

UNAUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023



ECONOMY AND ENVIRONMENT

The global macroeconomic landscape has undergone a challenging start to 2023, characterized by significant development across various fronts. Initial optimism on economic recovery has waned. The global economy is faced with uncertainties arising from inflationary pressures, oil price volatilities, and supply chain disruptions which have not fully abated from the COVID-19 pandemic. In addition, the persisting geopolitical risks and the evolving states of the US and Chinese economies are presenting constraints to monetary and fiscal policies worldwide. Global inflation remains a critical concern and responsive monetary policy actions from Central Banks took a hawkish stance, to manage this complex interconnectedness of the global arena. The International Monetary Fund (IMF) projects that global inflation will drop to 6.8% in 2023 from 8.7% in 2022, and further recede to 5.2% in 2024. In turn, global growth is projected to fall from an estimated 3.5% in 2022 to 3.0% in both 2023 and 2024, respectively. Moving into the second half of 2023, navigating these risks will require astute policy decisions and adaptability from both governments and businesses to foster a more stable and sustainable global economic environment.

Botswana’s macroeconomic landscape faced a mix of opportunities and challenges in the first half of 2023. These were centred around new mining agreements, inflation reverting to the Bank of Botswana’s objective range, subdued diamond demand and supply dynamics, volatile global economic conditions, and fiscal sustainability. Consequently, these factors have had a negative impact on economic growth projections with GDP forecasted to subside to 3.8% in 2023 from 5.8% in 2022. The moderation in inflation, reported at 4.6% in June 2022, offered a supportive monetary and fiscal environment amid global uncertainties.

SUMMARY OF FINANCIAL 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 ground-breaking 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.

OUR INCOME STATEMENT

**Interest income** increased by 19% compared to 30 June 2022 due to an improvement in the loan yields. This was brought about by the increases in the Monetary Policy Rate by the Bank of Botswana in May, June and August 2022. June 2023 had the full benefit of the rate increases compared to June 2022.

**Interest expense** increased by 32% due to the impact of the interest rate increases mentioned above, and adverse foreign exchange movements between the United States dollar and the Botswana Pula for Dollar based deposits. Despite the increase in cost of funds and adverse movement in foreign exchange, net interest income increased by 5%.

**Non-interest revenue** increased by 11% during the first half of 2023, compared to June 2022. The result was due to the continued strong performance of our fees and commission revenue streams from increasing digital channels activity. Despite the strong performance in fees and commissions, trading income declined by 17% mostly due to exchange rate fluctuations.

There is a net release to impairment of P9.4m. This was due to good recoveries from written-off loans and the reduction of expected credit loss in line with the reduced growth in the loan book.

Overall, our total expenses are 18% higher year on year. Increases in costs are in support of the strategic expansion of the Bank where the Bank opened 40 new ATM sites and added 6 new Sales and Service Centers, since June 2022. Further included in the expenses is the investment in improving our customer value proposition by introducing new products.

OUR BALANCE SHEET

Total assets increased by 5% year on year. Notable increases in the assets are in the number of investment securities held and lending to other financial institutions during the year.

Deposits have grown by 7% compared to June 2022. This is due to growth in customer numbers and current customer value proposition improvements that are showing some positive outcomes.

CAPITAL ADEQUACY AND DIVIDENDS

Our capital adequacy is at 21.2% as of 30 June 2023, compared to 20% as of 30 June 2022, which is well above the 12.5% minimum 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 and increasing transactional volumes, particularly in the retail segment. This will be achieved through the continuous roll-out of our agency banking channels to bring banking closer to Batswana. In the Wholesale banking segment, the Bank will increase its support for small and medium enterprises. As the Bank expands, management will focus on leveraging the Bank’s digital capabilities to reduce optimize operation costs and increase return to shareholders.

ACKNOWLEDGEMENT

We extend our sincere gratitude to 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.



Mrs. Lorato Nthando Mosetlhanyane  
**Chairperson**

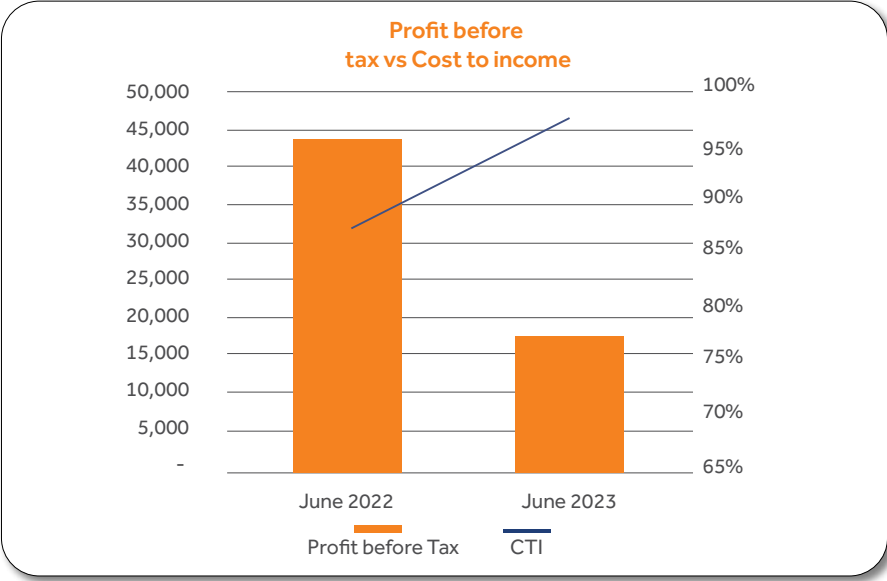
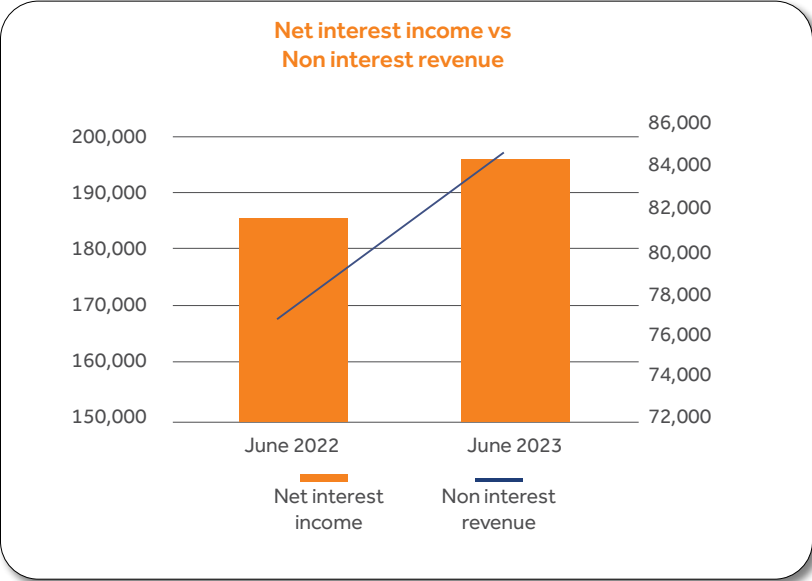


Ms Musonda Chishimba  
**Managing Director (Acting)**

UNAUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

UNAUDITED SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023			
	30 June 2023 P'000	30 June 2022 P'000	31 December 2022 P'000
<b>ASSETS</b>			
Cash and balances with the central bank	282,212	268,948	217,678
Balances with other banks	1,031,583	840,925	823,011
Investment securities	769,939	688,491	876,333
Derivative financial assets	22,137	70,914	20,838
Loans and advances to customers	6,427,218	6,593,619	6,618,195
Balances due from related parties	399,328	-	397,736
Current tax receivable	10,904	10,558	2,666
Other assets	83,037	105,423	119,730
Property and equipment	156,107	108,000	158,516
Intangible assets	61,120	106,697	76,172
Deferred tax asset	-	39,234	-
<b>Total assets</b>	<b>9,243,585</b>	<b>8,832,809</b>	<b>9,310,875</b>
<b>LIABILITIES</b>			
Deposits from banks	200,012	109,008	191,565
Deposits from customers	7,219,236	6,744,726	7,276,718
Derivative financial liabilities	21,497	64,829	20,302
Balances due to related parties	6,080	5,406	6,097
Current tax payable	-	-	921
Other liabilities	189,181	174,299	164,467
Borrowed funds	563,735	529,874	618,021
Deferred tax liability	1,693	-	4,275
<b>Total liabilities</b>	<b>8,201,434</b>	<b>7,628,142</b>	<b>8,282,366</b>
<b>EQUITY</b>			
Stated capital	222,479	222,479	222,479
Retained earnings	804,972	967,652	791,330
Revaluation reserve	8,609	8,445	8,609
Other reserves	6,091	6,091	6,091
<b>Total equity</b>	<b>1,042,151</b>	<b>1,204,667</b>	<b>1,028,509</b>
<b>Total equity and liabilities</b>	<b>9,243,585</b>	<b>8,832,809</b>	<b>9,310,875</b>

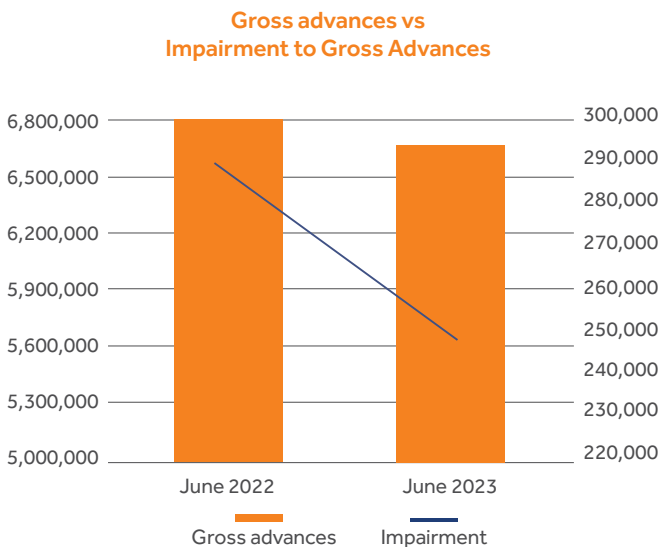
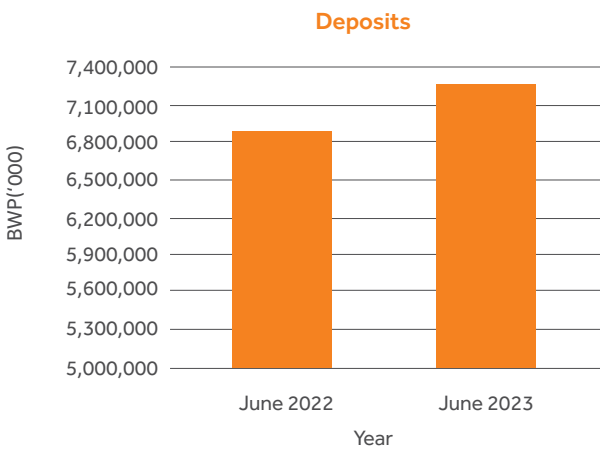
UNAUDITED SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the period ended 30 June 2023			
	30 June 2023 P'000	30 June 2022 P'000	% Change
Effective interest and similar income	442,885	373,099	19%
Effective interest expense and similar charges	(247,135)	(187,392)	(32%)
<b>Net interest income</b>	<b>195,750</b>	<b>185,706</b>	<b>5%</b>
Changes in expected credit losses and other credit impairment	9,403	11,154	(16%)
Net trading income	15,017	18,069	(17%)
Net fee and commission income	70,039	58,839	19%
<b>Total net revenue</b>	<b>290,209</b>	<b>273,768</b>	<b>6%</b>
Personnel expenses	(92,056)	(87,941)	(5%)
General and administrative expenses	(110,790)	(79,845)	(39%)
Depreciation and amortisation expenses	(36,342)	(28,615)	(27%)
Indirect tax expense	(8,853)	(7,040)	(26%)
Other operating expenses	(24,373)	(26,466)	8%
<b>Total operating expenses</b>	<b>(272,414)</b>	<b>(229,908)</b>	<b>(18%)</b>
<b>Profit before tax</b>	<b>17,795</b>	<b>43,860</b>	<b>(59%)</b>
Direct tax	(4,153)	(9,329)	55%
<b>Profit for the year</b>	<b>13,642</b>	<b>34,531</b>	<b>(60%)</b>
<b>Other comprehensive income for the year</b>	<b>-</b>	<b>-</b>	
<b>Total comprehensive income for the year</b>	<b>13,642</b>	<b>34,531</b>	<b>(60%)</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (thebe)	<b>3.76</b>	<b>9.53</b>	
<b>Headline earnings per share</b>			
Basic and diluted headline earnings per share (thebe)	<b>3.76</b>	<b>9.53</b>	



UNAUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

UNAUDITED SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS for the six months ended 30 June 2023		
	30 June 2023	30 June 2022
	P'000	P'000
<b>Cash flows from operating activities</b>		
Profit before tax	17,795	43,860
<b>Adjusted for:</b>		
Depreciation	16,764	10,616
Amortisation of intangible assets	19,578	17,999
Expected credit losses	(9,403)	(11,154)
Unrealised exchange losses/gains	13,981	14,801
Tax paid	(13,769)	(9,988)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>44,946</b>	<b>66,134</b>
<b>Movement in operating assets / liabilities:</b>		
Loans and advances to customers	190,109	(69,188)
Balances due from related parties	(2,724)	975
Other assets	35,393	106,661
Deposits from customers and banks	(78,350)	(118,168)
Other liabilities	25,909	(57,326)
Balances due to related parties	(17)	(274)
<b>Net cash from operating activities</b>	<b>215,266</b>	<b>(71,185)</b>
<b>Cash flows from investing activities</b>		
Disposal/(purchase) of property and equipment	(9,761)	(15,993)
Purchase of intangibles assets	(9,118)	(49,070)
Disposal /(Additions) to financial instruments	106,394	-
<b>Net cash (used in)/generated investing activities</b>	<b>87,515</b>	<b>(65,063)</b>
<b>Cash flows from financing activities</b>		
Repayments on borrowed funds	(66,480)	(171,332)
Dividends paid	-	(16,000)
Payment of interest on lease liabilities	(2,672)	(2,353)
Payment of lease liabilities	(3,234)	(2,722)
<b>Net cash generated from financing activities</b>	<b>(72,386)</b>	<b>(192,407)</b>
Net increase / (decrease) in cash and cash equivalents	230,395	(328,655)
Cash and cash equivalents at beginning of the period (1 January)	1,439,488	1,804,365
Effect of exchange rate fluctuations on cash and cash equivalents held	40,362	28,961
<b>Cash and cash equivalents for the period (30 June)</b>	<b>1,710,245</b>	<b>1,504,671</b>
<b>Cash and cash equivalents comprised of:</b>		
Cash and balances with the Central Bank	282,212	268,948
Balances with other banks	1,031,583	840,925
Investment securities	-	394,798
Balances due from related parties	396,450	-
	<b>1,710,245</b>	<b>1,504,671</b>

UNAUDITED SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the period ended 30 June 2023					
	Stated capital P'000	Other reserves P'000	Revaluation reserve P'000	Retained earnings P'000	Total P'000
<b>At 1 January 2022</b>	<b>222,479</b>	<b>6,091</b>	<b>8,445</b>	<b>949,121</b>	<b>1,186,136</b>
Profit for the period				8,208	8,208
Other comprehensive income			164		164
<b>Total Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>164</b>	<b>8,208</b>	<b>8,372</b>
<b>Other movement in reserves</b>					
Dividend declared and paid	-	-	-	(165,999)	(165,999)
<b>Total other movements in reserves</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(165,999)</b>	<b>(165,999)</b>
<b>At 31 December 2022</b>	<b>222,479</b>	<b>6,091</b>	<b>8,609</b>	<b>791,330</b>	<b>1,028,509</b>
<b>At 1 January 2023</b>	<b>222,479</b>	<b>6,091</b>	<b>8,609</b>	<b>791,330</b>	<b>1,028,509</b>
Profit for the period	-	-	-	13,642	13,642
Other comprehensive income			-		-
<b>Total Comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13,642</b>	<b>13,642</b>
<b>At 30 June 2023</b>	<b>222,479</b>	<b>6,091</b>	<b>8,609</b>	<b>804,972</b>	<b>1,042,151</b>



UNAUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2023

SIGNIFICANT ACCOUNTING POLICIES  
for the period ended 30 June 2023

General information

Access Bank Botswana Limited provides wholesale banking, retail and global markets banking services. The Bank is a limited liability company and is incorporated and domiciled in Botswana (registration number BW00001089931).

The summarised condensed consolidated interim financial statements for the period ended 30 June 2023 have been approved for issue by the members of the Board on 28 of September 2023. Neither the members of the Board nor others have the power to amend financial statements after issue.

1. Basis of presentation

1.1 STATEMENT OF COMPLIANCE

Accounting policies

The consolidated financial statements comprise the consolidated statement of profit or loss and other comprehensive income showing as one consolidated statement, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the notes.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). The consolidated financial statements have been prepared on the historical cost basis, except for revaluation of property, plant and equipment and certain financial instruments which are disclosed at fair value. The Bank has consistently applied the accounting policies, where necessary, the Bank adjusts comparative figures to conform to changes in presentation in the current year. The principal accounting policies applied are disclosed in the annual financial statements.

New Accounting Standards

IFRS 17, Insurance contracts

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.

This amendment does not 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 Noncurrent

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 does not have a significant impact on the financial statements of the Group as the Group presents assets and liability in order of liquidity on the Statement of Financial Position.

Amendments to IAS 12, Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

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.

The Group will quantify the impact of the deferred tax from the right of use asset and corresponding lease liabilities, although the impact is not expected to be significant on a net basis.

Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the financial statements are disclosed, in the annual financial statements.

The critical accounting estimates and areas of judgement relate to the following elements of the summarised financial results:

- Impairment of financial instruments: key assumptions used in estimating recoverable cash flows
- Determination of the fair value of financial instruments with significant unobservable inputs
- Determination of the fair value of land and buildings with significant unobservable inputs

Going concern

The directors are responsible for ensuring that the Group keeps accounting records which disclose with reasonable accuracy at any time the profit or loss and other comprehensive income, financial position, changes in equity and cash flows of the group which enable them to ensure that the financial statements comply with the Botswana Companies Act, 2003, the Banking Act (Cap 46:04) and International Financial Reporting Standards (IFRS).

2. Stated Capital

The issued share capital of the Bank comprises of 725 000 000 ordinary shares which are 78.15% owned by Access Bank PLC. There has been no change in the Bank's stated capital during the period.

