

Access Bank Botswana Limited

UNAUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022



ECONOMY AND ENVIRONMENT

Global economic growth prospects have taken a negative turn in the first six months of the year with several downward revisions of forecasts for GDP growth. The impact of the Russia-Ukraine war and continued supply chain disruptions are translating into global inflationary pressures and attracting monetary policy responses across the developed and developing world. According to the July World Economic Outlook update, global output was 6.1 percent in 2021 and is forecast to decrease to 3.2 percent and 2.9 percent in 2022 and 2023 respectively. For Botswana, GDP growth is expected to moderate to 4.2 percent in 2022 and 4.1 percent in 2023, from a higher expansion of 11.4 percent in 2021. Inflation as at 30 June 2022 was 12.7 percent and is expected to accelerate further in 2022. The upward pressure on inflation is due to global volatilities impacting negatively on oil prices, natural gas, wheat and sunflower product prices. The Government of Botswana has implemented some relief measures which include 2 percent reduction in the Value Added Tax rate for a 6 month period to end of January 2023. The Bank of Botswana has raised rates twice in the half to combat the rise in inflation as well as containing second round effects. The Central Bank reformed the Monetary Policy framework effective on the 28th April 2022, where the Bank Rate was replaced by the Monetary Policy Rate (MoPR) which is based of the 7 day BOBC.

SUMMARY OF FINANCIAL PERFORMANCE

The Bank has achieved resilience in terms of revenue in this period with growth in non funded income being largely enough to contain pressure on interest income margins from tight liquidity conditions in the market. Tight liquidity conditions have negatively affected our cost of funds and growth of the loan book. Preservation of the balance sheet has been a priority as the Bank continues the integration to Access Bank and also prepares the right infrastructure to support the planned strategic expansion.

OUR INCOME STATEMENT

Interest income increased 12 percent compared to 30 June 2021 despite a relatively modest growth in the loan book. This was due to increases in the prime lending rate by the Bank of Botswana as explained above, in addition to volume growth.

Interest expense increased by 33 percent due to adverse liquidity conditions in the market which have resulted in competitive pricing for deposits and increased our cost of funds.

Non-interest revenue increased modestly in the first half of 2022. The result was due to continued strong performance of our fees and commission revenue streams from our lending business and also from increasing digital channels activity. Despite the strong performance in fees and commissions, trading income declined due to adverse margins.

Impairments reduced as the Bank and the wider economy emerge from the impact of Covid-19 pandemic, performance of the loan book has improved during the period under review, resulting in the net release to impairment of P11.1m. The net release was also due to good recoveries from written off loans.

Overall our total expenses are 19 percent higher than the 2021 first half of the year. Increases in costs are in support of the strategic expansion of the Bank where staff costs have increased from mobilizing the required human capital to drive the expansion, enhancement and support of our information technology (IT) infrastructure and marketing initiatives to drive brand and product awareness. Operating expenses have also increased due to depreciation and amortization from our investment in IT systems and infrastructure.

OUR BALANCE SHEET

Loans and advances show an increase of 8 percent to June 2021. However in 2022 there has been reduced appetite for lending due increased interest rates.

Deposits have grown by 4 percent compared to June 2021. This shows resilience of our business as the market had limited liquidity in the first half of 2022.

SEGMENTS

Retail Banking

The retail loan book increased by about 4.1 percent whilst deposits increased by 3.7 percent. Non interest revenue increased 17 percent from lending related

fees and commissions and also from increased revenue from our digital channels. The number of users in our digital platforms increased by 6 percent. The products launched to advance the digital strategy for this segment are bearing some positive fruit. These products include the mobile app Sarumoney and its continued enhanced functionalities, and the Fast Cash voucher product. We increased our ATM footprint across the country from 18 to 54, including revamping the old ATMs.

Wholesale Banking

The wholesale banking loan book increased by 23 percent. Deposits increased by 5.4 percent in comparison to June 2021. It is worth noting that this segment has grown the point of sale channel exponentially to 700 terminals and continues to grow.

CAPITAL ADEQUACY AND DIVIDENDS

Our capital adequacy is at 20 percent as at 30 June 2022, which is well above the 12.5 percent minimum requirement. The strong capital levels position the Bank well for future growth as investment into transforming the bank is key to unlocking growth.

The Directors have been abundantly cautious during the COVID-19 pandemic not to declare dividend and ensure the group had more than sufficient capital to sustain itself through a prolonged persistence of business disruptions seen between the years 2020 and 2021. However, based on current conditions and forecast trajectory, as well as the backing of a strong parent, the directors deem the business and macroeconomic environment to be supportive of the resumption of dividend payment. The first dividend was declared in March 2022 and the directors would like to make an additional catch up dividend payment.

Notice is hereby given that an interim dividend of 20.7 thebe per share for the period ended 30 June 2022 is declared and will be payable on 21st November 2022 to those shareholders registered at close of business on 7th November 2022 with an ex-dividend date of 3rd November. The dividend will attract withholding tax in accordance with the Republic of Botswana Income Tax (Cap 52:01) regulations. The Directors confirm that after payment of this dividend the Group will satisfy the solvency test.

OUTLOOK

We expect to complete the remaining elements of the intergration into Access Bank. We have substantially completed upgrades to our core banking system, the remaining months of the year will be focused on further enhancements of our customer value proposition and expansion strategy, particularly balance sheet optimization and increases to our distribution channels and product offering to our customers.

To date the Bank has upgraded its' Core Banking Software systems, launched 55 new ATMs, and opened 5 new Sales and Service Centres to bring banking closer to its current and future customers, rolled out 700 point of sales (PoS) terminals, launched refreshed products aimed at customer acquisition as well as adding critical value proposition enhancements to its digital channels. New products, further enhancements, and new services such as Agency Banking are expected to be rolled out in the second half of the year. The company considers transformation achievements to date to be satisfactory progress towards creating value for all stakeholders in the period ahead.

ACKNOWLEDGEMENT

We extend our sincere gratitude to our customers, the Board, management, and the entire Access Bank Botswana Warriors for all their support during the past period. We remain committed to an accelerated execution of our plans to grow shareholder value and customer value proposition.



Mrs. Lorato Nthando Mosetlhanyane
Chairperson



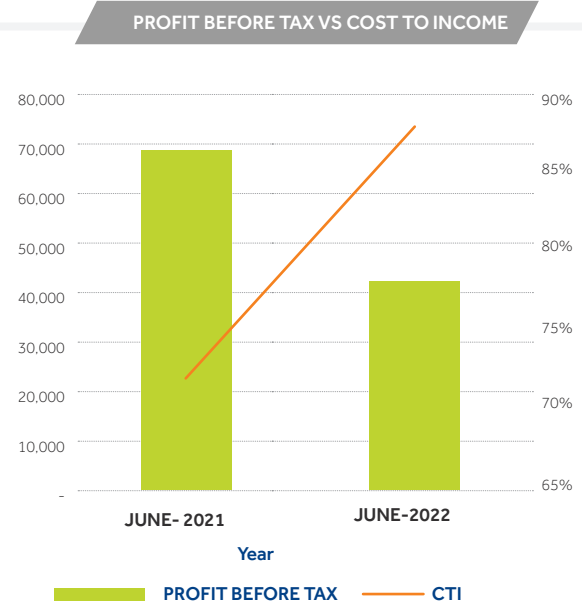
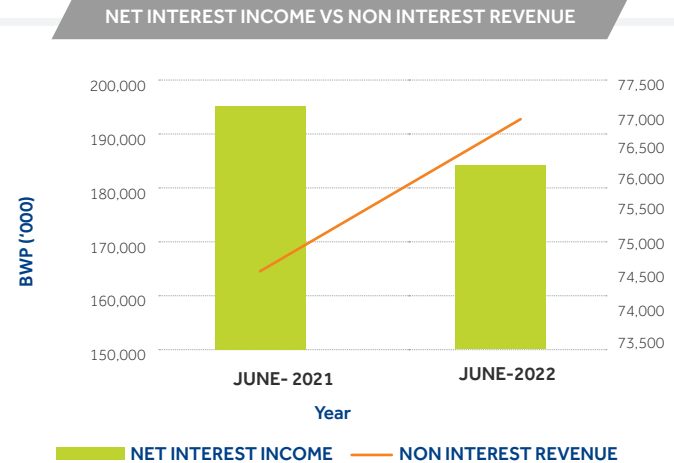
Mr. Kgotsa Bannalotlhe
Managing Director

Access Bank Botswana Limited

UNAUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

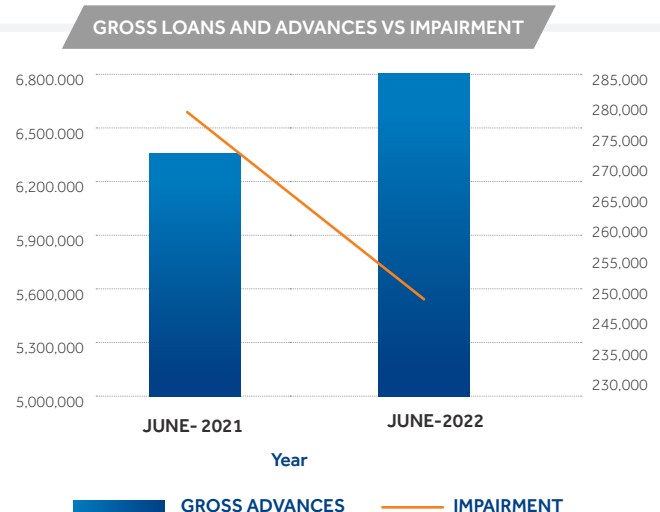
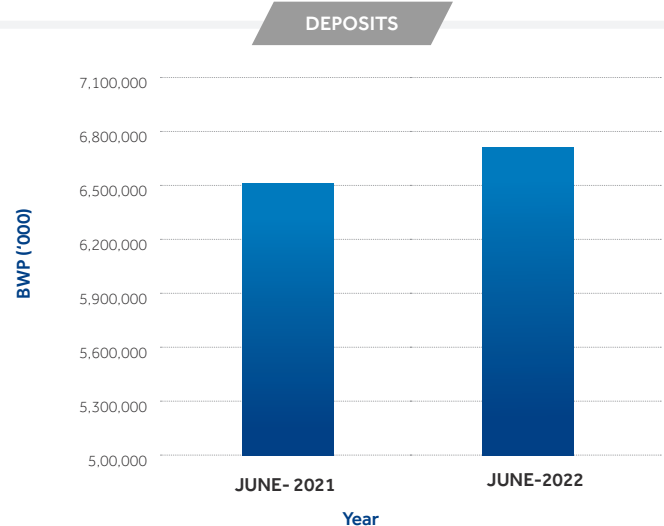
UNAUDITED SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the period ended 30 June 2022

	30 JUNE 2022 P'000	30 JUNE 2021 P'000	% CHANGE
Effective interest and similar income	373,099	334,617	12%
Effective interest expense and similar charges	(187,392)	(140,573)	(33%)
Net interest income	185,707	194,044	(4%)
Changes in expected credit losses and other credit impairment	11,154	(7,036)	(259%)
Net trading income	18,069	23,900	(24%)
Net fee and commission income	58,839	50,931	16%
Total net revenue	273,769	261,839	5%
Personnel expenses	(87,941)	(74,821)	(18%)
General and administrative expenses	(79,845)	(57,703)	(38%)
Depreciation and amortisation expenses	(28,615)	(23,012)	(24%)
Absorbed value added tax expense	(7,040)	(8,036)	12%
Other operating expenses	(26,466)	(29,395)	10%
Total operating expenses	(229,908)	(192,969)	(19%)
Profit before tax	43,860	68,870	(36%)
Direct tax	(9,329)	(17,449)	47%
Profit for the year	34,531	51,421	(33%)
Other comprehensive income for the year	-	-	
Total comprehensive income for the year	34,531	51,421	(33%)
Earnings per share			
Basic and diluted earnings per share (thebe)	9.53	12.09	
Headline earnings per share			
Basic and diluted headline earnings per share (thebe)	9.53	12.09	



UNAUDITED SUMMARISED CONSOLIDATED AUDITED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2022

	30 JUNE 2022 P'000	30 JUNE 2021 P'000	31 DECEMBER 2021 P'000
ASSETS			
Cash and balances with the central bank	268,948	98,667	258,979
Balances with other banks	840,925	595,202	1,391,705
Debt instruments	688,491	994,821	567,960
Derivative financial assets	70,914	64,367	67,915
Loans and advances to customers	6,593,619	6,086,717	6,508,695
Balances due from related parties	-	594,255	975
Current tax receivable	10,558	7,639	8,609
Deferred tax asset	39,234	26,519	39,234
Property and equipment	108,000	111,341	102,705
Intangible assets	106,697	94,981	75,627
Other assets	105,423	83,290	88,255
Total assets	8,832,809	8,757,799	9,110,659
LIABILITIES			
Deposits from banks	109,008	103,064	364,021
Deposits from customers	6,744,726	6,514,832	6,607,881
Derivative financial liabilities	64,829	62,791	64,809
Balances due to related parties	5,406	14,290	5,680
Other liabilities	174,299	133,013	196,108
Borrowed funds	529,874	708,156	686,024
Total liabilities	7,628,142	7,536,146	7,924,523
EQUITY			
Stated capital	222,479	222,479	222,479
Retained earnings	967,652	983,788	949,121
Revaluation reserve	8,445	9,295	8,445
Other reserves	6,091	6,091	6,091
Total equity	1,204,667	1,221,653	1,186,136
Total equity and liabilities	8,832,809	8,757,799	9,110,659



Access Bank Botswana Limited

UNAUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

UNAUDITED SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS for the six months ended 30 June 2022

	30 JUNE 2022 P'000	30 JUNE 2021 P'000
Cash flows from operating activities		
Profit before tax	43,860	68,870
Adjusted for:		
Depreciation	10,616	8,909
Amortisation of intangible assets	17,999	14,104
Expected credit losses	(11,154)	7,036
Unrealised exchange losses (gains)	14,801	(5,645)
Tax paid	(9,988)	(21,721)
Cash flows from operating activities before changes in operating assets and liabilities	66,134	71,553
Movement in operating assets / liabilities:		
Loans and advances to customers	(69,188)	(96,633)
Balances due from related parties	975	(106,070)
Other assets	106,661	19,485
Deposits from customers and banks	(118,168)	(13,783)
Other liabilities	(57,326)	(78,680)
Balances due to related parties	(274)	64
Net cash from operating activities	(71,185)	(204,065)
Cash flows from investing activities		
Purchase of property and equipment	(15,993)	(531)
Purchase of intangibles assets	(49,070)	(6,643)
Additions to financial instruments	-	(151,993)
Net cash (used in)/generated investing activities	(65,063)	(159,167)
Cash flows from financing activities		
Proceeds from borrowed funds	-	-
Repayments on borrowed funds	(171,332)	(55,761)
Dividends paid	(16,000)	-
Payment of interest on lease liabilities	(2,353)	(2,353)
Payment of lease liabilities	(2,722)	(2,909)
Net cash generated from financing activities	(192,407)	(61,024)
Net increase in cash and cash equivalents	(328,655)	(424,255)
Cash and cash equivalents at beginning of the period	1,804,365	1,709,414
Effect of exchange rate fluctuations on cash and cash equivalents held	28,961	1,037
Cash and cash equivalents for the period	1,504,671	1,286,196
Cash and cash equivalents comprised of:		
Balances with other banks	840,925	595,202
Financial assets	394,798	592,327
Cash and balances with the Central Bank	268,948	98,667
	1,504,671	1,286,196

UNAUDITED SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended 31 December 2021

	STATED CAPITAL P'000	OTHER RESERVES P'000	REVALUATION RESERVE P'000	RETAINED EARNINGS RESTATED* P'000	TOTAL
At 1 January 2021	222,479	6,091	9,295	932,365	1,170,230
Profit for the year	-	-	-	16,756	16,756
Other comprehensive income	-	-	(850)	-	(850)
Total Comprehensive income			(850)	16,756	15,906
At 31 December 2021	222,479	6,091	8,445	949,121	1,186,136
At 1 January 2022	222,479	6,091	8,445	949,121	1,186,136
Profit for the period	-	-	-	34,531	34,531
Other comprehensive income	-	-	-	-	-
Total Comprehensive income	-	-	-	34,531	34,531
Transactions with owners					
Dividends paid	-	-	-	(16,000)	(16,000)
At 30 June 2022	222,479	6,091	8,445	967,652	1,204,667



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For more information contact Botswana-Acquiring@accessbankplc.com



Access Bank Botswana Limited

UNAUDITED SUMMARISED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED 30 JUNE 2022

SIGNIFICANT ACCOUNTING POLICIES
For the period ended 30 June 2022

General information

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

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 disclosed at fair value. The bank has consistently applied the accounting policies, where necessary, the bank adjusts comparative figures to conform to changes in presentation in the current year. The principal accounting policies applied are disclosed in the annual financial statements.

Use of estimates and judgements

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

- The critical accounting estimates and areas of judgement relate to the following elements of the summarised financial results:
- / Impairment of financial instruments: key assumptions used in estimating recoverable cash flows
 - / Determination of the fair value of financial instruments with significant unobservable inputs
 - / Determination of the fair value of land and buildings with significant unobservable inputs

Going concern

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

The Bank continues to monitor the conflict between Russia and Ukraine and its impact on the global economy and local market. The Bank's financial, liquidity and capital projections remain positive, despite the possible adverse consequences of the Russia-Ukraine conflict. This is also on the back of the continued recovery of the global economy from the impact of the Covid-19 pandemic.

2. Basis of presentation

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

SUMMARISED SEGMENTAL REPORTING FOR THE PERIOD ENDED 30 JUNE 2022

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's business results are assessed by the CODM on the basis of Profit Before Tax (PBT). The Group has three reportable segments being Retail, Commercial Banking and Global Markets. All operating segments used by the group meet the definition of reportable segments and the results presented are in line with internal reports used internally to assess each reportable segment.

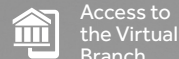
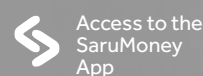
	RETAIL BANKING P'000	GLOBAL MARKETS P'000	COMMERCIAL BANKING P'000	TOTAL P'000
Statement of comprehensive income				
Net interest income	131,145	23,798	30,763	185,706
Non- interest income	55,700	18,159	3,049	76,908
Total income	186,845	41,957	33,812	262,615
Movement in impairment	8,075	-	3,079	11,154
Net income	194,920	41,957	36,892	273,768
Operating expenditure	(172,635)	(26,884)	(30,389)	(229,907)
Profit before taxation	22,286	15,073	6,502	43,861
Taxation	(4,740)	(3,206)	(1,383)	(9,329)
Profit after tax	17,546	11,867	5,119	34,532
Statement of financial position				
Financial assets held at amortised cost	-	688,491	-	688,491
Loans and advances to customers	6,305,875	-	287,744	6,593,619
Deposits from customers	1,291,110	-	5,453,615	6,744,725

SEGMENTAL REPORTING 30 JUNE 2021

	RETAIL BANKING P'000	GLOBAL MARKETS P'000	COMMERCIAL BANKING P'000	TOTAL P'000
Statement of comprehensive income				
Net interest income	133,620	29,468	30,957	194,045
Non- interest income	47,434	23,900	3,497	74,832
Total income	181,054	53,368	34,454	268,876
Movement in impairment	(7,522)	-	487	(7,036)
Net income	173,532	53,368	34,940	261,841
Operating expenditure	(152,293)	(19,153)	(21,524)	(192,969)
Profit before taxation	(21,237)	34,216	13,417	68,870
Taxation	(5,381)	(8,669)	(3,399)	(17,449)
Profit after tax	15,856	25,547	10,018	51,421
Statement of financial position				
Financial assets held at amortised cost	-	994,821	-	994,821
Loans and advances to customers	5,853,452	-	233,265	6,086,717
Deposits from customers	1,341,589	-	5,173,243	6,514,832

more is
a current account for only
P5.67 per month

To access more, WhatsApp our Virtual Branch on
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service center to get more information.



Terms and Conditions Apply