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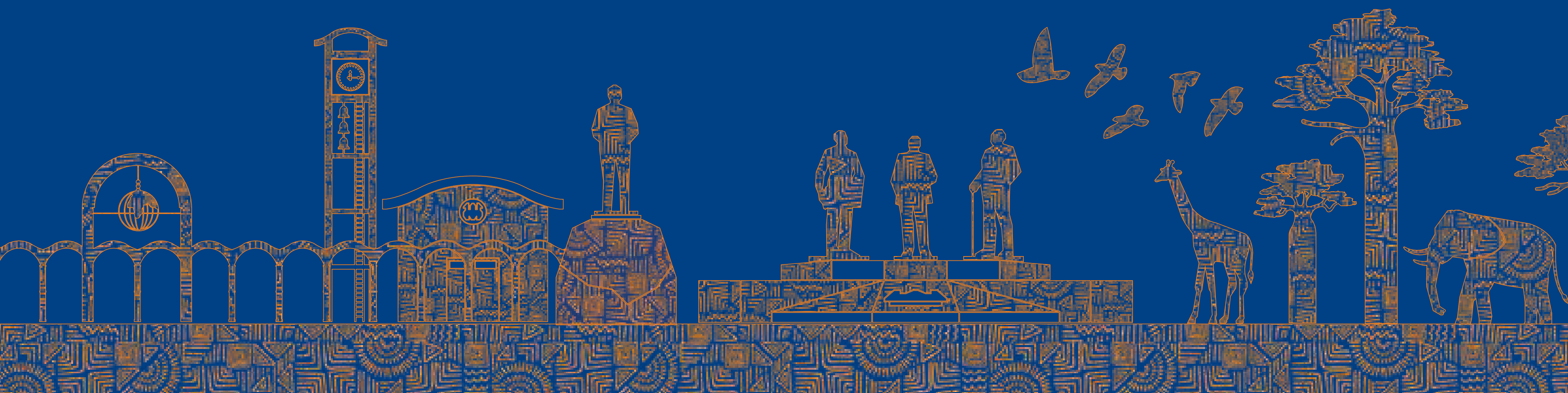
Bank Botswana

Integrated Report 2024



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This report has been designed for an enhanced digital experience and navigation to ease readability on computer screens and mobile devices.

NAVIGATION ICONS

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ABOUT ACCESS BANK BOTSWANA

Access Bank Botswana is a subsidiary of Access Bank Plc, a leading full-service commercial bank. The Bank has been listed on the Botswana Stock Exchange since 2018. The Bank serves various markets through four business segments: Retail, Business, Commercial, and Corporate & Investment Banking. It also places a strong emphasis on partnerships and financial inclusion, aiming to extend financial services to the broader economy. It operates through a network of 59 ATMs, 19 branches, and sales and service centers. Our customer-focused delivery model is anchored on a deep understanding of market dynamics, unrivaled sector expertise, and an unwavering commitment to excellence.

The Bank employs more than 430 full time staff members in its operations. As a talent-driven organization, the Bank cultivates a high-performance culture that attracts and retains exceptional people while actively engaging stakeholders through consistent value creation. This reach reflects not only geographic expansion but also the depth of our impact in driving financial inclusion, innovation, and sustainable development in Botswana.

Access Bank Plc itself is a leading African Bank operating across three continents, spanning 24 countries and serving over 60 million customers. It operates through a network of more than 700 branches and service outlets. The Bank employs 28,000 people, and it has subsidiaries across Sub-Saharan Africa and in the United Kingdom, France along with a branch in Dubai, United Arab Emirates, and representative offices in China, Lebanon and India.

OUR PURPOSE

To make a positive impact in Africa.

OUR VISION

To be the world's most respected African bank.

OUR MISSION

Setting standards for sustainable business practices that ignite the talents of our employees and create superior value for our stakeholders.

OUR CORE VALUES

EXCELLENCE

- Surpassing ordinary standards to be the best in all that we do.
- Setting the standard for what it means to be exceptional.
- Our approach is not that of excellence at all costs - it is excellence on all fronts, so that we deliver outcomes that are economically, environmentally and socially responsible.

LEADERSHIP

- Leading by example, leading with guts.
- Being first, being the best and sometimes being the only one.
- Challenging the status quo.

EMPOWERED EMPLOYEES

- Based on shared values and vision.
- Developing our people to become world-class professionals.
- Encouraging a sense of ownership at individual levels, whilst fostering team spirit and loyalty to a shared vision.

PASSION FOR CUSTOMERS

- Doing more than just delivering excellent customer service.
- Helping people to clearly understand how our products and services work.
- Treating customers fairly. Building long-term relationships based on trust, fairness and transparency.

PROFESSIONALISM

- Putting our best foot forward in everything we do, especially in high pressure situations.
- Consistently bringing the best of our knowledge and expertise to the table in all our interactions with our stakeholders.
- Setting the highest standards in our work ethics, behaviours, activities and in the way we treat our customers and, just as importantly, one another.

INNOVATION

- Pioneering new ways of doing things, new products and services, new approaches to customers.
- Being first, testing the waters and pushing boundaries.
- Anticipating and responding quickly to market needs with the right technology, products and services to achieve customer objectives.

ISAGO

Overview

Empowering change together

In the ever-evolving landscape of finance, our commitment to empowering change has never been more crucial. This year, we adopted the theme **"Empowering Change Together,"** which reflects our dedication to collaboration, innovation, and sustainable growth. This theme reinforces our refined corporate philosophy, aligning with our overarching purpose of making a positive impact in Africa through People, Profit, and Planet.

By focusing on People, Profit, and Planet, we emphasize our belief that financial success is inseparable from the well-being of our people, the prosperity of the communities we serve, and the health of our planet.

Empowering Change Together encapsulates our journey this year. Through collaboration with our customers, employees, and communities, we have made significant strides in creating a positive impact. We are excited about the future and remain committed to fostering a culture of empowerment and change.

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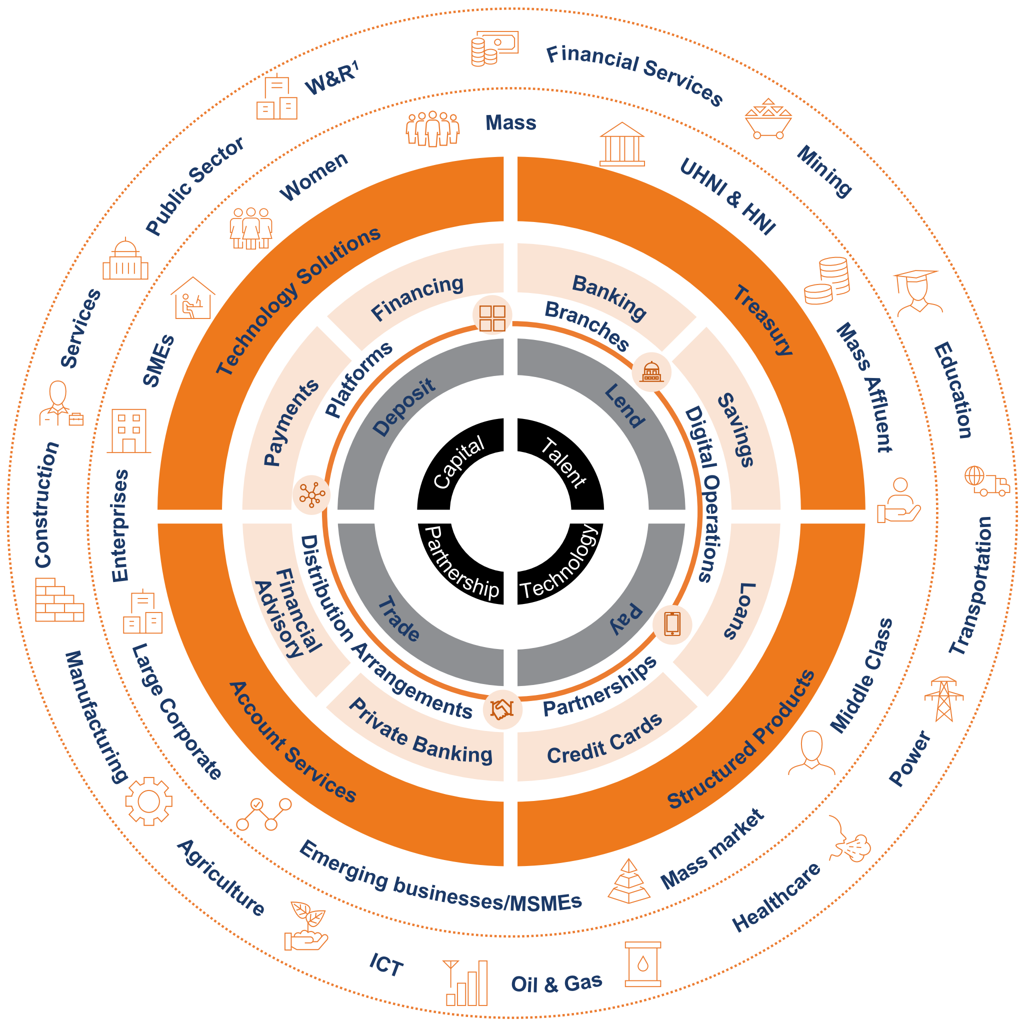
Bank Botswana Limited
more than a bank

Our Strategy And Business Model

Our journey toward sustainable growth and sector leadership is anchored in a vision that transcends profitability – "To be the world's most respected African bank." This bold ambition is brought to life by a deeply embedded purpose: To make a positive impact in Africa. As a key player in Botswana's financial services sector, we recognize the powerful role we play in enabling national development, catalysing enterprise growth, and fostering economic inclusion.

Empowering Change Together speaks to our fundamental belief that transformation is most effective when it is inclusive, collaborative, and purposeful. In a year characterized by significant macroeconomic pressures – rising cost of funds, liquidity constraints, and global uncertainty – our commitment to change, together with our clients, partners, regulators, and communities, has remained steadfast.



Key

- **Discriminating Capabilities** What sets us apart
- **Business Activities** What we do
- **Growth Nodes** How we go to market
- **Product Families** What we offer
- **Markets** Who and where we target (customer segments, economic sectors and geographical markets)

Our Reach

59 ATMS	110,311 unique mobile app and Internet banking users	1537+ POS	450 Professional Staff (43% 57%)	19 Branches and Service Centres	1600+ Access Closa agents

Our Business Model

Access Bank Botswana's business model is built on a clear and comprehensive strategy to deliver long-term, inclusive value. It is designed to ensure that every capability, product, and service is geared toward empowering customers, strengthening the economy, and creating shared prosperity. The model reflects our integrated approach to value creation – connecting people, capital, partnerships, and technology across sectors and customer segments.

Our business model is not static. It evolves in response to client needs, economic shifts, and technological advancements. It is designed to empower not just through products and platforms but through trust, partnership, and purpose.

At Access Bank Botswana, we don't just provide banking. We create ecosystems that enable people, businesses, and communities to thrive. By connecting our capabilities to real-world challenges and opportunities, we are truly empowering change together.

We are a customer centric Bank with unrivaled sectorial expertise and remarkable talent to deliver returns to our shareholders.

Customer-centric approach	Unrivaled sector expertise	Hub for talent	Engaged stakeholder
By deeply understanding our customer needs, creating innovative products and delivering services to foster distinctive customer experience	By developing unrivaled expertise in the specific sectors to help our clients make distinctive, lasting, and substantial improvements	By creating an environment that attracts, develops, excites, and retains exceptional people	By delivering superior market leading returns to our shareholders and other stakeholder groups

These pillars are grounded in the realities and opportunities specific to the Botswana market.

Awards and Recognitions

- **Best Bank for Digital Transformation Botswana** *Global Banking & Finance Awards 2024*
- **Received Best Diversity Award** *Global Expo in 2023*
- **Best Payments Collaborator Award 2024** *VISA Awards*
- **Banking Partner Of The Year 2024** *XH Smart Tech*

Update on Our Journey

In 2024, Access Bank Botswana delivered meaningful progress across its core strategic pillars despite a challenging macroeconomic environment. The year marked a phase of stabilization, strategic alignment, and operational reset, setting the stage for accelerated transformation in the years ahead.

PILLAR	PROGRESS MADE
1. People and Culture	1. Development and implementation of leadership development programme to include training through leading international institutions with a total investment of over BWP 2.5 million, as well as introduction of a comprehensive coaching and mentoring programme. 2. Launched the Degree programme for employees who do not have degrees, partnering with Botswana Accountancy College with an initial investment of BWP 1.3million. 3. Implementation of various employee wellness and well-being initiatives as part of strengthening the Banks EVP.
2. Environmental, Social, and Governance	1. Phase 1 Installation of green building initiatives in Head Quarters. 2. Commenced journey to green bond issuance. 3. Continued Financial Literacy Training.
3. Customer Centricity	1. Setup of Custodial services. 2. Launch of W Initiative (Women Banking), designed to empower women in all aspects of their lives. 3. Partnership with local councils, in particular the property rates payment solution (pay rates). 4. Morobi Investment Account, a fixed deposit account targeted towards pensioners.
4. Operational Excellence	1. Successful Launch of Contact Centre One Stop Shop Phase 1. 2. Automation of Retrenchment Insurance Premiums Process. 3. Successful deactivation of Journal rolls on ATMs. 4. Successful Migration of Access Bank Botswana Prepaid cards to core banking system.
5. Financial	Access Bank Botswana delivered robust financial outcomes **Revenue**: Net Interest Income 1.2% ▲ P413.9m; Non-Interest Income 45.3% ▲ P296.5m; Total Net Revenue 10.6% ▲ P661.2m **Expenses**: Interest Expense 3.6% ▼ P474.6m; Operational Expenses 3.5% ▼ P526.6m; Impairments 168.9% ▲ P39.5m **Balance Sheet & Capital**: Customer Deposits 6.2% ▼ P7,259m; Customer Loans 6.9% ▼ P5,711m; Capital Adequacy 21.72% 21.77% (2023) These gains were underpinned by disciplined balance sheet management, enhanced foreign exchange solutions, and the successful onboarding of new clients across key sectors.
6. Risk	1. Expected credit losses training for key roles within the Bank. 2. Same day credit decisioning on 98% of Retail loan applications. 3. Improved adherence to strict control environment.

In 2025, we will focus on stabilizing our operations, aligning teams with our strategy, and building the capabilities needed for long-term success. The progress made against each strategic pillar affirms our commitment to sustainable growth, responsible banking, shared value creation, and empowering change together with our people, clients, and partners.

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Directors' Reports

Chairperson's Report

Boiki Matema Wabo Tema
Chairperson

Macroeconomic Overview

Botswana's economy faced notable challenges in 2024, primarily stemming from prolonged weaknesses in the global diamond market. The first and second quarters registered gross domestic product (GDP) contractions of 5.3% and 0.5%, respectively signaling a technical recession. Consequently, the International Monetary Fund (IMF) revised the country's 2024 growth forecast downward to 1.0%, from an earlier projection of 3.6%.

In response to declining revenues, the Government implemented reductions in both recurrent and development expenditure. Despite these fiscal adjustments, a budget deficit of P19 billion equivalent to approximately 6.75% of GDP, was projected for the 2024/25 fiscal year.

While the downturn has significantly impacted national economic performance, the mining sector continues to be a cornerstone of Botswana's economy. A gradual recovery in global natural diamond demand will be crucial in national economic revitalisation.

Strategic Review

In 2024, the Bank continued to deliver improved performance, underpinned by increased trading volumes and robust growth in non-interest income. This was largely driven by the successful rollout of innovative products and services, which received strong market uptake.

We made notable progress in advancing our strategic priorities, reinforcing our trajectory toward becoming a sustainable, forward-looking financial institution. This year marked a significant milestone in our journey, aligning our operations more closely with the Bank's long-term vision.

Our continued investment in secure, scalable, and agile technology platforms remains the core pillar of our strategy. These platforms are essential to enhancing operational efficiency and delivering superior customer experiences. A key strategic focus is on the democratisation of data to enable personalised solutions, data-driven decision-making, and revenue optimisation.

With every strategy comes an element of risk. Our capital adequacy ratio of 21.7% ensures sufficient buffer to support the next phase of growth. We have also redefined the Bank's Target Operating Model, placing greater emphasis on segment-led growth:

Retail & Private Banking

We are expanding and diversifying our retail offering, including the onboarding of new partners and schemes. Key initiatives include the launch and re-launch of flagship products such as property loans, credit cards, and Women's Banking solutions. We continue to enhance our customer value proposition with products tailored to meet the evolving needs of our customers.

Business & Commercial Banking

We aim to lead and dominate this segment by strengthening our offering in Agribusiness, Citizen Economic Empowerment Programme (CEEP), and ecosystem banking. A strategic emphasis is placed on facilitating both domestic and international trade.

Corporate & Institutional Banking

We have re-focused this segment to build and deepen key client relationships, with a goal of achieving exponential growth through tailored financial solutions.

A dedicated unit has been fully established to serve this segment, with a focus on increasing transactional banking type of deposits through comprehensive collections and payments solutions, including E-commerce, direct debits, bulk transfers to mobile wallets, and biller solutions.

Global Markets

Trading income recorded strong year-on-year growth of 22%. We are committed to expanding our market share through product innovation, coupled with investments in technology and technical capability enhancement.

Custodial Services

We have responded to our clients' requirements for custody and to be landed in 2025. We intend to make a significant impact in this area.

Financial Performance Summary

Despite subdued interest income, the Bank continued to grow net interest revenue through effective funding cost management. Non-funded revenue demonstrated consistent growth, affirming the soundness of our strategic direction and contributing to a 158% increase in profit before tax.

Income Statement Highlights

The Bank delivered strong performance in 2024, achieving a return on equity (RoE) of 9.4%, up from 4% in 2023. Non-interest revenue reached record highs, with Global Markets contributing strong double-digit growth. Operating income rose by 11% to P661 million, driven by improved digital utilisation and greater customer adoption of digital channels.

The credit impairment charge increased by 169%, albeit from a low base, largely due to underperformance in the mortgage portfolio under prevailing macroeconomic conditions. Nonetheless, loan loss rates remained well within internal thresholds. Operating expenses declined by 4%, supporting a notable year-on-year improvement in the cost-to-income ratio.

Balance Sheet Overview

Total assets grew by 2% in 2024. Interest income remained stable despite a 7% reduction in the loan book, offset by a 57% increase in investment securities. Key liquidity indicators, including the loan-to-deposit and liquid asset ratios, improved, reflecting prudent balance sheet management.

Customer deposits declined by 6%, owing to optimization of the Bank's deposit mix, despite growth in overall customer numbers. Continued enhancement of digital platforms and delivery channels remains a strategic focus, keeping the Bank at the forefront of innovation and customer convenience.

The Bank remains well-capitalized with a capital adequacy ratio (CAR) well above the internal target of 15% and the regulatory requirement of 12.5%. This enabled the Board to declare a dividend of 9.93 thebe per share, while preserving capital for future growth opportunities.

158% PROFIT BEFORE TAX

P134.6m

PROFIT BEFORE TAX COMPARED TO P52.3m (2023)

Governance and Leadership

In 2024, the Bank experienced leadership transitions at both Executive and Board levels, reflecting our ongoing evolution and commitment to strong corporate governance.

We were pleased to welcome Mr. Sheperd Aisam as the new Managing Director following the resignation of Ms. Musonda Chishimba Musakanya, who served as Acting Managing Director until 4 January 2024. We extend our deep appreciation to Ms. Musakanya for her exceptional stewardship during a pivotal period. Her commitment to maintaining operational continuity and stakeholder engagement, ensured the Bank remained stable and responsive amid leadership transition.

Mr. Aisam brings over 25 years of experience in the financial services sector across Africa, with a proven track record in driving shareholder value, operational efficiency, and sustainable banking practices. His appointment underscores the Bank's dedication to visionary leadership and long-term value creation.

Board Appointments

We welcomed several distinguished professionals to our Board:

- Mr. Ogone Lekgotla Mothooagae, appointed 1 January 2024, is the Founder and CEO of Stencil Technologies. With a BEng (Hons) in Software Engineering from the University of Manchester and PRINCE2 Practitioner certification, Mr. Mothooagae brings a technology-forward perspective essential to driving digital transformation at the Bank.
- Mr. Calistas Chijoro, appointed 1 February 2024, brings nearly two decades of experience in banking and financial services. With extensive leadership exposure in both operational and strategic roles, Mr. Chijoro currently serves as Executive Director at Johdee Mineral Processing, focusing on strategy execution and stakeholder engagement.
- Mr. Davis Tele, appointed as an Independent Non-Executive Director effective 17 March 2025, brings over 14 years of experience in accounting and finance. He holds a Bachelor of Accountancy Degree from University of Botswana, an MSc in Accounting and Finance from Birmingham City University, UK, and is a fellow member of both the ACCA (FCCA) and BICA (FCPA). His financial acumen further strengthens the Board's oversight capabilities.

Board Resignations and Acknowledgements

We would like to extend heartfelt appreciation to the following directors who retired from the Board, each of whom made significant contributions to the growth and governance of the Bank:

- Mr. Mooketsi Jacob Motlhabane, who resigned on 30 November 2024, served as the Chairperson of the Board Audit Committee. Throughout his tenure, Mr. Motlhabane provided invaluable oversight in the areas of financial controls, audit processes, and risk management. His leadership ensured the Bank maintained rigorous standards of accountability and financial discipline, contributing directly to its sound financial performance.
- Mr. Joshua Benjamin Galeforolwe, who stepped down on 31 January 2025, served as Chairperson of the Board Governance, Nomination and Remuneration Committee. Under his leadership, the Bank made significant strides in strengthening its corporate governance framework and employee value proposition. His contributions were instrumental in aligning human capital strategies with the Bank's broader business objectives.
- Ms. Lorato Nthando Mosetlhanyane, who resigned on 31 January 2025, served as Chairperson of the Board and played a pivotal role during the Bank's transition into the Access Bank Group. Her leadership during the COVID-19 pandemic and the integration period was marked by resilience, strategic clarity, and deep commitment to stakeholder engagement. With a decade of service, Ms. Mosetlhanyane leaves behind a legacy of excellence, integrity, and stability.
- I would like to thank and recognise Ms. Mosetlhanyane, my esteemed predecessor for the smooth handover and transition of the Board Chairpersonship.

Outlook

The Bank remains firmly committed to advancing digital innovation and enhancing the customer experience. The rollout of new and enhanced products and channels will accelerate, guided by our mission to deliver accessible, affordable, and relevant financial solutions to customers from all walks of life.

A continued focus on affordable digital lending and financial inclusion will support our strategy. Within Business and Commercial, we aim to deepen support for Small and Medium-sized Enterprises (SMEs) through targeted solutions in government purchase order (GPO) financing, transactional banking, and capacity-building initiatives, further reinforcing our role in national economic development.

Acknowledgements

I extend my sincere gratitude to all our valued customers, regulators, partners, and shareholders for their continued trust and support. I also thank my Board of Directors, Executive management, and the entire Access Bank Botswana team for their unwavering dedication and commitment to excellence.

Together, we look forward to a future of shared success and continued growth.

Managing Director's Report

Sheperd Aisam
Managing Director

"Since assuming leadership of this esteemed institution in January 2024, I have been both humbled and encouraged by the warm reception from the market and our stakeholders. This positive response affirms our shared commitment and strengthens our resolve as we work collaboratively to deliver sustainable value and drive meaningful impact in Botswana and across the continent."

I must pause to honour Dr. Herbert Wigwe, who tragically passed away on February 9, 2024. His influence on Access Bank and the broader African banking landscape was profound. He built on the strong foundation laid by his partner, Aigboje Aig-Imoukhuede, CFR, and together, they envisioned an institution that would lead with purpose—an African bank with global reach, driven by innovation, excellence, and an unwavering commitment to transformation. Dr. Wigwe's legacy will continue to inspire us all.

At this time last year, I outlined the key priorities required to unlock the full potential of Access Bank Botswana. With the launch of our refreshed strategy—ISAGO 2027—we are now in execution mode. ISAGO is an acronym that stands for Innovative, Sustainable, All-Encompassing, Grandiose, and Outstanding, which are the 6 core pillars and values that underpin this strategy. My team and I are committed to disciplined execution and consistent delivery, and I will provide updates on our progress at every reporting period.

I am also pleased to welcome our new Chairman, Mr. Boiki Tema, to this journey. Boiki brings global perspective and seasoned leadership, and I look forward to working closely with him as we chart the next chapter of our growth story. I would like to thank our outgoing Chair, Lorato Mosetlhanyane for her role in our journey's success.

Performance with Purpose

At Access Bank Botswana, our top priorities for the coming years center on People, Profit, and Planet, ensuring that our growth aligns with sustainability and meaningful impact. We are committed to:

1. **People** – Creating the Best Place to Work by nurturing an environment where employees thrive, customers receive exceptional service, and communities benefit from our initiatives.
2. **Profit** – Driving sustainable financial growth that creates superior value for all stakeholders through innovative solutions that enhance banking accessibility.
3. **Planet** – Strengthening our role in sustainable business practices, ensuring that economic prosperity does not come at the expense of environmental responsibility.

This comprehensive approach highlights our commitment to ethical practices and ensures that our growth aligns with sustainable value creation for all our stakeholders, including customers, employees, shareholders, and the broader community.

In 2024, the Bank demonstrated notable progress, achieving strong financial and operational performance that underscored the effectiveness of its strategic direction and investment priorities. A key highlight was the significant increase in non-interest income, which rose by 45% year-on-year, driven primarily by higher digital transaction volumes and the successful expansion of fee-based services. This growth was further supported by a 22% increase in trading income, reflecting the bank's ability to capitalize on its diversified product offerings and strengthened customer engagement across channels.

On the net interest income front, despite a 1% drop in interest income due to lower monetary policy rates and a contracted loan book, the Bank effectively managed its cost of funds, with interest expenses declining by 4%, leading to a 1% increase in net interest income. This resilience reflects sound balance sheet management and a deliberate strategy to grow a high-quality lending portfolio while optimizing deposit mobilization.
However, the year was not without challenges. The Bank experienced a sharp increase in net impairment charges, rising from P15 million in December 2023 to P40 million in 2024. This increase was largely driven by underperformance in the Mortage portfolio. Nonetheless, the Bank maintains a customer-focused approach, with ongoing efforts to support clients through these difficult conditions.

A notable achievement was the 4% reduction in operating expenses, attributed to stringent cost containment efforts, and operational efficiencies These cost savings helped offset increased investments in technology aimed at strengthening the Bank's operational infrastructure, and talent, underscoring the Bank's ability to grow efficiently.

The balance sheet showed moderate growth, with total assets increasing by 2% year-on-year, primarily due to a rise in investment securities, even as the loan book contracted. Though deposits declined by 6%, our business has a sustained focus on enhancing customer value and retention. With a strong foundation in place, the Bank is well-positioned to capitalize on future opportunities, including the rollout of innovative deposit solutions and continued growth in digital banking.

Overall, the Bank's performance in 2024 reflects strategic agility, operational resilience, and prudent financial management, positioning it for sustained growth and market leadership in the coming years.

Confidence in our Strategy

Beyond financial performance, our purpose, making a positive impact in Africa defines who we are as a business and guides our decision making.

Through our 3 business segments, Corporate & Commercial Banking (comprising of Corporate and Institutional Banking, as well as Business and Commercial Banking), Retail Banking and Global Markets and Treasury, we aim to empower Batswana at each level of the ecosystem to deliver superior value to all our stakeholders.

In Corporate and Institutional Banking, our approach is supporting multinational corporations, leading local enterprises, and financial institutions across key industries. We offer innovative, cross-border solutions that drive trade and investment, while actively exploring opportunities in emerging sectors such as energy, manufacturing, and telecommunications.

In Business and Commercial Banking, our clients span a wide range of industries, including manufacturing, trade, agriculture, construction, hospitality, and technology sectors that are vital to economic development and national transformation. During the year, we partnered with Trans Africa to introduce a Distributor Credit Program, that streamlines access to credit for SMEs, particularly youth owned business in the Fast-Moving Consumer Goods (FMCG) sector.

In Global Markets we provide 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.

In Retail Banking, we are firmly positioned at the forefront of digital transformation, leading the industry with innovative, first-to- market solutions designed to meet evolving customer needs. We continue to enhance our customer value proposition across the different client segments, providing greater accessibility to underserved communities, whilst broadening our partnerships to offer tailor made solutions that demonstrate we understand the local market.

Driving Innovation, Social Impact and Financial Inclusion

Access Bank Botswana takes pride in delivering world-class, market-first disruptive digital solutions that provide exceptional convenience and help bridge the financial inclusion gap. Renowned for the prepaid card solution in different currencies, Access Bank has established notable partnerships with Botswana's largest life insurance provider, Botswana Life, and the Botswana government.

The Bank has transformed access to financial services with the market-first Digital Nano Loan product, developed in partnership with Orange Money Botswana, called N'stakolle loan. Through this collaboration, Access Bank offers Orange Money customers a unique and essential product that meets their daily requirements while significantly contributing to financial inclusion for Botswana's unbanked and underserved population.

Over the past year, our Employee Volunteering Program (EVP) has been a cornerstone of our social impact agenda, with over 20 high-impact initiatives delivered across Botswana. Guided by four key pillars, health, education, environmental sustainability, and entrepreneurship, our employees have actively championed causes that create lasting value in the communities we serve. Many of these initiatives are designed as multi-year commitments to ensure long-term support and meaningful engagement.

Highlights include donations of nearly 200 pairs of shoes to students at the Ramotswa Centre for the Deaf, academic sponsorships at Tshekedi Memorial School, and the production and distribution of 300 "Standardized Sign Language Books" in partnership with the Botswana Society for the Deaf. These actions reflect a growing culture of volunteerism, inclusion, and shared responsibility within our organization.

Our commitment to empowerment extends through the W Initiative, which promotes gender inclusion by equipping women with tools for financial independence, education, and personal development. This comprehensive platform offers access to finance, mentorship, capacity building, and global networking opportunities, supporting women at every stage of their financial journey.

In support of youth development, we introduced our Graduate Programme, aimed at nurturing the next generation of financial leaders. Through intensive training, mentorship, and real-world experience, this initiative prepares young talent across Botswana to shape the future of finance and contribute meaningfully to economic growth and societal progress.

Together, these initiatives reflect Access Bank Botswana's enduring focus on sustainability, empowerment, and inclusive growth.

Looking Ahead

As we move forward in 2025, we aim to continue investing in our business and provide innovative solutions to our customers at a faster pace and higher quality. We aim to make the right choices, aligned with our purpose to deliver sustainable returns for our shareholders. We remain committed to contributing to a more prosperous, sustainable, and resilient economy.

In Conclusion

Our business has proven resilient, supported by a clear strategy that positions us well to meet our ambitions. We deeply appreciate the continued trust, loyalty, and support of our clients. Equally, we acknowledge the dedication and hard work of our colleagues, whose commitment to excellence plays a vital role in our ongoing success.

Finance Director's Report

Ratang Icho-Molebatsi
Finance Director

Performance Overview

The banking sector experienced commendable growth in 2024, with total assets held by commercial banks increasing by 8%. This expansion outpaced both inflation and national Gross Domestic Product (GDP) growth, underscoring the critical role commercial banks continue to play in stimulating economic activity. Despite a reduction in our loan book, our own Balance Sheet grew by 2%, reflecting the underlying resilience and adaptability of our business model.

Encouragingly, Botswana's sovereign credit rating remains affirmed by S&P Global Ratings at BBB+ for long-term and A-2 for short-term foreign and local currency obligations. However, the economic outlook has been revised from 'stable' to 'negative', largely driven by pressure on diamond exports and softening global prices. These factors are expected to impact the country's export revenues and fiscal position in the short term.

Financial Performance Highlights

Income Performance
Our overall income improved during the year, with a continued strategic emphasis on non-interest revenue. This diversification, enabled by innovation, infrastructure development, and investment in talent, remains a cornerstone of our long-term growth. While interest income experienced a slight decline, our Net Fees and Commission income rose significantly by 50% in 2024, following a 44% increase in 2023, nearly doubling over two years.

We are achieving meaningful gains through increased transaction volumes, customer growth, and the rollout of innovative products. Our focus remains on building a future-proof institution underpinned by sustainable, high-quality growth.

Cost Management
We successfully managed to reduce operating expenses without compromising business momentum. Our strategic focus on cost efficiency includes leveraging group technological capabilities in place of external vendors, thereby driving operational synergies. We continued investing in our people, enhancing the overall employee value proposition to support our ambitious growth strategy. Interest expense declined during the year, particularly in the early months, due to improved liquidity conditions. However, an increase in Expected Credit Losses (ECLs) was recorded, attributable to ongoing model enhancements and data corrections required under IFRS 9 compliance and a struggling mortage portfolio.

Key Ratios and Profitability Metrics

- **Yield on Assets**: Declined due to a reduction in the prime lending rate.
- **Cost of Funding:** Improved year-on-year, reflecting prudent liquidity management.
- **Cost-to-Income Ratio:** Improved significantly from 91% to 80%.
- **Return on Equity and Assets:** Both improved, driven by enhanced profitability.
- **Liquidity:** Remains strong and well within regulatory requirements.

Balance Sheet and Capital Position

Our capital adequacy remains robust, reflecting the Bank's capacity to support future investment and growth. Although loan and deposit balances declined, we achieved an overall 2% Balance Sheet expansion. This was primarily driven by increased holdings in debt instruments and investment securities, aimed at optimally deploying excess liquidity and preserving margins.

The retail segment remains dominant; however, we are actively working to reduce this concentration. Our strategy includes expanding into high-potential areas such as digital lending, secured loans, corporate and commercial banking—particularly within key industries and high-growth clients.

Customer deposits declined in tandem with the reduction in risk assets. Borrowings increased, influenced by foreign currency translation effects on the USD 30 million borrowing facility and the successful issuance under our BWP 2 billion medium-term note programme.

Strategic Progress and Outlook

Over the past year, substantial resources have been deployed to reposition the Bank as a fully-fledged transactional institution. While we have made significant progress, priority areas such as stabilising the funding base, developing our markets business, and accelerating customer acquisition remain key to unlocking our full potential.

We have launched several strategic platforms to transform the Bank's balance sheet and expand growth capacity. Looking ahead, our strategic priorities include:

- Accelerating momentum to deliver sustained returns to our investors.
- Continuing our digital transformation journey to future-proof our operations.
- Strengthening customer experience through innovation, segmentation, and operational efficiency.

Looking Ahead to 2025

We are optimistic about 2025, with a strong asset growth pipeline and momentum across our targeted business segments. Our key focus areas will include:

- Refining and deepening our business segment strategies.
- Driving cost efficiencies to support ongoing investments in digital innovation.
- Continuing to improve customer satisfaction and loyalty.

Acknowledgements

I would like to extend my heartfelt appreciation to our customers, regulators, and partners. Your continued trust and support are the foundation of our progress. I also thank our Board of Directors, management, and the entire Access Bank Botswana team for their unwavering commitment and leadership in driving our strategic vision forward.

Together, we remain committed to building a stronger, more financially resilient and future-ready financial institution.

02 Business Reviews

CORPORATE & COMMERCIAL BANKING REPORT

Pauline Motswagae
Head of Wholesale Banking

This segment of the business delivered strong financial returns during the year under review. Profit before tax more than doubled, growing from P36.1 million to P83.7 million, largely driven by growth in net interest income and fees commission income. This culminated in operational expenditure reducing by 17%.

The segment experienced a shrinkage of the Balance Sheet at the end of the review period. Loans and advances saw a decline of 20% compared to the prior year due to alignment of the credit risk management framework to the prevailing economic conditions. However, initiatives such as the implementation of sector-focused credit and product programs implemented during the last quarter of 2024 are anticipated to drive asset growth. Furthermore, ESG-focused lending & support on clean energy will be established in 2025 to help grow loan book. Overall market liquidity squeeze led to an 11% decline in deposits from customers and a decrease in interest expenses.

33% NET CIB INCOME GROWTH

P143.5m
NET CIB INCOME COMPARED TO P107.8m (2023)

Looking forward to 2025, driving client growth, transactional banking, and trade will continue to be core to the strategy and expanding market share. Further segmentation of the client base was implemented towards the end of the year to ensure focused attention to client solutions through bespoke offerings. Public Sector will be a key focus area for 2025. As such, it has been carved from Corporate to be a stand-alone segment. Rigorous implementation of the customer journey management for 2025 will be put at the forefront to drive an increase in customer activity through ecosystem and value chain banking to accelerate market penetration within Business & Commercial Banking, as well as Retail Banking within key sectors that drive the economy.

To meet and surpass customer expectations and to support the transactional banking strategy, a new online Banking platform, **Primus Plus**, has been implemented to promote value, convenience and innovation for our clients.

To further enhance value to clients and penetrate market segments where the Bank has been under-represented, the Bank will be introducing Custody and Investor Services during the year. This initiative is anticipated to compliment the solutions and the service offered to the None Bank Financial Institute (NBFI) sector.

Through pertinent upskilling and talent retention measures, the division will continue to make sure that talent is matched to the ever-expanding demands of the market and staff perform to their best ability.

GLOBAL MARKETS & TREASURY REPORT

Kefentse Kebaetse
Head, Global Markets and Treasury

Botswana's economic performance in the 2024 financial year was challenging, with the economy projected to contract by 3.1% for the full year. This downturn was primarily driven by difficulties in the diamond sector, which suffered from subdued global demand for rough diamonds and increased competition from synthetics. The decline in mining activity placed significant pressure on government revenues, given the importance of mineral earnings to National Income. The resulting revenue shortfalls led to a wider-than-expected fiscal deficit, which the government has financed through borrowing from the local debt market, putting pressure on market liquidity.

The fiscal deficit widened to 3.2% of GDP in the 2024 financial year, and public debt increased to 24.5% of GDP, up from 22.7% in 2023. With reduced fiscal space, Botswana faces higher borrowing costs, which negatively impact interest rate margins and overall credit conditions in the financial sector.

Despite economic pressures, inflation remained well contained, averaging 2.8% for the year, breaching the lower band of the Bank of Botswana's objective range of 3% to 6%. In response to the economic slowdown and to stimulate borrowing and investment, the Monetary Policy Rate (MoPR) was lowered by a cumulative 50 basis points in 2024, adopting an accommodative monetary policy stance.

Botswana's exchange rate regime remained unchanged in 2024, maintaining a pegged currency basket split at 45% South African Rand (ZAR) and 55% Special Drawing Rights (SDR), with a negative rate of crawl of -1.51%. This ensured that the Botswana Pula (BWP) remained relatively stable throughout the year. However, from 2025, the basket weightings have been adjusted to 50% ZAR and 50% SDR, while the rate of crawl remains at -1.51%. The new weighting is expected to bring greater stability to the BWP/ZAR exchange rate, benefiting businesses and individuals engaged in trade with South Africa.

Unemployment remained a major concern, with overall rates exceeding 23.4% in 2024, particularly affecting the youth. The non-mining sectors, including manufacturing, tourism, and financial services, were unable to offset the downturn in mining, exacerbating job losses.

22% GROUP TRADING INCOME GROWTH

P38.7m
GROUP NET TRADING INCOME COMPARED TO P31.7m (2023)

Outlook

Looking ahead, Botswana's economic recovery in 2025 will depend on a resurgence in diamond demand, effective diversification efforts, and policies aimed at restoring investor confidence and stimulating growth. The IMF projects economic growth of -0.4% in 2025, marking a second consecutive year of economic decline.

RETAIL BANKING REPORT

Shathiso Choto
Head, Retail Banking (Acting)

Retail Banking: Driving Inclusive Growth Through Innovation

Retail Banking continues to play a pivotal role in advancing Access Bank's strategic objectives through the delivery of innovative, customer-centric solutions that promote financial inclusion and long-term value creation.

Expanding Our Footprint and Enhancing Accessibility

We have built a resilient and inclusive infrastructure to support the evolving needs of our customers. Our physical network comprises:

- 11 Sales and Service Centres
- 8 full-service branches
- 59 ATMs across the country

Through this network, we offer seamless branch banking services complemented by a growing suite of digital banking solutions. Over the past three years, we have strengthened our customer value proposition, enhanced the overall client experience, and significantly grown our retail customer base.

Agency Banking and Strategic Partnerships

We continue to expand our Access Closa agency banking platform, which closed the 2024 financial year with over 1,500 active agents. This expansion, coupled with our Bank-to-Wallet partnerships with Mobile Network Operators (MNOs), extends our reach to over 7,000 MNO agents nationwide, reinforcing our commitment to making banking services accessible in even the most remote areas.

In addition, we have increased the number of Direct Sales and Tele-Sales Agents to strengthen product distribution and improve customer access. These efforts are aligned with our broader goal of driving financial inclusion and economic empowerment in underserved and previously marginalised communities.

Enhancing Our Product Offering

In line with our customer-first strategy, we refreshed and expanded key product lines in 2024, including:

- Re-launch of Mortgage and Vehicle Finance solutions with improved value propositions.
- Expansion of the Boikanyo Funeral Plan, offering enhanced coverage and additional benefits for customers.

We also introduced a first-to-market initiative—The W Initiative—a comprehensive platform designed to support women. This includes tailored financial products, lifestyle offerings, merchant discounts, and bespoke credit solutions that address both personal and business needs of female customers.

Accelerating Financial Inclusion Through Digital Lending

Our digital lending partnership with N'stakolle continues to make impactful strides in broadening access to credit. In 2024, we recorded:

- A 54% increase in loan issuances year-on-year, and
- A 212% increase in total disbursements.

This demonstrates growing customer confidence and uptake of our digital lending platform, further advancing our mission of inclusive financial access.

Recognition and Industry Accolades

Access Bank's achievements in the cards and payments ecosystem were recognised with two prestigious awards:

- Banking Partner of the Year – SADC from XH Smart
- Best Payments Collaborator from VISA

These accolades underscore our commitment to delivering innovative, secure, and efficient payment solutions that enhance customer convenience and drive the evolution of digital banking in the region.

CREDIT RISK MANAGEMENT REPORT

Kagiso C. Pontsho
Head of Credit Risk

The Credit Risk Management Report outlines the current status, practices, and strategies for managing credit risk. It covers portfolio performance, risk exposures, mitigation strategies, and regulatory compliance.

Credit risk is the potential for loss due to a borrower's failure to meet financial obligations. Effective management of credit risk is vital for maintaining financial stability and capital adequacy.

Management of Credit

a) Credit Risk Framework

- Risk Governance Structure – Board Risk Committee, Management Credit Committee and Policy Management Credit Committee.
- Policies and Procedures – Credit Assessment standards, loan approval processes and tight committee credit approval limits.
- Risk Appetite – defined and periodically reviewed thresholds for exposure by sector, credit rating model for customers and geography of our loan book.

b) Credit Monitoring & Reporting

- Early Warning Systems
- Watchlist management
- Regular internal and regulatory reporting

c) Credit Risk Assessment & Rating

- Expected Credit Loss model – continuous enhancements of our models have supported the credit automation journey achieved so far.
- These improvements encompass more refined loan ageing analytics, comprehensive collateral reviews, and the integration of advanced credit assessment tools.

d) Emerging Risk and Outlook

- Economic trends and interest rate environment
- Industry-specific risks
- Strategic initiatives to strengthen risk culture and credit processes

The Bank maintains a prudent credit risk management approach, ensuring portfolio quality and resilience under current and anticipated market conditions.

The 2024 PBT growth from P52m to P134.6m for the year under review has been underpinned by solid credit risk governance structures and collaboration within the credit team and business units. Early warning triggers for remediating accounts under strain and ensuring restructures and early and focused collection effort with customers are done.

The ROE improved by 4% for the year under review, to be 9%, this has been driven by a shared goals with the business areas for ensuring facilities granted to clients are able to ensure sustainability in the asset growth pillar.

The pillar for making a tangible impact and contribution has been anchored by an enhanced credit risk operating model. People training and cross functional skills development

The ECL model will improve as we look contiunue improve the model and credit the assesment to tools as part of the automation journey. The improvements will include aging of loans and collateral review.

RISK MANAGEMENT REPORT

Segametsi Sethantsho
Chief Risk Officer

Access Bank Botswana maximizes growth opportunities and effectively manages risks in an increasingly complex economic environment. Risk management therefore remains a key consideration in the Bank's decision-making process. Recognizing the uncertainties ahead, we remain well-prepared and resolute in our dedication to serving our clients, shareholders, and communities

We approach risk, capital and value management proactively and we believe that our initiatives and practices have positioned us at the leading edge of risk management. The Bank has continued to launch and improve risk assessed products and projects.

Access Bank embraces best practice in Risk Management, implementing a comprehensive process to identify, assess, measure, and monitor key risks inherent to the banking industry.

Risk Priorities

Risk Culture

We embrace a moderate risk appetite, whilst delivering strategic objectives. We anticipate the risks in our daily work and reward behaviour that aligns with our core values, controls and regulations. We discuss challenges in an open environment of partnership and shared responsibility.

Information Technology and Cybersecurity Risks

With the adoption of enhanced technology to improve the banking experience, cybersecurity risk is of paramount concern. The Bank has since intensified efforts to increase cybersecurity across all systems and devices. Staff awareness and training on 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 to limit the risk of data leakage and theft. The Bank had also increased the number of the Cybersecurity personnel on the ground to ensure adequate resourcing. We are 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 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 embrace best practice 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. 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.

Principal Risks

Liquidity and Funding Risk

We have a strong capital and liquidity position to support the business. We preserve a high degree of liquidity to meet the requirements of our customers at all times, including and especially during periods of financial stress. 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.

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 is inherent in the Bank's overall business activities and, as with other risk types, is managed through an overall framework designed to balance strong corporate oversight with well-defined independent risk management.

Mitigating actions
- Appropriate skills training and elevation of employee awareness across the Bank of fraud, controls and self assessments.
- 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 our 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 when the Bank's credibility is compromised due to negative publicity surrounding its business practices, financial health, or conduct. This is driven by activities 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 amicable

HUMAN CAPITAL REPORT

Mathews Moloi
Head, Human Capital (Acting)

In today's dynamic and highly competitive talent landscape, cultivating a workplace culture where individuals feel seen, heard, and valued is not a luxury—it is a strategic imperative. At Access Bank, we recognise that delivering an exceptional employee experience is a key driver of organisational performance. It fosters a thriving culture, fuels innovation and productivity, and transforms employees into passionate advocates for the business. A strong employee experience is the heartbeat of our organisational culture and a cornerstone of our long-term success.

When employees feel valued and empowered, they become our most important asset—attracting top-tier talent and contributing to a high-performance environment. From onboarding to offboarding, every interaction defines the employee journey. This goes beyond the provision of traditional benefits—it encompasses meaningful work, opportunities for growth, and a strong sense of belonging.

At Access Bank, we are deeply committed to investing in our people across every touchpoint—from how we attract, hire, and onboard, to how we develop, recognise, and reward our teams. This investment is central to building a sustainable, resilient, and agile organisation.

Listening to Our People

Throughout the 2024 financial year, we engaged actively with our employees through various platforms, including engagement surveys and focus groups. The insights gathered have been instrumental in shaping our people strategy. This strategy is designed to cultivate a culture that prioritises growth and development, fosters a sense of value and recognition, and empowers our people to take ownership of their well-being—ultimately positioning Access Bank as the employer of choice.

Key Strategic Pillars

Our commitment to building the best place to work is anchored in the following key pillars:

1. **Attracting and Retaining Top Talent**
We strive to attract high-calibre talent and deliver an employee experience that inspires long-term commitment. A compelling Employee Value Proposition (EVP) is a core differentiator in the market. Our EVP focuses on holistic employee well-being, meaningful recognition, competitive remuneration, clear career development paths, and a healthy work-life balance.

2. **Leading and Developing for the Future**
We are focused on building a robust and diverse talent pipeline that can lead the organisation through rapid growth and transformation. This is evident in the launch of our Graduate Trainee Programme and our strategic partnerships with universities to strengthen our talent pipeline.

3. **Building World-Class Skills and Leadership Capabilities**
Developing future-ready leadership is a priority. Through intentional succession planning and structured talent development programmes, we are preparing our next generation of leaders. In 2024, we invested significantly in leadership development through programmes delivered in collaboration with globally renowned institutions, including Harvard Business School, London Business School, and INSEAD. We believe that great leadership is vital to innovation, performance, and employee engagement.

Employee Well-being

Our people are at the centre of everything we do. In 2024, we reinforced our commitment to employee well-being through several initiatives designed to support holistic physical, mental, and financial health. These include:

- Enhanced Maternity Leave: We revised our maternity leave policy from four to six months, reinforcing our commitment to work-life balance and gender equity.
- Expanded Employee Assistance Programme (EAP): We enhanced our EAP offerings to provide 24/7 support for employees and their immediate families. This service covers mental health support, trauma counselling, legal and financial advice, and more.
- 100% Gym Membership Coverage: As part of our EVP, we approved full gym membership coverage for all employees, promoting physical well-being across the organisation.
- Financial Wellness Initiatives: Recognising the impact of the current economic environment on our employees, we introduced financial wellness initiatives, including targeted financial education and periodic reviews of compensation and benefits to ensure competitiveness and relevance.

Developing Future Leaders: Our Graduate Trainee Programme

In the third quarter of 2024, we launched our inaugural Graduate Trainee Programme. This initiative is designed to equip graduates with practical experience, technical and interpersonal skills, and strategic insight. Participants were hosted in Lagos, Nigeria, where they engaged in thought leadership sessions with senior executives, technical and business workshops, and future skills development programmes. Upon their return to Botswana, our graduate trainees continue to receive tailored mentorship and training as they embark on their career journeys within Access Bank.

Our graduates are now back in Botswana and they will continue to receive guidance and development as they write their story at Access Bank.

SUSTAINABILITY REPORT

The Bank continues to drive the Sustainability Strategy aimed at creating enduring value for the Bank and its principal stakeholders.

Sustainability remains at the core of our corporate ethos. 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.

Sustainable Operations

Our workplace, focus on employee engagement, reducing carbon emissions and waste management from our operations

Sustainable 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

Corporate Social Investment

We hold the responsibility to positively impact the communities in which we operate through our recruitment and employment practices, our culture and values, and our community investments

Our Bank is passionate about cultivating connections within the communities in which we operate. This is 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 heed the call with enthusiasm, actively assessing and identifying programs aligned with our focus areas of health, education, environment, and entrepreneurship. Their endeavours reached across the nation, from Gaborone to Kasane, serving as a powerful example of the positive change that dedication and commitment can bring about.

Sustainability-Focused Loan Book

Currently, our portfolio is categorized into three categories;

- **Category A (High)** – projects with potential of significant adverse impacts that are diverse, irreversible and unprecedented.
- **Category B (Medium)** – projects with potential moderate impacts that are largely reversible and readily addressed through mitigation measures.
- **Category C (Low)** – projects with potential minimal environmental risk or impacts.

Overall, the book is primarily Category C attributable to consumer lending. Category B comprises primarily construction. The Bank does not have any exposure to Category A customers.

Employee Volunteering Programme

Education

Serowe and Mahalapye Branch

Tshekedi Memorial School
The team provided a total of 28 prizes to recognize and celebrate the outstanding achievements of the top students in each grade during the annual Prize Giving Ceremony.

CIB, Commercial & Business Banking

Botswana Society For the Deaf
The team of 40 staff members raised funds to print 300 books for deaf children, contributing to early childhood development.

Francistown Branch

The Lephoi Centre (Visually Impaired)
The Francistown Branch donated several items: a blender, a sandwich maker, spoons, knives, and a microwave. Additionally, the branch has committed to adopting the school for the next two years. This includes hosting read-aloud sessions, welfare education sessions, and wellness screenings on a quarterly basis to improve the lives of the children and their caregivers.

Risk & Compliance

Artesia Junior Secondary School
The team has donated sanitary pads to the female students at Artesia Junior Secondary School.

Fairgrounds Branch

SOS Childrens Village
Fairgrounds and Private Banking branches raised funds for toiletries and blankets while collecting various items to donate to the center. During the handover, they spent the day cooking meals for the village.

Information Technology

Mmokolodi Primary School
The donation of 41 pairs of shoes, socks, and jerseys to the learners of Mokolodi Primary School.

Finance, Procurement & Admin and Legal

Bokamoso Junior Secondary School
The donation of about 40 pairs of shoes, 40 pairs of socks, 20 school bags and toiletries such as deodorants, toothpaste, shoe brushes, shoe polish, toothbrushes and sanitary pads.

Women & Children

Human Resources

Botswana Gender-Based Violence Prevention & Support Centre
Donations of toiletries and financial literacy training to support GBV victims accommodated by the Botswana Gender-Based Violence Prevention & Support Centre.

Retail Head Office

Vocational Training Institutes & Senior Schools
The project aims to support students in vocational training institutes and senior schools by providing essential tools and equipment. This includes barber machines, irons, and grooming products that are vital for their education and personal development. By addressing these needs, the project seeks to enhance students' learning experiences, improve their practical skills, and promote their overall well-being. Additionally, it aligns with the Ministry of Education and strengthens partnerships with BOSETU and BTU.

Health

Selebi Phikwe Branch

Selibe Phikwe Hospital Maternity Ward
The donation of toiletries to mothers and their newborns at the Selebi Phikwe Maternity Ward.

Game City

Old Naledi Clinic
Game City Branch raised funds to manufacture benches to be donated to Old Naledi Clinic for patients to use while waiting for health services.

COMPLIANCE RISK REPORT

Allec Tainton
Head, Conduct and Compliance

Upholding Integrity Through Centralised Compliance Governance

In 2024, the Bank reinforced its commitment to sound governance and ethical banking through a centralised and independent Compliance Function. This function remains critical to the effective management of key compliance risks, including:

- Regulatory compliance.
- Anti-money laundering (AML), Counter-Terrorist Financing (CTF) and Counter-Proliferation Financing (CPF).
- Internal Control Risks.
- Privacy and data protection oversight.

Operating with a proactive and risk-based approach, the Compliance Function ensures the Bank remains aligned with evolving regulatory requirements, while promoting a culture of integrity and accountability across the organisation.

Effective Stakeholder Engagement and Regulatory Liaison

Effective collaboration with regulatory bodies remains a cornerstone of our compliance strategy. In the reporting period, the Bank sustained constructive engagement with key regulatory and oversight bodies which are critical to the Bank's licensing, reporting, and governance obligations.

These stakeholders 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.

Regular reporting, consultations, and compliance reviews are conducted to ensure the Bank consistently met its obligations and responded effectively to regulatory developments.

Board Oversight and Compliance Risk Governance

The Board of Directors continued to exercise robust oversight over the Bank's compliance risk framework in 2024. The Board is ultimately accountable for ensuring that compliance risks are adequately identified, monitored, and managed across the institution.

To support this mandate, the Compliance Function:

- Conducted risk-based reviews of high-impact areas.
- Provided regular compliance reports to the Board and senior management.
- Advised on emerging regulatory trends and their implications for the Bank.

This governance structure strengthens enterprise-wide risk management and ensures strategic alignment with regulatory expectations.

Strategic Role of the Compliance Function

As a key part of the Bank's second line of defence, the Compliance Function plays a strategic role in promoting lawful and ethical business conduct. Its scope includes:

- Drafting and updating compliance-related policies and procedures.
- Monitoring adherence to laws, regulations, and internal controls.
- Facilitating corrective action on identified control weaknesses.
- Championing a strong compliance culture throughout the organisation.

The function works closely with operational units to embed compliance within day-to-day processes and decision-making.

Advisory Services and Capacity Building

The Compliance Function continues to provide advisory support to management and staff on compliance matters, and facilitates initiatives aimed at enhancing compliance awareness. To ensure effectiveness and impartiality, the Compliance Function operates independently from management and maintains a direct reporting line to both the Country Managing Director and the Board of Directors.

Key activities in 2024 included:

- Tailored compliance training sessions across departments.
- Updated staff on new laws, regulations, and internal requirements.
- Provided interpretive guidance on complex regulatory issues.
- Issued practical tools, including manuals, codes of conduct, and guidance notes.

These efforts empower staff at all levels to manage compliance obligations with greater confidence and clarity.

Outlook

Looking ahead, the Compliance Function will focus on deepening its strategic value through the following priorities:

- **Leveraging technology** to enhance compliance monitoring and analytics
- **Enhancing data protection** and privacy risk frameworks
- **Improving regulatory change management** and impact assessments
- **Fostering a proactive compliance culture** through continuous education and engagement

These initiatives position the Bank to navigate an increasingly complex regulatory environment with resilience, agility, and integrity.

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.

03 Governance

CORPORATE GOVERNANCE REPORT

Thato Mmile
Head of Legal and Company Secretary

The Board of Directors of Access Bank Botswana Limited is pleased to present the Corporate Governance Report for the 2024 Financial Year. This Report provides insight into the operations of our governance framework and the Board's key activities during the reporting period.

The Board recognises that sustainable competitiveness and excellence require the implementation of effective corporate governance framework and best practices. It understands that sound governance practices are required to earn the trust of stakeholders, which is essential for sustainable growth. The Board is focused on protecting stakeholders' interests and enhancing shareholders' value. The Board's corporate governance framework is designed to align management's actions with the interest of shareholders whilst ensuring an appropriate balance with the interests of stakeholders.

The Bank's corporate governance systems ensure ongoing compliance with the Bank's policies and the charters of the Board as well as the requirements of governance codes and Corporate Governance Guidelines. This corporate function is carried out in a manner that is compliant with applicable Laws.

The members of the Board have diverse skills and experience, which collectively ensure that the Board operates effectively to protect and create value in the design and delivery of the bank's strategy. On an ongoing basis the Board strives to maintain a balance of members knowledge, skills, experience, diversity, and independence for it to discharge its governance role and responsibilities objectively.

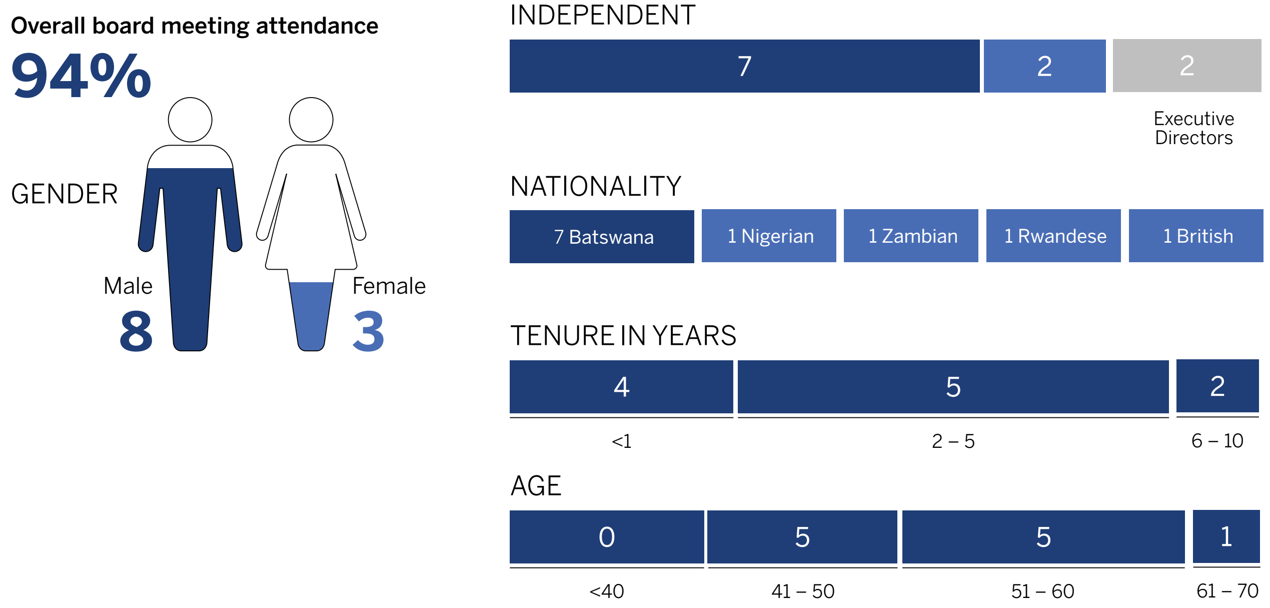
In 2024, the board approved the appointment of new directors to closing the major gaps that had been identified by the Regulator in the Bank's board composition. Mr. Sheperd Aisam, was appointed and commenced duty on January 4, 2024, as substantive Managing Director. On same date, Mr. Ogone Mothooagae was appointed as an Independent Non-Executive Director of the Bank, an appointment that broadened the skills matrix of the board introducing the much needed IT expert. On February 2, 2024, Mr. Calistas Chijoro was appointed as an Independent Non-Executive Director of the Bank, a seasoned Banker with vast experience in Finance, accounting and corporate governance.

For the period under review the following retirements were noted, Mr. Motlhabane, retired from the Board as Independent Non-Executive Director, holding the position of Chairman of the Board Audit Committee, on November 30, 2024. Mr Galeforolwe retired as an Independent Non-Executive Director and Chairman of the Board Governance Nomination and Remuneration Committee on January 31, 2025. Ms Mosetlhanyane retired as an Independent Non-Executive Director and Board Chairperson on January 31, 2025. These retirements reduced the Board membership to a total of 10 Directors, comprised of 6 Independent Non-Executive Directors, 2 Non-Executive Directors and 2 Executive Directors.

On 7 April 2025, Mr. Davis Tele was appointed as an Independent Non-Executive Director increasing the total number of the Board membership to 11. Mr. Tele is a seasoned professional with over 14 years' experience as a professional accountant. He is joining the Board Audit Committee as Chairperson. There is still one more vacancy for a Independent Non-Executive Director in order for the Bank's Board composition to meet the regulatory prescribed related party requirements.

The Board of Directors is required to convene at least four times per annum. The period under review, the Board convened 6 times. From this total, 2 were special meetings that focused on various matters including, on January 7, 2024, to discuss the Bank of Botswana on-site examination report. On February 6, 2024, another special meeting was convened, with the Assistant Governor of the Bank of Botswana, presenting to Board the final key findings of the full scope on-site examination report.

THE BOARD OF DIRECTORS OF ACCESS BANK BOTSWANA LIMITED



The Bank is constantly ensuring 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 percent following Bank of Botswana approval of the appointment of Mr. Ogone Mothooagae and Mr. Calistas Chijoro, on January 4, 2024 and February 2, 2024, respectively.

BOARD OF DIRECTORS
ACCESS BANK BOTSWANA LIMITED

Independent Non-Executive Directors

Non-Executive Directors

Executive Directors

From Left To Right: **Mr. Boiki Matema Wabo Tema // Mrs. Ntoti Mosetlhe // Mr. John Bosco Sebabi // Ms. Lynda Mataka // Mr. Calistas Chijoro // Mr. Ogone Mothooagae // Mr. Davis Tele // Oluseyi Kumapayi, FCA // Mr. Robert Michael Yorwerth Giles // Mr. Sheperd Aisam // Mrs. Ratang Icho-Molebatsi**

DIRECTORS PROFILES

Mr. Boiki Matema Wabo Tema
Board Chairman

Appointed
October 3, 2018

Mr. Tema is the Board Chairman of the Board of Directors of Access Bank Botswana Limited. He brings extensive expertise in banking and other financial services of over a period of 24 years, during which he worked in different capacities within the FirstRand Group and 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; Director, Property Finance Division and Rand Merchant Bank.

He holds 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. He also completed his Executive Leadership Program at the University of Pretoria.

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 served on Government Boards including, Botswana Post Board, Botswana Privatization Asset Board, and Botswana Bureau of Standards. He currently sits on the Boards of Access Bank and is Chair of Farmers United and the Finance and Audit Committee of Associated Fund Administrators. Additionally, Mr. Tema serves as the Chairperson of the Agriculture Subsector of Business Botswana, contributing to the development and advocacy for the agriculture sector.

Beyond his governance and professional achievements, Mr. Tema is Managing Director of Crossroads Distribution Botswana, a majority Citizen owned fuel logistics company, with regional offices in South Africa and Namibia.

Throughout 2024, Mr. Tema served under the Board of the Bank as the Committee Chairperson of the Credit and Finance Committee and as a member of the Risk Management and Compliance Committee. In his current stead, other than being Board Chairperson, he continues to serves as a member of the Board Credit and Finance Committee and the Board Governance, Nomination and Remuneration Committee.

Mrs. Ntoti Mosetlhe

Appointed
November 1, 2018

Mrs. Mosetlhe acquired her Bachelor of Administration and Master of Business Administration from the University of Botswana and went on to obtain a certificate in Manpower Planning from University of Sussex. She headed Debswana's Human Resources Department from 2008 to September 2018, during which time she led two restructuring processes to optimize the Head Office and improve cost efficiency at the mines, 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.

She has previously held the position of Deputy Chief Executive Officer at Botswana Housing Corporation where she led the Corporate Strategy and Corporate Performance Monitoring team as well as successfully led negotiations with the Unions and other key stakeholders in the rationalization process of the Corporation on two occasions.

Throughout 2024, Mrs. Mosetlhe served under the Board of the Bank as Chairperson of the Board Risk Management and Compliance Committee, and as member of the Board Governance Nomination and Remuneration Committee. Mrs. Mosetlhe currently serves as the Committee Chairperson of the Governance, Nomination and Remuneration Committee.

Mr. John Bosco Sebabi

Appointed
June 3, 2020

Mr. Sebabi is the Deputy Chief Executive Officer of the Pan African Payment and Settlement System (PAPSS).

Mr. Sebabi 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 from the National University of Rwanda and a certificate in Financial Programming and Policy from the IMF. Bosco 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 Program, a sandwich program from there prestigious Universities; Strathmore, Lagos and IESE business schools.

Mr. Sebabi is the former Chairman of the Eastern and Southern African Trade and Development Bank-TDB, formerly the PTA Bank, former Chairman of the Rwanda Airports Company, former vice chairman of Cogebanque and to date serves on the Board of Bralirwa and Access Bank Botswana.

Mr. Sebabi served as the Deputy Director General of the Rwanda Social Security Board in charge of funds management. Managing assets over $1 Billion in value. He was the Chief Operating Officer 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. Prior to this, Mr. Sebabi was the Director General of the Operations Directorate at the National Bank of Rwanda where he had a successful career spanning 13 years. In this position, he was charged with the responsibility of providing executive leadership over three functions: currency and Banking operations management, payment systems and financial markets. At a regional level, he was instrumental in the implementation of the Regional Payment and Settlement System (REPSS) of the COMESA region and the East African Payment System (EAPS) in the East African region.

Mr. Sebabi 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 Market Infrastructures. Mr. Sebabi, serves as a member of the Board Audit Committee of the Bank.

Ms. Lynda Mataka

Appointed
July 1, 2022

Ms. 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.

Ms. Mataka 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 and 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 ten years.

Ms. Mataka was instrumental in the entrance 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 has held board-level leadership positions in several prominent institutions across diverse sectors. Her previous Directorships include serving on the boards of ZESCO, Access Bank Zambia, Access Bank Botswana, Dangote Cement Zambia, Dangote Quarries Zambia, and the Energy Regulation Board. She currently sits on the boards of Airtel Zambia PLC and the Industrial Development Corporation (IDC).

Throughout 2024, Ms. Mataka served under the Board of the Bank as a member of the Governance Nomination and Remuneration Committee, and the Credit and Finance Committee. She continues to serve under the same committees but as committee chair of the Credit and Finance Committee.

Mr. Calistas Chijoro

Appointed
January 1, 2024

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 and executive roles. He currently serves as an Executive Director at Johdee Mineral Processing where he is responsible for driving strategy and stakeholder management.

Prior to joining Johdee Mineral Services, Mr. Chijoro was the accountable executive for Business and Commercial Clients at Stanbic Bank of Botswana, overseeing Commercial and SME Banking as well as the Trade proposition. Before that he was the Head of Distribution within Personal and Business Banking, still at Stanbic Bank. He has previously worked for Barclays (now ABSA) Treasury and Retail Banking, as well as Debswana Diamond Company as Treasury Manager.

Mr. Chijoro 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. He also a graduate of the Standard Bank Executive Leadership Programme.

He has served on various Boards, including as a Trustee at the Debswana Pension fund and Chair of the Investment Committee, Lecha Administration, NMG Administration Botswana, and most recently the Chairmanship of Liberty Life Botswana, a position that he held immediately preceding joining Access Bank.

Throughout 2024 Mr. Chijoro has served under the Access Bank Board as a member of the Audit committee. Towards the end of the year, he was appointed acting Chair of the same Committee.

Mr. Ogone Mothooagae

Appointed
January 4, 2024

Mr. Mothooagae is the Founder and CEO of Stencil Technologies, a role that sees him spearheading a Botswana-borne regional software & technology services company. Holding a BEng. (Hons) in Software Engineering from the University of Manchester, equipped with PRINCE2 Practitioner credentials and recently having graduated from the Stanford Graduate School of Business's Seed Transformation Program, he is a seasoned business leader championing organizational transformation through technology-enabled initiatives.

With a decade-long stint as a management consultant at Accenture, he ascended through various senior management roles. He would ultimately serve as the Managing Director for Adapt IT Botswana, a then JSE-Listed pan-African 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, harnessing Artificial intelligence for business improvement.

Mr. Mothooagae's transformative experience extends across diverse industries, from Financial Services, 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 US-Africa Summit and the Seamless Africa Fintech conference, among others. His advocacy for cutting-edge technologies is evident in his authored opinion white papers on optimizing business functions through technology, coupled with a strong stance on organizational integration.

Beyond his operational engagements, he plays a pivotal role in organizational governance, having served on several boards of directors, such as the Botswana Stock Exchange, Botswana Railways, and currently the Board Chairman of the Botswana Digital and Innovation Hub.

Mr. Davis Tele

Appointed
April 7, 2025

Mr. Tele was appointed as an Independent Non-Executive Director of the Bank, effective 17 March 2025.

Mr. Tele is a seasoned professional with over 14 years' experience as a professional accountant. He holds a Bachelor of Accountancy degree from the University of Botswana, a Master of Science (M.Sc.) in Accounting and Finance from Birmingham City University in the United Kingdom and is a fellow member of the Association of Chartered Certified Accountants (FCCA) and a fellow member of Botswana Institute of Chartered Accountants (FCPA).

He currently serves as Chief of Operations at the Botswana International University of Science and Technology (BIUST), where he is responsible for overseeing the implementation of the institution's financial and operational strategies. Prior to this role, he was the Acting Deputy Vice Chancellor, Finance and Administration at the same institution for the period between 1 December 2021 - 27 March 2024. In this role, he has overseen the implementation of several systems, structures and processes that improved organisational performance and efficiency. Amongst other core strategic duties, Davis has also served as Director of Financial Services at both BIUST and the University of Botswana, leading departmental business processes, re-engineering projects, financial planning and financial risk management functions.

His core strengths are in implementing innovative solutions and leveraging data driven insights to enhance organisational performance. He uses his expertise to contribute to organisation's growth and success through effective leadership and measured strategic initiatives.

Beyond those, Mr. Tele has served in several boards including the Botswana Stock Exchange Limited (BSEL) where he served as the chair of the Finance and Audit Committee, a position he held immediately preceding his appointment to the Access Bank Botswana board. He has also previously served in the Central Securities Depository Limited Company of Botswana (CSDB) board where he also chaired the Finance and Risk Committee. He currently serves as a member of the Education and Training subcommittee at the Botswana Accountancy Oversight Authority (BAOA). He s is passionate about financial literacy and mentoring young professionals on leadership.

Mr. Tele has been approved to serve under the Board a Audit Committee Chairperson.

Mr. Oluseyi Kumapayi, FCA

Appointed
November 5, 2021

Mr. Kumapayi is a distinguished banking and finance executive with over 25 years of progressive experience spanning Finance, Strategy, Risk Management, and Treasury. He currently serves as the Executive Director, African Subsidiaries at Access Bank Plc, where he provides strategic oversight for 16 subsidiaries across the continent and sits on the boards of 6 Access Bank subsidiaries.

Prior to the Executive Director role, Mr. Kumapayi was the Group Chief Financial Officer of Access Bank Plc, where he played a pivotal role in the execution of major corporate actions – namely the Intercontinental and Diamond Bank mergers that significantly advanced the Bank's growth objectives. His leadership was instrumental in strengthening the Bank's competitive positioning both locally and internationally, contributing to its emergence as Nigeria's largest retail bank and Africa's largest bank by customer base.

Mr. Kumapayi began his career at Access Bank in 2002 as the Head of Financial Control and Credit Risk Management. Before joining Access Bank, he held key positions at First City Monument Bank Limited and Guaranty Trust Bank Plc, where he gained extensive experience in core financial operations and banking strategy.

He is a graduate of 2 of Nigeria's foremost universities earning a Bachelor's Degree in Agricultural Engineering from University of Ibadan and a Master's Degree in Mechanical Engineering from University of Lagos. He also holds an Executive MBA in Business Administration and Management from IMD Business School, and an Executive Master's in Digital Transformation & Innovation Leadership from the IE School of Science and Technology, Spain.

A lifelong learner, Mr. Kumapayi is an alumnus of several globally renowned executive programs, including those at Harvard Business School, INSEAD, London Business School, and IMD. His expertise is further underscored by his membership and fellowship in several leading professional bodies:

- Fellow, Institute of Chartered Accountants of Nigeria (ICAN)
- Member, Global Association of Risk Professionals (GARP)
- Member, Chartered Institute of Taxation of Nigeria (CITN)
- Member, Chartered Institute of Bankers of Nigeria (CIBN)

Mr. Kumapayi is widely respected for his visionary leadership, strategic insight, and unwavering commitment to excellence in banking across Africa.

Mr. Robert Michael Yorwerth Giles

Appointed
November 5, 2021

Mr. Giles is a highly experienced banking executive with over two decades of leadership across Africa, Europe, and emerging markets. He currently serves as Senior Banking Advisor, Retail Banking at Access Bank PLC in Nigeria, where he plays a pivotal role in shaping and executing the strategy for one of Africa's largest retail and digital banking franchises.

Mr. Giles was previously Group Head of Retail Banking at Diamond Bank PLC, where he led the growth and transformation of the Retail and SME businesses. His leadership drove the expansion of consumer lending, card issuance, and digital banking, overseeing a portfolio exceeding $350 million and a customer base of over 1.2 million cardholders. In this role he pioneered mobile financial services in Nigeria.

Following the merger of Diamond Bank and Access Bank, Mr. Giles co-led the integration programme that unified both institutions into the largest retail bank on the continent. He has since been instrumental in delivering innovation and customer-centric digital solutions across Access Bank's footprint.

Mr. Giles holds a BSc in Geography, specialising in Statistics for Social Sciences and Economic Geography from University of Birmingham and a Postgraduate Diploma in Management from the University of Leicester Business School, UK. He has completed executive education at top institutions including London Business School and University of Pretoria – Gordon Institute of Business Science, and is a Certified International Retail Banker Level III with the Retail Banking Institute.

He brings deep strategic and operational expertise, particularly in emerging market banking, innovation, risk management, and sustainable finance. In 2024, he has served as a member of the Board Risk Management and Compliance Committee and the Board Credit and Finance Committee.

Mr. Sheperd Aisam

Appointed
January 4, 2024

Over the last 23 years, Mr. Aisam's career in financial services on the continent, and he established himself as leader of winning teams, an expert on managing risk on the continent and driving long term sustainable relationships.

Mr. Aisam is passionate about building high performing teams, nurturing sustainable businesses and social impact funding.

Mr. Aisam most recently contributed at Standard Bank Group as their Group Head of Public Sector for Business and Commercial Banking (2022-2023) based out of South Africa covering 15 geographies; and as their executive for Corporate and Investment Banking for Stanbic Botswana from 2016-2022. During this time there was notable sustainable market leading client growth, revenue growth, market share growth and impactful legacy driving transactions. Notable experience and competence also garnered through Stanbic as Head of Corporate Banking; Barclays Africa as head of Sovereign and Country Risk and the Barclays Africa Leadership program.

Mr. Aisam has recently served on the boards of liberty holdings Botswana, Stanbic Nominees and on the South African Business Forum.

His educational and professional qualifications include an Executive Masters of Business Administration from the University of Cape Town Graduate School of Business; a MSc in Strategic Management from University of Derby, UK; a Bachelor of Business Administration degree from University of Botswana.

Mrs. Ratang Icho-Molebatsi

Appointed
January 4, 2024

Mrs. 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 15 years, amassed intricate working knowledge in the financial services industry. Some of her earlier appointments include Deloitte and Touche 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 Botswana Accountancy College (BAC).

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.

	Tema	Mosetlhe	Sebabi	Mataka	Mothooagae	Chijoro	Kumapayi	Giles	Tele
ROLE	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Independent Non-Executive Director	Non-Executive Director	Non-Executive Director	Independent Non-Executive Director
AUDIT (3)									C
RISK (4)						C			
CREDIT (3)				C					
REMCO (4)		C							
DIGITAL					C				

BOARD AUDIT COMMITTEE

Committee membership

D. Tele (Chair)
J. Sebabi

The Audit Committee, guided by it written Terms of Reference which are reviewed annually by the Board, and are in compliance with the Banking Act – 46:04, meets at least 4 times per year to monitor the integrity of the financial statements of the Bank. This entails review of the banks' annual and half-yearly reports, prospectuses, trading updates, interim management statements, and any other formal announcement relating to its financial performance, reviewing, and reporting to the Board on significant financial reporting issues and judgements which they contain having regard to matters communicated to it by the auditors. The Committee focuses on monitoring financial controls, accounting systems, and shareholder reporting, 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 discharge their duties in line with the King IV principles in mind. The committee was chaired by an Independent Non-Executive Director, Mr. Jacob Motlhabane. He retired from the Board on November 30, 2024. For the period until December 31, 2024, the committee was chaired by Mr. Calistas Chijoro in an Acting capacity.

In 2024 the Committee achieved the following with respect to its mandate:

- Conducted the annual review of the Audit Committee Charter.
- 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.
- Conducted the review and assessment of the effectiveness of the Finance Function
- Reviewed the audit results with management and external auditors, including matters required to be communicated to the committee, Board & Shareholders under generally accepted auditing standards.

BOARD DIGITAL COMMITTEE

Committee membership

O. Mothooagae (Chair)
B. Tema
O. K Kumapayi

The Board Digital 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 4 times per year to monitor all workstreams concerned with Information technology and cyber security related matters. The committee was first established through a board approval granted on November 14, 2024. The committee set for the first time on April 14, 2025. The committee is chaired by Mr. Mothooagae who is the IT expert.

The committee achieved the following since its inception:

- increased focus on IT and Cyber Security matters
- recommendation and review of the IT department structure
- monitoring of the activities of the IT Steerco Management Committee

BOARD CREDIT AND FINANCE COMMITTEE

Committee membership

L. Mataka (Chair)
R. Y Giles
B. Tema

The Board Credit and Finance Committee meets at least 4 times per year to assist the Board with discharging its responsibility to review the quality of the Bank's loan portfolio and periodically reviewing 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 BWP10 000 000 and operates with guidance from the Banks 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 their 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 2024 the Committee achieved the following with respect to its mandate:

- Ensured all credit activities relating to large exposures were conducted within the risk strategy, policies and tolerance levels approved by the Board.
- Reviewed and recommended the Committee Charter to Board for approval.
- Reviewed and recommended and approved the Bank's Debt recovery strategies.
- Provided oversight of Company policies and management activities relating to the identification, assessment, measurement, monitoring, and management of the Company's credit risk.
- Maintained oversight of balance between advanced None Performing Loans and impairment provisioning

BOARD RISK MANAGEMENT AND COMPLIANCE

Committee membership

C. Chijoro (Chair)
N. Mosetlhe
R.M.Y Giles
B. Tema

The Risk and Compliance Board Committee convenes 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 remain 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 2024 the Committee achieved the following with respect to its mandate:

- Reviewed and recommended the Charter to Board for approval
- Ensured that the Bank remains compliant with all regulatory controls required under legislative laws and by regulatory authorities.

BOARD GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE

Committee membership

N. Mosetlhe (Chair)
O. K Kumapayi
L. Mataka
B. Tema

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 to the composition of the Board generally and the balance between executive and non-executive directors appointed to the Board as well as regularly reviewing the Board structure, size and composition and making recommendations with regards to any adjustments that are deemed necessary. The committee is chaired by a Senior Independent Director, Mr. Joshua Benjamin Galeforolwe.

In 2024 the Committee achieved the following with respect to its mandate:

- Approved the appointment of the substantive Management Director, Mr. Sheperd Aisam, who assumed office on January 4, 2024
- Approved the appointment of new Independent Non-Executive Directors, Mr. Calistas 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.

Director	Main Board	REMCO	Audit	Risk Management & Compliance	Credit & Finance	Board Strategy / Board Retreat	Board Member Induction		Board fees BWP
*Lorato Nthando Mosetlhanyane	6/6	7/7		4/4		1/1			BWP627,000.00
*Jacob Mooketsi Motlhabane	6/6		4/4			1/1			BWP554,500.00
*Joshua Benjamin Galeforolwe	4/6	7/7				1/1			BWP605,000.00
Boiki Matema Wabo Tema	6/6			4/4	4/4	1/1			BWP577,500.00
Ntoti Mosetlhe	6/6	7/7		4/4		1/1			BWP577,500.00
John Bosco Sebabi	4/6		4/4			1/1			BWP385,000.00
Lynda Mataka	5/6	6/7			4/4	1/1			BWP599,500.00
Ogone Mothooagae	6/6	1/7	1/4	4/4	1/4	1/1	1/1		BWP440,000.00
Calistas Chijoro	5/6	1/7	4/4	1/4	1/4	1/1	1/1		BWP522,500.00
Oluseyi Kolawole Kumapayi	5/6					1/1			-
Robert Giles	5/5			4/4	4/4	1/1			-
Sheperd Aisam	6/6					1/1			-
Ratang Icho-Molebatsi	6/6					1/1			-
									BWP4,888,500.00

* Retired Directors

Directors appointment, directors retirement by rotation, board evaluation, board training and board secretariat

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.

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.

Independent Board Evaluations are carried every 24 months. The next Board evaluations shall be carried out in 2025. Amongst other aspects, the focal aspects of the process are:

- 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 the norm the outcome of the process is reported to the shareholders through a summary of evaluation results. From the preceding independent evaluation results, it was noted that, the Board was 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

The Company Secretariate

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, and compliance with policies and laws. Mrs 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.

COMPLIANCE WITH KING IV PRINCIPLES ON 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 of 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 implementations.	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.	
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

Shareholders Update

MAJORITY SHAREHOLDERS ABOVE 5%
ACCESS BANK PLC (70%)

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 ADEDOKUN ADEKOYA IBOROMA TAMUNOEMI AKPANA IFEYINWA YVONNE OSIME DR. OKEY VITALIS NWUKE HASSAN TANI MUSA USMAN OMOSALEWA TEMIDAYO FAJOBI TITILAYO OSUNTOKI ROOSEVELT MICHAEL OGBONNA DR. GREGORY OVIE JOBOME HADIZA AMBURSA IYABO SOJI-OKUSANYA CHIZOMA JOY OKOLI OLUSEYI KOLAWOLE KUMAPAYI VICTOR OKENYENBUNOR ETUOKWU
REGISTERED OFFICE AND PLACE OF BUSINESS	Plot 14/15, Prince Alaba Oniru Street, Oniru Estate, Victoria Island, Lagos. Nigeria
DATE OF INCORPORATION	February 8, 1989
AUDITORS	KPMG
BANKERS	ACCESS BANK PLC
COMPANY SECRETARY	SUNDAY EKWOCHI
FUNCTIONAL CURRENCY	Naira

SHAREHOLDING ANALYSIS AS AT DECEMBER 31ST 2024

CATEGORY	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	% OF SHARES HELD
Public	441	217,502,546	30%
Non-public	0	0	0%
Directors' interest	0	0	0%
Access Bank PLC	1	507,497,454	70%
Total	**442**	**725,000,000**	**100%**

SHAREHOLDER SPREAD BY HOLDING AS AT DECEMBER 31ST 2024

SHAREHOLDERS HOLDING MORE THAN 5%	NUMBER OF SHAREHOLDERS	NUMBER OF SHARES HELD	% OF SHARES HELD
Access Bank PLC	1	507,497,454	70%
Botswana Public Officers Pension Fund Vunani	1	43,896,389	7.72%

SHAREHOLDER SPREAD BY HOLDING

Range	No. of shareholders	Percentage of shareholders	Total shares	Percentage Holding
<2000	208	47.71%	149,269	0.02%
2001-5000	90	20.64%	324,228	0.04%
5001-10000	31	7.11%	250,613	0.04%
10001-50000	57	13.07%	1,598,341	0.22%
50001-100000	8	1.83%	609,520	0.08%
100001-500000	20	4.59%	5,326,949	0.74%
>500000	22	5.05%	716,741,080	98.86%
Total	**436**	**100.00%**	**725,000,000**	**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	April 8, 2002
AUDITORS	Ernst & 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

EXECUTIVE MANAGEMENT
ACCESS BANK BOTSWANA LIMITED

From Left To Right: **Mr. Sheperd Aisam // Mrs. Ratang Icho-Molebatsi // Godwin Chimaobi Chukwunta // Segametsi Sethantsho // Pauline Motswagae // Shathiso Choto // Kefentse Kebaetse // Kagiso Pontsho // Thato Mmile // Allec Tainton // Ontibile Joyce Masupe // Duduetsang Chappelle-Molloy // Mathews Moloi**

EXECUTIVE MANAGEMENT PROFILES

MR. SHEPERD AISAM
MANAGING DIRECTOR

Refer to page 49 for Mr. Sheperd Aisam's profile

MRS. RATANG ICHO-MOLEBATSI
FINANCE DIRECTOR

Refer to page 49 for Mrs. Ratang Icho-Molebatsi's profile

Godwin Chukwunta
Chief Operations 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, he 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. 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 of Wholesale Banking

Ms. 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 CIB, Commercial & Business 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).

Shathiso Choto
Head, Retail Banking (Acting)

Ms. Choto is a highly experienced retail banker with over 25 years experience in Retail Banking. She worked in a number of banks in Botswana. She joined Access Bank in March 2024 as Head of Distribution. She is currently the Acting Head of Retail Banking. Ms. Choto has huge experience in several aspects of retail banking and have operated as a senior manager in different senior roles. She previously worked for Absa Bank as Head of Customer Network and Sales. Before then, she spent 10 years at Standard Charted Bank, where she held several roles to the position of Value Centre General Manager of Integrated Distribution. She gained valuable experience from internationally exposure in several countries in Asia and Africa.

She holds a master's degree in Business Administration (MBA) and Bachelor of Social Science, both from the University of Botswana. She further holds Associate Diploma in Banking from Botswana Institute of Banking.

Kefentse Kebaetse
Head of Global Markets and Treasury

Mr. 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 18 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.

Kagiso Pontsho
Head of Credit Risk

Mrs. Pontsho is a seasoned career professional who has served within the lending and small business support industry for more than 20 years. She has spent the past 15 years within the credit specialization area, growing to lead a number credit teams across the Banking industry in Botswana and eSwatini overseeing the end-to-end credit value chains. This includes deal origination, portfolio management, credit operations and recoveries. She has headed the credit book for Bank Gaborone and Nedbank eSwatini.

She commenced her career in small business consultancy and training in the development finance industry. With key focus on capacity building of businesses with the Citizen Entrepreneurial Development Agency (CEDA) and on to business process engineering and change management as a project manager, Absa Bank and FNB Botswana.

Mrs. Pontsho brings strong governance skills with development of policies, processes and system integrations to the Bank and also leadership and building teams for sustainable growth. She graduated from the University of Botswana with a bachelor's in business administration degree and has attended trainings with focusing on credit skills development, business consultancy, project management and leadership development.

She is passionate about transforming businesses and team culture to drive growth results. Personally, Kagiso serves in UpperRoom, a faith-based women's movement and platform that endeavors to connect women on the principle of iron sharpens iron. She joined us from Bank Gaborone.

EXECUTIVE MANAGEMENT PROFILES

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. She also hold numerous post postgraduate certifications, and she is presently pursuing a professional qualification in alternative dispute resolution mechanisms as an Arbitrator.

Allec Tainton
Head, Conduct and Compliance

Mr. 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.

Ontibile Masupe
Head, Internal Audit

Mrs. Masupe is a Chartered Accountant with over 20 years of 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.

Mrs. Masupe 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 BIAC. She has completed the Senior Manager Development Programme at University of Stellenbosch Business School and recently completed her MBA with Oxford Brookes University.

Duduetsang Chappelle-Molloy
Head, Marketing, Brand and Communications

Ms. Chappelle-Molloy joins as the Head of Department; Marketing, Brand and Communications, bringing over 21 years of experience in marketing and corporate communications, including 15 years in banking. A recognised expert in business strategy, brand management, and digital marketing, Chappelle-Molloy is set to elevate the Bank's reputation and presence. She holds a Master of International Luxury Marketing from Oxford Brookes University in England, a Master of Business Leadership from the University of South Africa, and a Bachelor of Science Degree in Broadcast Journalism from Emerson College in the United States of America.

Before joining Access Bank Botswana, Ms. Chappelle-Molloy built a distinguished career across various leadership roles in the banking industry. She has consistently delivered high-performance outcomes by leading innovative marketing strategies and cultivating dynamic, results-driven teams.

In her role, she is focused on positioning Access Bank as the most respected African bank, both in Botswana and beyond. She is passionate about building brands that resonate with stakeholders and delivering marketing solutions that align with the Bank's mission of People, Profit, and Planet. She is committed to fostering a culture of innovation and excellence, ensuring Access Bank Botswana continues to exceed the expectations of its customers and partners.

Mathews Moloi
Head, Human Capital (Acting)

Mr. Moloi is a seasoned HR profession with extensive expertise in strategy development, HR Risk and Governance, remuneration and talent management. 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 where he plays a critical role in driving strategic initiatives that enhance operation efficiency and workforce optimization. His deep understanding of HR governance ensures compliance with industry standards while fostering a high-performance culture. Preceding to the merger of BancABC and Access Bank, he held the role of Group HR Manager BancABC Group.

He provides invaluable experience in human resources governance, reward frameworks, project management, talent management, performance management, culture transformation, organizational design & development. He holds a Bachelor of Arts Degree (Psychology) from University of Botswana and is currently pursuing his MBA.

04
Financials

Access Bank Botswana Limited
Consolidated and separate annual financial statements
for the year ended 31 December 2024

access
Bank Botswana Limited
more than a bank

Contents

General information Board of Directors

Mr. Boiki Matema Wabo Tema	Motswana (Chairperson) (Appointed on 1 February 2025)
Ms. Lorato Nthando Mosetlhanyane	Motswana (Chairperson) (Resigned on 31 January 2025)
Mr. Mooketsi Jacob Motlhabane	Motswana (Resigned on 30 November 2024)
Mr. Joshua Benjamin Galeforolwe	Motswana (Resigned on 31 January 2025)
Mrs. Ntoti Mosetlhe	Motswana
Mr. John Bosco Sebabi	Motswana
Mr. Robert Michael Yorwerth Giles	British
Mr. Oluseyi Kolawole Kumapeyi	Nigerian
Ms. Lynda Mataka	Zambian
Ms. Musonda Chishimba Musakanya	Zambian (Resigned 04 January 2024)
Mr. Calistas Chijoro	Motswana (Joined 01 February 2024)
Mr. Sheperd Aisam	Motswana (Joined 04 January 2024)
Mr. Ogone Lekgotla Mothooagae	Motswana (Joined 01 January 2024)
Mrs. Ratang Icho-Molebatsi	Motswana

Company Secretary

Mrs. Thato Mmile

Management

Mr. Sheperd Aisam	Managing Director (Joined 04 January 2024)
Mrs. Ratang Icho-Molebatsi	Finance Director
Mrs. Segametsi Sethantsho	Chief Risk Officer
Mr. Godwin Chukwunta	Chief Operating Officer
Ms. Pauline Motswagae	Head of Corporate and Commercial Banking
Ms. Kagiso Grace Setlhare-Mankanku	Head of Retail Banking (Resigned 31 March 2025)
Mr. Mathews Moloi	Head of Human Capital (Acting)
Mr. Khumoyame Chanongwa	Chief Information Officer (Acting until 08 January 2025)
Mrs. 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: 367 4300
Fax: 390 2131

Auditor	**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 2024, which comprise the statements of financial position as at 31 December 2024, 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 73 to 147, and other information contained in this report.

Activities

The Bank was licensed as a commercial bank on 28 August 2009. 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. The bank registered a custodial services entity on 10 July 2024. The custodial services entity was registered as Access Bank Botswana Nominees Co Proprietary Limited and is 100% owned by the bank, however business activities of this entity had not commenced at the reporting date.

Stated capital

The issued share capital of the bank comprised of 725 000 000 (2023: 725 000 000) ordinary shares at the end of the year.

Capital adequacy and dividend declaration

Dividend of 4 thebe (2023: nil) per share was declared and paid during the year 2024, and a dividend of 6 thebe (2023:nil) per share was declared and is to be paid in 2025.

Changes in directorate

Ms. Musonda Chishimba Musakanya resigned as the Acting Managing Director on the 4th of January 2024. Ms. Lorato Nthando Mosetlhanyane and Mr. Joshua Benjamin Galeforolwe resigned on 31 January 2025 with Mr. Boiki Matema Wabo Tema being appointed the Chairperson of the bank on the 1st February 2025. Mr. Mooketsi Jacob Motlhabane resigned on 30 November 2024. Mr. Calistas Chijoro joined as a director on the 01st February 2024 while Mr. Sheperd Aisam joined as the Managing Director on the 04th January 2024 and Mr. Ogone Lekgotla Mothooagae joined as a director on the 01st 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 (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 IFRS Accounting 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, 2025 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 69 to 72.

The consolidated and separate annual financial statements set out on pages 73 to 147, which have been prepared on the going concern basis, were approved and authorised by the board of directors on March 25, 2025 and were signed on their behalf by:

Mr Boiki Matema Wabo Tema
Chairperson (Appointed 1 February 2025)

Mr. Shepard Asiam
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 2024, 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 73 to 147 comprise:

- the consolidated and separate statements of financial position as at 31 December 2024;
- 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, including material accounting policy information.

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 6 731 600 which represents 5% of consolidated profit before tax.

Group audit scope

- The Group consists of the parent company and two subsidiaries.
- The parent company and one of its fully owned subsidiaries are financially significant components of the Group, based on the consolidated profit before taxes. We performed full scope audits of the parent company and this financially significant subsidiary.
- The other subsidiary is considered financially inconsequential to the Group, based on the consolidated profit before tax and therefore, was scoped out of the audit

Key Audit Matters

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

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.

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

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

Overall group materiality	BWP 6 731 600
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.

We considered the Group's organization or legal structure and its financial reporting processes when identifying components for purposes of planning and performing audit procedures. The Group comprises of the Company and two wholly owned subsidiaries (each considered to be a "component" for purposes of our group audit scope).

In establishing the group audit scope, based on our group risk assessment we considered those components which will be subject to audit procedures and the scope of work to be performed at these components.

In determining which components will be subject to audit procedures, we considered whether these components are significant (due to risk or size), non-significant or inconsequential to the Group. We have determined the Company and Kaleu Pty Ltd to be significant, and Access Bank Botswana Nominees Co Pty Ltd to be inconsequential to the Group.

The group engagement team performed the audits of the two components considered to be significant.

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	How our audit addressed the 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 disclosure 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 (Financial risk management - Credit risk); • note 7 (Loans and advances to customers); and • note 21 (Impairment credit on financial assets). As at 31 December 2024, gross loans and advances to customers amounted to BWP 5 953 828 000, against which a provision for ECL of BWP 242 348 000 was recognised. The measurement of the ECL on loans and advances to customers 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: • Identifying the appropriate risk staging for loans and advances	Our audit addressed this key audit matter as follows: We tested the accuracy of the loans and advances input data used the models by agreeing a sample of the loans and advances information to underlying data, accounting records and other information such as loan agreements and noted no exceptions. 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 loans and advances by product type and independently calculated the risk stage for each loan. No material differences were noted between the risk stage classifications independently performed by us and the Group's classification; • 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 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

Key audit matter	How our audit addressed the key audit matter
• 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 the associated ECL; and • Establishing groups of similar financial assets with similar credit risks for the purposes of measuring ECL. We considered the ECL on loans and advances to customers to be a matter of most significance to our current year audit due to: • the degree of judgement and estimation applied by management in determining the ECL; and • the magnitude of the ECL recognised as at 31 December 2024	by recalculating these assumptions and comparing our results to the assumptions applied by management in the ECL. Based on our procedures performed, we noted no matters requiring further consideration with regards to these assumptions; • 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. Tested the mathematical accuracy of the calculations.

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 2024" which we obtained prior to the date of this auditor's report, and the document titled 'Access Bank Botswana Limited Annual report for the year ended 31 December 2024' and 'Audited Summarised Consolidated Financial Statements for the year ended 31 December 2024' , 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 and will 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 on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 IFRS Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers

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

28 March 2025
Gaborone

Consolidated and Separate Statements of Profit or Loss and Other Comprehensive Income for the year ended 31 December 2024

	Notes	Group 2024 P'000	Group 2023 P'000	Company 2024 P'000	Company 2023 P'000
Effective interest and similar income	20	888,503	900,890	888,503	900,890
Effective interest expense and similar charges	20	(474,639)	(492,122)	(487,942)	(504,352)
Net interest income	20	**413,864**	**408,768**	**400,561**	**396,538**
Impairment credit on financial assets	21	(39,534)	(14,700)	(39,534)	(14,700)
Net interest income after impairment credit on financial assets		**374,330**	**394,068**	**361,027**	**381,838**
Net trading income	22	38,662	31,742	38,662	31,742
Fair value loss on financial assets at fair value though profit and loss	14.1	(9,545)	-	(9,545)	-
Net fee and commission income	23	257,792	172,286	233,889	149,621
Fee and commission income		*322,806*	*232,370*	*298,903*	*209,705*
Fee and commission expenses		*(65,014)*	*(60,084)*	*(65,014)*	*(60,084)*
Income from operations		**661,239**	**598,096**	**624,033**	**563,201**
Personnel expenses	24	(211,671)	(207,804)	(210,009)	(206,261)
General and administrative expenses	25	(210,547)	(202,851)	(210,298)	(201,773)
Depreciation and amortisation expenses	26	(47,519)	(74,658)	(47,519)	(74,658)
Other operating expenses	27	(56,870)	(60,507)	(55,789)	(59,165)
Total operating expenses		**(526,607)**	**(545,820)**	**(523,615)**	**(541,857)**
Profit before tax		**134,632**	**52,276**	**100,418**	**21,344**
Income taxation expense	28	(34,504)	(10,172)	(26,769)	(3,352)
Profit /(loss) for the year		**100,128**	**42,104**	**73,649**	**17,992**
Other Comprehensive Income					
Other comprehensive income					
Items that will not be reclassified subsequently to profit or loss					
Gain on revaluation of land and buildings		1,005	1,870	1,005	1,870
Deferred tax on revaluation of land and buildings	28.3	(221)	(412)	(221)	(412)
Other comprehensive income for the year		**784**	**1,458**	**784**	**1,458**
Total comprehensive income for the year attributable to owners of the parent		**100,912**	**43,562**	**74,433**	**19,450**
Earnings per share					
Basic and diluted earnings per share (thebe)	29	13.8	5.8	10.2	2.5

The notes on pages 78 to 147 are an integral part of these financial statements.

Consolidated and Separate Statements of Financial Position as at 31 December 2024

	Notes	Group 31 December 2024 P'000	Group 31 December 2023 P'000	Company 31 December 2024 P'000	Company 31 December 2023 P'000
ASSETS					
Cash and balances with the Central Bank	5	621,903	324,457	621,903	324,457
Balances with other banks	6	1,203,115	1,499,069	1,203,115	1,499,069
Balances due from related parties	12.1	140,491	257,353	141,122	258,200
Derivative financial assets	8	4,744	-	4,744	-
Investment securities	9	1,796,122	1,144,229	1,796,122	1,144,229
Loans and advances to customers	7	5,711,480	6,134,639	5,711,480	6,134,639
Current tax receivable	13.1	8,131	24,609	6,737	22,648
Other assets	14	359,466	250,482	359,049	250,639
Property and equipment	10	165,815	169,880	165,815	169,880
Intangible assets	11	49,818	44,943	49,818	44,943
Deferred tax asset	13.2	9,407	1,150	9,407	1,150
Investment in subsidiary	31	-	-	2,000	2,000
Total Assets		**10,070,492**	**9,850,811**	**10,071,312**	**9,851,854**
LIABILITIES					
Balances due to related parties	12.2	49,473	5,908	49,473	5,908
Deposits from banks	15	570,813	14,547	570,813	14,547
Deposits from customers	15	7,258,555	7,734,242	7,517,299	7,966,494
Derivative financial liabilities	8	547	-	547	-
Other liabilities	17	269,132	246,204	267,658	244,966
Borrowings	16	851,478	808,328	851,478	808,328
Total liabilities		**8,999,998**	**8,809,229**	**9,257,268**	**9,040,243**
EQUITY					
Stated capital	18	222,479	222,479	222,479	222,479
Retained earnings	19.1	831,073	802,945	574,623	572,974
Revaluation reserve	19.2	10,851	10,067	10,851	10,067
Other reserves	19.3	6,091	6,091	6,091	6,091
Capital		**1,070,494**	**1,041,582**	**814,044**	**811,611**
Total Equity and Liabilities		**10,070,492**	**9,850,811**	**10,071,312**	**9,851,854**

The notes on pages 78 to 147 are an integral part of these financial statements.

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 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	-	1,870	-	1,870	-	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		**222,479**	**10,067**	**6,091**	**16,158**	**802,945**	**1,041,582**
	Notes	**18**	**19.2**	**19.3**			
Balance at 1 January 2024		**222,479**	**10,067**	**6,091**	**16,158**	**802,945**	**1,041,582**
Profit for the year		-	-	-	-	100,128	100,128
Other comprehensive Income							
Revaluation of land and buildings	19.2	-	1,005	-	1,005	-	1,005
Deferred tax on revaluation of land and buildings	19.2	-	(221)	-	(221)	-	(221)
					-		-
Total other comprehensive income		**-**	**784**	**-**	**784**	**-**	**784**
Total comprehensive income		**-**	784	**-**	**784**	**100,128**	**100,912**
Transactions with owners of the group							
Dividend declared and unpaid						(43,000)	(43,000)
Dividend declared and paid		-	-	-	-	(29,000)	(29,000)
Total other movements in reserves		**-**	**-**	**-**	**-**	**(72,000)**	**(72,000)**
Balance at 31 December 2024		**222,479**	**10,851**	**6,091**	**16,942**	**831,073**	**1,070,494**
	Notes	**18**	**19.2**	**19.3**			

The notes on pages 78 to 147 are an integral part of these financial statements.

****Restatement**
Below is a summary of the restatements performed in 2023. The detailed financial statements for the period ended 31 December 2023 can be viewed on our webiste: www.botswana.accessbankplc.com

a) 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.

b) 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.

Consolidated and Separate Statements of Changes in Equity (Continued)

Company	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	19.2	-	1,870	-	1,870	-	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**	**17,992**	**19,450**
Balance at 31 December 2023		**222,479**	**10,067**	**6,091**	**16,158**	**572,974**	**811,611**
	Notes	**18**	**19.2**	**19.3**			
Balance at 1 January 2024		**222,479**	**10,067**	**6,091**	**16,158**	**572,974**	**811,611**
Profit for the year		-	-	-	-	73,649	73,649
Other comprehensive Income							
Revaluation of land and buildings		-	1,005	-	1,005	-	1,005
Deferred tax on revaluation of land and buildings		-	(221)	-	(221)	-	(221)
Total other comprehensive income		**-**	**784**	**-**	**784**	**-**	**784**
Total comprehensive income		**-**	**784**	**-**	**784**	**73,649**	**74,433**
Transactions with owners of the group							
Dividend declared and unpaid		-	-	-	-	(43,000)	(43,000)
Dividends paid		-	-	-	-	(29,000)	(29,000)
Total other movements in reserves		**-**	**-**	**-**	**-**	**(72,000)**	**(72,000)**
Balance at 31 December 2024		**222,479**	**10,851**	**6,091**	**16,942**	**574,623**	**814,044**

The notes on pages 78 to 147 are an integral part of these financial statements.

****Restatement**
Below is a summary of the restatements performed in 2023, the detailed financial statements for the period ended 31 December 2023 can be viewed on our webiste: www.botswana.accessbankplc.com

a) 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.

b) 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.

Consolidated and Separate Statements of Cash flows

	Notes	Group 2024 P'000	Group 2023 P'000	Company 2024 P'000	Company 2023 P'000
Cash flows from operating activities					
Profit before tax		**134,632**	**52,276**	**100,418**	**21,344**
Adjusted for:					
Depreciation and amortisation	26	47,519	74,658	47,519	74,658
Impairment credit on financial assets		42,380	18,370	42,380	18,370
Fair value loss on financial assets at fair value though profit and loss	14.1	9,545	-	9,545	-
Net exchange losses		14,382	4,768	14,382	4,768
Currency revaluations	22	(17)	(25)	(17)	(25)
Net interest income	20	(413,864)	(408,768)	(400,561)	(396,538)
Cash flows from operating activities before changes in operating assets and liabilities		**(165,423)**	**(258,721)**	**(186,334)**	**(277,423)**
Movements in operating assets/liabilities:		**53,530**	**564,175**	**80,594**	**587,405**
Loans and advances to customers		406,418	446,509	406,418	446,509
Balances with other banks		(211,525)	(29,424)	(211,525)	(29,424)
Balances due from related parties		(148,124)	(3,253)	(147,908)	(3,641)
Other assets		(123,518)	(132,570)	(122,944)	(133,914)
Derivative financial assets		(4,744)	20,838	(4,744)	20,838
Deposits from customers and banks		74,289	220,445	100,781	247,441
Other liabilities		16,622	62,121	16,404	60,087
Derivative financial liabilities		547	(20,302)	547	(20,302)
Balances due to related parties		43,565	(189)	43,565	(189)
Interest received		867,282	884,098	867,282	884,098
Interest paid		(468,600)	(426,715)	(481,903)	(438,945)
Taxation paid	13.1	(26,095)	(29,769)	(18,944)	(20,067)
Net cash from operating activities		**260,695**	**733,068**	**260,695**	**735,068**
Cash flows from investing activities					
Purchase of property and equipment	10	(25,077)	(18,125)	(25,077)	(18,125)
Purchase of intangibles assets	11	(21,219)	(9,221)	(21,219)	(9,221)
Additions to Investment securities		(27,074,918)	(6,826,928)	(27,074,918)	(6,826,928)
Disposals of Investment securities		26,254,508	6,707,488	26,254,508	6,707,488
Investment in subsidiary		-	-	-	(2,000)
Net cash used in investing activities		**(866,706)**	**(146,786)**	**(866,706)**	**(148,786)**
Cash flows from financing activities					
Dividend paid		(29,000)	-	(29,000)	-
Proceeds from Borrowings	16.1	25,000	368,997	25,000	368,997
Repayments on Borrowings	16.1	-	(193,341)	-	(193,341)
Payment of principal on lease liabilities	34.2	(8,382)	(7,811)	(8,382)	(7,811)
Net cash from financing activities		**(12,382)**	**167,845**	**(12,382)**	**167,845**
Net (decrease)/increase in cash and cash equivalents		(618,393)	754,127	(618,393)	754,127
Cash and cash equivalents at beginning of year		2,198,176	1,439,488	2,198,176	1,439,488
Effect of exchange rate fluctuations on cash and cash equivalents held		4,020	4,561	4,020	4,561
Cash and cash equivalents at end of year		**1,583,803**	**2,198,176**	**1,583,803**	**2,198,176**
Cash and cash equivalents comprised of:					
Balances with other banks	6	961,900	1,469,645	961,900	1,469,645
Balances due from related parties	12.1	-	254,107	-	254,107
Investment securities	9.1	-	149,967	-	149,967
Cash and balances with the Central Bank	5	621,903	324,457	621,903	324,457
		1,583,803	**2,198,176**	**1,583,803**	**2,198,176**

The notes on pages 78 to 147 are an integral part of these financial statements.

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, and the bank registered a 100% owned custodial services entity on 10 July 2024 named Access Bank Botswana Nominees Co (Pty) Ltd, however business activities of this entity had not commenced at the reporting date. 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 70%. 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 (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.

1.1 Presentation

The Bank presents its statement of financial position in order of liquidity. Where permitted or required under IFRS Accounting Standards, 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

The global economy witnessed steadily declining inflation in 2024, which saw advanced economies together with emerging markets and developing economies, returning to their inflation targets. Core inflation is generally projected to decline more gradually with services inflation holding up further progress on disinflation, which is complicating monetary policy normalization, however, interest rate cuts are still expected in order to encourage economic growth. On the domestic front, pressure on global diamond prices contributes to additional uncertainty to the local 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 the remaining years of the current strategy period (2025-2027) 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 2024 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 its 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.

Accounting policies (continued)

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 Accounting Standards 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 2024 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 34)

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.
- 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.

Accounting policies (continued)

1.3 Significant judgements and sources of estimation uncertainty (continued)
Measurement of expected credit loss (continued)

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.

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.

Accounting policies (continued)

1.3 Significant judgements and sources of estimation uncertainty (continued)
Measurement of expected credit loss (continued)

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

	Group and Company	
	2024 P'000	2023 P'000
Corporate loans		
Migration of 5% of stage 1 loans to stage 2	487	488
Migration of 5% of stage 2 loans to stage 3	-	11
Increasing the loss ratio by 10%	74	3984
Mortgages		
Migration of 5% of stage 1 loans to stage 2	2,393	140
Migration of 5% of stage 2 loans to stage 3	239	63
Increasing the loss ratio by 10%	1,936	2,121
Retail and SME loans		
Migration of 1% of stage 1 loans to stage 2	7,263	3,180
Migration of 1% of stage 2 loans to stage 3	219	97
Increasing the loss ratio by 5%	11,113	10,228

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.

Accounting policies (continued)

1.4 Functional currency and presentation currency (continued)
Foreign currency transactions (continued)

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 non-monetary 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 instruments 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.

Accounting policies (continued)

1.7 Fee and commission and trading income (continued)

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 assets 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.

Accounting policies (continued)

1.9 Property and equipment (continued)

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 assets 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.

WIP is measured based on the costs accumulated for long term projects that are not yet complete. This will include raw materials, labour and overhead costs incurred at various stages of the project.

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 one to ten 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 carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets 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 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.

Accounting policies (continued)

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.

Accounting policies (continued)

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 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 34 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.

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

Accounting policies (continued)

1.16 Leases (continued)

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 underline asset or to restore the underline asset or the site which 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 measured at fair value and subsequently carried at amortised cost using effective interest method. Financial liabilities are derecognised when they are extinguished. Derivative liabilities are measured 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 entity recognises a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument.

Financial liabilities are measured at amortised cost.

The following liabilities are measured at amortised cost using the effective interest rate method:

- Deposits from customers
- Deposits from banks
- Borrowings

Accounting policies (continued)

1.17 Financial instruments (continued)

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
Nano loans	Collect contractual cash flows	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 are 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.

Accounting policies (continued)

1.17 Financial instruments (continued)

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 Gross Domestic Product (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 instruments fair value using an observable market price.

Accounting policies (continued)

1.17 Financial instruments (continued)

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) and the 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.

Accounting policies (continued)

1.17 Financial instruments (continued)

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:

Accounting policies (continued)

1.17 Financial instruments (continued)

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.
- 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 2024, loans with an outstanding gross amount of P20 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.

Accounting policies (continued)

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 35). 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 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	Impact
IAS 7 and IFRS 7,Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	1 January 2024	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to concerns that some companies supplier finance arrangements are not sufficiently visible, hindering investors' analysis.	This amendment did not have a have a significant impact on the financial statements of the Group.
Amendments to IFRS 16, 'Leases' - 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.	This amendment did not have a have a significant impact on the financial statements of the Group.
Amendments to IAS 1 'Presentation of Financial Statements' - 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.	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	Impact
Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)	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.
Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	1 January 2026	These amendments: clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system. The amendments clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion. The amendments add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets) and make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).	The Group expects to adopt the amendment for the first time in the 2026 annual financial statements. This amendment is not expected to have a significant impact on the financial statements of the Group.
IFRS 18 Presentation and Disclosure in Financial Statements	1 January 2027	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. IFRS 18 replaces IAS 1 Presentation of Financial Statements and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its "operating profit or loss".	The Group expects to adopt the amendment for the first time in the 2027 annual financial statements. This amendment is not expected to have a significant impact on the financial statements of the Group.
IFRS 19, Subsidiaries without Public Accountability'	1 January 2027	The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements. IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.	The Group does not expect to adopt the amendment as the amendment is not applicable to the group. This amendment is not expected to have an impact on the financial statements of the Group.

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management

Objectives on risk management

The Group's and Company'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 Company'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 Company's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems. The Group and Company 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 to customer loans and advances and monitors them on an ongoing basis. The committee also assists the Board in ensuring that all credit activities relating to large exposures to customer loans and advances are conducted within the risk strategy, policies and tolerance levels approved by the Board.

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.

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.

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)

Risk limit control and mitigation policies (continued)

(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.

Maximum exposure to credit risk after fair value of collateral held or other credit enhancements.

	Group				
31 December 2024	**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	1,203,381	-	-	-	1,203,381
Balances with Central Bank	621,903	-	-	-	621,903
Investment securities	1,799,768	-	-	-	1,799,768
Amounts due from related parties	147,277	-	-	-	147,277
Derivative financial assets	4,744	-	-	-	4,744
Other financial assets	300,309	-	-	-	300,309
Loans and advances to customers	**5,953,828**	**1,818,890**	**43,909**	**286,414**	**4,763,375**
Mortgage lending	674,389	1,206,186	-	4	-
Vehicle asset finance	15,872	-	15,871	-	1
Corporate lending	259,707	402,765	2,264	268,185	-
Commercial and property finance	218	13,670	-	-	-
Retail and SME lending	5,003,642	196,269	25,774	18,225	4,763,374
Maximum exposure	**10,031,210**	**1,818,890**	**43,909**	**286,414**	**8,840,757**
Credit exposures relating to off-balance sheet					
items are as follows:					
Financial guarantees	296,507	-	-	79,072	217,435
Loan commitments and other credit related liabilities	118,079	-	-	-	118,079
	414,586	**-**	**-**	**79,072**	**335,514**

	Company				
31 December 2024	**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	1,203,381	-	-	-	1,203,381
Balances with Central Bank	621,903	-	-	-	621,903
Investment securities	1,799,768	-	-	-	1,799,768
Amounts due from related parties	147,908	-	-	-	147,908
Derivative financial assets	4,744	-	-	-	4,744
Other financial assets	299,892	-	-	-	299,892
Loans and advances to customers	**5,953,828**	**1,818,890**	**43,909**	**286,414**	**4,763,375**
Mortgage lending	674,389	1,206,186	-	4	-
Vehicle asset finance	15,872	-	15,871	-	1
Corporate lending	259,707	402,765	2,264	268,185	-
Commercial and property finance	218	13,670	-	-	-
Retail and SME lending	5,003,642	196,269	25,774	18,225	4,763,374
Maximum exposure	**10,031,424**	**1,818,890**	**43,909**	**286,414**	**8,840,970**

Notes to the Consolidated and Separate Annual Financial Statements

3 Financial risk management (continued)
3.1 Credit risk (continued)

Maximum exposure to credit risk after fair value of collateral held or other credit enhancements (continued)

31 December 2024	Company P'000 Maximum exposure to credit risk	P'000 Fair value of collateral: Property	Vehicles	Cash and other	P'000 Net exposure
Credit exposures relating to off-balance sheet items are as follows:					
Financial guarantees	296,507	-	-	79,072	217,435
Loan commitments and other credit related liabilities	118,079	-	-	-	118,079
	414,586	**-**	**-**	**79,072**	**335,514**

31 December 2023	P'000 Maximum exposure to credit risk	P'000 Fair value of collateral: Property	Vehicles	Cash and other	P'000 Net exposure
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**	**5,235,612**
Mortgage lending	708,739	956,358	-	5,362	-
Vehicle asset finance	16,882	-	22,816	-	-
Corporate lending	218,852	330,808	-	55,888	-
Commercial and property finance	3,017	560	-	-	2,457
Retail and SME lending	5,415,427	181,212	-	1,060	5,233,155
Maximum exposure	**9,782,956**	**1,468,938**	**22,816**	**62,310**	**8,655,651**
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 Maximum exposure to credit risk	P'000 Fair value of collateral: Property	Vehicles	Cash and other	P'000 Net exposure
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**	**5,235,612**
Mortgage lending	708,739	956,358	-	5,362	-
Vehicle asset finance	16,882	-	22,816	-	-
Corporate lending	218,852	330,808	-	55,888	-
Commercial and property finance	3,017	560	-	-	2,457
Retail and SME lending	5,415,427	181,212	-	1,060	5,233,155
Maximum exposure	**9,781,630**	**1,468,938**	**22,816**	**62,310**	**8,654,325**

Notes to the Consolidated and Separate Annual Financial Statements

3 Financial risk management (continued)
3.1 Credit risk (continued)

Maximum exposure to credit risk after fair value of collateral held or other credit enhancements (continued)

	Company P'000 Maximum exposure to credit risk	P'000 Fair value of collateral: Property	Vehicles	Cash and other	P'000 Net exposure
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**

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

Nature of assets	Consolidated and Company 2024 P'000	2023 P'000
Property - residential	12,768	9,412
Property - commercial	5,851	43,100
Motor Vehicles	1,125	-
	19,744	**52,512**

The properties repossessed are for Mortgages (secured by residential property), Term loan (secured by commercial property) and Vehicle Financing (secured by motor vehicles), all of which are disclosed at open market value. 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 2024 P'000	2023 P'000
Construction	17,187	12,049
Wholesale, retail and trade	5,570	1,141
Financial services	38,720	56,424
Transport	11,657	6,005
Real Estate	17,272	13,197
Individuals	5,624,535	5,995,593
Tourism	13,945	14,721
Other	224,942	263,787
Total	**5,953,828**	**6,362,917**
Credit exposures relating to off-balance sheet		
Financial services	176,191	184,149
Telecommunications	-	45,700
Other	120,316	37,092
	296,507	**266,941**

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.1 Credit risk (continued)

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, 2024 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 2024 (Group)

In thousands of Pula	31 December 2024 Balance				31 December 2024 ECL				Net exposure				31 December 2024 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	610,492	19,344	44,553	674,389	(2,427)	(1,094)	(15,841)	(19,362)	608,065	18,250	28,712	655,027	**2.87%**
Corporate lending	251,879	-	7,828	259,707	(130)	-	(600)	(730)	251,749	-	7,228	258,977	**0.28%**
Retail and SME lending	4,712,330	45,382	262,020	5,019,732	(28,951)	(5,726)	(187,579)	(222,256)	4,683,379	39,656	74,441	4,797,476	**4.43%**
Total loans and advances	**5,574,701**	**64,726**	**314,401**	**5,953,828**	**(31,508)**	**(6,820)**	**(204,020)**	**(242,348)**	**5,543,193**	**57,906**	**110,381**	**5,711,480**	**4.07%**
Balances due from related parties	147,277	-	-	147,277	(6,786)	-	-	(6,786)	140,491	-	-	140,491	4.61%
Financial guarantees and loan commitments	414,586	-	-	414,586	(1,518)	-	-	(1,518)	413,068	-	-	413,068	0.37%
Investment securities	1,799,769	-	-	1,799,769	(3,646)	-	-	(3,646)	1,796,123	-	-	1,796,123	0.20%
Cash and balances with the Central Bank	621,903	-	-	621,903	-	-	-	-	621,903	-	-	621,903	0.00%
Balances with other banks	1,203,381	-	-	1,203,381	(266)	-	-	(266)	1,203,115	-	-	1,203,115	0.02%
Derivative financial assets	4,744	-	-	4,744	-	-	-	-	4,744	-	-	4,744	0.00%
Other financial assets	300,309	-	-	300,309	-	-	-	-	300,309	-	-	300,309	0.00%
Total	**10,066,669**	**64,726**	**314,401**	**10,445,796**	**(43,724)**	**(6,820)**	**(204,020)**	**(254,564)**	**10,022,946**	**57,906**	**110,381**	**10,191,233**	**2.44%**

31 December 2023 (Group)

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%
Derivative financial assets	-	-	-	-	-	-	-	-	-	-	-	-	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%**

* ECL coverage ratio is calculated as the total ECL to the gross outstanding balance.

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.1 Credit risk (continued)

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 2024	**Stage 1 P'000**	**Stage 2 P'000**	**Stage 3 P'000**	**Total P'000**
Gross carrying amount				
Retail and SME lending	-	7,262	-	7,262
	-	**7,262**	**-**	**7,262**
Allowance for ECL				
Retail and SME lending	**-**	(175)	**-**	**(175)**
	-	(175)	**-**	**(175)**
Net renegotiated loans	**-**	**7,087**	**-**	**7,087**

	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**

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 2024	**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	4,744	-	-	4,744	-	**4,744**
At amortised cost						
Cash and balances with Central Bank	621,903	-	-	621,903	-	**621,903**
Balances with other banks	1,203,381	-	-	1,203,381	-	**1,203,381**
Balances due from related parties	147,277			147,277	-	**147,277**
Loans and advances	5,574,701	64,726	314,401	5,953,828	2,149,213	**3,804,615**
Performing	5,574,701	-	-	5,574,701	1,937,669	**3,637,032**
Special mention	-	64,726	-	64,726	34,311	**30,415**
Substandard	-	-	25,664	25,664	18,176	**7,488**
Doubtful	-	-	30,450	30,450	12,792	**17,658**
Loss	-	-	258,287	258,287	146,265	**112,022**
Investment securities	1,799,768	-	-	1,799,768	-	**1,799,768**
Other financial assets	300,309	-	-	300,309	-	**300,309**
Off balance sheet items	**9,652,083**	**64,726**	**314,401**	**10,031,210**	**2,149,213**	**7,881,997**
Financial guarantees and loan commitments	**414,586**	**-**	-	414,586	79,072	**335,514**
Total	**10,066,669**	**64,726**	**314,401**	**10,445,797**	**2,228,285**	**8,217,511**

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.1 Credit risk (continued)
3.1.5 Credit quality by asset class (continued)

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 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	6,020,845	49,810	292,262	6,362,917	1,532,952	**4,829,965**
Performing	6,020,845	-	-	6,020,845	1,366,507	**4,654,338**
Special mention	-	49,810	-	49,810	35,128	**14,682**
Substandard	-	-	27,646	27,646	11,355	**16,291**
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**
Derivative financial assets	-	-	-	-	-	**-**
Other financial assets	192,601	-	-	192,601	-	**192,601**
	9,440,884	**49,810**	**292,262**	**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	**9,707,825**	**49,810**	**292,262**	**10,049,897**	**1,706,434**	**8,343,463**

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 past 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.

Collateral - This includes bond cession over land and buildings, lien over movable assets, and cash collateral held by the bank, which have all been pledged to the bank. The value of the collateral disclosed is at open market value. As per the banks policy valuations are to be held once every three years.

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.1 Credit risk (continued)
3.1.5 Credit quality by asset class (continued)

The credit quality of financial assets subject to credit risk, that were neither past due nor impaired, based on the bank's internal credit ratings, was as follows:

	2024 P'000	2023 P'000
Loans granted within last 12 months, with no history of default	2,211,152	1,662,332
Loans granted within last 12 months, with minor history of default	69,001	39,399
Loans granted prior to the last 12 months, with no history of default	3,062,330	4,106,693
Loans granted prior to the last 12 months, with minor history of default	232,218	212,421
Total	**5,574,701**	**6,020,845**

Loans and advances individually impaired (Non-performing loans and advances)

Loans and advances are managed with reference to the days in arrears. Days in arrears are calculated based on the amount past due relative to the instalment amount. Loans and advances outstanding for longer than 90 days are considered non-performing and are included in stage 3 for the loss allowance calculation. As determined by the regulatory requirements, any asset which is overdue 30 days or more but less than 90 days shall be classified as special mention, at a minimum and is subject to impairment in accordance with the stage 2 calculations. The bank follows a more conservative approach than the regulators and already classifies loans in 0-30 days on a watch list, - where, on a case-by-case basis, indicators of a possible future loss event exist. Additionally, loans that are made to a specific industry or individuals that are not past due, but we deem to be risky are assessed and in certain instances subject to impairment in accordance with the stage 2 calculations. Loans categorized on the watch list are performing but subject to the impairment in accordance to the IFRS 9 calculations.

The individually impaired loans and advances to customers before taking into consideration the cash flows from collateral held is BWP 344 million (2023: BWP 342 million). The breakdown of the gross amount of individually impaired loans and advances by class, along with the fair value of related collateral held by the bank as security, is as follows:

31 December 2024	Vehicle finance	Commercial loans	Mortgage loans	Individual loans	Overdrafts	Total
Past due up to 30 days	68	257	5,284	88,610	25,731	119,950
Past due 31 - 60 days	-	-	1,023	1,008	-	2,031
Past due 61 - 90 days	259	-	1,387	1,071	-	2,717
Past due 91 - 180 days	-	-	5,446	19,202	-	24,648
Past due more than 180 days	-	6,469	31,412	127,174	-	165,055
Total	**328**	**6,726**	**44,553**	**237,064**	**25,731**	**314,401**
Fair value of collateral held	(327)	(35,257)	(77,559)	(67,521)	-	(180,664)
Total	**1**	**-**	**-**	**169,543**	**25,731**	**133,737**
Impairment raised	(225)	(249)	(15,843)	(163,053)	(24,650)	(204,020)
Net exposure	**-**	**-**	**-**	**6,490**	**1,081**	**-**

31 December 2023	Vehicle finance	Commercial loans	Mortgage loans	Individual loans	Overdrafts	Total
Past due up to 30 days	3,450	1,740	32	63,387	13,867	82,475
Past due 31 - 60 days	-	-	-	17	-	17
Past due 61 - 90 days	-	-	-	31	-	31
Past due 91 - 180 days	-	-	-	100	-	100
Past due more than 180 days	1,839	8,419	50,456	148,925	-	209,640
Total	**5,289**	**10,159**	**50,487**	**212,460**	**13,867**	**292,263**
Fair value of collateral held	(7,516)	(51,250)	(81,481)	(21,251)	(37,820)	(199,318)
Total	**-**	**-**	**-**	**191,209**	**-**	**92,944**
Impairment raised	(2,178)	(1,943)	(12,379)	(137,484)	(10,677)	(164,661)
Net exposure	**-**	**-**	**-**	**53,725**	**-**	**-**

The value of tangible collateral disclosed above is limited to the outstanding balance, therefore any over-collateralised portion of a loan is excluded from the value of tangible collateral. Impairments are raised for under-collateralised non-performing loans, resulting in a net exposure of nil. Further information of the impairment allowance for loans and advances to customers is provided in note .1.3.

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.1 Credit risk (continued)
3.1.5 Credit quality by asset class (continued)

As at 31 December 2024 and 2023 the following financial instruments are neither past due nor impaired:

	Consolidated and Company	
	2024	**2023**
	P'000	**P'000**
Cash and balances with central bank	621,903	324,457
Derivative financial assets	4,744	-
Other assets	300,309	192,601
Total	**926,956**	**517,058**

The following section summarises the credit quality of financial assets and exposures to corresponding and counterparty banks for 31 December 2024.

The bank applies credit ratings in line with regulatory requirements to reflect the credit risk of financial instruments. External credit ratings from reputable international rating agencies are utilised for cross border exposures, which is augmented with thorough internal credit and financial analyses in the determination and setting of exposure limits. Distinction between two broad credit quality classes are made, i.e. investment grade (AAA to BBB) and speculative / high-yield (BB and lower). Fitch ratings are utilised as far as possible. If Fitch ratings are not available, Moody's and Standard & Poor's ratings are used for classification. If no ratings are available, i.e. certain African countries for example, these exposures are classified as unrated and are subject to much stricter lending criteria.

31 December 2024	Investment grade (AAA to BBB)	Unrated	Total
Balance with central bank	621,903	-	621,903
Cash balances	147,277	-	147,277
Other securities	1,798,415	-	1,798,415
Due from other banks	1,203,115	-	1,203,115
Other assets	-	359,466	359,466
Derivative financial assets	4,744	-	4,744
Total	**3,775,454**	**359,466**	**4,134,920**

31 December 2023	Investment grade (AAA to BBB)	Unrated	Total
Balance with central bank	324,457	-	324,457
Cash balances	257,353	-	257,353
Bank of Botswana certificates	149,966	-	149,966
Other securities	1,144,229	-	1,144,229
Due from other banks	1,499,069	-	1,499,069
Other assets	-	250,482	250,482
Derivative financial assets	-	-	-
Total	**3,375,074**	**250,482**	**3,625,556**

Unrated exposures consist mainly of cash balances and due from other banks. The creditworthiness of these government and large commercial banks' money market instruments are of high quality, which poses low credit risk. Other assets consist of accounts receivable as well as clearing and settlement accounts. Rated and unrated exposures are not collateralised.

The following risk weightings are applied for due from other banks when calculating the risk-based capital ratios:

Exposure to banks assigned a credit risk assessment rating of AAA to AA-	20%
Exposure to banks assigned a credit risk assessment rating of A+ to A-	20%
Exposure to banks assigned a credit risk assessment rating of BB+ to B- or unrated	100%
Exposure to banks assigned a credit risk assessment rating below B-	150%

Notes to the Consolidated and Separate Annual Financial Statements

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 2024 to 31 December 2024:

	Gross loans and advances			
	Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	Total P'000
(i) Opening balance	**6,020,844**	**49,810**	**292,263**	**6,362,917**
New loans	2,216,255	11,772	15,651	2,243,678
Transfer to stage 1	22,263	(17,354)	(4,909)	-
Transfer to stage 2	(40,452)	44,702	(4,250)	-
Transfer to stage 3	(55,297)	(12,914)	68,211	-
Write-offs	-	-	(20,078)	(20,078)
Payments, drawdowns, accruals & re-advances	(2,588,912)	(11,290)	(32,487)	(2,632,689)
Closing Balance	**5,574,701**	**64,726**	**314,401**	**5,953,828**

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

Overall, movements in the stages are reflective of declining performance of the loan book during the year. This was due to higher repayments in stage 1 with a reduction in new loans in the period. This has resulted in the book having a higher stage 3 percentage in comparison to the position as at 1 January 2024.

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	**5,176,029**	**20,490**	**238,807**	**5,435,326**
New loans	2,051,936	11,771	13,871	2,077,578
Transfer to stage 1	8,236	(6,594)	(1,642)	-
Transfer to stage 2	(27,091)	29,616	(2,525)	-
Transfer to stage 3	(48,647)	(8,965)	57,612	-
Write-offs	-	-	(18,630)	(18,630)
Payments, drawdowns, accruals & re-advances	(2,448,134)	(936)	(25,473)	(2,474,543)
Closing Balance	**4,712,329**	**45,382**	**262,020**	**5,019,731**

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 declined due to lower than anticipated new loans coupled with increased repayments.

Corporate loans	Gross loans and advances			
	Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	Total P'000
Opening balance	**212,429**	**–**	**6,423**	**218,852**
New loans	126,823	-	-	126,823
Payments, drawdowns, accruals & re-advances	(87,373)	-	1,405	(85,968)
Closing Balance	**251,879**	**–**	**7,828**	**259,707**

Significant movements noted in corporate loans as a result of the growth in new loans due to increased lending activities in the corporate portfolio.

Mortgage loans	Gross loans and advances			
	Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	Total P'000
Opening balance	**632,386**	**29,320**	**47,033**	**708,739**
New loans	37,494	-	1,780	39,274
Transfer to stage 1	14,028	(10,761)	(3,267)	-
Transfer to stage 2	(13,361)	15,086	(1,725)	-
Transfer to stage 3	(6,650)	(3,949)	10,599	-
Write-offs	-	-	(1,448)	(1,448)
Payments, drawdowns, accruals & re-advances	(53,404)	(10,352)	(8,420)	(72,176)
Closing Balance	**610,492**	**19,344**	**44,553**	**674,390**

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.1 Credit risk (continued)
3.1.6 Movement in expected credit losses (continued)

The following table shows movement in expected credit losses from 1 January 2024 to 31 December 2024

	Expected credit losses			
(ii) Loans and advances	Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	Total P'000
Opening balance	**51,340**	**12,277**	**164,661**	**228,278**
New loans	12,510	1,534	10,896	24,940
Transfer to stage 1	75	(61)	(14)	-
Transfer to stage 2	(4,009)	4,482	(473)	-
Transfer to stage 3	(26,974)	(6,254)	33,228	-
Write-offs	-	-	(20,078)	(20,078)
Payments and other changes	(1,434)	(5,158)	15,800	9,208
Closing Balance	**31,508**	**6,820**	**204,020**	**242,348**

The table above 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. Decreases in stage 1 ECL are largely due to loan book attrition in the bank during the year.

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 reduction 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. Increases to Stage 3 ECL driven by (1) increased default instances within a portion of the loan book.

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.1 Credit risk (continued)
3.1.6 Movement in expected credit losses (continued)

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	Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	Total P'000
Opening balance	**50,450**	**11,681**	**150,930**	**213,061**
New loans	12,303	1,534	9,569	23,406
Transfer to stage 1	50	(40)	(10)	-
Transfer to stage 2	(3,230)	3,598	(368)	-
Transfer to stage 3	(25,534)	(4,784)	30,318	-
Payments and other movements	(5,088)	(6,263)	15,770	4,419
Write-offs	-	-	(18,630)	(18,630)
Closing balance	**28,951**	**5,726**	**187,579**	**222,256**

Corporate loans	Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	Total P'000
Opening balance	**355**	**-**	**112**	**467**
New loans	12	-	-	12
Payments and other movements	(237)	-	488	251
Closing balance	**130**	**-**	**600**	**730**

Mortgage loans	Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	Total P'000
Opening balance	**535**	**596**	**13,619**	**14,750**
New loans	195	-	1,327	1,522
Transfer to stage 1	24	(21)	(3)	-
Transfer to stage 2	(779)	884	(105)	-
Transfer to stage 3	(1,439)	(1,470)	2,909	-
Write-offs	-	-	(1,448)	(1,448)
Payments and other movements	3,891	1,105	(458)	4,538
Closing balance	**2,427**	**1,094**	**15,841**	**19,362**

Changes in expected credit losses (ECL) for total loans during the year	**(19,832)**	**(5,457)**	**39,359**	**14,070**
Impact of write-offs	-	-	20,078	20,078
Changes in ECL recognised in statement of profit or loss	**(19,832)**	**(5,457)**	**59,437**	**34,148**

Off balance sheet and Investment securities	Stage 1 P'000	Stage 2 P'000	Stage 3 P'000	Total P'000
Opening balance	**(3,228)**	-	-	(3,228)
Movements for the year	(1,936)	-	-	(1,936)
Closing balance	**(5,164)**	-	-	**(5,164)**

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.1 Credit risk (continued)
3.1.6 Movement in expected credit losses (continued)

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

	Gross loans and advances			
(i)	**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/ estimation change	(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 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	**5,427,921**	**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)
Payment, drawdowns, accruals & re-advances	(1,806,231)	(78,138)	(34,498)	(1,918,867)
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-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

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
Payments, drawdowns, accruals & re-advances	(92,563)	-	489	(92,074)
Closing Balance	**212,429**	**-**	**6,423**	**218,852**

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

Notes to the Consolidated and Separate Annual Financial Statements

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/ estimation change	(8,376)	(5,883)	14,259	-
Payments, drawdowns, accruals & re-advances	(68,573)	(3,408)	(8,049)	(80,030)
Closing Balance	**632,386**	**29,320**	**47,033**	**708,739**

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 2023 to 31 December 2023:

	Stage 1	Stage 2	Stage 3	Total
(i) Loans and advances	**P'000**	**P'000**	**P'000**	**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)
Payments and other changes	(1,473)	2,442	(9,766)	(8,797)
Closing balance	**51,340**	**12,277**	**164,661**	**228,278**

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.1 Credit risk (continued)
3.1.6 Movement in expected credit losses (continued)

The following tables shows movement in expected credit losses from 1 January 2023 to 31 December 2023 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	**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	-
Write-offs	-	-	(27,974)	(27,974)
Payments and other changes	1,305	1,730	(21,025)	(17,990)
Closing balance	**50,450**	**11,681**	**150,930**	**213,061**

	Stage 1	Stage 2	Stage 3	Total
Corporate loans	**P'000**	**P'000**	**P'000**	**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)
Closing balance	**355**	**-**	**112**	**467**

	Stage 1	Stage 2	Stage 3	Total
Mortgage loans	**P'000**	**P'000**	**P'000**	**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	-
Payments and other changes	942	712	11,260	12,914
Closing balance	**535**	**596**	**13,619**	**14,750**
Changes in expected credit losses (ECL) during the year	(15,994)	(2,250)	2,412	(15,832)
Write-offs	-	-	27,974	27,974
ECL credit/(charge) for the period	**(15,994)**	**(2,250)**	**30,386**	**12,142**

(ii) Off balance sheet and Investment securities

	Stage 1	Stage 2	Stage 3	Total
	P'000	**P'000**	**P'000**	**P'000**
Opening balance	**(1,377)**	**-**	**-**	**(1,377)**
Movements for the year	(1,851)	-	-	(1,851)
Closing balance	**(3,228)**	**-**	**-**	**(3,228)**

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.1 Credit risk (continued)

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 2024 management performed no out of model adjustments to ECL on loans and advances whilst in 2023 net out of model adjustments to loans and advances was P30 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 can be used to recover outstanding loan amounts.

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 inflation 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 2025, based on the Government of Botswana budget speech of February 2025 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
Inflation rate			
2026	3.28%	2.47%	4.08%
2025	4.90%	4.10%	5.70%
Change in lending rates			
Q1 2024	1.60%	1.52%	1.68%

The final ECL numbers for loans and advances of P242 million with a coverage ratio of 3.6% 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.

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.1 Credit risk (continued)
3.1.8 ECL sensitivity analysis (continued)

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-24	Gross P'000	ECL P'000	Net P'000	ECL coverage %
Base scenario	5,953,828	(242,348)	5,711,480	4.07%
Upside scenario	5,953,828	(239,267)	5,714,561	4.02%
Adverse scenario	5,953,828	(250,134)	5,703,694	4.20%

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%

The 2023 balance above were based on the assumptions below:

	Base case scenario	Upside/ favourable case	Adverse case scenario
Inflation rate			
2025	4.50%	4.42%	4.58%
2024	4.70%	4.62%	4.78%
Change in lending rates			
Q1 2023	2.65%	2.65%	2.65%

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 primarily driven by weaker-than-expected economic growth and low inflation, which resulted in decreases to interest rates. In Botswana, the Bank of Botswana decreased the prime lending rate by 0.25% in April and August 2024. Furthermore, the regulatory environment saw a key development with the central bank removing the cash reserve requirement. The Bank managed to comply with the regulatory minimum liquidity ratio of 10% throughout the year. As at 31 December 2024, the Bank's liquidity ratio was 16% (2023: 20%).

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.2 Liquidity risk (continued)

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 related to financial assets and liabilities that expose the bank to liquidity risk. 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 2024 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	621,903	-	-	-	-	621,903	-	621,903
Balances with other banks	1,203,115	-	-	-	-	1,203,115	-	1,203,115
Balances due from related parties	5,948	143,205	-	-	-	149,153	(8,662)	140,491
Investment securities	-	604,960	208,841	1,168,936	122,430	2,105,167	(305,399)	1,799,768
Loans and advances to customers	142,158	265,265	1,278,799	4,850,263	1,410,440	7,946,925	(2,235,445)	5,711,480
Derivative financial assets	-	-	4,744	-	-	4,744	-	4,744
Other financial assets	300,309	-	-	-	-	300,309	-	300,309
Total	**2,273,433**	**1,013,430**	**1,492,384**	**6,019,199**	**1,532,870**	**12,331,316**	**(2,549,506)**	**9,781,810**
Liabilities								
Deposits from banks	571,153	-	-	-	-	571,153	(340)	570,813
Deposits from customers	3,136,719	819,307	3,384,676	63,392	370	7,404,464	(145,909)	7,258,555
Borrowings	4,592	25,856	77,385	913,337	250,837	1,272,007	(420,529)	851,478
Derivative financial liabilities	-	-	547	-	-	547	-	547
Balances due to related parties	49,473	-	-	-	-	49,473	-	49,473
Lease liabilities (note 17)	1,188	2,395	11,016	63,056	23,062	100,717	(25,581)	75,136
Other financial liabilities	140,998	-	-	-	-	140,998	-	140,998
Total	**3,904,123**	**847,558**	**3,473,624**	**1,039,784**	**274,269**	**9,539,359**	**(592,358)**	**8,947,000**
Liquidity (gap)/surplus	**(1,630,690)**	**165,872**	**(1,981,241)**	**4,979,415**	**1,258,601**	**2,791,958**	**(1,957,148)**	**834,810**

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 P'000	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 (note 17)	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**

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.2 Liquidity risk (continued)
Liquidity analysis based on contractually undiscounted amounts (continued)

Company

31 December 2024 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	621,903	-	-	-	-	621,903	-	621,903
Balances with other banks	1,203,115	-	-	-	-	1,203,115	-	1,203,115
Derivative financial assets	-	-	4,744	-	-	4,744	-	4,744
Balances due from related parties	6,579	143,205	-	-	-	149,153	(8,031)	141,122
Investment securities	-	604,960	208,841	1,168,936	122,430	2,105,167	(305,399)	1,799,768
Loans and advances to customers	142,158	265,265	1,278,799	4,850,263	1,410,440	7,946,925	(2,235,445)	5,711,480
Other financial assets (note 14)	299,892	-	-	-	-	299,892	-	299,892
Total	**2,273,647**	**1,013,430**	**1,492,384**	**6,019,199**	**1,532,870**	**12,330,899**	**(2,548,875)**	**9,782,024**
Liabilities								
Deposits from banks	571,153	-	-	-	-	571,153	(340)	570,813
Deposits from customers	3,162,943	819,307	3,616,963	63,392	370	7,662,975	(145,676)	7,517,299
Borrowings	4,592	25,856	77,385	913,337	250,837	1,272,007	(420,529)	851,478
Derivative financial liabilities	-	-	547	-	-	547	-	547
Balances due to related parties	49,473	-	-	-	-	49,473	-	49,473
Lease liabilities (note 17)	1,188	2,395	11,016	63,056	23,062	100,717	(25,581)	75,136
Other financial liabilities	139,661	-	-	-	-	139,661	-	139,661
Total	**3,929,010**	**847,558**	**3,705,911**	**1,039,784**	**274,269**	**9,796,532**	**(592,125)**	**9,204,407**
Liquidity (gap)/surplus	**(1,655,363)**	**165,872**	**(2,213,527)**	**4,979,415**	**1,258,601**	**2,534,367**	**(1,956,750)**	**577,617**

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 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
Balances due from related parties	4,093	257,443	-	-	-	261,536	(3,173)	258,362
Derivative financial assets	-	-	-	-	-	-	-	-
Investment securities	149,967	251,707	301,571	227,091	362,367	1,292,703	(146,306)	1,146,397
Loans and advances to customers	140,779	280,084	1,216,337	5,710,995	1,399,937	8,748,132	(2,385,215)	6,362,917
Other financial assets	192,758	-	-	-	-	192,758	-	192,758
Total	**2,281,699**	**789,234**	**1,547,332**	**5,938,086**	**1,762,304**	**12,318,655**	**(2,534,694)**	**9,783,960**
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 (note 17)	1,264	3,840	10,434	67,191	23,102	105,831	(26,454)	79,377
Other financial liabilities	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)**	**(804,847)**	**(768,073)**	**4,524,588**	**1,530,312**	**3,003,681**	**(2,193,365)**	**810,316**

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.2 Liquidity risk (continued)

Liquidity risk on financial guarantee contracts and commitments

31 December 2024	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	296,507	250,696	45,811	-
Loan commitments and other credit related liabilities	118,079	118,079	-	-
Total	**414,586**	**368,776**	**45,811**	**-**

Financial guarantees and loan commitments are callable on demand.

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**	**-**	**-**

3.2.1 Maturity profile

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

Group

As at 31 December 2024	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	621,903	-	-	-	-	621,903
Balances with other banks	1,203,115	-	-	-	-	1,203,115
Balances due from related parties	787	139,704	-	-	-	140,491
Investment securities	-	604,960	148,896	937,158	105,108	1,796,122
Loans and advances to customers	34,678	58,938	159,713	2,122,577	3,335,574	5,711,480
Derivative financial assets	-	-	4,744	-	-	4,744
Other financial assets	300,309	-	-	-	-	300,309
Total assets	**2,160,792**	**803,602**	**313,353**	**3,059,735**	**3,440,682**	**9,778,164**
Deposits from banks	570,813	-	-	-	-	570,813
Deposits from customers	3,107,038	811,499	3,281,804	58,214	-	7,258,555
Borrowings	-	-	-	526,478	325,000	851,478
Derivative financial liabilities	-	-	547	-	-	547
Balances due to related parties	49,473	-	-	-	-	49,473
Lease liabilities (note 17)	679	1,391	6,744	45,679	20,644	75,136
Other financial liabilities	140,998	-	-	-	-	140,998
Total liabilities	**3,869,001**	**812,890**	**3,289,094**	**630,371**	**345,644**	**8,947,000**
Net maturity gap 31 December 2024	**(1,708,209)**	**(9,287)**	**(2,975,741)**	**2,429,364**	**3,095,037**	**831,164**

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.2 Liquidity risk (continued)
3.2.1 Maturity profile (continued)

Group

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
Balances due from related parties	3,246	254,107	-	-	-	257,353
Derivative financial assets	-	-	-	-	-	-
Investment securities	149,966	493,213	49,544	188,310	263,196	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	**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 (note 17)	948	2,880	7,826	50,396	17,327	79,377
Other financial liabilities	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	**(1,388,102)**	**(798,956)**	**(2,171,421)**	**1,519,682**	**3,643,915**	**805,118**

Company

As at 31 December 2024	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	621,903	-	-	-	-	621,903
Balances with other banks	1,203,115	-	-	-	-	1,203,115
Balances due from related parties	1,418	139,704	-	-	-	141,122
Derivative financial assets	-	-	4,744	-	-	4,744
Investment securities	-	604,960	148,896	937,158	105,108	1,796,122
Loans and advances to customers	34,678	58,938	159,713	2,122,577	3,335,574	5,711,480
Other financial assets (note 14)	299,892	-	-	-	-	299,892
Total assets	**2,161,006**	**803,603**	**313,353**	**3,059,735**	**3,440,682**	**9,778,378**
Deposits from banks	570,813	-	-	-	-	570,813
Deposits from customers	3,140,549	811,499	3,507,037	58,214	-	7,517,299
Borrowings	-	-	-	526,478	325,000	851,478
Derivative financial liabilities	-	-	547	-	-	547
Balances due to related parties	49,473	-	-	-	-	49,473
Lease liabilities (note 17)	679	1,391	6,744	45,679	20,644	75,136
Other financial liabilities	139,661	-	-	-	-	139,661
Total liabilities	**3,901,174**	**812,890**	**3,514,328**	**630,371**	**345,644**	**9,204,407**
Net maturity gap 31 December 2024	**(1,740,168)**	**(9,287)**	**(3,200,975)**	**2,429,364**	**3,095,037**	**573,971**

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.2 Liquidity risk (continued)
3.2.1 Maturity profile (continued)

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 5years 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	4,093	254,107	-	-	-	258,200
Derivative financial assets	-	-	-	-	-	-
Investment securities	149,966	493,213	49,544	188,310	263,196	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	192,758	-	-	-	-	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 (note 17)	948	2,880	7,826	50,396	17,327	79,377
Other financial liabilities	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**

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 the Assets and Liabilities Committee (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 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

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 2024	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	-	-	-	-	-	621,903	621,903
Balances with other banks	1,203,115	-	-	-	-	-	1,203,115
Balances due from related parties	-	139,705	-	-	-	786	140,491
Derivative financial assets	-	-	-	-	-	4,744	4,744
Investment securities	-	604,960	148,896	937,158	105,108	-	1,796,122
Loans and advances to customers	34,678	58,938	159,713	2,122,577	3,335,574	-	5,711,480
Other financial assets	-	-	-	-	-	300,309	300,309
Total assets	**1,237,793**	**803,603**	**308,609**	**3,059,735**	**3,440,682**	**927,742**	**9,778,164**
Liabilities							
Deposits from banks	570,813	-	-	-	-	-	570,813
Deposits from customers	3,081,637	811,499	3,281,804	58,214	64	25,337	7,258,555
Borrowings	150,069	-	423,946	101,723	175,740	-	851,478
Derivative financial liabilities	-	-	-	-	-	547	547
Balances due to related parties	-	-	-	-	-	49,473	49,473
Lease liabilities (note 17)	679	1,391	6,744	45,679	20,644	-	75,136
Other financial liabilities	-	-	-	-	-	140,998	140,998
Total liabilities	**3,803,197**	**812,890**	**3,712,494**	**205,616**	**196,448**	**216,355**	**8,947,001**
Total interest repricing gap	**(2,565,404)**	**(9,286)**	**(3,403,885)**	**2,854,118**	**3,244,233**	**711,387**	**831,163**

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 (note 17)	948	2,880	7,826	50,396	17,327	-	79,377
Other financial liabilities	-	-	-	-	-	104,828	104,828
Total liabilities	**3,441,308**	**1,567,288**	**2,366,018**	**1,039,777**	**212,913**	**119,926**	**8,747,230**
Total interest repricing gap	**(1,933,074)**	**(1,292,169)**	**(2,220,965)**	**1,331,372**	**3,788,509**	**1,131,445**	**805,118**

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.3 Market risk (continued)
3.3.1 Interest rate risk (continued)

31 December 2024	**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	-	-	-	-	-	621,903	621,903
Balances with other banks	1,203,115	-	-	-	-	-	1,203,115
Loans and advances to customers	34,678	58,938	159,713	2,122,577	3,335,574	-	5,711,480
Derivative financial assets	-	-	-	-	-	4,744	4,744
Investment securities	-	604,960	148,896	937,158	105,108	-	1,796,122
Balances due from related parties	-	139,705	-	-	-	1,417	141,122
Other financial assets	-	-	-	-	-	299,892	299,892
Total assets	**1,237,793**	**803,603**	**308,609**	**3,059,735**	**3,440,682**	**927,956**	**9,778,378**
Liabilities							
Deposits from banks	570,813	-	-	-	-	-	570,813
Deposits from customers	3,115,147	811,499	3,507,037	58,214	64	25,338	7,517,299
Borrowings	150,069	-	423,946	101,723	175,740	-	851,478
Derivative financial liabilities	-	-	-	-	-	547	547
Balances due to related parties	-	-	-	-	-	49,473	49,473
Lease liabilities (note 17)	679	1,391	6,744	45,679	20,644	-	75,136
Other financial liabilities	-	-	-	-	-	139,661	139,661
Total liabilities	**3,836,708**	**812,890**	**3,937,728**	**205,616**	**196,448**	**215,019**	**9,204,408**
Total interest repricing gap	**(2,598,915)**	**(9,286)**	**(3,629,118)**	**2,854,118**	**3,244,233**	**712,937**	**573,970**

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 (note 17)	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)**	**1,331,372**	**3,788,509**	**1,237,277**	**579,708**

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.3 Market risk (continued)
3.3.1 Interest rate risk (continued)

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	
	2024	**2023**
Change in net interest income arising from a shift in yield curves of +50 basis points (P'000)	4,156	4,026
Change in net interest income arising from a shift in yield curves of -50 basis points (P'000)	(4,156)	(4,026)

	Company	
	2024	**2023**
Change in net interest income arising from a shift in yield curves of +50 basis points (P'000)	2,870	2,899
Change in net interest income arising from a shift in yield curves of -50 basis points (P'000)	(2,870)	(2,899)

3.3.2 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.

Group (Figures in Pula Thousands)

31 December 2024	**USD**	**EUR**	**ZAR**	**Other***	**Total**
Cash and balances with the Central Bank	5,412	718	657	338	7,125
Balances with other banks	264,771	26,504	244,895	9,486	545,656
Balances due from related parties	144,968	-	1,523	-	146,491
Derivative financial assets	4,744	-	-	-	4,744
Loans and advances to customers	280	10	113,575	-	113,865
Other financial assets	137	2	7	1	147
Total	**420,312**	**27,234**	**360,657**	**9,825**	**818,027**
Deposits from Banks	-	-	203,916	-	203,916
Deposits from customers	676,900	18,153	99,339	8,195	802,586
Borrowings	423,736	-	-	-	423,736
Derivative financial liabilities	547	-	-	-	547
Balances due to related parties	45,173	-	-	-	45,173
Total	**1,146,356**	**18,153**	**303,255**	**8,195**	**1,475,958**
Net on-balance sheet position	**(726,043)**	**9,081**	**57,402**	**1,631**	**(657,931)**
Net off-balance sheet position	**198,351**	**-**	**29,651**	**-**	**228,002**
Net position	**(527,693)**	**9,081**	**87,052**	**1,631**	**(429,929)**

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

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.3 Market risk (continued)
3.3.2 Foreign exchange risk (continued)

Company (Figures in Pula Thousands)

31 December 2024	USD	EUR	ZAR	Other*	Total
Cash and balances with the Central Bank	5,412	718	657	338	7,125
Balances with other banks	264,771	26,504	244,895	9,486	545,656
Balances due from related parties	144,968	-	1,523	-	146,491
Derivative financial assets	4,744	-	-	-	4,744
Loans and advances to customers	280	10	113,575	-	113,865
Other financial assets	137	2	7	1	147
Total	**420,312**	**27,234**	**360,657**	**9,825**	**818,027**
Deposits from Banks	-	-	203,916	-	203,916
Deposits from customers	676,900	18,153	99,339	8,195	802,586
Borrowings	423,736	-	-	-	423,736
Derivative financial liabilities	547	-	-	-	547
Balances due to related parties	45,173	-	-	-	45,173
Total	**1,146,356**	**18,153**	**303,255**	**8,195**	**1,475,958**
Net on-balance sheet position	**(726,043)**	**9,081**	**57,402**	**1,631**	**(657,931)**
Net off-balance sheet position	**198,351**	**-**	**29,651**	**-**	**228,002**
Net position	**(527,693)**	**9,081**	**87,052**	**1,631**	**(429,929)**

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
Balances due from related parties	-	-	-	-	-
Derivative financial assets	-	-	-	-	-
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**

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.3 Market risk (continued)
3.3.2 Foreign exchange risk (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	-	-	-	-	-
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
Balances due to related parties	5,908	-	-	-	5,908
Derivative financial liabilities	-	-	-	-	-
Other financial liabilities	41,150	-	-	-	41,150
Current income tax liability	-	-	-	-	-
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**

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	
	2024 Impact on profit or loss and equity	**2023 Impact on profit or loss and equity**
EUR	454	77
USD	(26,385)	9,007
ZAR	4,353	79

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)

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	
	2024 P'000	**2023 P'000**	**2024 P'000**	**2023 P'000**
Liabilities recognised at amortised cost				
Balances due to related parties	49,473	5,908	49,473	5,908
Other financial liabilities	140,998	104,828	139,661	98,990
Lease Liabilities	75,136	79,377	75,136	79,377
Borrowings	851,478	808,328	851,478	808,328
Deposits from banks and customers	7,829,368	7,748,789	8,088,112	7,981,041
	8,946,453	**8,747,230**	**9,203,860**	**8,973,644**
Assets recognised at amortised cost				
Cash and balances with the Central Bank	621,903	324,457	621,903	324,457
Balances with other banks	1,203,115	1,499,069	1,203,115	1,499,069
Balances due from related parties	140,491	257,353	141,122	258,200
Investment securities	1,796,122	1,144,229	1,796,122	1,144,229
Loans and advances	5,711,480	6,134,639	5,711,480	6,134,639
Other financial assets	300,309	192,601	299,892	192,758
	9,773,420	**9,552,348**	**9,773,634**	**9,553,352**

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.

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.4 Fair value of financial assets and liabilities (continued)
(i) Financial instruments not measured at fair value (continued)

The tables below summarise the carrying amounts of those investment securities 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	**P'000**	**Level 1 P'000**	**Level 2 P'000**	**Total P'000**
31 December 2024	1,796,122	298,325	1,497,798	1,796,122
31 December 2023	1,144,229	650,162	494,067	1,144,229

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 securities and basis thereof.

(ii) 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.

31 December 2024 Assets	**Level 1 P'000**	**Level 2 P'000**	**Level 3 P'000**	**Total P'000**
Forward foreign exchange contracts	-	-	862	862
Currency swap	-	-	3,882	3,882
Nano loan float (note 14)	-	-	239,095	239,095
	-	**-**	**243,839**	**243,839**
Liabilities				
Forward foreign exchange contracts	-	-	1	1
Currency swap	-	-	546	546
	-	-	547	547
Net derivative asset				**4,197**
31 December 2023	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets	**P'000**	**P'000**	**P'000**	**P'000**
Nano loan float (note 14)	-	-	98,640	98,640
	-	**-**	**98,640**	**98,640**
Liabilities				
Forward foreign exchange contracts	-	-	-	-
Credit default swap	-	-	-	-
	-	-	-	-
Net derivative asset				**-**

Notes to the Consolidated and Separate Annual Financial Statements

3. Financial risk management (continued)
3.4 Fair value of financial assets and liabilities (continued)
(ii) Financial instruments measured at fair value (continued)

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:

Consolidated and Company

31 December 2024	Nano loan float P'000	Derivative financial assets P'000	Total assets at fair value P'000	Derivative financial liabilities P'000	Total liabilities at fair value P'000
Opening balance	**98,640**	**-**	**98,640**	**-**	**-**
Total gains or losses in profit and loss	(9,545)	-	(9,545)	-	-
Additions	150,000	4,744	154,744	547	547
Repayments	-	-	-	-	-
Closing balance	**239,095**	**4,744**	**243,839**	**547**	**547**

Consolidated and Company

31 December 2023	Nano loan float P'000	Derivative financial assets 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	-	30,000	-	-
Total gains or losses:	-	-	-	-	-
Additions	68,640	-	68,640	-	-
Repayments	-	-	-	-	-
Closing balance	**98,640**	**-**	**98,640**	**-**	**-**

Nano loan float
Included under Other Assets in note 14 is a balance of P250 million (2023: 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. In determining the fair value, assumptions were considered about the future cash flows and the prevailing market conditions, in addition to the historical performance of the instrument.

(iii) Sensitivity analysis of financial assets and financial liabilities measured at fair value

Description	Fair value as at		Unobservable inputs	Range of inputs (probability weighted average)		Relationship of unobservable inputs to fair value
	31 December 2024	31 December 2023		2024	2023	
Nano loans	239,095	98,640	Credit risk factor	3%	3%	A shift of credit risk factor of +/- 3% results in a change in the fair value of P7.5m. (2023: change in the credit risk factor of +/- 3% changed fair value by P3m.
Derivative assets	4,744	-	Exchange rate	4%	-	A shift in the USD exchange rate of +/- 4% results in a change in fair value of P4.5 thousand (2023: nil balance of derivatives)
Derivative liabilities	547	-	Exchange rate	4%	-	A shift in the USD exchange rate of +/- 4% results in a change in fair value of P1.5 thousand (2023: nil balance of derivatives)

Notes to the Consolidated and Separate Annual Financial Statements

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% (2023: 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 2024, the Bank's CAR stood at 22 % (2023: 22%). Refer to note 31 for details of the key components of CAR.

5. Cash and balances with the Central Bank

	Group		Company	
	2024	2023	2024	2023
	P'000	P'000	P'000	P'000
Notes and coins	163,400	139,457	163,400	139,457
Unrestricted bank balances	458,503	-	458,503	-
Statutory reserve	-	185,000	-	185,000
	621,903	**324,457**	**621,903**	**324,457**

*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 and this is held in the statutory reserve. This 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.

6. Balances with other banks

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Balances with other banks	1,203,381	1,499,069	1,203,381	1,499,069
Less: Expected credit losses	(266)	-	(266)	-
Balance as at end of year	**1,203,115**	**1,499,069**	**1,203,115**	**1,499,069**

*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:

Analysed into:

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Current	1,203,115	1,499,069	1,203,115	1,499,069
Non-current	-	-	-	-
	1,203,115	1,499,069	1,203,115	1,499,069

Notes to the Consolidated and Separate Annual Financial Statements

7. Loans and advances to customers

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Gross loans	5,986,667	6,396,991	5,986,667	6,396,991
Unearned fee income	(32,839)	(34,074)	(32,839)	(34,074)
Gross loans and advances after unearned fee income	**5,953,828**	**6,362,917**	**5,953,828**	**6,362,917**
Less: Expected credit losses	(242,348)	(228,278)	(242,348)	(228,278)
	5,711,480	**6,134,639**	**5,711,480**	**6,134,639**

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

Analysed into:

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Current	2,676,139	175,230	2,676,139	175,230
Non-current	3,035,341	5,959,409	3,035,341	5,959,409
	5,711,480	**6,134,639**	**5,711,480**	**6,134,639**

8. Derivatives

The bank had outstanding vanilla derivative products as at 31 December 2024 including three currency swaps and two forward exchange contracts, of which the currency swaps were used for the purposes of funding foreign exchange deals and hedging against currency fluctuations.

The first swap was held with Absa with a notional amount of USD 4m buying ZAR 69.8m at a ZAR/USD rate of 17.4516 on the near leg at deal date of 5 Nov 2024, maturing on the 7th Feb with the far leg settling ZAR70.4m at a ZAR/USD rate of 17.5982.

A further swap was held with Standard Bank South Africa, for ZAR12.2 million rand at a near leg ZAR/USD rate of 17.4 on 30 December 2024, settling at a far leg ZAR/USD rate of 17.9 on 30 June 2025.

The final swap was booked at USD/BWP near leg rate of 0.718 on 30 December 2025 for USD 200k, settling at a far leg BWP/USD rate of 0.7165 on 30 January 2025.

The forward deals included a deal covering ZAR12.6m at a ZAR/USD spot rate of 18.0362 for USD 700k on 15 October 2024, settling on value date of 30 June 2025. The other deal secured USD 1m at a spot rate for BWP/USD of 0.07194 on 6 September 2024, with a value date of 10 Jun 2025.

	Group		Company	
Derivative financial instruments 31 December 2024	**Assets P'000**	**Liabilities P'000**	**Assets P'000**	**Liabilities P'000**
Derivatives at fair value through profit or loss				
Forward contracts	862	1	862	1
Currency swap	3,882	546	3,882	546
	4,744	547	4,744	547
Net derivative asset	**4,197**	**-**	**4,197**	**-**

	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				
Forward contracts	-	-	-	-
Currency swap	-	-	-	-
	-	-	-	-
Net derivative asset	**-**	**-**	**-**	**-**

Notes to the Consolidated and Separate Annual Financial Statements

9. Investment securities

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Treasury Bills	298,325	650,162	298,325	650,162
Government bonds	1,501,444	496,235	1,501,444	496,235
Gross Investment securities	**1,799,768**	**1,146,397**	**1,799,768**	**1,146,397**
Expected credit losses	(3,646)	(2,168)	(3,646)	(2,168)
	1,796,122	**1,144,229**	**1,796,122**	**1,144,229**
Maturity analysis				
Current	753,857	692,723	753,857	692,723
Non-current	1,042,265	451,506	1,042,265	451,506
	1,796,122	**1,144,229**	**1,796,122**	**1,144,229**

9.1 Investment securities qualifying to be included as part of cash and cash equivalent

	Group		Company	
Investment securities	**2024 P'000**	**2023 P'000**	**2024 P'000**	**2023 P'000**
Treasury Bills	-	149,967	-	149,967
Government bonds	-	-	-	-
	-	**149,967**	**-**	**149,967**

Treasury Bills and Government Bonds having maturities of less than three months qualify to be included as part of cash and cash equivalents, 2024: nil (2023: P150 million). As at 31 December 2024 Government Bonds amounting to P330 million (2023: P452 million) were pledged to the Bank of Botswana (BOB) for the purposes of a credit facility with the BOB. These securities are rated as A3 by the latest assessment from Moody's.

Notes to the Consolidated and Separate Annual Financial Statements

10. Property, plant and equipment

2024

Group*

	Land and buildings P'000	Motor vehicles P'000	Furniture and Fittings P'000	Office and IT Equipment P'000	WIP P'000	Total P'000
Cost/revaluation						
At 1 January 2024	**147,591**	**3,052**	**97,190**	**91,294**	**-**	**339,127**
Additions**	9,513	6,462	2,641	9,742	-	28,358
Revaluation	1,006	-	-	-	-	1,006
Disposals	(5,525)	(1,360)	(252)	-	-	(7,137)
At 31 December 2024	**152,585**	**8,154**	**99,579**	**101,036**	**-**	**361,354**
Accumulated depreciation						
At 1 January 2024	**(46,849)**	**(2,191)**	**(67,693)**	**(52,514)**	**-**	**(169,247)**
Disposals during the period	3,640	1,360	252	-	-	5,252
Charge for year (note 26)	(11,288)	(695)	(5,783)	(13,778)	-	(31,544)
At 31 December 2024	**(54,497)**	**(1,526)**	**(73,224)**	**(66,292)**	**-**	**(195,539)**
Net book value at 31 December 2024	**98,088**	**6,628**	**26,355**	**34,744**	**-**	**165,815**

**Additions are inclusive of ROU asset additions which are non cash in nature for cash flow purposes

2023

Group*

	Land and buildings P'000	Motor vehicles P'000	Furniture and Fittings P'000	Office and 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**
Transfers	-	-	19,128	2,167	(21,295)	-
Additions**	698	952	3,045	9,483	4,645	18,823
Revaluation	1,870	-	-	-	-	1,870
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 2022	**(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**

* The figures are the same for group and company
**Additions are inclusive of ROU asset additions which are non cash in nature for cash flow purposes

Right of use assets restricted by lease liabilities
Land and buildings includes right of use assets with a carrying amount of P53.3 million (2023: P62.3 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.

Valuation
The Group's commercial land and building situated at Plot 62433, Fairgrounds, Gaborone were valued on 31 December 2024 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 P39,080,000 (2023: P35,620,000).

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.

Notes to the Consolidated and Separate Annual Financial Statements

10. Property, plant and equipment (continued)

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
-Market capitalisation method (investment method) with direct comparison of inputs applied	Market yield of between 7-10% (2023: 7-10%) Capitalisation rate of 8.50% (2023: 8.35%) -Prime rentals of office space between P95/sq.m to P120/sq.m (2023: P90-105/sqm)	The estimated fair value would increase/(decrease) if: -Higher/lower capitalisation rates -Higher/lower market yields -Increase/decrease in rental per sq.m

Fair value hierarchy for Land and Buildings

Land and buildings 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 rentals/sq.m will result in an increased 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 2024 P'000	2023 P'000
Cost	24,485	24,485
Accumulated depreciation	(8,021)	(7,409)
Disposals	-	-
At 31 December	**16,464**	**17,076**

(ii) Reconciliation of land and buildings measured at level 3	**2024 P'000**	**2023 P'000**
Plot 62433, Gaborone	35,620	33,750
Opening balance	2,455	-
Additions during the year	1,005	1,870
Gains (losses) recognised in other comprehensive income	**39,080**	**35,620**

11. Intangible assets

Software	2024			2023 (Group and Company)		
Cost	**Software P'000**	**WIP P'000**	**Total P'000**	**Software P'000**	**WIP P'000**	**Total P'000**
Balance at the beginning of the year	245,227	15,334	260,561	229,640	21,700	251,340
Work in progress	6,890	(6,890)	-	9,292	(9,292)	-
Additions	4,876	16,343	21,219	6,295	2,926	9,221
Write-offs	-	(369)	(369)	-	-	-
Balance at the end of the year	**256,993**	**24,418**	**281,411**	**245,227**	**15,334**	**260,561**
Accumulated amortization						
Balance at the beginning of the year	(215,618)	-	(215,618)	(175,168)	-	(175,168)
Amortisation charge (note 26)	(15,975)	-	(15,975)	(40,450)	-	(40,450)
Balance at the end of the year	**(231,593)**	**-**	**(231,593)**	**(215,618)**	**-**	**(215,618)**
Carrying amount at the end of the year	**25,400**	**24,418**	**49,818**	**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).

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

Notes to the Consolidated and Separate Annual Financial Statements

12. Related party transactions

The Bank is a majority owned subsidiary of Access Bank PLC which is the ultimate holding company and the ultimate controlling party . The Bank has a related party relationship with its parent company and with the Access Bank PLC subsidiaries. The Bank also has two wholly owned subsidiary, Kaleu (Pty) Limited and the Access Bank Botswana Nominees Co Pty Ltd. These are also considered a related parties. 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
Access Bank Botswana Nominees Co Pty Ltd**	Subsidiary
Kaleu Pty Ltd	Subsidiary
Access Bank Nigeria Pty Ltd	Fellow subsidiary
Access Bank Kenya	Fellow subsidiary
Access Bank Zambia	Fellow subsidiary
Access Holdings Namibia Pty Ltd	Fellow subsidiary

** This was incorporated by Access Bank Botswana Group in 2024 and is still non operational as at 31 December 2024.

12.1 Balances due from related parties:

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Access Bank PLC*	141,329	227,163	141,329	227,163
Access Bank South Africa Limited*	-	27,106	-	27,106
Access Bank Mozambique**	1,213	-	1,213	-
Access Bank Angola**	1,213	37	1,213	37
Access Bank Zambia	1,213	-	1,213	-
Access Holdings Namibia (Pty) Ltd	1,523	-	1,523	-
Kaleu Pty Ltd**	-	-	631	847
Access Bank Nigeria (Pty) Ltd**	-	50	-	50
Access Bank Kenya**	786	3,159	786	3,159
	147,277	**257,515**	**147,908**	**258,362**
Expected credit losses on balances due from related parties				
Impairment on Intercompany receivables	6,786	162	6,786	162
	140,491	**257,353**	**141,122**	**258,200**

*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 cash equivalents due to their short tenors of less than 60 days. Interest is charged at rates between 6% and 9% 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.

Interest income				
Access Bank PLC	43,209	1,469	43,209	1,469
Access Bank South Africa Limited	12,596	296	12,596	296
	55,805	**1,765**	**55,805**	**1,765**

Notes to the Consolidated and Separate Annual Financial Statements

12. Related party transactions (continued)

12.2 Balances due to related parties:

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Access Bank PLC	4,300	-	4,300	-
Access Bank Angola	1,477	-	1,477	-
Access Bank Tanzania	1,406	-	1,406	-
Access Bank Zambia	1,790	536	1,790	536
Access Bank Mozambique	40,500	5,372	40,500	5,372
	49,473	**5,908**	**49,473**	**5,908**

Balance due to Access Bank PLC relate to management fees expenses accrued but not paid at year end. The balance due to Angola relates visa related costs that were still outstanding as at year end. Balance due to Access Zambia and Access Tanzania relate to current account deposits held by the institutions with Access Botswana. 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 facilities were granted as part of the Bank's ordinary lending processes.

Balances due to subsidiary				
Kaleu Pty Ltd trading as Access Insurance Agency - fixed deposit	-	-	225,232	205,549
Kaleu Pty Ltd trading as Access Insurance Agency - current account	-	-	33,511	26,271
	-	**-**	**258,743**	**231,820**
Total balance due to related parties	**49,473**	**5,908**	**308,216**	**237,728**

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 5.6% p.a.

	Group		Company	
Interest expense	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Access Bank Mozambique	-	137	-	137
Kaleu Pty Ltd	-	-	13,303	12,230
	-	**137**	**13,303**	**12,367**

	Group		Company	
Dividend paid	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Shareholders	29,000	-	29,000	-
	29,000	**-**	**29,000**	**-**

	Group		Company	
Dividend declared and not paid	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Shareholders	43,000	-	43,000	-
	43,000	**-**	**43,000**	**-**

Notes to the Consolidated and Separate Annual Financial Statements

12. Related party transactions (continued)

12.3 Loans and advances to other related parties:

	Group		Company	
	2024 P'000	**2023 P'000**	**2024 P'000**	**2023 P'000**
Executive members of staff*	19,685	22,567	19,685	22,567
	19,685	**22,567**	**19,685**	**22,567**
Interest income	**794**	**860**	**794**	**860**

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 3.5% and 7% p.a
*The executive members of staff include only key management personnel.

12.4 Other related party transactions

	Group		Company	
Deposits held by directors and their entities:	**2024 P'000**	**2023 P'000**	**2023 P'000**	**2022 P'000**
Deposits held by directors	1,009	12,063	1,009	12,063

12.5 Key management compensation

	Group		Company	
	2024 P'000	**2023 P'000**	**2024 P'000**	**2023 P'000**
Salaries and other short term employee benefits	24,424	25,137	24,424	25,137
Post employment benefits	2,223	2,288	2,223	2,288
	26,648	**27,425**	**26,648**	**27,425**

12.6 Directors' fees

	Group		Company	
Fees paid to directors during the year:	**2024 P'000**	**2023 P'000**	**2024 P'000**	**2023 P'000**
Mrs. Lorato Nthando Mosetlhanyane	627	616	627	616
Mr. Jacob Mooketsi Motlhabane	555	571	555	571
Mr. Joshua Benjamin Galeforolwe	605	633	605	633
Mr. Boiki Matema Wabo Tema	578	649	578	649
Mr. John Bosco Sebabi	385	495	385	495
Mrs. Ntoti Mosetlhe	578	633	578	633
Ms. Lynda Mataka	600	610	600	610
Or Ogone Mothooagae	440	-	440	-
Mr Calistas Chijoro	523	-	523	-
	4,891	4,207	4,891	4,207

12.7 Management fees paid to holding company

Access Bank PLC	7,372	5,090	7,372	5,090
	7,372	5,090	7,372	5,090

Notes to the Consolidated and Separate Annual Financial Statements

13 Taxation

13.1 Current tax (payable)/receivable

	Group		Company	
	2024 P'000	**2023 P'000**	**2024 P'000**	**2023 P'000**
Opening balance	24,609	10,106	22,648	11,027
Charge for the year	(42,983)	(15,724)	(35,248)	(8,904)
Tax paid	26,095	29,769	18,944	20,067
Tax credits	410	458	393	458
Total	**8,131**	**24,609**	**6,737**	**22,648**

Reconciliation of tax receivable	**Group**	
Access Bank Botswana Limited - Current tax receivable	6,737	22,648
Kaleu Pty Ltd - Current tax (payable) / receivable	1,394	1,961
Net current tax receivable	**8,131**	**24,609**

13.2 Deferred taxation

Deferred taxes are calculated on all temporary differences using a principal tax rate of 22% (2023: 22%). The movements in the deferred tax account, which are attributable to timing differences are as follows.

	Group		Company	
	2024 P'000	**2023 P'000**	**2024 P'000**	**2023 P'000**
Deferred tax brought forward	(1,149)	3,991	(1,149)	3,991
Gain/(loss) on revaluation of property	221	412	221	412
Charge/(credit) per profit or loss (note 28.1)	(8,479)	(5,552)	(8,479)	(5,552)
Deferred tax liabilities (assets)	**(9,407)**	**(1,149)**	**(9,407)**	**(1,149)**
Analysed into Non current and current				
Current	3,223	(7,253)	3,223	(7,253)
Non current	(12,639)	6,104	(12,639)	6,104
Total	**(9,407)**	**(1,149)**	**(9,407)**	**(1,149)**

31 December 2024 **Consolidated and Company**	**Net balance as at 1 January 2024 P'000**	**Net movement recognised in profit or loss P'000**	**Recognised in other comprehensive income P'000**	**Closing balance as at 31 December 2024 P'000**
Property and equipment	2,865	3,223	221	6,309
Accruals and other provisions	-	(11,407)	-	(11,407)
Loans and advances	(16,794)	(527)	-	(17,321)
Prepayments and other	12,780	232	-	13,012
	(1,149)	**(8,479)**	**221**	**(9,407)**

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**	**Clsoing balance as at 31 December 2023 P'000**
Property and equipment	9,706	(7,253)	412	2,865
Accruals and other provisions	-	-	-	-
Loans and advances	(9,175)	(7,619)	-	(16,794)
Prepayments	3,460	9,320	-	12,780
	3,991	**(5,552)**	**412**	**(1,149)**

Notes to the Consolidated and Separate Annual Financial Statements

14. Other assets

	Consolidated		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Prepayments**	59,157	58,145	59,157	58,145
Nano loan float*	239,095	98,640	239,095	98,640
Clearing accounts	17,864	43,756	17,861	43,756
Sundry debtors	31,681	24,259	31,260	24,416
Other receivables***	11,669	25,682	11,676	25,682
	359,466	**250,482**	**359,049**	**250,639**

*Includes the float account of P250 million (2023: P100 million) and fair value loss on nano loans of P10.9 million (2023: P1.4 million).
**Included in Prepayments is a balance of P47.4 million (2023: 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 includes settlement accounts and visa receivable accounts

Analysed into:				
Financial assets	300,309	192,601	299,892	192,758
Non-financial assets	59,157	57,881	59,157	57,881
	359,466	**250,482**	**359,049**	**250,639**
Analysed into:				
Current	308,920	192,337	308,503	192,337
Non current	50,546	58,145	50,546	58,302
	359,466	**250,482**	**359,049**	**250,639**

14.1 Fair value loss on financial assets at Fair value though profit and loss

	Consolidated		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Fair value loss on Nano loan*	9,545	-	9,545	-
	9,545	**-**	**9,545**	**-**

*Current year fair value loss for the Nano loan is P9.5m. Nano loan fair value loss/adjustment for 2023 was P1.3m and it was included under Impairment credit on financial assets.

15. Deposits from banks and customers

	Consolidated		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Deposits from banks	570,813	14,547	570,813	14,547
Deposits from customers	7,258,555	7,734,242	7,517,299	7,966,494
	7,829,368	**7,748,789**	**8,088,112**	**7,981,041**
Maturity analysis:				
On demand to one month	3,677,851	3,454,922	3,711,362	3,687,174
One month to three months	811,499	1,564,408	811,499	1,564,408
Three months to one year	3,281,804	2,358,192	3,507,037	2,358,192
Greater than one year	58,214	371,267	58,214	371,267
Total deposits*	**7,829,368**	**7,748,789**	**8,088,112**	**7,981,041**

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

Notes to the Consolidated and Separate Annual Financial Statements

16. Borrowings

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Opec Fund for International Development (OFID) (note 16.7)	280,597	272,557	280,597	272,557
Botswana Development Corporation Limited - 2018 issue, subordinated debt (note 16.3)	149,942	150,000	149,942	150,000
Botswana Development Corporation Limited - 2022 issue, subordinated debt (note 16.3)	149,957	150,000	149,957	150,000
3, 5 and 7 year note programme (note 16.6)	127,517	101,723	127,517	101,723
Société De Promotion Et De Participation Pour La Coopératio Économique S.A. ('Proparco') - subordinated debt (note 16.4)	143,465	134,048	143,465	134,048
	851,478	**808,328**	**851,478**	**808,328**

16.1 Reconciliation of movements to cash flows arising from financing activities

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Balance at 1 January	808,328	618,021	808,328	618,021
Changes from financing cash flows				
Proceeds from borrowings	25,000	368,997	25,000	368,997
Repayment of borrowings	-	(193,341)	-	(193,341)
	25,000	**175,656**	**25,000**	**175,656**
Other changes				
Foreign exchange variance	18,402	9,305	18,402	9,305
Interest expense	80,149	58,110	80,149	57,383
Interest paid	(80,400)	(52,764)	(80,400)	(52,037)
	18,151	**14,651**	**18,151**	**14,651**
	851,478	**808,328**	**851,478**	**808,328**

16.2 Maturity analysis:

	Group and Company	
	2024 P'000	2023 P'000
On demand to one month	-	-
One to three months	-	-
Three months to one year	-	-
Over one year	851,478	808,328
	851,478	**808,328**

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 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.

Notes to the Consolidated and Separate Annual Financial Statements

16. Borrowings (continued)

16.5 Qualification for Tier II Capital inclusion

The above stated loans (16.3 and 16.4) 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.

16.6 3, 5 and 7 year unsecured 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.
7 Year note - This note bears interest of 9.30% and is due on 18 March 2031.

The notes programme borrowings are not secured by any of the banks assets.

16.7 Opec Fund for International Development (OFID)

On 19 June 2023 the bank finalised a USD 20 million loan facility provided by 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. The OFID borrowing is not secured by any of the banks assets.

17. Other liabilities

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Accruals	42,028	30,683	41,635	30,605
Clearing accounts	80,803	48,047	80,803	48,047
Lease liability	75,136	79,377	75,136	79,377
Provisions	52,998	57,399	52,861	57,224
Other*	18,167	30,698	17,223	29,713
	269,132	**246,204**	**267,658**	**244,966**

*Other liabilities includes insurance premium payable amounting to P1.2 million (2023: P722 thousand), Output VAT of P3 million (2023: P2.6 million), withholding tax payable P1.4 million (2023: P2.0 million), Pay as you earn payable of P2.4 million (2023: P3.9 million), liquidation control account of P4.9 million (2023: P 7.7 million) and other individually immaterial items.

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Financial	216,134	184,205	214,797	178,367
Non-financial	52,998	61,999	52,861	66,599
	269,132	**246,204**	**267,658**	**244,966**
Analysed into:				
Current	203,796	176,326	202,322	175,088
Non current	65,336	69,878	65,336	69,878
	269,132	**246,204**	**267,658**	**244,966**

Notes to the Consolidated and Separate Annual Financial Statements

17. Other liabilities (continued)

Movements in each class of provision during the financial period are set out below (Group):

	Staff provisions P'000	Operational losses P'000	Provision for Management fee P'000	Provision for future decommissioning costs on IFRS16 assets P'000	Other Provisions P'000	Total P'000
At 1 January 2024	**17,355**	**17,033**	**3,240**	**3,397**	**16,374**	**57,399**
Additions	20,620	16,231	11,980	363	14,097	**63,291**
Amounts utilised	(17,055)	(22,871)	(11,672)	(10)	(16,084)	**(67,691)**
At 31 December 2024	**20,920**	**10,393**	**3,548**	**3,750**	**14,387**	**52,998**

	Staff provisions P'000	Operational losses P'000	Provision for Management fee P'000	Provision for future decommissioning costs on IFRS16 assets P'000	Other Provisions P'000	Total P'000
At 1 January 2023	**5,072**	**19,009**	**2,013**	**3,852**	**17,769**	**47,715**
Additions	33,918	11,264	28,782	529	20,111	**94,604**
Amounts utilised	(21,635)	(13,240)	(27,555)	(984)	(21,506)	**(84,920)**
At 31 December 2023	**17,355**	**17,033**	**3,240**	**3,397**	**16,374**	**57,399**

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.

Management Fees - The Bank incurs management fees for regional and holding company costs that are incurred on behalf of the bank. These include personnel and operational expenses relating to IT costs and other individually immaterial items.

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 Provisions - These relates to the legal cost provision being the provision held for future legal payments of P5.6m (2023: P4.1m), the provision for audit fees being the expected payments to be made for audit services of P2.4m (2023: P3.0m). Other provisions also includes leave pay as the Bank has a contractual obligation to pay employees for accrued leave days that have 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. The leave pay provision at 31 December 2024 was P1.8m (2023: P6.4m). Other Provisions also includes a provision for consultancy fees of P3.0m (2023: P1.3m) and provision for off balance sheet items at P698k (2023: P1.4m).

18. Stated capital

	Group		Company	
	2024 '000	2023 '000	2024 '000	2023 '000
Ordinary shares of no par value	**725,000**	**725,000**	**725,000**	**725,000**

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
725 million ordinary shares issued and fully paid at the start and end of the year: (2023: 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.

Notes to the Consolidated and Separate Annual Financial Statements

19. Reserves and retained earnings

19.1 Retained earnings

	Consolidated		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
At 1 January	802,945	760,841	572,974	554,982
Total comprehensive income for the year	100,128	42,104	73,649	17,992
4 thebe per share final dividend declared and paid for the year ended 31 December 2023	(29,000)	-	(29,000)	-
Dividend declared and unpaid for the year ended 31 December 2024	(43,000)	-	(43,000)	-
At 31 December	**831,073**	**802,945**	**574,623**	**572,974**

19.2 Revaluation reserve

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
At 1 January	10,067	8,609	10,067	8,609
Gain on revaluation of land and buildings	1,005	1,870	1,005	1,870
Deferred tax thereon	(221)	(412)	(221)	(412)
At 31 December	**10,851**	**10,067**	**10,851**	**10,067**

19.3 Other reserves

	Consolidated		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 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.

20. Net interest income

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Effective interest and similar income				
Cash and short-term funds	90,749	48,914	90,749	48,914
Investment securities	87,086	50,761	87,086	50,761
Loans and advances to customers	710,668	801,215	710,668	801,215
	888,503	**900,890**	**888,503**	**900,890**
Effective interest expense and similar charges				
Deposits from banks and customers	388,088	427,246	401,391	439,476
Lease interest expense	6,402	6,766	6,402	6,766
Borrowings	80,149	58,110	80,149	58,110
	474,639	**492,122**	**487,942**	**504,352**
Net interest income	**413,864**	**408,768**	**400,561**	**396,538**

21. Impairment credit on financial assets

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Lending activities	34,148	15,832	34,148	15,832
Balance with banks	266	(1,217)	266	(1,217)
Recoveries	(2,846)	(3,670)	(2,846)	(3,670)
Other	7,966	3,755	7,966	3,755
	39,534	**14,700**	**39,534**	**14,700**

Notes to the Consolidated and Separate Annual Financial Statements

22. Net trading income

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Forex trading profits	38,645	31,717	38,645	31,717
Currency revaluations	17	25	17	25
Net trading income	**38,662**	**31,742**	**38,662**	**31,742**

23. Net fee and commission income

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Fee and commission income				
Fees	148,055	126,085	149,661	127,691
Commission income	140,757	80,294	115,266	56,023
Other income*	33,994	25,991	33,976	25,991
	322,806	**232,370**	**298,903**	**209,705**
Fee and commission expense				
Commission expense	65,014	60,084	65,014	60,084
	65,014	**60,084**	**65,014**	**60,084**
Net fee and commission income	**257,792**	**172,286**	**233,889**	**149,621**

*Other income includes bundles fee of P21.9 million (2023: P20.5 million), card service and BIN sponsorships fees of P5.32 million (2023: P5.3 million), amongst other individually immaterial items

Classification of Fees and commission income

Point in time	296,638	193,569	272,735	170,904
Over time	26,168	38,801	26,168	38,801
	322,806	**232,370**	**298,903**	**209,705**

24. Personnel expenses

	Consolidated		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Salaries and wages	167,775	166,518	166,384	165,216
Pension contributions - defined contribution plans**	17,994	17,053	17,833	16,899
Other employee expenses*	25,902	24,233	25,792	24,146
	211,671	**207,804**	**210,009**	**206,261**

The average number of persons employed by the Group during the year was 440 (2023: 468).

*Other employee costs include medical aid costs of P10.0 million (2023: P9.3 million) and staff incentive costs of P19.0 million (2023: P15.6 million), amongst other individually immaterial costs.

**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.

Notes to the Consolidated and Separate Annual Financial Statements

25. General and administrative expenses

	Consolidated		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
IT and software costs	81,541	72,977	81,541	72,977
Professional fees	11,123	7,937	11,031	7,811
Marketing and public relations	8,278	8,647	8,278	8,647
Travel and entertainment	7,823	4,685	7,823	4,685
Telecommunication and postage	27,700	36,275	27,700	36,275
Stationery	2,660	6,094	2,660	6,094
Management fees	13,066	5,090	13,066	5,090
Utilities and office security	15,248	12,704	15,248	12,704
Indirect tax expenses	15,398	15,783	15,398	15,112
Other administrative expenses*	27,710	32,659	27,553	32,378
	210,547	**202,851**	**210,298**	**201,773**

*Included in other administrative expenses is directors and board fees of P4.9 million (2023: P4.2 million), as well as Insurance costs of P7.8 million (2023: P8.2 million), repairs and maintenance of P3.1 million (2023: P2.7 million) and other office expenses of P3.7 million (2023: P4.7 million). Other minor expenses included there include bank fees, license fees, levies and motor vehicle expenses.

26. Depreciation and amortisation expenses

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Depreciation of property, and equipment (note 10)	31,544	34,208	31,544	34,208
Amortisation of intangible assets (note 11)	15,975	40,450	15,975	40,450
	47,519	**74,658**	**47,519**	**74,658**

Included in depreciation of property and equipment is the depreciation for right of use asset of P11.1 million (2023: P12million) disclosed on note 34.1.

27. Other operating expenses

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Audit fees (refer to note 27.1)	5,837	5,022	5,760	4,676
Legal expenses	3,883	5,126	3,883	5,126
Agency expenses*	47,150	50,359	46,146	49,363
	56,870	**60,507**	**55,789**	**59,165**

*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.

27.1 Auditors' remuneration

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Statutory audit related charges				
- Group statutory audit fees	5,837	5,022	5,760	5,022
Year end 31 December	**5,837**	**5,022**	**5,760**	**5,022**
Non-statutory audit related charges				
- audit related assurance service fees (included under consultancy costs)	-	420	-	420
Total non statutory audit related charges	**-**	**420**	**-**	**420**
Total fees paid	**5,837**	**5,442**	**5,760**	**5,442**

Notes to the Consolidated and Separate Annual Financial Statements

28. Taxation

28.1 Major components of the tax expense (income)

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Current - Local income tax - current period	42,983	15,724	35,248	8,904
Deferred tax				
Origination and reversal of temporary differences	(8,479)	(5,552)	(8,479)	(5,552)
Tax expense per statement of profit or loss	**34,504**	**10,172**	**26,769**	**3,352**

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:

28.2 Reconciliation of the tax expense

	Group		Company	
	2024 P'000	2023 P'000	2024 P'000	2023 P'000
Profit before tax	**134,632**	**52,276**	**100,418**	**21,344**
Taxation calculated at the rate of 22% (2023: 22%)	29,619	11,501	22,092	4,696
Impact of permanent differences	83	-	66	-
Under/(over) provision in prior years	4,802	(1,329)	4,611	(1,344)
Tax expense per statement of comprehensive income	**34,504**	**10,172**	**26,769**	**3,352**
Effective tax rate	**25.6%**	**19.5%**	**26.7%**	**15.7%**

28.3 Deferred tax loss on revaluation of property

	Consolidated and Company	
	2024 P'000	2023 P'000
Deferred tax loss/(gain) on revaluation of property	221	412

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.

	Consolidated and Company	
	2024 P'000	2023 P'000
Basic and diluted earnings per share		
Profit attributable to equity holders of the Company (P'000)	100,128	42,104
Weighted average number of ordinary shares in issue ('000)	725,000	725,000
Basic and diluted earnings per share (thebe)	**13.8**	**5.8**
Number of shares ('000)		
Number of ordinary shares in issue	**725,000**	**725,000**

Notes to the Consolidated and Separate Annual Financial Statements

30. Capital adequacy

	Capital composition under Basel II Framework	
	Consolidated and Company	
Capital adequacy	**2024 P'000**	**2023 P'000**
Core capital (Tier 1)		
Stated capital	222,479	222,479
Statutory credit risk reserve and other reserves	16,942	16,158
Retained earnings	831,073	802,945
Regulatory adjustments applied in the calculation of CET 1 Capital (intangible asset)	(49,818)	(44,943)
	1,020,676	**996,639**
Supplementary capital (Tier 2)		
General provision/ general loan-loss reserves eligible for inclusion in Tier II	39,938	47,113
Subordinated loan	379,860	404,048
	419,798	**451,161**
Total capital (Tier 1 and Tier 2)	**1,440,474**	**1,447,800**
Market risk	27,751	10,698
Operational risk	1,056,586	938,427
On Balance sheet assets/ credit risk weighted assets	5,546,586	5,702,651
Total risk weighted assets	**6,630,924**	**6,651,776**
Core capital ratio	15.39%	14.98%
Capital adequacy ratio	21.72%	21.77%
Bank of Botswana preferred minimum risk asset ratio	12.50%	12.50%

The Bank is supervised by the Bank of Botswana and is required to maintain a minimum capital ratio, known as the Capital Adequacy Ratio, expressed in terms of the ratio of unimpaired capital to the risk weighted value of assets and off balance sheet items. The ratio as at 31 December 2024 meets the minimum requirement of 12.5% set by Bank of Botswana.

Core capital is the portion of capital which is permanently and freely available to absorb unanticipated losses without the Bank being mandated to cease trading. It comprises CET1 capital and Additional Tier I capital (Basel II enhancements).

Capital management

Access Bank Botswana Limited 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 principal forms of capital included in the statement of financial position are stated capital, other reserves, retained earnings and subordinated loans.

Notes to the Consolidated and Separate Annual Financial Statements

31. Investments in subsidiaries

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 (2023: P2 000 100). Access Bank Botswana Nominees Co Pty Ltd is a 100% owned subsidiary of Access Bank Botswana Limited and was incorporated on 10 July 2024. Access Bank Botswana Nominees Co Pty Ltd as at 31 December 2024 is not operational.

32. Contingent liabilities and loan commitments

	Consolidated and Company	
	2024 P'000	**2023 P'000**
Financial guarantees	296,507	249,394
Loan commitments and other credit related liabilities	118,079	17,547
Legal claim*	241,326	127,981
	655,912	**394,922**
Expected credit loss	(1,518)	(1,412)
	654,394	**393,510**

*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 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. 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 P241 million, being 25% of the total amount claimed by Mapula and the interest since the serving of summons at the prescribed rate on that date.

The appeal is progressing at the Supreme Court of South Africa. Parties are filing the required pleadings with the appeal record filed as of January 8, 2025. The next set of pleadings are the Heads of Argument. Legal Counsel for the parties are preparing the Heads. Legal Counsel representing the banks have advised that subject to the court's diary the hearing of the appeal will most likely be set down in H2, 2025.

33 . Capital commitments

	Consolidated and Company	
	2024 P'000	**2023 P'000**
Commitments in respect of capital expenditure:		
Approved and contracted for	25,665	46,474
Approved but not contracted for	5,047	3,256
Total commitments	**30,712**	**49,730**

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.

Notes to the Consolidated and Separate Annual Financial Statements

34. Leases

The group leases office spaces for running its operation. The average lease term is 5 years (2023: 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. The repayments made towards leases in 2024 is P15 million (2023:P14.6 million).

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:

34.1 Right of use assets - land and buildings

	Consolidated and Company	
	2024 P'000	2023 P'000
Cost		
Balance at 1 January	112,047	114,986
Disposal	(5,525)	(3,637)
Additions during the period	7,058	698
	113,581	**112,047**

	Consolidated and Company	
Accumulated depreciation	2024 P'000	2023 P'000
Balance at 1 January	46,849	35,740
Disposal	(3,640)	(788)
Charge for the period	11,288	11,897
	54,497	**46,849**
Carrying amount	**59,084**	**65,198**

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 P182 thousand 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

34.2 Lease liability

		Consolidated and Company	
		2024	2023
Balance at 1 January		79,377	90,121
Interest expense		6,402	6,766
Cash payments :	Interest	(6,402)	(6,766)
	Principal	(8,382)	(7,811)
Additions		6,380	698
Disposals		(2,240)	(3,631)
		75,136	**79,377**

Analysed into:

Current	9,800	9,499
Non-current	65,336	69,878
	75,136	**79,377**

Notes to the Consolidated and Separate Annual Financial Statements

35. 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, Corporate and 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.

Corporate and 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.

Segmental Reporting December 2024

Statement of comprehensive income	Retail Banking P'000	Global Markets P'000	Corporate and Commercial Banking P'000	Total P'000
Interest income*	769,223	74,023	45,257	888,503
Interest expense**	(555,835)	4,213	76,983	(474,639)
Net interest income	**213,388**	**78,236**	**122,240**	**413,864**
Net trading income	17,103	9,879	11,680	38,662
Fees and Commission income - Point in time	275,470	3,281	5,048	283,799
Fees and Commission income - Over time	34,160	-	4,847	39,007
Fees and Commission expense	(65,014)	-	-	(65,014)
Total income	**475,107**	**91,396**	**143,815**	**710,318**
Impairment of financial assets	(48,816)	-	(263)	(49,079)
Net income	**426,291**	**91,396**	**143,552**	**661,239**
Operating expenditure***	(241,403)	(33,046)	(40,488)	(314,936)
Payroll costs	(170,444)	(21,829)	(19,397)	(211,671)
Profit before taxation	**14,444**	**36,521**	**83,667**	**134,632**
Taxation	(7,747)	(8,229)	(18,528)	(34,504)
Profit after tax	**6,697**	**28,292**	**65,139**	**100,128**

*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 P370 million which was allocated as income to Wholesale Banking (P356 million) and Global Markets (P14 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.

Notes to the Consolidated and Separate Annual Financial Statements

35. Segmental Reporting (continued)

Segmental Reporting December 2024

Statement of financial position	**Retail Banking P'000**	**Global Markets P'000**	**Corporate and Commercial Banking P'000**	**Total P'000**
Investment securities	-	1,796,122	-	1,796,122
Loans and advances to customers	5,452,504	-	258,977	5,711,480
Other assets for reportable segments	419,987	2,048,414	94,489	2,562,890
Total assets for reportable segments	**5,872,491**	**3,844,536**	**353,466**	**10,070,492**
Deposits from customers	1,870,768	-	5,387,787	7,258,555
Deposits from banks	-	570,813	-	570,813
Other liabilities for reportable segments*	3,859,509	2,882,825	(5,571,704)	1,170,630
Total liabilities for reportable segments	**5,730,277**	**3,453,638**	**(183,917)**	**8,999,998**

*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 2023

Statement of comprehensive income	**Retail Banking P'000**	**Global Markets P'000**	**Corporate and 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	(10,988)	-	(3,712)	(14,700)
Net income	**376,281**	**114,014**	**107,801**	**598,096**
Operating expenditure	(417,266)	(56,844)	(71,710)	(545,820)
Profit before taxation	**(40,985)**	**57,170**	**36,091**	**52,276**
Taxation	13,878	(20,141)	(3,909)	(10,172)
Profit after tax	**(27,107)**	**37,029**	**32,182**	**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 disaggregation 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.

Notes to the Consolidated and Separate Annual Financial Statements

35. Segmental Reporting (continued)

Segmental Reporting December 2023

Statement of financial position	**Retail Banking P'000**	**Global Markets P'000**	**Corporate and Commercial Banking P'000**	**Total P'000**
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	**6,357,365**	**3,217,036**	**276,410**	**9,850,811**
				-
Deposits from customers	1,709,024	-	6,025,218	7,734,242
Deposits from banks	-	14,547	-	14,547
Other liabilities for reportable segments	4,811,342	2,472,964	(6,223,866)	1,060,440
Total liabilities for reportable segments	**6,520,366**	**2,487,511**	**-198,648**	**8,809,229**

36. 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

37. Authorisation of Financial Statements

The consolidated and separate annual financial statements set out on pages 73 to 147, which have been prepared on the going concern basis, were approved and authorised by the board of directors on March 25, 2025 and were signed on their behalf by:

Mr Boiki Matema Wabo Tema
Chairperson (Appointed 1 February 2025)

Mr. Sheperd Aisam
Managing Director

access

more than a bank

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