/or any government or regulatory authority. The Group also reserves the right to change the interest rates on deposits in line with the market fluctuations and/or change in credit/banking considerations.

The Assets and Liabilities Committee (ALCO) is responsible for managing interest rate and liquidity risk in the group. The Assets and Liabilities Committee has been established on this mandate and meets on a monthly basis. They operate within the prudential guidelines and policies established by group ALCO. In order to reduce interest rate risk, the majority of the Group's lending is on a variable interest rate. This approach has been adopted as a result of the scarcity of term deposits in the market region which limits the Groups ability to build a substantial stable pool of fixed rate funding.

Notes to the Consolidated and Separate Annual Financial Statements (continued)
3. Financial risk management (continued)
3.3 Market risk (continued)
3.3.1 Interest rate risk (continued)

The tables below summarises the Group's exposure to interest rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates. Assets and liabilities carrying variable interest rates are classified under the 'up to 1 month' bracket.

Group

31 December 2023	**Up to 1 month P'000**	**1 - 3 months P'000**	**3 - 12 months P'000**	**1 - 5 years P'000**	**Greater than 5 years P'000**	**Non-interest bearing P'000**	**Total P'000**
Cash and balances with the Central Bank	-	-	-	-	-	324,457	324,457
Balances with other banks	1,469,645	-	29,424	-	-	-	1,499,069
Balances due from related parties	-	254,107	-	-	-	3,246	257,353
Derivative financial assets	-	-	-	-	-	-	-
Investment securities	-	-	-	-	413,162	731,067	1,144,229
Loans and advances to customers	38,589	21,012	115,629	2,371,149	3,588,260	-	6,134,639
Other financial assets	-	-	-	-	-	192,601	192,601
Total assets	**1,508,234**	**275,119**	**145,053**	**2,371,149**	**4,001,422**	**1,251,371**	**9,552,348**
Liabilities							
Deposits from banks	14,547	-	-	-	-	-	14,547
Deposits from customers	3,425,813	1,564,408	2,358,192	371,267	-	14,562	7,734,242
Borrowings	-	-	-	618,114	190,214	-	808,328
Derivative financial liabilities	-	-	-	-	-	-	-
Balances due to related parties	-	-	-	-	5,372	536	5,908
Lease liabilities	948	2,880	7,826	50,396	17,327	-	79,377
Other financial liabilities	104,828	-	-	-	-	-	104,828
Total liabilities	**3,546,136**	**1,567,288**	**2,366,018**	**1,039,777**	**212,913**	**15,098**	**8,747,230**
Total interest repricing gap	**(2,037,902)**	**(1,292,169)**	**(2,220,965)**	**(1,039,777)**	**3,788,509**	**1,236,273**	**805,118**

31 December 2022	**Up to 1 month P'000**	**1 - 3 months P'000**	**3 - 12 months P'000**	**1 - 5 years P'000**	**Greater than 5 years P'000**	**Non-interest bearing P'000**	**Total P'000**
Cash and balances with the Central Bank	172,178	-	-	-	-	45,500	217,678
Balances with other banks	824,228	-	-	-	-	-	824,228
Balances due from related parties	-	397,736	-	-	-	-	397,736
Derivative financial assets	-	-	20,838	-	-	-	20,838
Investment securities	-	-	836,333	-	40,000	-	876,333
Loans and advances to customers*	6,580,188	-	-	-	-	-	6,580,188
Other financial assets	-	-	-	-	-	-	-
Total assets	**7,576,594**	**397,736**	**857,171**	**-**	**40,000**	**45,500**	**8,917,001**
Liabilities							
Deposits from banks	76,531	114,796	-	-	-	-	191,327
Deposits from customers	-	1,388,711	2,061,757	193,855	-	3,632,539	7,276,862
Borrowings	263,021	-	-	55,000	300,000	-	618,021
Derivative financial liabilities	-	-	-	-	-	498	498
Balances due to related parties	-	-	20,302	-	-	6,097	26,399
Lease liabilities*	-	-	-	84,921		-	84,921
Other financial liabilities	60,823	-	-	-	-	-	60,823
Total liabilities	**400,375**	**1,503,507**	**2,082,059**	**333,776**	**300,000**	**3,639,134**	**8,258,851**
Total interest repricing gap	**7,176,219**	**(1,105,771)**	**(1,224,888)**	**(333,776)**	**(260,000)**	**(3,593,634)**	**658,150**

* Refer to note 38 for restatement

Notes to the Consolidated and Separate Annual Financial Statements (continued)
3. Financial risk management (continued)
3.3 Market risk (continued)
3.3.1 Interest rate risk (continued)

Company

31 December 2023	Up to 1 month P'000	1 - 3 months P'000	3 - 12 months P'000	1 - 5 years P'000	Greater than 5 years P'000	Non-interest bearing P'000	Total P'000
Cash and balances with the Central Bank	-	-	-	-	-	324,457	324,457
Balances with other banks	1,469,645	-	29,424	-	-	-	1,499,069
Loans and advances to customers	38,589	21,012	115,629	2,371,149	3,588,260	-	6,134,639
Derivative financial assets	-	-	-	-	-	-	-
Investment securities	-	-	-	-	413,162	731,067	1,144,229
Balances due from related parties	-	254,107	-	-	-	4,093	258,200
Other financial assets	-	-	-	-	-	192,758	192,758
Total assets	**1,508,234**	**275,119**	**145,053**	**2,371,149**	**4,001,422**	**1,252,375**	**9,553,352**
Liabilities							
Deposits from banks	14,547	-	-	-	-	-	14,547
Deposits from customers	3,658,065	1,564,408	2,358,192	371,267	-	14,562	7,966,494
Borrowings	-	-	-	618,114	190,214	-	808,328
Derivative financial liabilities	-	-	-	-	-	-	-
Balances due to related parties	-		-	-	5,372	536	5,908
Lease liabilities	948	2,880	7,826	50,396	17,327	-	79,377
Other financial liabilities	98,990	-	-	-	-	-	98,990
Total liabilities	**3,772,550**	**1,567,288**	**2,366,018**	**1,039,777**	**212,913**	**15,098**	**8,973,644**
Total interest repricing gap	**(2,264,316)**	**(1,292,169)**	**(2,220,965)**	**(1,039,777)**	**3,788,509**	**1,237,277**	**579,708**

31 December 2022	Up to 1 month P'000	1 - 3 months P'000	3 - 12 months P'000	1 - 5 years P'000	Greater than 5 years P'000	Non-interest bearing P'000	Total P'000
Cash and balances with the Central Bank	172,178	-	-	-	-	45,500	217,678
Balances with other banks	824,228	-	-	-	-	-	824,228
Loans and advances to customers*	6,580,188	-	-	-	-	-	6,580,188
Derivative financial assets	-	-	20,838	-	-	-	20,838
Investment securities	-	-	836,333	-	40,000	-	876,333
Balances due from related parties	-	397,736	-	-	-	459	398,195
Other financial assets	-	-	-	-	-	57,698	57,698
Total assets	**7,576,594**	**397,736**	**857,171**	**-**	**40,000**	**103,657**	**8,975,158**
Liabilities							
Deposits from banks	191,565	-	-	-	-	-	191,565
Deposits from customers	-	1,388,711	2,061,757	193,855	-	3,837,647	7,481,970
Borrowings	263,021	-	-	55,000	300,000	-	618,021
Derivative financial liabilities	-	-	20,302	-	-	-	20,302
Balances due to related parties	-	5,102	-	-	-	995	6,097
Lease liabilities*				84,921			84,921
Other financial liabilities	61,623	-	-		-	-	61,623
Total liabilities	**516,209**	**1,393,813**	**2,082,059**	**333,776**	**300,000**	**3,838,642**	**8,464,499**
Total interest repricing gap	**7,060,385**	**(996,077)**	**(1,224,888)**	**(333,776)**	**(260,000)**	**(3,734,985)**	**510,659**

* Refer to note 38 for restatement

Interest rate - sensitivity analysis
A principal part of management of market risk is to monitor the sensitivity of projected net interest income under varying interest rate scenarios. The group aims to mitigate the impact of prospective interest rate movements which could reduce future net interest income.

Sensitivity of net interest income

	Group	
	2023	**2022**
Change in net interest income arising from a shift in yield curves of +50 basis points (P'000)	4,026	3,580
Change in net interest income arising from a shift in yield curves of -50 basis points (P'000)	(4,026)	(3,580)

	Company	
	2023	**2022**
Change in net interest income arising from a shift in yield curves of +50 basis points (P'000)	2,899	2,848
Change in net interest income arising from a shift in yield curves of -50 basis points (P'000)	(2,899)	(2,848)

Foreign exchange risk
The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board and the ALCO set limits on the level of exposure by currency and in aggregate for both overnight and intra-day positions, which are monitored daily.

3.3.2

Group (Figures in Pula Thousands)

31 December 2023	**USD**	**EUR**	**ZAR**	**Other***	**Total**
Cash and balances with the Central Bank	7,106	602	898	281	8,887
Balances with other banks	767,115	6,545	101,934	10,039	885,633
Balances due from related parties	256,543	-	-	-	256,543
Derivative financial assets	-	-	-	-	-
Investment securities	-	-	-	-	-
Loans and advances to customers	15,729	-	2	-	15,731
Other financial assets	2,389	-	710	-	3,099
Total	**1,048,882**	**7,147**	**103,544**	**10,320**	**1,169,893**
Deposits from Banks	-	-	14,547	-	14,547
Deposits from customers	605,961	5,606	96,632	8,799	716,998
Borrowings	406,523	-	-	-	406,523
Derivative financial liabilities	-	-	-	-	-
Balances due to related parties	5,908	-	-	-	5,908
Other financial liabilities	41,150	-	-	-	41,150
Total	**1,059,542**	**5,606**	**111,179**	**8,799**	**1,185,126**
Net on-balance sheet position	**(10,660)**	**1,541**	**(7,635)**	**1,521**	**(15,233)**
Net off-balance sheet position	**190,806**	**-**	**9,212**	**-**	**200,018**
Net position	**180,146**	**1,541**	**1,577**	**1,521**	**184,785**

**Other includes the GBP and YEN which are individually not material.*

Notes to the Consolidated and Separate Annual Financial Statements (continued)
3. Financial risk management (continued)
3.3 Market risk (continued)
3.3.1 Foreign exchange (continued)

Company (Figures in Pula Thousands)

31 December 2023	USD	EUR	ZAR	Other	Total
Cash and balances with the Central Bank	7,106	602	898	281	8,887
Balances with other banks	767,115	6,545	101,934	10,040	885,634
Balances due from related parties	256,543	-	-	-	256,543
Derivative financial assets	-	-	-	-	-
Investment securities	-	-	-	-	-
Loans and advances to customers	15,729	-	1	-	15,730
Other financial assets	2,389	-	710	-	3,099
Total	**1,048,882**	**7,147**	**103,543**	**10,321**	**1,169,893**
Deposits from Banks	-	-	14,547	-	14,547
Deposits from customers	605,961	5,606	96,632	8,799	716,998
Borrowings	406,523	-	-	-	406,523
Derivative financial liabilities	-	-	-	-	-
Balances due to related parties	5,908	-	-	-	5,908
Other financial liabilities	41,150	-	-	-	41,150
Total	**1,059,542**	**5,606**	**111,179**	**8,799**	**1,185,126**
Net on-balance sheet position	**(10,660)**	**1,541**	**(7,636)**	**1,522**	**(15,233)**
Net off-balance sheet position	**190,806**	**-**	**9,212**	**-**	**200,018**
Net position	**180,146**	**1,541**	**1,576**	**1,522**	**184,785**

Group (Figures in Pula thousands)

31 December 2022	USD	EUR	ZAR	Other	Total
Cash and balances with the Central Bank	13,319	530	1,291	-	15,140
Balances with other banks	689,108	17,046	7,434	4,934	718,522
Balances due from related parties				-	-
Derivative financial assets				-	-
Balances due from related parties	332,248	-	65,487	-	397,735
Derivative financial assets	-	-	-	-	-
Investment securities	-	-	-		-
Loans and advances to customers	4,579	-	2	-	4,581
Other financial assets	5,783	-	731	-	6,514
Total	**1,045,037**	**17,576**	**74,945**	**4,934**	**1,142,492**
Other financial liabilities	1,647	9	352	39	2,047
Deposits from customers	609,925	16,056	75,364	5,196	706,541
Borrowings	260,055	-	-	-	260,055
Balances due to related parties	5,102	-	-	-	5,102
Total	**876,729**	**16,065**	**75,716**	**5,235**	**973,745**
Net on-balance sheet position	**168,308**	**1,511**	**(771)**	**(301)**	**168,747**
Net off-balance sheet position	**593**	**121,437**	**974**	**-**	**123,004**
Net position	**168,901**	**122,948**	**203**	**(301)**	**291,751**

Notes to the Consolidated and Separate Annual Financial Statements (continued)
3. Financial risk management (continued)
3.3 Market risk (continued)
3.3.1 Foreign exchange (continued)

Company (Figures in Pula thousands)

31 December 2022	USD	EUR	ZAR	Other	Total
Cash and balances with the Central Bank	13,319	530	1,291	237	15,377
Balances with other banks	689,108	17,046	7,434	4,934	718,522
Balances due from related parties	332,248	-	65,487	-	397,735
Derivative financial assets	-	-	-	-	-
Investment securities	-	-	-	-	-
Loans and advances to customers	4,579	-	2	-	4,581
Other financial assets	5,783	-	731	-	6,514
Total	**1,045,037**	**17,576**	**74,945**	**5,171**	**1,142,729**
Deposits from banks					
Deposits from customers	609,925	16,056	75,364	5,196	706,541
Borrowings	260,055	-	-	-	260,055
Deriavative financial liabilities	-	-	-	-	-
Balances due to related parties	5,102				5,102
Other financial liabilities	1,647	9	352	39	2,047
Current income tax liability	-		-	-	-
Total	**876,729**	**16,065**	**75,716**	**5,235**	**973,745**
Net on-balance sheet position	**168,308**	**1,511**	**(771)**	**(64)**	**168,984**
Net off-balance sheet position	**593**	**121,437**	**974**	**-**	**123,004**
Net position	**168,901**	**122,948**	**203**	**(64)**	**291,988**

Sensitivity of currency
The following sensitivity analysis is monitored on the following major currencies of non-equity instruments, assuming a 5% increase or decrease arose on the various currencies.

	Consolidated and Company	
	2023	**2022**
	Impact on profit or loss and equity	**Impact on profit or loss and equity**
EUR	77	6,147
USD	9,007	8,445
ZAR	79	10

3.4 Fair value of financial assets and liabilities

(i) Financial instruments not measured at fair value

The tables below summarise the carrying amounts of those financial assets and liabilities not presented at their fair value on the Group's statement of financial position and for which the fair value approximates the carrying amounts.

	Group		Company	
	2023 P'000	**2022 P'000**	**2023 P'000**	**2022 P'000**
Liabilities recognised at amortised cost				
Balances due to related parties	5,908	6,097	5,908	6,097
Other financial liabilities	104,828	60,823	98,990	61,626
Lease Liabilities*	79,377	90,121	79,377	90,121
Borrowings	808,328	618,021	808,328	618,021
Deposits from banks and customers	7,748,789	7,468,283	7,981,041	7,673,539
	8,747,230	**8,243,345**	**8,973,644**	**8,449,404**
Assets recognised at amortised cost				
Cash and balances with the Central Bank	324,457	217,678	324,457	217,678
Balances with other banks	1,499,069	823,011	1,499,069	823,011
Balances due from related parties	257,353	397,736	258,200	398,195
Loans and advances (gross)	6,362,917	6,820,608	6,362,917	6,820,608
Other financial assets	192,601	58,883	192,758	57,698
	8,636,397	**8,317,916**	**8,637,401**	**8,317,190**

* Refer to note 38 for restatement

The carrying amounts of the financial instruments have deemed to approximate their fair values as follows:

Related party balances, cash and bank balances and other financial assets and liabilities
Related party balances, cash and bank balances and other financial assets and liabilities are concluded at fair market terms or are short term in nature, as such, the carrying amounts are deemed to closely approximate their fair value.

Loans and advances
The fair value of loans and advances is deemed to closely approximate to the carrying value. This is due to the instruments included in this classification being variable rate instruments.

Deposits, Borrowings
Deposits are generally of a short-term nature where the impact of discounting would be negligible. For both deposits and borrowings, the counterparties are not related to the Bank and terms were concluded on market terms, hence, carrying amount approximates market values. Fair values of Borrowings are disclosed in note 16.2.

Fair value hierarchy
The fair values of the instruments above would be classified as level 3 due to the levels of adjustments and judgment relates to credit risk.

The tables below summarise the carrying amounts of those financial assets and liabilities not presented at their fair value on the Group's statement of financial position and their fair values if they had been carried at fair value.

	Carrying amount	Fair value		
Investment securities		**Level 1**	**Level 2**	**Total**
	P'000	***P'000***	***P'000***	***P'000***
31 December 2023	1,144,229	650,162	494,067	1,144,229
31 December 2022	876,333	584,222	289,431	873,653

The fair values of the above instruments have been determined as follows;

Investment securities
Level 1 Treasury bills are actively traded in the market, prices of which are readily available. The instruments under level 2 are market driven contractual rate. The fair values of the Investment securities classified as level 2 were determined by discounting the future maturities by a market driven contractual rate. The differences between carrying amounts and estimated fair values are not considered material relative to the carrying amounts and not considered to be impairment amounts. Please refer to note 3.1.3 and note 9 for the ECL raised against investment securitites and basis thereof.

(iii) Financial instruments measured at fair value

The Group classifies and measures derivative financial assets and liabilities mandatorily through fair value profit or loss. Please refer to note 8 for details of the derivatives and counterparties involved.

Fair value hierarchy
• Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and Investment securities on exchanges.

• Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). This level includes the majority of the OTC derivative contracts, traded loans and issued structured debt. The sources of input parameters like LIBOR yield curve or counterparty credit risk are Bloomberg and Reuters.

• Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and Investment securities with significant unobservable components. This hierarchy requires the use of observable market data when available. The Group considers relevant and observable market prices in its valuations where possible.

Valuation framework
Each Credit Default Swap (CDS) is BWP denominated and is valued by discounting the expected payments of the CDS to the valuation date of 31 December 2022. The discount factors for the BWP denominated cash flows for each future payment date are calculated off a BWP Bond curve. This is the most liquid-risk-free curve available for Botswana.

In addition to the calculation of the risk-neutral value, the Group also calculates a credit and debt value adjustment for each CDS, as is required by IFRS 13, when calculating the fair value of financial instruments. A semi-analytical approach was used to generate the various potential fair values of the CDS margin payments to their maturity, based on option pricing theory. In this approach, volatilities are used to calculate future fair values, which in turn are used to approximate the Expected Positive Exposures (EPE) and Expected Negative Exposure (ENE). These are then used in calculation of fair value balances.

The credit ratings were sourced from various credit rating companies, including Moody's, Fitch adn S&P. The conservative average credit rating was used for Atlas Mara. The Group calculated results for a range of possible recovery rates for all counterparties (20%, 30% and 40%). Volatility is measured as the annualised standard deviation of the continuously compounded daily returns of the underlying share/FX rate under the assumption that the share price and exchange rates are log-normally distributed. This is in line with market practice.

The Group therefore decided to use a more prudent recovery rate of 30% (2022: 30%)

Financial instruments measured at fair value

31 December 2023 **Assets**	**Level 1** **P'000**	**Level 2** **P'000**	**Level 3** **P'000**	**Total** **P'000**
Forward foreign exchange contracts	-	-	-	-
Credit default swap	-	-	-	-
Nano loan float (presented under Other Notes - note 14)	-	-	98,640	98,640
	-	-	**98,640**	**98,640**
Liabilities				
Forward foreign exchange contracts	-	-	-	-
Credit default swap	-	-	-	-
	-	-	-	-
Net derivative asset				**98,640**

31 December 2022 **Assets**	**Level 1** **P'000**	**Level 2** **P'000**	**Level 3** **P'000**	**Total** **P'000**
Forward foreign exchange contracts	-	7	-	**7**
Credit default swap	-	**-**	20,831	**20,831**
Nano loan float (presented under Other Notes - note 14)	-	**-**	30,000	**-**
	-	**7**	**50,831**	**20,838**
Liabilities				
Forward foreign exchange contracts	-	498	-	**498**
Credit default swap	-	**-**	19,804	**19,804**
	-	**498**	**19,804**	**20,302**
Net derivative asset				**536**

Level 3 Fair value movements
The following table shows a reconciliation of the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy:

31 December 2023	**Nano loan float** **P'000**	**Derivatives** **P'000**	**Total assets at fair value** **P'000**	**Derivative financial liabilities** **P'000**	**Total liabilities at fair value** **P'000**
Opening balance	30,000	20,831	50,831	19,804	19,804
Total gains or losses in profit and loss	-	-	-	-	-
Additions	68,640	-	68,640	-	-
Repayments	-	(20,831)	(20,831)	(19,804)	(19,804)
Closing balance	**98,640**	**-**	**98,640**	**-**	**-**

Nano loan float
Included under Other Assets in note 14 is a balance of P100 million advanced towards the partnership with Orange Money as float for the mobile loans termed as Nano loans. The balance is designated at fair value through profit or loss as is does not pass the solely payment of principal and interest (SPPI) test. Fair value of this advance has been deemed to be the nominal amount advanced as the underlying loans being funded are short term in nature (0-30 days) and the undrawn balance can be recalled on demand. The balance has been classified as level 3 on the fair value hierarchy as neither the advance nor inputs are observable or listed.

Notes to the Consolidated and Separate Annual Financial Statements (continued)
3. Financial risk management (continued)
3.4 Fair value of financial assets and liabilities (continued)
iii. Financial instruments measured at fair value (continued)

Consolidated and Company

31 December 2022	Nano loan Float P'000	Derivatives P'000	Total assets at fair value P'000	Derivative financial liabilities P'000	Total liabilities at fair value P'000
Opening balance	-	**66,866**	**66,866**	**64,379**	64,379
Total gains or losses:	-	5,951	5,951	4,874	-
Additions	30,000	-	30,000	-	-
Repayments	-	(51,986)	(51,986)	(49,449)	(49,449)
Closing balance	**30,000**	**20,831**	**50,831**	**19,804**	**14,930**

Sensitivity analysis of changes in fair value on level 3 derivatives
Recovery rate was considered a key unobservable input to the valuation. We have calculated results for a range of possible recovery rates for all counterparties (20%, 30% and 40%). We made use of different recovery rates for the counterparties because of the uncertainty attached to the recovery rates, and in order to demonstrate the sensitivity of the valuation to the recovery rates.

Consolidated and Company **31 December 2023**

Credit Valuation adjustment (CVA) Asset		Recovery rate - reference entity (Atlas Mara)		
		20%	30%	40%
		P'000	P'000	P'000
Recovery Rate - Atlas Mara FS	20%	-	-	-
	30%	-	-	-
	40%	-	-	-

Debit Valuation adjustment (DVA) Liability		Recovery rate - reference entity (Atlas Mara)		
		20%	30%	40%
		P'000	P'000	P'000
Recovery Rate - Access Bank	20%	-	-	-
	30%	-	-	-
	40%	-	-	-

31 December 2022

Credit Valuation adjustment (CVA) Asset		Recovery rate - reference entity (Atlas Mara)		
		20%	30%	40%
		P'000	P'000	P'000
Recovery Rate - Atlas Mara FS	20%	(745)	(756)	(767)
	30%	(651)	(661)	(671)
	40%	(559)	(567)	(575)

Debit Valuation adjustment (DVA) Liability		Recovery rate - reference entity (Atlas Mara)		
		20%	30%	40%
		P'000	P'000	P'000
Recovery Rate - Access Bank	20%	425	646	867
	30%	518	741	963
	40%	612	835	1,059

4 Capital management

The bank is a subsidiary of Access Bank Plc and manages it's capital in the context of approved Bank capital, which determines levels of risk weighted asset growth and the optimal amount and mix of capital required to support planned business growth. If capital falls below the required threshold, the Group injects capital either by way of Tier 1 or Tier 2 capital.

The Asset and Liabilities Committee (ALCO) manages capital composition and the Bank's ability to comply with capital requirements on a monthly basis, and an internal limit was set by ALCO at 15% which is a 2.5% buffer on the regulatory Capital Adequacy Ratio (CAR), which is required by the central bank to be 12.5% (2022: 12.5%) or more. The Bank ensures that it is adequately capitalized in line with regulatory requirements and Basel II to cover for Credit, Operational and Market risks. The Bank recognizes that it is exposed to other risks and thus strives to maintain capital buffer as indicated above to cover for those risks. As at 31 December 2023, the Bank's CAR stood at 22 % (2022: 22%). Refer to note 31 for details of the key components of CAR.

	Group		Company	
	2023	2022	2023	2022
5 Cash and balances with the Central Bank	P'000	P'000	P'000	P'000
Notes and coins	139,457	171,417	139,457	171,417
Unrestricted bank balances	-	761	-	761
Statutory reserve	185,000	45,500	185,000	45,500
	324,457	**217,678**	**324,457**	**217,678**

*Refer to note 3.2 for maturity and liquidity analysis for the cash and bank balances

The Bank is required to deposit a minimum average balance, calculated monthly, with the central bank. On this basis. This is balance is monitored separately, hence, presented separately from other bank balances.

ECL for physical cash and balances with the central bank is considered negligible due to the very low probability of default. Refer to note 3.1.3.

Credit quality of cash at bank and short term deposits, excluding cash on hand
The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. Credit risk of the Group's cash and cash equivalents is minimised by investing cash resources only with reputable financial institutions and Bank of Botswana.

	Group		Company	
	2023	2022	2023	2022
	P'000	P'000	P'000	P'000
6 Balances with other banks				
Balances with other banks	1,499,069	824,228	1,499,069	824,228
Less : Expected credit losses	-	(1,217)	-	(1,217)
Balance as at end of year	**1,499,069**	**823,011**	**1,499,069**	**823,011**

*ECL for balances with other banks is calculated using the loss rate approach. The balances have short tenors of less than 60 days and are all classified as stage 1.

**For 2023, included in balance with other banks was a placement with Commerzbank of P29.4 million. The placement was for an original tenor of more than 3 months and not considered to be readily convertible to cash. This balance was not included as part of the cash and cash equivalents.

Analysed into:	Group		Company	
	2023	2022	2023	2022
	P'000	P'000	P'000	P'000
Current	1,499,069	823,011	1,499,069	823,011
Non-current	-	-	-	-

	Group		Company	
	2023	**2022**	**2023**	**2022**
7 Loans and advances to customers	**P'000**	**P'000**	**P'000**	**P'000**
Gross loans	6,396,991	6,862,334	6,396,991	6,862,334
Unearned fee income	(34,074)	(41,726)	(34,074)	(41,726)
Gross loans and advances after unearned fee income	**6,362,917**	**6,820,608**	**6,362,917**	**6,820,608**
Less: Expected credit losses*	(228,278)	(240,420)	(228,278)	(240,420)
	6,134,639	**6,580,188**	**6,134,639**	**6,580,188**

Please refer to note 3.1.3 for detailed disclosures of loans and advances by class.

Analysed into:	Group		Company	
	2023	**2022**	**2023**	**2022**
	P'000	**P'000**	**P'000**	**P'000**
Current	175,230	134,299	175,230	134,299
Non-current	5,959,409	6,445,889	5,959,409	6,445,889
	6,134,639	**6,580,188**	**6,134,639**	**6,580,188**

Loans pledged as security

Asset finance loans are secured by assets being financed, whilst cash advances and other term loans are secured by either cash security, mortgage and surety bonds or any equipment of value. The carrying amount and fair value of loans pledged as security for borrowing as at 31 December 2023 is Nil (2022: P469,759,090) (Refer to note 16.7).

8 Derivatives

As part of a placement by Atlas Mara BVI ("Atlas Mara"), of USD17.4million 8% senior (NACA) convertible notes ("Cervo bonds") due in 2020 and convertible into Atlas Mara ordinary shares at USD11 per share, a Credit Default Swap ("CDS") structure was put in place between Atlas Mara FS and Access Bank Botswana to facilitate investment in the bond programme by Botswana. For the 30 December 2022 valuation, these Botswana clients are NinetyOne and Kgori Capital respectively.

Two credit derivative swaps were entered into between Access Bank Botswana and Ninety One Ltd for an amount of P38,435,253 on 29 April 2016, originally scheduled maturity date on or around March 2021, at a coupon rate of 11%. Maturity date was extended to 29 December 2023. The other Credit Derivative swap is between Access Bank Botswana and Kgori Capital Proprietary Limited for the amount of P25,623,502 on 29 April 2016, originally scheduled maturity date on or around March 2021, at a fixed rate of 11%. The maturity has been extended since then to 29 December 2023.

Related to the two credit swaps mentioned above, Access Bank entered into a credit default swap with Atlas Mara, with similar maturities as the swaps above, at a coupon rate of 13%.

Post year end the derivatives were settled.

	Group		Company	
Derivative financial instruments 31 December 2023	**Assets P'000**	**Liabilities P'000**	**Assets P'000**	**Liabilities P'000**
Derivatives at fair value through profit or loss				
Foreign exchange contracts	-	-	-	-
Credit default swap	-	-	-	-
	-	-	-	-
Net derivative asset	-	-	-	-

	Group		Company	
Derivative financial instruments 31 December 2022	**Assets P'000**	**Liabilities P'000**	**Assets P'000**	**Liabilities P'000**
Derivatives at fair value through profit or loss				
Foreign exchange contracts	7	498	7	498
Credit default swap	20,831	19,804	20,831	19,804
	20,838	**20,302**	**20,838**	**20,302**
Net derivative asset		**536**		**536**

		Group		Company	
		2023	**2022**	**2023**	**2022**
9	**Investment securities**	**P'000**	**P'000**	**P'000**	**P'000**
	Treasury Bills	650,162	584,222	650,162	584,222
	Government bonds	496,235	292,768	496,235	292,768
	Gross Investment securities	**1,146,397**	**876,990**	**1,146,397**	**876,990**
	Expected credit losses	(2,168)	(657)	(2,168)	(657)
		1,144,229	**876,333**	**1,144,229**	**876,333**
	Maturity analysis				
	Current	692,723	837,973	692,723	837,973
	Non-current	451,506	39,017	451,506	39,017
		1,144,229	**876,990**	**1,144,229**	**876,990**
9.1	**Investment securities qualifying to be included as part of cash and cash equivalents**				
	Treasury Bills	149,967	-	149,967	-
	Government bonds	-	-	-	-
		149,967	**-**	**149,967**	**-**

Treasury Bills and Government Bonds have maturities of more than three months and therefore do not qualify to be included as part of cash and cash equivalents. As at 31 December 2023 Government Bonds amounting to P452 million (2022: P290 million) formed part of the pledged securities. These securities are rated as A3 by the latest assessment from Moody's.

10 Property, plant and equipment

2023
Group*

	Land and buildings* P'000	Motor vehicles P'000	Furniture P'000	IT Equipment P'000	WIP P'000	Total P'000
Cost/revaluation						
At 1 January 2023	**148,660**	**2,100**	**79,687**	**101,317**	**16,650**	**348,414**
Additions	698	952	3,045	9,483	4,645	18,823
Revaluation	1,870	-	-	-	-	1,870
Transfers from WIP	-	-	19,128	2,167	(21,295)	-
Disposals	(3,637)	-	(4,670)	(21,673)	-	(29,980)
At 31 December 2023	**147,591**	**3,052**	**97,190**	**91,294**	**-**	**339,127**
Accumulated depreciation						
At 1 January 2023	**(35,740)**	**(1,964)**	**(64,923)**	**(59,331)**	**-**	**(161,958)**
Disposals during the period	788	**-**	3,966	22,165	**-**	26,919
Charge for year (note 26)	(11,897)	(227)	(6,736)	(15,348)	-	(34,208)
At 31 December 2023	**(46,849)**	**(2,191)**	**(67,693)**	**(52,514)**	**-**	**(169,247)**
Net book value at 31 December 2023	**100,742**	**861**	**29,497**	**38,780**	**-**	**169,880**

2022
Group*

	Land and buildings* P'000	Motor vehicle P'000	Furniture P'000	IT Equipment P'000	WIP P'000	Total P'000
At 1 January 2022	**115,475**	**2,100**	**78,548**	**58,460**	**-**	**254,583**
Transfers	-	-	-	-	-	-
Additions	19,195	-	1,139	42,857	16,650	79,841
Restatement adjustment	15,200	-	-	-	-	15,200
Revaluation	210	-	-	-	-	210
Disposals	(1,420)					(1,420)
At 31 December 2022	**148,660**	**2,100**	**79,687**	**101,317**	**16,650**	**348,414**
Accumulated depreciation						
At 1 January 2022	(26,229)	(1,867)	(59,667)	(51,707)	-	**(139,470)**
Disposals during the period	1,325	-	-	**-**	**-**	1,325
Charge for year (note 26)	(10,836)	(97)	(5,256)	(7,624)	-	(23,813)
At 31 December 2022	**(35,740)**	**(1,964)**	**(64,923)**	**(59,331)**	**-**	**(161,958)**
Net book value at 31 December 2022	**112,920**	**136**	**14,764**	**41,986**	**16,650**	**186,456**

* The figures are the same for group and company

Right of use assets
Land and buildings includes right of use assets with a carrying amount of P62.3 million (2022: P75.1 million) related to leased properties that do not meet the definition of investment property. Further details of the right of use assets are disclosed in note 35.1.

The right of use asset is recognised from the lease contracts that the Bank has for various branches. The right of use asset is depreciated on a straight line basis over the term of the underlying lease contract. The ROU assets are recognised on a cost model while the rest of land and buildings are carried at revalued amounts. Refer note 35 for more details.

Valuation
The Group's commercial land and building situated at Plot 62433, Fairgrounds, Gaborone were valued on 31 December 2023 by Knight Frank Botswana (Pty) Ltd, an external independent valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The valuation was made on the basis of recent market transactions on arm's length terms. The value was determined as P35,860,000 (2022: P33,900,000).

All other items of property and equipment are stated at cost less accumulated depreciation and impairment losses. The fair value measurements of land and building has been categorised as a level 3 fair value based on inputs on the valuation techniques used.

The following table shows the valuation technique used in measuring the fair value of land and buildings, as well as other observable input used:

Valuation technique	Significant observable inputs	Inter-relationship between key unobservable inputs and fair value measurements
Market capitalisation method (investment method) with direct comparison of inputs applied	Market yield of between 7-10% (2022: 8-10%) Capitalisation rate of 8.35% (2022: 8.5%)	The estimated fair value would increase/ (decrease) if:
	Prime rentals of office space between P90/ sq.m to P105/sq.m (2022: P95-105/sqm)	Higher/lower market yields

Fair value hierarchy for Land and Buildings
Land and buidings are classified as Level 3 in terms of the fair value hierarchy. Level 3 fair value measurements are those that include the use of significant unobservable inputs. The significant non-observable inputs used in the valuations are the expected rental values per square meter and the capitalisation rates, as disclosed in the section above.

An increase in the rentals/sq.m will result in an incresed fair value and vice versa. Alternatively, an upward change in the capitalisation rates will result in a decrease in the fair value computed.

(i) Carrying amounts that would have been recognised if land and buildings were stated at cost;

	Group and Company	
	2023 P'000	**2022 P'000**
Cost	24,485	24,485
Accumulated depreciation	(7,409)	(6,797)
Disposals	-	-
At 31 December	**17,076**	**17,688**

(ii) Reconciliation of land and buildings measured at level 3

Plot 62433, Gaborone	**2023 P'000**	**2022 P'000**
Opening balance	33,750	33,540
Gains (losses) recognised in profit and (loss)	-	-
Gains (losses) recognised in other comprehensive income	1,870	210
	35,620	**33,750**

11 Intangible assets

Group and Company

Software	**2022**			**2023**		
Cost	**Software**	**WIP**	**Total**	**Software**	**WIP**	**Total**
Balance at the beginning of the year	196,383	10,206	206,589	229,640	21,700	251,340
Work in progress	-	-	-	9,292	(9,292)	-
Additions	33,257	19,638	52,895	6,295	2,926	9,221
Capitalisation of assets		(8,144)	(8,144)	-	-	-
Write-offs	-	-	-	-	-	-
Balance at the end of the year	**229,640**	**21,700**	**251,340**	**245,227**	**15,334**	**260,561**
Balance at the beginning of the year	(130,962)	-	(130,962)	(175,168)	-	(175,168)
Reclassifications	-	-	-	-	-	-
Amortisation charge (note 26)	(44,206)	-	(44,206)	(40,450)	-	(40,450)
Write-offs	-	-	0	-	-	-
Balance at the end of the year	(175,168)	-	(175,168)	(215,618)	**-**	**(215,618)**
Carrying amount at the end of the year	**54,472**	**21,700**	**76,172**	**29,609**	**15,334**	**44,943**

* The figures are the same for group and company

Other information
Items of work in progress are capitalised into their respective intangible or PPE asset classes when assets become available for use and pass the recognition criteria per IAS 38 (for intangibles) or IAS 16 (for items of PPE).

The main items of software include the following:
- Internet banking system with a cost of P46 million, carrying amount of P29 million, and remaining useful life of 6 years.
- Core banking system with a cost of P35.m million, carrying amount of P9.5 million and remaining useful life of 4 years.
- Mobile banking application with a cost o P15.2 million, carrying amount of P5 million and remanining useful life of 2 years.

Software is amortised on a straight line basis over its expected useful life and assumes a residual value of nil.

12 Related party transactions

The Bank is a majority owned subsidiary of Access Bank PLC. The Bank has a related party relationship with its parent company and with the Access Bank PLC subsidiaries. The Bank also has a wholly owned subsidiary, Kaleu (Pty) Limited. Kaleus is also considered a related party. The transactions between the Bank and its related parties include money market placements, guarantees, loans, deposits and management services, all of which are entered into in the normal course of business. Related parties also included Key Management Personnel who are members of the Bank's management committee (Manco) and the Board of Directors. Key Management Personnel have authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly. The volumes of related party transactions, outstanding at year end, and related expense and income for the year are as follows:

Related parties	**Relationship**
Access Bank PLC	Ultimate Holding Company
Access Bank South Africa Limited	Fellow subsidiary
Access Bank Mozambique	Fellow subsidiary
Access Bank Angola	Fellow subsidiary
Kaleu	Subsidiary
Access Bank Nigeria (Pty) Ltd	Fellow subsidiary
Access Bank Kenya	Fellow subsidiary
Access Bank Zambia	Fellow subsidiary

	Group		**Company**	
	2023	**2022**	**2023**	**2022**
12.1 Balances due from related parties:	**P'000**	**P'000**	**P'000**	**P'000**
Access Bank PLC*	227,163	332,095	227,163	332,095
Access Bank South Africa Limited*	27,106	65,487	27,106	65,487
Access Bank Mozambique**	-	154	-	154
Access Bank Angola**	37	-	37	-
Kaleu**	-	-	847	459
Access Bank Nigeria (Pty) Ltd**	50	-	50	-
Access Bank Kenya**	3,159	-	3,159	-
	257,515	**397,736**	**258,362**	**398,195**

*These are interest bearing money market placements with foreign banks affiliated to Access Bank Botswana and are conducted during the ordinary course of business. These balances are unsecured and classified as cash and equivalents due to their short tenors of less than 60 days. Interest is charged at rates between 5% and 7% p.a. Expected credit losses and interest earned on the placements is disclosed below.
** These are intercompany balances between the Bank and related parties. They relate to recharges and other expenses that the Bank would have incurred on behalf of the related party. They are generally short term in nature and no interest is charged.

Expected credit losses on balances due from related parties				
Intercompany placements	162	-	162	-
	257,353	**-**	**258,200**	**-**
Interest income				
Access Bank PLC	1,469	9,133	1,469	9,133
Access Bank South Africa Limited	296	2,128	296	2,128
	1,765	**11,261**	**1,765**	**11,261**
Fees and commissions				
Access Bank Mozambique	-	154	-	154
	-		**-**	

Notes to the Consolidated and Separate Annual Financial Statements (continued)
12. Related party transactions (continued)

		Consolidated		Company	
		2023	**2022**	**2023**	**2022**
12.2	**Balances due to related parties:**	**P'000**	**P'000**	**P'000**	**P'000**
	Access Bank PLC	-	995	-	995
	Access Bank Zambia	536	-	536	-
	Access Bank Mozambique	5,372	5,102	5,372	5,102
		5,908	**6,097**	**5,908**	**6,097**

Balance due to Access Bank PLC relate to management fees expenses accrued but not paid at year end. Balance due to Access Bank Mozambique is a non-interest bearing cash collateral for credit facilities granted by Access Bank Botswana to Access Bank Mozambique employees. The credit facilities were granted as part of the Bank's ordinary lending processes.

	Consolidated 2023 P'000	Consolidated 2022 P'000	Company 2023 P'000	Company 2022 P'000
Balances due to subsidiary:				
Kaleu (Pty) Ltd trading as Access Insurance Agency - fixed deposit	-	-	205,549	160,757
Kaleu (Pty) Ltd trading as Access Insurance Agency - current account	-	-	26,271	44,498
	-	**-**	**231,820**	**205,255**
Total balance due to related parties	**5,908**	**6,097**	**237,728**	**211,352**

Balances due to subsidiary are ordinary banking facilities that the Bank offers to the subsidiary company. The current account is non interest bearing as with the bank's other current accounts with external customers. The fixed deposit has a tenor of 1 year with a fixed interest rate of 5.5% p.a.

	Group		Company	
Interest expense				
Access Bank Mozambique	137	408	137	408
Kaleu (Pty) Ltd	-	-	12,230	7,387
	137	**408**	**12,367**	**7,795**

	Group		Company	
Dividend paid				
Shareholders	-	165,999	-	165,999
	-	**165,999**	**-**	**165,999**

	Group		Company	
12.3 Loans and advances to other related parties:	**2023 P'000**	**2022 P'000**	**2023 P'000**	**2022 P'000**
Executive members of staff	22,567	17,794	22,567	17,794
	22,567	**17,794**	**22,567**	**17,794**
Interest income	**860**	**811**	**860**	**811**

These loans and advances have been included in loans and advances to customers as per note 7.
The Group assists officers and employees in respect of housing, motor vehicle and personal loans repayable over a maximum period of between 5 to 25 years at subsidised interest rates, ranging between 4.75% and 7% p.a

12.4 Other related party transactions

	Group		Company	
Deposits held by directors and their entities:	**2023 P'000**	**2022 P'000**	**2023 P'000**	**2022 P'000**
Deposits held by directors	12,063	4,393	12,063	4,393

	Group		Company	
Key management compensation	**2023 P'000**	**2022 P'000**	**2023 P'000**	**2022 P'000**
Salaries and other short term employee benefits	25,137	21,482	25,137	21,482
Post employment benefits	2,288	1,599	2,288	1,599
Termination benefits	-	418	-	418
	27,425	**23,499**	**27,425**	**23,499**

12.6 Directors' fees

	Group		Company	
Fees paid to directors during the year:	**2023 P'000**	**2022 P'000**	**2023 P'000**	**2022 P'000**
Mrs. Lorato Nthando Mosetlhanyane	616	458	616	458
Mr. Jacob Mooketsi Motlhabane	571	524	571	524
Mr. Joshua Benjamin Galeforolwe	633	441	633	441
Mr. Boiki Matema Wabo Tema	649	524	649	524
Mr. John Bosco Sebabi	495	480	495	480
Mrs. Ntoti Mosetlhe	633	447	633	447
Ms. Lynda Mataka	610	132	610	132
	4,207	**3,006**	**4,207**	**3,006**

12.7 Management fees paid to holding company

Access Bank PLC	5,089	5,797	5,089	5,797
	5,089	5,797	**5,089**	**5,797**

13 Taxation

13.1 Current tax (payable)/receivable	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Opening balance	10,106	8,609	11,027	7197
Charge for the year	(15,724)	(10,167)	(8,904)	(3,810)
Tax paid	29,769	10,240	20,067	7,015
Tax credits	458	1,424	458	625
Total	**24,609**	**10,106**	**22,648**	**11,027**

Reconciliation of tax receivable	Group	
Access Bank Botswana Limited - Current tax receivable	22,648	11,027
Kaleu (Pty) Ltd - Current tax (payable) / receivable	1,961	(921)
Net current tax receivable	**24,609**	**10,106**

13.3 Deferred taxation

Deferred taxes are calculated on all temporary differences using a principal tax rate of 22% (2022: 22%). The movements in the deferred tax account, which are attributable to timing differences are as follows.

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Deferred tax brought forward	4,038	(38,668)	4,038	(38,668)
Gain/(loss) on revaluation of property	411	46	411	46
Charge/(credit) per profit or loss (note 28.1)	(5,599)	42,660	(5,599)	42,660
Deferred tax liabilities (assets)	**(1,150)**	**4,038**	**(1,150)**	**4,038**

Analysed into Non current and current

	Group 2023 P'000	Group 2022 P'000	Company 2023 P'000	Company 2022 P'000
Current	1,995	2,874	1,995	2,874
Non current	(3,145)	1,164	(3,145)	1,164
Total	**(1,150)**	**4,038**	**(1,150)**	**4,038**

31 December 2023 Consolidated and Company	Net balance as at 1 January 2023 P'000	Net movement recognised in profit or loss P'000	Recognised in other comprehensive income P'000	Closing balance as at 31 December 2023 P'000
Property and equipment	(9,706)	1,995	(411)	(8,122)
Investment securities	(5)	11	-	6
Loans and advances and impairments	9,133	(791)	-	8,342
Prepayments and other	(3,460)	2,091	-	(1,369)
	(4,038)	**3,306**	**(411)**	**(1,143)**

31 December 2022 Consolidated and Company	Net balance as at 1 January 2022 P'000	Net movement recognised in profit or loss P'000	Recognised in other comprehensive income P'000	Closing balance as at 31 December 2022 P'000
Property and equipment	(12,534)	2,874	(46)	(9,706)
Investment securities	(5)		-	(5)
Loans and advances and impairments	55,312	(46,179)	-	9,133
Prepayments	(4,105)	645	-	(3,460)
	38,668	**(42,660)**	**(46)**	**(4,038)**

The Bank has historically recognised a deferred tax asset on loans and advances being the excess of the ECL provision compared to the tax base which was restricted to 1.5% of gross financial instruments subject to ECL assessment. Determination of the tax base is due to market interpretation of amounts allowable as deductions for income tax purposes. Based on a change in interpretation of the tax laws, the Bank is of the view that any previously disallowed ECL charges, hence, any excess allowances over the statutory threshold of 1.5% of loans would lapse and therefore not realisable. On that basis, the Bank no longer recognises the deferred tax arising in the current year and further to this, the Bank has derecognised the deferred tax asset as a charge to statement of profit or loss for previously recognised deferred tax assets raised on this difference. This is considered a change in interpretation of the tax laws.

14 Other assets	Consolidated 2023 P'000	Consolidated 2022 P'000	Company 2023 P'000	Company 2022 P'000
Prepayments**	58,145	60,847	58,145	60,847
Nano loan float*	98,640	30,000	98,640	30,000
Clearing accounts	43,756	11,388	43,756	11,388
Sundry debtors	24,259	7,861	24,416	7,861
Other receivables***	25,682	9,634	25,682	8,449
	250,482	**119,730**	**250,639**	**118,545**

*ECL of P1.36 million (2022: nil) has been included against Nano loan float. Please refer to note 3.1.3 for basis of ECL.
**Included in Prepayments is a balance of P45.0 million (2022: P45.0 million) being the adjustment for loans granted to staff at below market interest rates. ECL is considered negligible for other assets due to the short-term nature and low probabilities of default.
***Other receivables include balances on derivatives as previously classified of P 14.7 million among other items.

	Consolidated 2023 P'000	Consolidated 2022 P'000	Company 2023 P'000	Company 2022 P'000
Analysed into:				
Financial assets	192,601	58,883	192,758	57,698
Non-financial assets	57,881	60,847	57,881	60,847
	250,482	**119,730**	**250,639**	**118,545**
Analysed into:				
Current	192,337	83,883	192,337	83,883
Non current	58,145	35,847	58,302	34,662
	250,482	**119,730**	**250,639**	**118,545**

15 Deposits from banks and customers	Consolidated 2023 P'000	Consolidated 2022 P'000	Company 2023 P'000	Company 2022 P'000
Deposits from banks	14,547	191,565	14,547	191,565
Deposits from customers	7,734,242	7,276,718	7,966,494	7,481,974
	7,748,789	**7,468,283**	**7,981,041**	**7,673,539**
Maturity analysis:				
On demand to one month	3,454,922	2,409,958	3,687,174	2,453,744
One month to three months	1,564,408	2,999,197	1,564,408	2,999,197
Three months to one year	2,358,192	2,034,279	2,358,192	2,195,750
Greater than one year	371,267	24,849	371,267	24,848
Total deposits*	**7,748,789**	**7,468,283**	**7,981,041**	**7,673,539**

*Greater than one year represents the non-current portion of the balance. The remainder is classified as current.

16 Borrowings

	Group		Company	
	2023 P'000	2022 P'000	2023 P'000	2022 P'000
Overseas Private Investment Corporation (OPIC) (note 16.7)	-	129,388	-	129,388
Opec Fund for International Development (OFID) (note 16.10)	272,557	-	272,557	-
Botswana Development Corporation Limited - 2018 issue, subordinated debt (note 16.3)	150,000	150,036	150,000	150,036
Botswana Development Corporation Limited - 2022 issue, subordinated debt (note 16.3)	150,000	150,042	150,000	150,042
3 and 5 year note programme (note 16.8)	101,723	-	101,723	-
BBS Bank Limited - long term loan (note 16.9)	-	2,007	-	2,007
Société De Promotion Et De Participation Pour La Coopératio Économique S.A. ('Proparco') - subordinated debt (note 16.5)	134,048	130,667	134,048	130,667
Kgori Capital Proprietary Limited -subordinated debt (note 16.4)	-	22,352	-	22,352
Morula Capital - subordinated debt (note 16.4)	-	32,513	-	32,513
Botswana Insurance Fund Management Proprietary Limited - subordinated debt (note 16.4)	-	610	-	610
Vunani Fund Managers - subordinated debt (note 16.4)	-	406	-	406
	808,328	**618,021**	**808,328**	**618,021**

		Group		Company	
		2023	**2022**	**2023**	**2022**
16.1	**Reconciliation of movements to cash flows arising from financing activities**	**P'000**	**P'000**	**P'000**	**P'000**
	Balance at 1 January	618,021	686,024	618,021	686,024
	Changes from financing cash flows				
	Proceeds from borrowings	368,997	150,000	368,997	150,000
	Repayment of borrowings	(193,341)	(241,366)	(193,341)	(241,366)
		175,656	(91,366)	**175,656**	(91,366)
	Other changes				
	Foreign exchange variance	9,305	17,036	9,305	17,036
	Interest expense	57,383	41,701	57,383	41,701
	Interest paid	(52,037)	(35,374)	(52,037)	(35,374)
		14,651	**23,363**	**14,651**	**23,363**
		808,328	**618,021**	**808,328**	**618,021**

		Group and Company	
		2023	**2022**
16.2	**Fair value**	**P'000**	**P'000**
	Overseas Private Investment Corporation (OPIC)	-	129,388
	Opec Fund for International Development (OFID)	272,557	-
	Botswana Development Corporation Limited - subordinated loan	150,000	150,036
	Botswana Development Corporation Limited - 2022 issue, subordinated loan	150,000	150,042
	3 and 7 year note programme	101,723	-
	BBS Bank Limited - long term loan	-	2,007
	Société De Promotion Et De Participation Pour La Coopératio Économique S.A. ('Proparco')	134,048	130,667
	Kgori Capital Proprietary Limited -subordinated debt	-	20,117
	Morula Capital Limited - subordinated debt	-	29,262
	Botswana Insurance fund Management Proprietary Limited - subordinated debt	-	549
	Vunani Fund Managers -subordinated debt	-	366
		808,328	**612,434**
	Maturity analysis:		
	On demand to one month	-	208
	One to three months	-	32,316
	Three months to one year	-	157,997
	Over one year	808,328	427,500
		808,328	**618,021**

16.3 Botswana Development Corporation Limited - subordinated loan

Tranche 1 - The facility with Botswana Development Corporation Ltd (BDC) for BWP 150 million was obtained in 2018. The facility is for 10 years (maturing 3 August 2028) at an interest rate of Monetary Policy Rate (MOPR) and a margin of 6.61%. The facility qualifies as tier 2 capital. The proceeds were used to re-pay the two ABC holdings Ltd Tier II capital instruments of USD10 million and BWP 31 million in 2018. The balance was applied to grow the Bank's loan book.

Tranche 2 - The Bank obtained an additional BWP150 million from Botswana Development Corporation Ltd (BDC) in 2022. The facility is for 10 years at a fixed interest rate of 10.5% per annum. The facility qualifies as tier 2 capital. The facility is to support growth of the loan book and optimise the capital of the Bank. The facility matures on 31 October 2032.

16.4 Subordinated Debt Issuance

Morula capital -subordinated debt
The instrument bears interest at a fixed rate of 8% per annum with a tenure of 7 years (matured and fully paid 19 October 2023).

Vunani Fund Managers -subordinated debt
The bond with Vunani Fund Managers -subordinated debt was obtained on 19 October 2016. The instrument bears interest at a fixed rate of 8% per annum with a tenure of 7 years (matured and fully paid 19 October 2023).

Botswana Insurance fund Management Proprietary Limited -subordinated debt
The bond with Botswana Insurance fund Management Proprietary Limited was obtained on 19 October 2016. The instrument bears interest at a fixed rate of 8% per annum with a tenure of 7 years (matured and fully paid 19 October 2023).

Kgori Capital Proprietary Limited
The bond with Kgori Capital Proprietary Limited was obtained on 19 October 2016. The instrument bears interest at a fixed rate of 8% per annum with a tenure of 7 years (matured and fully paid 19 October 2023).

16.5 Proparco - subordinated loan

In 2020, the Bank concluded a subordinated Tier II capital facility with Société De Promotion Et De Participation Pour La Coopératio Économique S.A. ('Proparco') of USD10million, meant to support the Bank's growth strategy of the retail and corporate book. The facility bears interest at Secured Overnight Financing Rate (SOFR) plus a margin of 7.07826% and matures on 15 April 2030.

Attached to this borrowing are various covenants relating to liquidity, capital and limits to exposures, which are all in line with regulatory requirements. The Bank did not default on the covenants.

16.6 Qualification for Tier II Capital inclusion

The above stated loans (16.3, 16.4 and 16.5) have met or exceeded the following minimum set criteria by the Directive on the Revised International Convergence of Capital Measurement and Capital Standards for Botswana in order for them to qualify as Tier II Capital:

(i) They are subordinated to depositors and general creditors of the bank;

(ii) They are neither secured or covered by a guarantee of the issuer or related entity or other arrangement that legally or economically enhances the seniority of the claim vis-à-vis depositors and general bank creditors;

(iii) Maturity:
- Their original maturity is more than five years.
- All the instruments have no step ups or other incentives to redeem.

(iv) The instruments are not callable at the initiative of the issuer before five years:
- The Group will not exercise a call option on the instruments prior to Bank of Botswana approval
- the Group will not do anything that creates an expectation that the call on the instruments will be exercised;
- the Group will not exercise a call option unless :
  (a) It replaces the called instrument with capital of the same or better quality and the replacement of this capital is done at conditions which are sustainable for the income capacity of the bank; or
  (b) It demonstrates that its capital position is well above the minimum capital requirements after the call option is exercised.

(v) The Group will not accelerate the repayment of future scheduled payments (coupon or principal), except in bankruptcy and liquidation;

(vi) The instruments do not have a credit sensitive dividend feature, that is a dividend/ coupon that is reset periodically based in whole or in part on the banking organisation's credit standing;

(vii) Neither the Group nor the related party over which the Group exercises control or significant influence have purchased the instruments, nor have the Group have directly or indirectly have funded the purchase of the instrument.
The instruments have been issued out of operating entities or holding company in a consolidated group, therefore proceeds are not required to be immediately available without limitation to an operating entity or the holding company in the consolidated group in a form which meets or exceeds all the other criteria for inclusion in Tier II Capital.

16.7 Overseas Private Investment Corporation ("OPIC")

On 7 March 2017 BancABC Botswana (now Access Bank Botswana) finalised a USD 40 million Fintech and Financial Inclusion Debt Facility provided by the Overseas Private Investment Corporation ("OPIC"). The debt facility was used to provide access to finance for SMEs, individuals and to support the Bank's efforts to accelerate its digital finance initiatives, which are key areas of the Bank's strategy. The loan has a 7 year tenure with a 3 year moratorium on Capital. Interest is paid quarterly during the three years and the Capital is paid in 16 equal instalments after year 3. The rate is Secured Overnight Financing Rate (SOFR) plus a margin of 4.45%. The loan was repaid in full as at the year end.

16.8 3 and 5 year fixed rate notes

The bank issued two notes on 29 November 2023 under the Domestic Medium Term Note programme.

3 Year note - This note bears interest of 8.5% and is due on 29 November 2026.

5 Year note - This note bears interest of 9.25% and is due on 29 November 2028.

16.9 BBS Bank Limited

The term loan from BBS Bank Limited (formerly Botswana Building Society) was obtained on 31 December 2008. The loan bears interest at prime less 0.75%. The loan was secured by land and buildings with a market value of P35 860 000 (note 10). Principal plus interest are repayable monthly. The loan matured and was fully repaid on 30 December 2023.

16.10 Opec Fund for International Development (OFID)

On 19 June 2023 the bank finalised a USD 20 million loan Facility provided by the the OPEC Fund for International Development ("OFID"). The debt facility is used to finance sub-loans. The loan has a 5 year tenure with a 2 year moratorium on Capital. Interest is paid half yearly and Capital is paid in 6 equal semi annual instalments after year 2. The rate is Secured Overnight Financing Rate (SOFR) plus a margin of 2.75%.

Attached to this borrowing are various covenants relating to liquidity, capital and limits to exposures, which are all in line with regulatory requirements. The Bank did not default on the covenants.

17 Other liabilities

	Group		Company	
	2023	**2022**	**2023**	**2022**
Accruals	30,683	18,511	30,605	18,511
Clearing accounts	48,047	33,970	48,047	33,970
Lease liability	79,377	90,121	79,377	90,121
Provisions	57,399	38,643	57,224	38,643
Other*	30,698	12,242	29,713	13,039
	246,204	**193,487**	**244,966**	**194,284**

*Other liabilities includes insurance premium payable amounting to P 722 thousand (2022 : 3.4 million), Output VAT of P2.64 million (2022: 900 thousand), withholding tax payable P1.96 million (2022: 3 million), PAYE payable of P 3.9 million (2022: P 3.7 million), Liquidation control account of P 7.7 million (2022: P 77.2 thousand) and other individually immaterial items.

Financial	184,205	150,944	178,367	151,744
Non-financial	61,999	42,543	66,599	42,540
	246,204	**193,487**	**244,966**	**194,284**
Analysed into:				
Current	176,326	114,851	175,088	115,648
Non current	69,878	78,636	69,878	78,636
	246,204	**193,487**	**244,966**	**194,284**

Movements in each class of provision during the financial period are set out below (Group):

	Staff provisions	Operational losses	Leave pay	Provision for future decomissioning costs on IFRS16 assets	Provision for off balance sheet items	Total
At 1 January	5,072	19,009	9,927	3,852	783	**38,643**
Additions	33,918	11,264	2,748	529	570	**49,029**
Amounts utilised	(21,635)	(13,240)	(6,235)	(691)	59	(41,742)
At 31 December 2023	**17,355**	**17,033**	**6,440**	**3,690**	**1,412**	**45,930**

Staff provisions - The Bank has contractual and constructive obligations to pay staff for employment services provided by staff. These include severance and gratuity, 13th cheque, etc. Whilst the amounts can be reasonably estimated at reporting date, the actual amounts may differ depending on the number of eligible staff at the time of payment, in the next financial year. Furthermore, the timing of payment is not certain in some instances.

Provisions for operational losses - the Bank holds provisions for expected cashflows where a loss event has occurred in the Bank but the timing of the cash out and settlement amount is uncertain.

Leave pay - The Bank has a contractual obligation to pay employees for accrued leave that has not been utilised by employees. This payment is made when the employees leave the employment of Bank and is dependent on the actual number of accrued leave days at the point the employee leaves the Bank.

IFRS 16 provisions - The Bank leases numerous properties as lessee, for branches, ATM sites and office space. The lease tenors vary from 5 to 10 years and can be renewed. At the end of the lease terms, the Bank has legal obligations to decommission any partitioning or alterations it would have made to the properties in pursuit of its business, and restore the properties to their original state. The Bank recognises a provision being the estimated costs to restore the properties to their original state. The actual amount and timing of these costs remains uncertain.

Other provision - Provision also includes management fees provision of P 3.2 million and legal provision of P 4.3 million among other immaterial items.

18 Stated capital

	Group		Company	
	2023	2022	2023	2022
	'000	'000	'000	'000
Ordinary shares of no par value	**725,000**	**725,000**	**725,000**	**725,000**

	Group		Company	
	2023	2022	2023	2022
	P'000	P'000	P'000	P'000
725 million ordinary shares issued and fully paid at the start and end of the year: (2022: 725 million)	**222,479**	**222,479**	**222,479**	**222,479**

These ordinary shares do not have a par value. There are no restrictions on the transfer of ordinary shares or agreements between holders of ordinary shares known to the Group which may result in restrictions on the transfer of securities or voting rights.

19 Reserves and retained earnings

19.1 Retained earnings

	Consolidated		Company	
	2023	2022	2023	2022
	P'000	P'000	P'000	P'000
At 1 January	760,841	951,127	554,982	771,560
Total comprehensive income for the year	42,104	(24,287)	17,993	(50,579)
20.7 thebe per share final dividend declared and paid for the year ended 31 December 2022	-	(150,000)	-	(150,000)
2.2 thebe per share final dividend declared and paid for the year ended 31 December 2021	-	(15,999)	-	(15,999)
At 31 December	**802,945**	**760,841**	**572,974**	**554,982**

	Group		Company	
	2023	2022	2023	2022
19.2 Revaluation reserve	P'000	P'000	P'000	P'000
At 1 January	8,609	8,445	8,609	8,445
Gain on revaluation of land and buildings	1,870	210	1,870	210
Deferred tax thereon	(412)	(46)	(412)	(46)
At 31 December	**10,067**	**8,609**	**10,067**	**8,609**

The revaluation reserve comprises the net cumulative increase in the fair value of land and buildings owned by the Bank as disclosed under note 10.

	Group		Company	
	2023	2022	2023	2022
19.3 Other reserves	P'000	P'000	P'000	P'000
At 1 January	**6,091**	**6,091**	**6,091**	**6,091**
Movements during the year	-	-	-	-
As at 31 December	**6,091**	**6,091**	**6,091**	**6,091**

The reserve represents the excess of the general provision against risk weighted assets as required by the Bank of Botswana in addition to the impairment provision required by IFRS.

Notes to the Consolidated and Separate Annual Financial Statements (continued)

		Group		Company	
		2023	2022	2023	2022
20	**Net interest income**	P'000	P'000	P'000	P'000
	Effective interest and similar income				
	Cash and short-term funds	48,914	21,978	48,914	21,978
	Investment securities	50,761	23,199	50,761	23,199
	Loans and advances to customers	801,215	765,540	801,215	765,540
		900,890	**810,717**	**900,890**	**810,717**
	Effective interest expense and similar charges				
	Deposits from banks and customers	427,246	355,522	439,476	362,910
	Lease interest expense*	6,766	9,478	6,766	9,478
	Borrowings	58,110	46,550	58,110	46,550
		492,122	**411,550**	**504,352**	**418,938**
	Net interest income	**408,768**	**399,167**	**396,538**	**391,779**

		Group		Company	
		2023	2022	2023	2022
21	**Impairment credit on financial assets**	P'000	P'000	P'000	P'000
	Lending activities	15,832	25,461	15,832	25,461
	Balance with banks	(1,217)	(1,987)	(1,217)	(1,987)
	Recoveries	(3,670)	(6,552)	(3,670)	(6,552)
	Other	3,755	1,083	3,755	1,083
		14,700	**18,005**	**14,700**	**18,005**

		Group		Company	
22	**Net trading income**	2023	2022	2023	2022
		P'000	P'000	P'000	P'000
	Forex trading profits	31,717	32,531	31,717	32,531
	Currency revaluations	25	29	25	29
	Net trading income	**31,742**	**32,560**	**31,742**	**32,560**

		Group		Company	
		2023	2022	2023	2022
23	**Net fee and commission income**	P'000	P'000	P'000	P'000
	Fee and commission income				
	Fees	126,085	52,241	127,691	50,697
	Commission income	80,294	45,034	56,023	20,367
	Other income*	25,991	38,551	25,991	38,551
		232,370	**135,826**	**209,705**	**109,615**
	Fee and commission expense				
	Commission expense	60,084	16,082	60,084	16,082
		60,084	**16,082**	**60,084**	**16,082**
	Net fee and commission income	**172,286**	**119,744**	**149,621**	**93,533**

*Other income includes bundles fee of P20.5 million (2022: P19.8 million), card service and BIN sponsorships fees of P5.32 million (2022: P14.4 million), amongst other individually immaterial items

Classification of Fees and commission income				
Point in time	193,569	98,547	170,904	72,336
Over time	38,801	37,279	38,801	37,279
	232,370	**135,826**	**209,705**	**109,615**

		Consolidated		Company	
		2023	2022	2023	2022
24	**Personnel expenses**	P'000	P'000	P'000	P'000
	Salaries and wages	166,518	153,608	165,216	152,328
	Pension contributions - defined contribution plans (note 30)	17,053	15,077	16,899	14,950
	Other employee expenses*	24,233	14,306	24,146	14,263
		207,804	**182,991**	**206,261**	**181,541**

The average number of persons employed by the Group during the year was 468 (2022:451).
*Other employee costs include medical aid costs of P9.3 million (2022: 8.2 million) and staff incentive costs of P15.6 million, amongst other individually immaterial costs.

		Group		Company	
		2023	2022	2023	2022
25	**General and administrative expenses**	P'000	P'000	P'000	P'000
	IT and software costs	72,977	69,825	72,977	69,825
	Professional fees	7,937	12,213	7,811	12,213
	Marketing and public relations	8,647	11,116	8,647	11,116
	Travel and entertainment	4,685	7,295	4,685	7,295
	Telecommunication and postage	36,275	30,839	36,275	30,839
	Stationery	6,094	6,957	6,094	6,957
	Management fees	5,090	5,322	5,090	5,322
	Utilities and office security	12,704	15,384	12,704	15,384
	Indirect tax expenses	15,783	13,322	15,112	13,322
	Other administrative expenses*	32,659	7,316	32,377	7,816
		202,851	**179,589**	**201,772**	**180,089**

*Included in other administrative expenses is directors and board fees of P4.2 million (2022: P3.5 million), Repairs and maintenance of P801 thousand (2022: P2.2 million), loss on scrapping of intangible assets of nil (2022: nil) and operational losses of nil (2022: nil).

		Group		Company	
		2023	2022	2023	2022
26	**Depreciation and amortisation expenses**	P'000	P'000	P'000	P'000
	Depreciation of property, and equipment (note 10)	34,208	23,813	34,208	23,813
	Amortisation of intangible assets (note 11)	40,450	44,206	40,450	44,206
		74,658	**68,019**	**74,658**	**68,019**

Included in depreciation of property and equipment is the depreciation for right of use asset of P12.8 million (2022: P11.8million) disclosed on note 35.1.

Notes to the Consolidated and Separate Annual Financial Statements (continued)

		Group		Company	
		2023	2022	2023	2022
27	**Other operating expenses**	**P'000**	**P'000**	**P'000**	**P'000**
	Audit fees (refer to note 27.1)	5,022	3,130	4,676	3,130
	Consulting costs	-	9,931	-	9,931
	Legal expenses	5,126	3,035	5,126	3,035
	Agency expenses*	50,359	58,231	49,363	58,231
		60,507	**74,327**	**59,165**	**74,327**

*Agency expenses relate to remuneration to direct sales agents contracted by the Bank to sell loans and related products. The remuneration consists on both a fixed and variable portion and relates to the sales of other banking products, hence the costs cannot be directly attributed to or offset against specific revenue lines. Agency fees also include costs to third parties for the collection of loan instalments, insurance premiums and other payments due to the Bank from customers.

		Group		Company	
		2023	2022	2023	2022
27.1	**Auditors' remuneration**	**P'000**	**P'000**	**P'000**	**P'000**
	Statutory audit related charges				
	- Group statutory audit fees	5,022	3,130	5,022	3,130
	Year end 31 December	**5,022**	**3,130**	**5,022**	**3,130**
	Non-statutory audit related charges				
	- audit related assurance service fees (included under consultancy costs)	**420**	420	**420**	420
	Total non statutory audit related charges	**420**	**420**	**420**	**420**
	Total fees paid	**5,442**	**3,550**	**5,442**	**3,550**

28 Taxation

		Group		Company	
28.1	**Major components of the tax expense (income)**	**2023**	**2022**	**2023**	**2022**
		P'000	**P'000**	**P'000**	**P'000**
	Current - Local income tax - current period	15,724	10,167	8,904	3,810
	Deferred tax				
	Origination and reversal of temporary differences	(5,552)	42,660	(5,552)	42,660
	Tax expense per statement of profit or loss	**10,172**	**52,827**	**3,352**	**46,470**

Further information about deferred tax is presented in note 13. The calculated tax on the Group's and the Company's profit before tax differs from the theoretical amount that would arise using the basic tax rate of the Group as follows:

		Group		Company	
28.2	**Reconciliation of the tax expense**	**2023**	**2022**	**2023**	**2022**
		P'000	**P'000**	**P'000**	**P'000**
	Profit before tax	**52,276**	**28,540**	**21,345**	**(4,109)**
	Taxation calculated at the rate of 22% (2022: 22%)	11,501	6,279	4,696	(904)
	Impact of temporary differences	4,223	(828)	4,208	
					3,911
	Other movements to deferred tax (refer to Note 13)	(5,552)	43,463	(5,552)	
					43,463
	(Over)/under provision in prior years	-	3,913	-	-
	Tax expense per statement of comprehensive income	**10,172**	**52,827**	**3,352**	**46,470**
	Effective tax rate	**19.5%**	**185.1%**	**15.7%**	**-1131%**

28.3 Deferred tax loss on revaluation of property	**Consolidated and Company**	
	2023	**2022**
	P'000	**P'000**
Deferred tax loss/(gain) on revaluation of property	**412**	**46**

29 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	Group	
	2023	**2022**
Basic and diluted earnings per share		
Profit attributable to equity holders of the Company (P'000)	42,104	(24,287)
Weighted average number of ordinary shares in issue ('000)	725,000	725,000
Basic and diluted earnings per share (thebe)	**5.8**	**-3.3**
Number of shares ('000)		
Number of ordinary shares in issue	**725,000**	**725,000**

29.1 Earnings per share - restatement

	Group		
	Previously reported	**Restatement**	**Restated**
Basic and diluted earnings per share			
Profit attributable to equity holders of the Company (P'000)	8,208	2,962	5,246
Weighted average number of ordinary shares in issue ('000)	725,000	0	725,000
Basic and diluted earnings per share (thebe)	**1.1**		**0.7**

30 Pensions

A defined contribution pension scheme was introduced with effect from 1 January 2002. Eligible employees and the Group contribute 6 percent and 14 percent of pensionable salaries respectively.

31 Capital adequacy

31.1 Capital adequacy	Capital composition under Basel II Framework Consolidated and Company 2023 P'000	2022 P'000
Core capital (Tier 1)		
Stated capital	222,479	222,479
Statutory credit risk reserve and other reserves	16,158	14,692
Retained earnings	802,945	760,841
Regulatory adjustments applied in the calculation of CET 1 Capital (intangible asset)	(44,943)	(76,172)
	996,639	**921,840**
Supplementary capital (Tier 2)		
General provision/ general loan-loss reserves eligible for inclusion in Tier II	47,113	68,805
Subordinated loan	404,048	427,551
	451,161	**496,356**
Total capital (Tier 1 and Tier 2)	**1,447,800**	**1,418,196**
Market risk	10,698	5,908
Operational risk	938,427	841,648
On Balance sheet assets/ credit risk weighted assets	5,702,651	6,105,775
Total risk weighted assets	**6,651,776**	**6,953,331**
Core capital ratio	14.98%	13.26%
Capital adequacy ratio	21.77%	20.40%
Bank of Botswana preferred minimum risk asset ratio	12.50%	12.50%

32 Investment in subsidiary

Kaleu (Pty) Ltd trading as Access Insurance is a 100% owned subsidiary company of Access Bank Botswana Limited and was incorporated in Botswana on 22 February 2011 and started trading on 18 January 2012. The Company does not have any regulatory restrictions to use its subsidiary's assets and its cash balances. Kaleu (Pty) Ltd has paid up capital of P2 000 100 (2022: P100).

	Consolidated and Company	
	2023	2022
33 Contingent liabilities and loan commitments	**P'000**	**P'000**
Financial guarantees	249,394	205,585
Loan commitments and other credit related liabilities	17,547	20,337
Legal claim*	127,981	-
	394,922	**225,922**
Expected credit loss	(1,412)	(720)
	393,510	**225,202**

*Access Bank Botswana Limited together with Standard Chartered Bank Botswana, African Banking Corporation Zambia and Standard Chartered Bank Johannesburg Branch (Lenders) are defendants in a dispute before the Gauteng High Court, instituted by Mapula Solutions (Pty) Ltd "Mapula". Mapula is claiming damages, to the sum of ZAR704 million (approx. BWP512 million), for an alleged breach of contract in respect of a Debt Rescheduling Agreement "DRA". The DRA was signed between the Lenders and Blue Financial Services Limited "Blue". Blue breached the terms of the DRA and the Lenders cancelled the DRA, this cancellation was confirmed by the *Johannesburg High Court. Mapula assumed rights by cession from a Related Party of Blue, based on that cession of rights Mapula instituted action against the Lenders. Mapula is claiming that the Lenders had no right to cancel the DRA. In August 2023, judgement was made in favor of Mapula which would result in Access Bank Botswana being liable for approximately P128 million, being 25% of the total amount claimed by Mapula.

The defendants have appealed the judgment at the Johannesburg High Court and pending the outcome of the appeal, the judgment has been suspended. As a result, the Bank currently possesses an unconditional right to refuse payment until the appeal is resolved. The appeal process is ongoing, and the final outcome remains uncertain. However, based on a comprehensive legal opinion obtained by the Bank, the prospects for a successful appeal are considered favourable. This opinion was provided by external legal counsel and took into consideration the merits of the case, relevant legal precedents, and the specifics of the disputed judgment. Accordingly, this matter has been disclosed as a contingent liability.

	Consolidated and Company	
34 Capital commitments		
Commitments in respect of capital expenditure:		
Approved and contracted for	46,474	38,380
Approved but not contracted for	3,256	188,203
Total commitments	**49,730**	**226,583**

This committed expenditure relates to software purchase and other PPE and will be financed by available bank facilities, retained profits, issue of debentures/listed notes, mortgage facilities, existing cash resources, funds internally generated, etc.

35 Leases

The group leases office spaces for running its operation. The average lease term is 5 years (2022: 5 years) but for lease accounting, management considers extension options and computing the lease term. Judgment is exercised as management considers all facts and circumstances that create an economic incentive to exercise an extension option: or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the Bank.

Judgement is also applied in determining the incremental borrowing rate used to discount the lease payments. Management considers where possible, recent third-party financing received as a starting point, adjusted to reflect changes in financing conditions since third party financing was received. If a readily observable amortising loan rate is available (through recent financing or market data) which has a similar payment profile to the lease, then management considers that rate as a starting point to determine the incremental borrowing.

All lease contracts require that, at the end of the lease tenure, the rented properties are restored to their state before commencement of the lease.

Details pertaining to leasing arrangements, where the group is lessee are presented below:

35.1 Right of use assets - land and buildings

	Consolidated and Company	
	2023 P'000	**2022 P'000**
Cost		
Balance at 1 January*	114,986	79,653
Disposal	(3,637)	-
Restatement adjustments	-	15,200
Additions during the period	698	20,133
	112,047	**114,986**

Accumulated depreciation	**Consolidated and Company**	
Balance at 1 January*	36,127	25,291
Disposal	(947)	-
Charge for the period*	12,001	10,836
	47,181	**36,127**
Carrying amount	**64,866**	**78,859**

Future restoration costs
All lease contracts require that, at the end of the lease tenure, the rented properties are restored to their state before commencement of the lease. Future restoration costs amounting to P1.6 million were capitalised to the right of use assets.

Other notes
The Right of use assets form part of Land and buildings disclosed in note 10, Property, plant and equipment
* Refer to note 38 for restatements

35.2 Lease liability

	Consolidated and Company	
	2023 P'000	**2022 P'000**
Balance at 1 January*	90,121	62,309
Interest expense	6,766	5,494
Cash payments :	(6,766)	(5,494)
	(7,811)	(8,132)
Additions	698	17,092
Disposals	(3,631)	-
Restatement	-	18,852
	79,377	**90,121**
Analysed into:		
Current	9,499	11,485
Non-current	69,878	78,636
	79,377	**90,121**

* Refer to note 38 for restatements

36 Segmental Reporting

Basis of Segmenting
The Managing Director, supported by the rest of the Management Committee (MANCO), is considered the Chief Operating Decision Maker ('CODM') for the purposes of identifying the Group's reportable segments. The Group has three reportable segments being Retail, Commercial Banking and Global Markets. All operating segments used by the group meet the definition of reportable segments and the results presented are in line with reports used internally to assess each reportable segment. The CODM uses Profit Before Tax (PBT) as the measure of segmental performance. Head Office is not considered a segment and Head Office costs are apportioned to the respective operating segment.

Reportable segments
The group, discloses the break up of it's result of operations and financial position among the below segments.

Retail banking
The retail banking segment offers lending and transactional banking services to individuals. The predominant aspect of its retail offering comes from Access's partnerships with unions and small corporate enterprises (SME's) who provide a steady stream of retail customer base who require secured and unsecured loans. The segment also offers savings, payroll accounts, call and fixed deposit products as well as insurance products via banc assurance.

Commercial Banking
Commercial banking segment provides investment solutions to corporates, financial institutions, government entities and international organisations. The segment provides short-term fixed deposit investment products that collectively provide the Bank with funding for the retail loan book.

Global Markets
The Global Markets segment provides foreign exchange solutions to commercial clients, while supporting the branch network's retail foreign exchange service. The Group's treasury division plays an important role in managing the Bank's funding and liquidity and assists with sourcing interbank lines and supporting complex transactions. This business unit is facilitated and benefits from the Access Bank PLC coordination and efforts within the Access Group that specialises in global markets and treasury operations.

Notes to the Consolidated and Separate Annual Financial Statements (continued)
Segmental Reporting (continued)

Segmental Reporting December 2023

Statement of comprehensive income	**Retail Banking P'000**	**Global Markets P'000**	**Commercial Banking P'000**	**Total P'000**
Interest income*	765,438	76,042	59,410	900,890
Interest expense**	(532,461)	6,230	34,109	(492,122)
Net interest income	**232,977**	**82,272**	**93,519**	**408,768**
Net trading income	-	31,742	-	31,742
Fees and Commission income - Point in time	175,575	-	17,994	193,569
Fees and Commission income - Over time	38,801	-	-	38,801
Fees and Commission expense	(60,084)	-	-	(60,084)
Total income	**387,269**	**114,014**	**111,513**	**612,796**
Impairment of financial assets	(1,743)	-	(12,957)	(14,700)
Net income	**385,526**	**114,014**	**98,556**	**598,096**
Operating expenditure***	(417,266)	(56,844)	(71,710)	(545,820)
Profit before taxation	**(31,740)**	**57,170**	**26,846**	**52,276**
Taxation	13,878	(20,141)	(3,909)	(10,172)
Profit after tax	**(17,862)**	**37,029**	**22,937**	**42,104**

*This is interest income from external customers.
**Interest expense includes inter-segment funding arrangements where Global Markets and Commercial Banking are in a net positive interest expense considering the interest income from inter segment funds transfer pricing. Intersegment interest expense for Retail was P446 million which was allocated as income to Wholesale Banking (P428 million) and Global Markets (P18 million).
***Please refer to note 25 for the disaggregagtion of operating expenses. The disaggregated operating expenses would generally follow the same allocation basis shown above.
Most of the revenues are from external customers domiciled in Botswana. There are no major customer contributing to 10% or more in terms of revenue. There is no concentration in this regard. Repossessed property is moderately liquid with a readily available market.

	Retail Banking P'000	**Global Markets P'000**	**Commercial Banking P'000**	**Total P'000**
Statement of financial position				
Investment securities	-	1,144,229	-	1,144,229
Loans and advances to customers	5,812,711	-	321,928	6,134,639
Other assets for reportable segments	431,038	2,061,411	79,494	2,571,943
Total assets for reportable segments	**6,243,749**	**3,205,640**	**401,422**	**9,850,811**
				-
Deposits from customers	1,166,460	-	6,567,782	7,734,242
Deposits from banks	-	14,547	-	14,547
Other liabilities for reportable segments*	5,038,278	2,449,085	(6,426,923)	1,060,440
Total liabilities for reportable segments	**6,204,738**	**2,463,632**	**140,859**	**8,809,229**

*Movements in other liabilities represents inter-segment funding where the liabilities are transferred to fund the Retail Banking and Global Market operations.

Segmental Reporting December 2022

Statement of comprehensive income	Retail Banking P'000	Global Markets P'000	Commercial Banking P'000	Total P'000
Interest income	733,831	51,281	25,605	810,717
Interest expense*	(453,683)	5,794	36,339	(411,550)
Net interest income	**280,148**	**57,075**	**61,944**	**399,167**
Net trading income		32,560	-	32,560
Fees and Commission income - Point in time	93,180	-	5,367	98,547
Fees and Commission income - Over time	35,249	-	2,030	37,279
Fees and Commission expense	(15,206)	-	(876)	(16,082)
Total income	**393,371**	**89,635**	**68,465**	**551,471**
Impairment of financial assets	(24,852)	-	6,847	(18,005)
Net income	**368,519**	**89,635**	**75,312**	**533,466**
Operating expenditure*	(380,593)	(57,468)	(66,865)	(504,926)
Profit before taxation	**(12,074)**	**32,167**	**8,447**	**28,540**
Taxation	(16,700)	(28,613)	(7,514)	(52,827)
Profit after tax	**(28,774)**	**3,554**	**933**	**(24,287)**

All the revenues are from external customers domiciled in Botswana. There are no major customer contributing to 10% or more in terms of revenue. There is no concentration in this regard. Repossessed property is moderately liquid with a readily available market.
* Refer to note 38 for restatement

	Retail Banking P'000	Global Markets P'000	Commercial Banking P'000	Total P'000
Statement of financial position				
Investment securities	-	876,333	-	876,333
Loans and advances to customers	6,175,839	-	404,349	6,580,188
Other assets for reportable segments	463,743	1,397,673	(9,689)	1,851,727
Total assets for reportable segments	**6,639,582**	**2,274,006**	**394,660**	**9,308,248**
Deposits from customers	983,837	-	6,292,881	7,276,718
Deposits from banks	-	191,565	-	191,565
Other liabilities for reportable segments	5,682,363	1,329,041	(6,169,459)	841,945
Total liabilities for reportable segments	**6,666,200**	**1,520,606**	**123,422**	**8,310,228**

37 Events after the reporting period

There have been no material events, occurring after the reporting date that require adjustments to or disclosure in the financial statements

38 Restatement

The Group and Company have identified the following errors relating to prior periods:

38.1 Accounting for leases

It was identified that the following changes to lease contracts that were effective in prior periods, had not been accounted for in accordance with International Financial Reporting Standards (IFRS) 16, Leases in the period in which the changes occurred:

- renewal options exercised by the Group/Company at which point lease rentals were re-negotiated;
- new lease contracts entered into; and
- extension options exercised by the Group/Company.

38.2 Quality of data used to assess expected credit losses (ECL)

It was identified that there were certain errors and omissions in the data inputs to the ECL models in the previous years, which resulted in the ECL assessed and reported in previous periods being understated. The nature of the input errors identified included incomplete data and duplicated data.

38.1 Impact

The effects of the errors identified are material to the information previously presented on the financial statements. Consequently, the effect of these errors has been adjusted retrospectively, restating the previously reported balances in accordance with International Accounting Standards 8 "Accounting Policies, accounting Estimates and Errors.

In relation to the financial year ended 31 December 2022, the error described under 38.1 resulted in an increase in the right of use assets included under "Property and Equipment", an increase in lease liabilities included as part of "Other liabilities" and a decrease in the deferred tax liability on the statement of financial position of the Group and the Company. The statement of comprehensive income was corrected to reflect the increase in the interest expense and the decrease in depreciation with the applicable deferred tax effects. The statement of changes in equity for the Group and the Company were also adjusted accordingly. Although not impacting on the cash flows from operating activities in aggregate, the relevant non-cash eliminations for the Group and the Company were corrected.

The opening balance sheet (at 1 January 2022) was also adjusted.
In relation to the financial year ended 31 December 2022, the error described under 38.2 resulted in the understatement of the impairment loss included in the "Impairment (loss)/ credit on financial assets" line item in the statement of comprehensive income for the Group and the Company. The tax impact was also adjusted accordingly. "Loans and advances to customers" was reduced and the tax receivable increased on the statement of financial position for the Group and the Company. The statement of changes in equity was also adjusted accordingly for the Group and the Company. Although not impacting on the cash flows from operating activities in aggregate, the relevant non-cash eliminations for the Group and the Company were corrected. The opening balance sheet (at 1 January 2022) was not adjusted as the impact was not considered to be material.

The tables below summarizes the impact of these corrections on the comparative information presented in our financial statements.

Restatement of Statement of Comprehensive Income (P'000)

Dec-22	Group			Company		
Particulars	**As previously presented P'000**	**Re-statement P'000**	**Re-stated P'000**	**As previously presented P'000**	**Re-statement P'000**	**Re-stated P'000**
Effective interest and similar income	810,717	-	810,717	810,717	-	810,717
Effective interest expense and similar charges	(407,566)	(3,984)	(411,550)	(414,954)	(3,984)	(418,938)
Net interest income	**403,151**	**(3,984)**	**399,167**	**395,763**	**(3,984)**	**391,779**
Impairment (loss)/credit on financial assets	20,002	(38,007)	(18,005)	20,002	(38,007)	(18,005)
Net interest income after impairment credit on financial assets	**423,153**	**(41,991)**	**381,162**	**415,765**	**(41,991)**	**373,774**
Net trading income	32,560	-	32,560	32,560	-	32,560
Net fee and commission income	119,744	-	119,744	93,533	-	93,533
Income from operations	**575,457**	**(41,991)**	**533,466**	**541,858**	**(41,991)**	**499,867**
Personnel expenses	(182,991)	-	(182,991)	(181,541)	-	(181,541)
General and administrative expenses	(179,589)	-	(179,589)	(180,089)	-	(180,089)
Depreciation and amortisation expenses	(68,351)	332	(68,019)	(68,351)	332	(68,019)
Impairment of other financial assets	-	-	-	-	-	-
Other operating expenses	(74,327)	-	(74,327)	(74,327)	-	(74,327)
Total operating expenses	**(505,258)**	**332**	**(504,926)**	**(504,308)**	**332**	**(503,976)**
Profit before tax	**70,199**	**(41,659)**	**28,540**	**37,550**	**(41,659)**	**(4,109)**
Income taxation expense	(61,991)	9,164	(52,827)	(55,634)	9,164	(46,470)
Profit /(loss) for the year	**8,208**	**(32,495)**	**(24,287)**	**(18,084)**	**(32,495)**	**(50,579)**

Restatement of Statement of Financial Position (P'000)

Dec-22	Group			Company		
	As previously presented P'000	Re-statement P'000	Re-stated P'000	As previously presented P'000	Re-statement P'000	Re-stated P'000
ASSETS						
Cash and balances with the Central Bank	217,678	-	217,678	217,678	-	217,678
Balances with other banks	823,011	-	823,011	823,011	-	823,011
Balances due from related parties	397,736	-	397,736	398,195	-	398,195
Derivative financial assets	20,838	-	20,838	20,838	-	20,838
Investment securities	876,333	-	876,333	876,333	-	876,333
Loans and advances to customers	6,618,195	(38,007)	6,580,188	6,618,195	(38,007)	6,580,188
Current tax receivable	2,666	7,440	10,106	2,666	8,361	11,027
Other assets	119,730	-	119,730	118,547	-	118,547
Property and equipment	158,516	27,940	186,456	158,516	27,940	186,456
Intangible assets	76,172	-	76,172	76,172	-	76,172
Deferred tax asset	-	-	-	-	-	-
Investment in subsidiary*	-	-	-	-	-	-
Total Assets	**9,310,875**	**(2,627)**	**9,308,248**	**9,310,151**	**(1,706)**	**9,308,445**
LIABILITIES						
Balances due to related parties	6,097	-	6,097	6,097	-	6,097
Deposits from banks	191,565	-	191,565	191,565	-	191,565
Deposits from customers	7,276,718	-	7,276,718	7,481,974	-	7,481,974
Derivative financial liabilities	20,302	-	20,302	20,302	-	20,302
Other liabilities	164,467	29,020	193,487	165,267	29,020	194,287
Current tax payable	921	(921)	-	-	-	-
Borrowings	618,021	-	618,021	618,021	-	618,021
Deferred tax liability	4,275	(237)	4,038	4,275	(237)	4,038
Total liabilities	**8,282,366**	**27,862**	**8,310,228**	**8,487,501**	**28,783**	**8,516,284**
EQUITY						
Stated capital	222,479	-	222,479	222,479	-	222,479
Retained earnings	791,330	(30,489)	760,841	585,471	(30,489)	554,982
Revaluation reserve	8,609	-	8,609	8,609	-	8,609
Other reserves	6,091	-	6,091	6,091	-	6,091
Capital	**1,028,509**	**(30,489)**	**998,020**	**822,650**	**(30,489)**	**792,161**
Total Equity and Liabilities	**9,310,875**	**(2,627)**	**9,308,248**	**9,310,151**	**(1,706)**	**9,308,445**

Restatement of Statement of Financial Position (P'000)

01 January 2022	Group			Company		
	As previously presented P'000	Re-statement P'000	Re-stated P'000	As previously presented P'000	Re-statement P'000	Re-stated P'000
ASSETS						
Cash and balances with the Central Bank	258,979	-	258,979	258,979	-	258,979
Balances with other banks	1,391,705	-	1,391,705	1,391,705	-	1,391,705
Balances due from related parties	975	-	975	975	-	975
Derivative financial assets	67,915	-	67,915	67,915	-	67,915
Investment securities	567,960	-	567,960	567,960	-	567,960
Loans and advances to customers	6,508,695	-	6,508,695	6,508,695	-	6,508,695
Current tax receivable	8,609	-	8,609	7,197	-	7,197
Other assets	88,255	-	88,255	76,694	-	76,694
Property and equipment	102,705	12,740	115,445	102,705	12,740	115,445
Intangible assets	75,627	-	75,627	75,627	-	75,627
Deferred tax asset	39,234	(566)	38,668	39,234	(566)	38,668
Investment in subsidiary*	-	-	-	-	-	-
Total Assets	**9,110,659**	**12,174**	**9,122,833**	**9,097,686**	**12,174**	**9,109,860**
LIABILITIES						
Balances due to related parties	5,680	-	5,680	5,680	-	5,680
Deposits from banks	364,021	-	364,021	364,021	-	364,021
Deposits from customers	6,607,881	-	6,607,881	6,786,575	-	6,786,575
Derivative financial liabilities	64,809	-	64,809	64,809	-	64,809
Other liabilities	196,108	10,168	206,276	184,008	10,168	194,176
Current tax payable	-	-	-	-	-	-
Borrowings	686,024	-	686,024	686,024	-	686,024
Deferred tax liability	-	-	-	-	-	-
Total liabilities	**7,924,523**	**10,168**	**7,934,691**	**8,091,117**	**10,168**	**8,101,285**
EQUITY						
Stated capital	222,479	-	222,479	222,479	-	222,479
Retained earnings	949,121	2,006	951,127	769,554	2,006	771,560
Revaluation reserve	8,445	-	8,445	8,445	-	8,445
Other reserves	6,091	-	6,091	6,091	-	6,091

Capital	**1,186,136**	**2,006**	**1,188,142**	**1,006,569**	**2,006**	**1,008,575**
Total Equity and Liabilities	**9,110,659**	**12,174**	**9,122,833**	**9,097,686**	**12,174**	**9,109,860**

Restatement of Statement of Changes in Equity (P'000)

31 December 2022	Group			Company		
	As previously presented P'000	Re-statement P'000	Re-stated P'000	As previously presented P'000	Re-statement P'000	Re-stated P'000
EQUITY						
Stated capital	222,479	-	222,479	222,479	-	222,479
Retained earnings	791,330	(30,489)	760,841	585,471	(30,489)	554,982
Revaluation reserve	8,609	-	8,609	8,609	-	8,609
Other reserves	6,091	-	6,091	6,091	-	6,091
Total Equity	**1,028,509**	**(30,489)**	**998,020**	**822,650**	**(30,489)**	**792,161**

Restatement of Statement of Cash Flows (P'000)

31 December 2022	Group			Company		
	As previously presented P'000	Re-statement P'000	Re-stated P'000	As previously presented P'000	Re-statement P'000	Re-stated P'000
Cash flow from Operating activities						
Profit before tax	70,199	(41,659)	28,540	37,550	(41,659)	(4,109)
Impairment losses/(credit) on financial assets	(11,463)	38,007	26,544	(11,463)	38,007	26,544
Depreciation and amortisation	68,351	(332)	68,019	68,351	(332)	68,019
Net Interest Income	(403,151)	3,984	(399,167)	(395,763)	3,984	(391,779)
Other liabilities	(48,733)	(1,986)	(50,719)	(35,833)	(1,985)	(37,818)

Restatement of Financial Risk Management notes (P'000)

As a result of the restatement of the fiancial statement line items represented above, the risk management notes have been amended to maintain consistency of presentation. Below are the areas of change.

31 December 2022	Group			Company		
	As previously presented P'000	Re-statement P'000	Re-stated P'000	As previously presented P'000	Re-statement P'000	Re-stated P'000
Expected credit losses on loans and advances *(refer to note 3.1.6)*	(202,413)	(38,007)	(240,420)	(202,413)	(38,007)	(240,420)
Loans and advances to customers (net) *(refer to note 3.2)*	6,618,195	(38,007)	6,580,188	6,618,195	(38,007)	6,580,188
Lease liabilities *(refer to note 3.2)*	(61,102)	(29,020)	(90,122)	(61,102)	(29,020)	(90,122)