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## UNAUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024

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# UNAUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024



### ECONOMY AND ENVIRONMENT

The global macroeconomic landscape experienced a steady start to the first half of 2024. The International Monetary Fund (IMF) expected growth in line with April 2024 World Economic Outlook forecast (WEO), at 3.2 percent in 2024 and 3.3 percent in 2025. Global inflation is forecast to decline steadily, from 6.8 percent in 2023 to 5.9 percent in 2024, with advanced economies returning to their inflation targets sooner than emerging markets and developing economies. Core inflation is generally projected to decline more gradually with services inflation holding up further progress on disinflation, which is complicating monetary policy normalization. Upside risks to inflation have increased, raising the prospect of higher interest rates, in the context of escalating trade tensions and increased uncertainty to policies.

Botswana's macroeconomic landscape shows muted progress in the first half of 2024 with economic growth expected to slow to 1% in 2024. This was primarily driven by reduced diamond demand off the back of a diamond market contraction. Inflation declined sharply following the peak of the immediate post covid-19 and initial stages of the Ukraine-Russia conflict in mid-2022, driven by the central bank's monetary policy initiatives, and had returned to the central bank's objective range of 3 – 6 percent closing at 3.9% in August 2024 mainly reflecting the deceleration in the rate of price change for some categories of goods and services.

### SUMMARY OF FINANCIAL PERFORMANCE

The Bank has made significant strategic investments in people, technology and infrastructure post-acquisition by Access Bank Plc in 2021. Our performance continues to show improved results on the back of increased volumes in trading and non-interest income due to key innovative products that have been launched, including good customer uptake for these products and services. The investment in people, technology and infrastructures have ensured that the Access brand is embedded with excellence in the local market, increasing both operational stability and the banks product offering, all of which are geared at improving the overall customer experience. As a Bank that is looking to have an impact in Africa and specifically in Botswana for Botswana it was critical for these investments to be made, these will lead to the attainment of the banks overall strategic objectives. The Bank has already started to experience within a short space of time increased income resulting in significantly improved performance for the period ended June 2024, underlining the banks strategic direction, and building on the solid foundation set for the growth of the bank. Our institution is expected to continue to show positive strides towards the attainment of some key strategic goals. Testament to this is the Group's profit before tax for the period ended 30th June 2024 being 235% better than the previous period.

### OUR INCOME STATEMENT

Interest income increased by 1% compared to 30 June 2023 despite the decreases in the Monetary Policy Rate by the Bank of Botswana in December 2023 and June 2024 and despite a low credit appetite experienced from the market that has resulted in a declining loan book. Interest expense has reduced by 5% due to the impact of the monetary policy rate and increased market liquidity that is driving down the cost of funding. The growth in the customer deposit book of P1.7 billion has not resulted in an upward increase in interest expense due to significant effort made on reduction of cost of funding focusing on growth in current and savings accounts. Despite the softening of the rates over the last year, the bank has been able to show a strong 7% growth in net interest income.

Non-interest revenue increased by 69% during the first half of 2024 in comparison to the same period in 2023. This was brought about by the continued strong performance of our fees and commission revenue streams from growing digital channels activity. The strong performance in fees and commissions, was aided by the growth in the trading income which grew by 14% due to growth in volumes.

There is a net charge to impairment of P1.4m, compared to the release to impairment of P9.4m at June 2023. There were some changes in the last half of 2023 on the data recalibrated for expected credit loss, that resulted in model updates.

Overall, our total expenses are 4% higher year on year. Increases in costs is predominantly from the investments in people, technology, and infrastructure in support of the strategic expansion of the Bank. These were necessary to ensure our strategic milestones are achieved. The growth required an increased staff complement for the expanded network as well as for the diversification of the services offered. Operating costs are in line with inflationary pressures coming from 2023 into the first half though at a reduced rate. Expenses denominated in United States Dollars have also elevated due to the Botswana Pula weakening against the United States Dollar.

### OUR BALANCE SHEET

Total assets grew by 20% year on year with notable increases in the assets being in the investment securities held during the year utilizing the excess liquidity in the business. Deposits have grown by 25% compared to June 2023, mostly driven by the increase in customer numbers off the back of the improvements in the customer value proposition and market liquidity increases.

### CAPITAL ADEQUACY AND DIVIDENDS

Our capital adequacy is at 21.3% as of 30 June 2024, compared to 21.1% as of 30 June 2023, which is well above the 12.5% minimum requirement. The strong capital levels have the bank well placed for efficient execution, as the bank transitions into the next phases of its strategic expansion plans.

### OUTLOOK

With the Bank having made significant investments in new products and channels, the Bank's Retail focus remains on growing the customer base, the roll out of innovative customer centric banking solutions, and increasing transactional volumes. This will be achieved through the aggressive growth of our channels both in size and offering, to continue in our efforts of making banking easier for Botswana. The Wholesale Banking segment will focus in its efforts which have proven effective, to increase its support for small and medium enterprises, as well as significant improvements in how all corporate entities are able to transact in the Access ecosystem. As the Bank continues its guided growth chart, management will focus on leveraging the Bank's renowned digital capabilities, to obtain further efficiencies in operational costs as well as ensure that they maximize return on shareholder investment.

### ACKNOWLEDGEMENT

We wish to extend our sincere gratitude to our customers, our leadership at both board and senior management, and the entire Access Bank Botswana Warriors for all their continued support. Our heartfelt gratitude to our customers, regulators and partners who continue supporting our strategic vision.

Mrs. Lorato Nthando Mosetlhanyane  
Chairperson

Mr. Sheperd Aisam  
Managing Director



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# UNAUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024

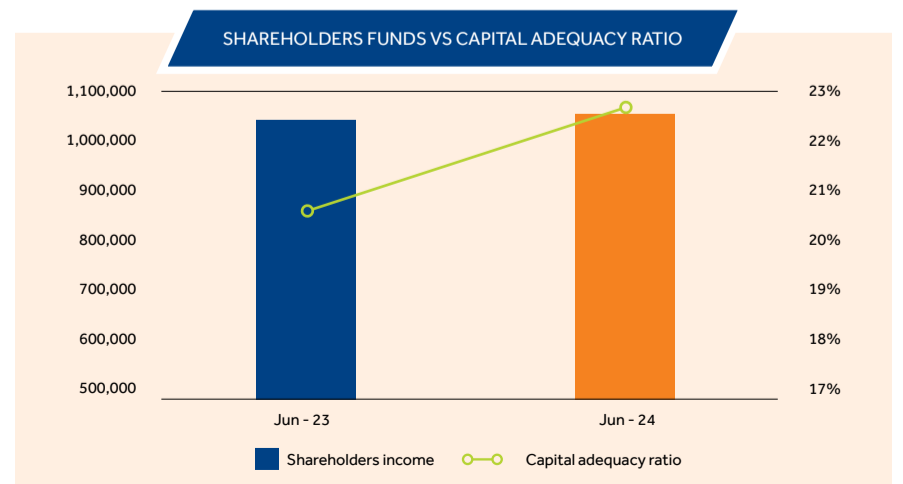
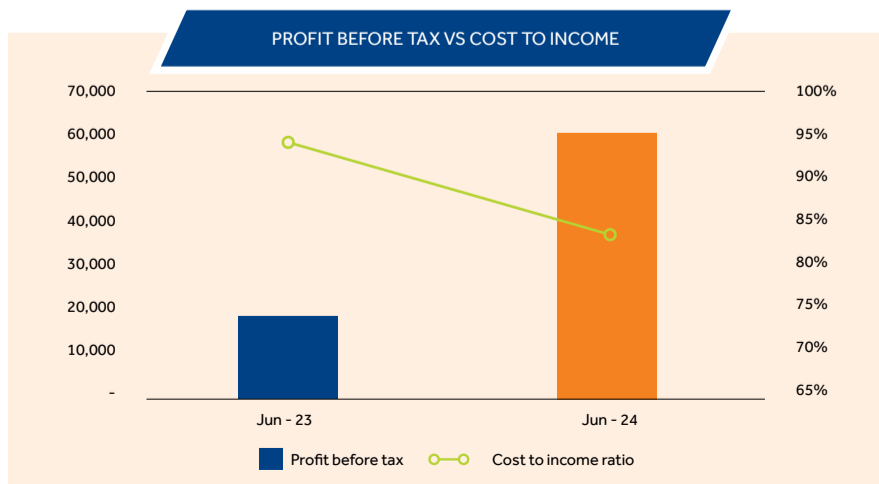
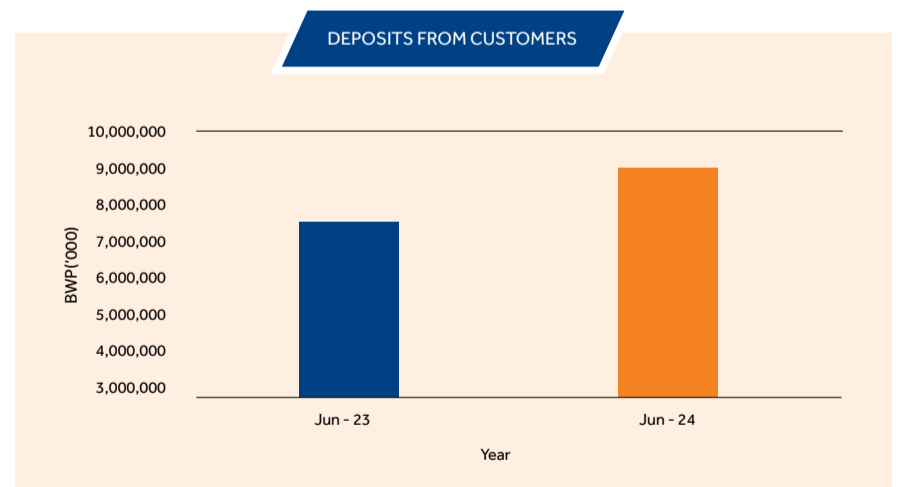
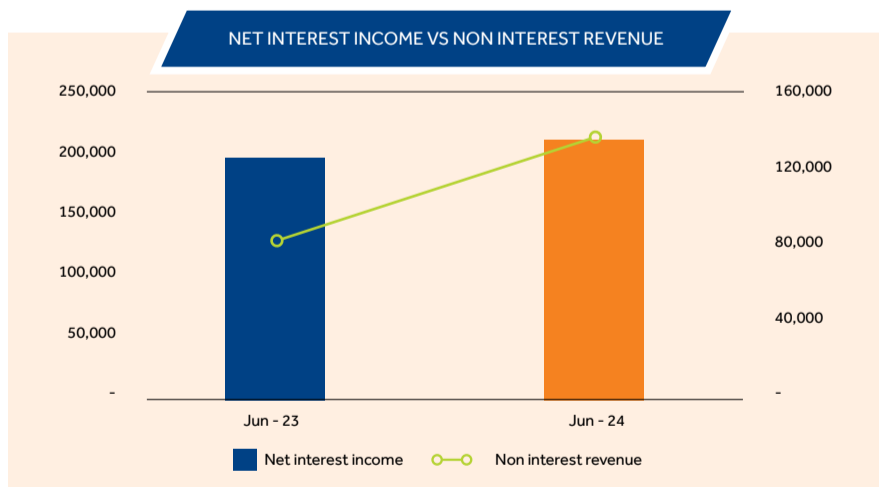
## Access Bank Botswana Limited Unaudited Summarised Consolidated Statements of Profit or Loss and Other Comprehensive income for the period ended 30 June 2024

	30 June 2024 P'000	30 June 2023 P'000	% Change
Effective interest and similar income	445,835	442,885	1%
Effective interest expense and similar charges	(235,733)	(247,135)	(5%)
<b>Net interest income</b>	<b>210,102</b>	<b>195,750</b>	<b>7%</b>
Changes in expected credit losses and other credit impairment	(1,445)	9,403	(115%)
<b>Net interest income after loan impairment charges</b>	<b>208,657</b>	<b>205,153</b>	<b>2%</b>
Net fee and commission income	135,517	85,056	59%
<b>Total net revenue</b>	<b>344,174</b>	<b>290,209</b>	<b>19%</b>
Personnel expenses	(103,016)	(92,056)	12%
Operating expenses	(181,536)	(180,358)	1%
<b>Total operating expenses</b>	<b>(284,552)</b>	<b>(272,414)</b>	<b>4%</b>
<b>Profit before tax</b>	<b>59,622</b>	<b>17,795</b>	<b>235%</b>
Direct tax	(19,672)	(4,153)	374%
<b>Profit for the year</b>	<b>39,950</b>	<b>13,642</b>	<b>193%</b>
<b>Other comprehensive income for the year</b>			
Changes in revaluation of property	-	-	-
Deferred tax effect on the above	-	-	-
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>	<b>39,950</b>	<b>13,642</b>	<b>193%</b>
<b>Earnings per share</b>			
Basic and diluted earnings per share (thebe)	5.51	3.76	
<b>Headline earnings per share</b>			
Basic and diluted headline earnings per share (thebe)	5.51	3.76	

## Access Bank Botswana Limited Unaudited Summarised Consolidated Statements of Financial Position as at 30 June 2024

	30 June 2024 P'000	30 June 2023 P'000	31 December* 2023 P'000
<b>ASSETS</b>			
Cash and balances with the central bank	1,017,593	282,212	324,457
Balances with other banks	1,177,799	1,031,583	1,499,069
Balances due from related parties	383,262	399,328	257,353
Investment securities	2,369,096	769,939	1,144,229
Derivative financial assets	-	22,137	-
Loans and advances to customers	5,722,715	6,427,218	6,134,639
Current tax receivable	19,630	10,904	24,609
Other assets	240,599	83,037	250,482
Property and equipment	161,092	156,107	169,880
Intangible assets	40,810	61,120	44,943
Deferred tax asset	-	-	1,150
<b>Total assets</b>	<b>11,132,596</b>	<b>9,243,585</b>	<b>9,850,811</b>
<b>LIABILITIES</b>			
Balances due to related parties	-	6,080	5,908
Deposits from banks	-	200,012	14,547
Deposits from customers	8,993,904	7,219,236	7,734,242
Derivative financial liabilities	-	21,497	-
Other liabilities	246,491	189,181	246,204
Borrowed funds	839,278	563,735	808,328
Deferred tax liability	391	1,693	-
<b>Total liabilities</b>	<b>10,080,064</b>	<b>8,201,434</b>	<b>8,809,229</b>
<b>EQUITY</b>			
Stated capital	222,479	222,479	222,479
Retained earnings	813,895	804,972	802,945
Revaluation reserve	10,067	8,609	10,067
Other reserves	6,091	6,091	6,091
<b>Total equity</b>	<b>1,052,532</b>	<b>1,042,151</b>	<b>1,041,582</b>
<b>Total equity and liabilities</b>	<b>11,132,596</b>	<b>9,243,585</b>	<b>9,850,811</b>

\*Audited position





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## UNAUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024

### Access Bank Botswana Limited Unaudited Summarised Consolidated Statement of Cash Flows for the period ended 30 June 2024

	30 June 2024 P'000	30 June 2023 P'000
<b>Cash flows from operating activities</b>		
Profit before tax	59,622	17,795
<b>Adjusted for:</b>		
Depreciation and amortisation	25,335	36,342
Impairment losses/(credit) on financial assets	1,445	(9,403)
Tax (paid)/refund	(13,153)	(13,769)
Unrealised exchange losses/gains	(9,507)	13,981
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>63,742</b>	<b>44,946</b>
<b>Movement in operating assets / liabilities:</b>		
Loans and advances to customers	407,584	190,109
Balances due from related parties	-	(2,724)
Other assets	(40,117)	35,393
Deposits from customers and banks	1,245,115	(78,350)
Other liabilities	(1,281)	25,909
Balances due to related parties	(5,908)	(17)
<b>Cash generated from operations</b>	<b>1,669,135</b>	<b>215,266</b>
<b>Cash flows from investing activities</b>		
(Disposal)/ Purchase of property and equipment	(5,392)	(9,761)
Purchase of intangibles assets	(7,161)	(9,118)
Net additions to debt instruments	36,043	106,394
<b>Net cash (used in)/generated investing activities</b>	<b>23,490</b>	<b>87,515</b>
<b>Cash flows from financing activities</b>		
Dividend paid	(29,000)	-
Proceeds from borrowed funds	(14,533)	(66,480)
Payment of lease liabilities	(7,354)	(5,906)
<b>Net cash generated from financing activities</b>	<b>(50,887)</b>	<b>(72,386)</b>
Net (decrease) / increase in cash and cash equivalents	1,641,738	230,395
Cash and cash equivalents at beginning of the period	2,198,176	1,439,488
Effect of exchange rate fluctuations on cash balances	(84)	40,362
<b>Cash and cash equivalents for the period</b>	<b>3,839,830</b>	<b>1,710,245</b>
<b>Cash and cash equivalents comprised of:</b>		
Cash and balances with the Central Bank	1,017,593	282,212
Balances with other banks	1,177,799	1,031,583
Balances due from related parties	383,262	396,450
Investment Securities	1,261,176	-
	<b>3,839,830</b>	<b>1,710,245</b>

### Access Bank Botswana Limited Unaudited Summarised Consolidated Statement of Changes in Equity for the period ended 30 June 2024

	Stated capital P'000	Other reserves P'000	Revaluation reserve P'000	Retained earnings P'000	Total Equity P'000
<b>Balance at 1 January 2023 (before restatement)</b>	<b>222,479</b>	<b>6,091</b>	<b>8,609</b>	<b>791,330</b>	<b>1,028,509</b>
<b>Restatement*</b>				(30,489)	(30,489)
<b>Balance at 1 January 2023 (Restated)*</b>	<b>222,479</b>	<b>6,091</b>	<b>8,609</b>	<b>760,841</b>	<b>998,020</b>
Profit for the period				42,104	42,104
<b>Other comprehensive income</b>					
Revaluation of land and buildings	-	-	1,870	-	1,870
Deferred tax on revaluation of land and buildings	-	-	(412)	-	(412)
<b>Total other comprehensive income</b>			<b>1,458</b>	<b>-</b>	<b>1,458</b>
<b>Total Comprehensive income</b>			<b>1,458</b>	<b>42,104</b>	<b>43,562</b>
<b>Transactions with owners of the group</b>					
Dividend declared and paid	-	-	-	-	-
<b>Total other movements in reserves</b>					
<b>At 31 December 2023</b>	<b>222,479</b>	<b>6,091</b>	<b>10,067</b>	<b>802,945</b>	<b>1,041,582</b>
<b>Balance at 1 January 2024</b>	<b>222,479</b>	<b>6,091</b>	<b>10,067</b>	<b>802,945</b>	<b>1,041,582</b>
Profit for the period	-	-	-	39,950	39,950
<b>Other comprehensive income</b>					
Revaluation of land and buildings	-	-	-	-	-
Deferred tax on revaluation of land and buildings	-	-	-	-	-
<b>Total other comprehensive income</b>					
<b>Total Comprehensive income</b>				<b>39,950</b>	<b>39,950</b>
<b>Transactions with owners of the group</b>					
Dividend declared and paid	-	-	-	(29,000)	(29,000)
<b>Total other movements in reserves</b>				<b>(29,000)</b>	<b>(29,000)</b>
<b>At 30 June 2024</b>	<b>222,479</b>	<b>6,091</b>	<b>10,067</b>	<b>813,895</b>	<b>1,052,532</b>

\*Statement of changes in equity reported from December 2023 audited position to June 2024.

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# UNAUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2024

## 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 Botswana, Kaleu (Pty) Ltd was registered as an insurance agency in 2012. The registered address of the Group and company is Plot 62433, Access House, Fairgrounds Office Park, Private Bag 00303, Gaborone. The Group's holding company is Access Bank Plc with a shareholding of 70%. Access Bank Botswana Limited was listed on the Botswana Stock Exchange on 13 December 2018.

## 1. Basis of presentation

### 1.1 Statement of compliance

#### Accounting policies

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

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

#### New Accounting Standards and Changes in Accounting policies

##### "Effective 1 January 2024 - IAS 7 and IFRS 7, Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

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 investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

This amendment did not have a significant impact on the financial statements of the Group."

##### "Effective 1 January 2024 - Amendment to IFRS 16, 'Leases' - sale and leaseback

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 significant impact on the financial statements of the Group."

##### "Effective 1 January 2024 - Amendments to IAS 1, 'Presentation of Financial Statements' - Non-current liabilities with covenants

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 significant impact on the financial statements of the Group."

#### Use of estimates and judgements

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

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

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

## 2. Stated Capital

The issued share capital of the bank comprises of 725 000 000 ordinary shares which are 70% owned by Access Bank Plc. There has been no change in the bank's stated capital during the period, however the majority shareholder reduced its stake in the entity from 78.15% to 70% in a transaction that was completed in the Botswana Stock Exchange on the 28th of June 2024.