






Access Bank Botswana Limited

SUMMARY OF AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

DEPOSITS FROM CUSTOMERS	GROSS LOANS	NON INTEREST INCOME	EXPENSES	PROFIT BEFORE TAX
 P6.61b 2020: 6.57b	 P6.83b 2020: P6.30b	 P139.3m 2020: P122.6m	 P497.8m 2020: P422.1m	 P20.8m 2020: P118.8m

PERFORMANCE BACKGROUND

During the beginning of the second quarter of 2021, the Company announced the acquisition of the then BancABC Botswana by Access Bank PLC. After the announcement of the transaction, the Company worked with the new Group majority shareholder as well as Atlas Mara in ensuring an accelerated program to fulfil the conditions precedent and achieve legal ownership transfer to ensure the business could return to prioritizing execution of the agreed strategy. The transfer of ownership was completed by the beginning of October 2021 and hence the below financials presented under our new name and banner, are largely a result of the transition year as the majority of the year was traded under the previous BancABC brand. The Company performance has been impacted by certain non-recurring write-offs as well as integration costs consistent with transitions of this nature as are detailed in the financial review below. Notable is that the business immediately embarked on an accelerated investment programme to create capacity for future growth in line with its approved 5-year strategy to enhance its distribution footprint, leverage Group digital assets to move beyond a lending dominated book into a full-service digital banking ecosystem with diversified revenue lines.

GLOBAL ECONOMIC DEVELOPMENTS

The global economy recovered considerably in 2021, although intermittent COVID-19 resurges emanating from the developments of variants with the resultant trading and operating restrictions globally limited the recovery to 5.9% GDP growth according to International Monetary Fund (IMF) projections. The recovery was driven by more robust near-term prospects with commodity-exporting emerging markets countries and developing economies recording higher growth.

Sub-Saharan Africa continues to lag other regions in recovery; the slow growth and weaker outlook reflect major disruptions to global supply chains over the past 24 months and is indicative of how businesses in the region have battled to adapt in a challenging operating environment. In general, the global economy appears to have moved into a mode of continuing growth and progress even as the pandemic is expected to remain a factor in the near term.

LOCAL ECONOMIC DEVELOPMENTS

The Botswana economy also recovered substantially in 2021 – forecasts by the Ministry of Finance and Economic Development predict the economy to have grown by 9.7%. This is a welcome development following the detrimental financial impact caused by the COVID-19 pandemic in early 2020. The improved growth reflects robust recovery in the global diamond market as well as reopening of businesses following vaccine availability in the second half of the year. Mining registered a 15.6% year on year growth while the non-mining private sector recorded a growth rate of 7.5% in the third quarter. Except for agriculture, all economic sectors grew in 2021 signalling a robust broad-based recovery.

Inflation closed the year well above the 3% to 6% Bank of Botswana target range, registered a reading of 8.7% in December 2021. For most of the year since May 2021, inflation remained above the target range. However, it was led by cost side transitory factors that would not ordinarily attract monetary policy response by the Bank of Botswana such as increases in fuel prices, the 2% VAT increase in April as well as utility and rental price increases. Whilst the Bank of Botswana maintained the policy rate unchanged, significant increases in Government bond yields and modest market liquidity environment drove higher deposit pricing evident in the second half of the year.

SUMMARY OF FINANCIAL PERFORMANCE

During the year under review, the Bank focussed on three key areas of strategic execution following the announcement of the acquisition by Access Bank PLC being to complete the announced transaction in the shortest possible time in order to return to driving business as normal growth strategies as well as making meaningful progress in the strategic goals to grow noninterest revenue and diversify the business through improving the banks' value proposition.

The underlying business remains strong- the Bank posted growth in balance sheet drivers and non-interest income. The Bank impaired financial assets during the transition period and incurred additional expenses related to integration to Access Bank PLC which significantly impacted the translation of the balance sheet growth into profitability for the Bank.

OUR INCOME STATEMENT

Net Interest income

Interest income reduced marginally by 2% compared to the prior year. The reduction can be largely attributed to the interest rate cuts experienced in late 2020 as well as increased interest expense as a result of higher deposit pricing. This was offset partially by the overall loan book increase year on year. Net Interest Income reduced by 5% compared to the year prior.

Non-interest revenue

The Bank's aim has been to introduce digital channels that would allow it to become a transactional bank in order to grow non-interest revenue. In 2021 the bank's total non interest revenue grew 14% as compared to the corresponding period. The solid performance was mainly driven by a strong foreign exchange income performance, and improvement on the revenues earned from the digital platforms such as Sarumoney as well as introduction of digital products such as the FastCash cashless withdrawal, Point of Sale terminals and better fee collection in the year.

Impairments

Impairment's provision increased significantly in 2021 in line with the loan book growth.

Total expenses

Overall, expenses have increased due to once-off impairment of financial assets as well as some transition costs. The Bank incurred costs to implement and manage the Access Bank transition during the reporting period – integration consultancies, rebranding, and associated works to complete the corporate transition in an accelerated manner. Overall, during the year there was also an elevated increase in inflation which also increased operating expenses.

OVERVIEW OF OUR BALANCE SHEET

Loans and advances reflect an increase of P500 million year-on-year. This increase is as result of growth in the commercial loan book of about 59%. The retail loan book also increased by 6%. Total deposits increased by 5% year on year. Significant reduction in related party exposures was achieved in the year as part of the integration completion. Lastly, we have reduced the borrowings exposure by about 10% in 2021.

CAPITAL ADEQUACY AND DIVIDEND DECLARATION

The Bank continues to hold healthy capital adequacy levels at 21.7%. The strong capital levels position the Bank well for future growth as investment into transforming the bank is key to unlocking growth. As the bank launches its strategic focus for the next five years this level of capital will be effectively and efficiently deployed into the operations. The bank will continue to practice caution on capital management.

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 in the last two years. 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.

Notice is hereby given that a final dividend of 2.2 thebe per share for the period ended 31 December 2021 is declared and will be payable on 20th May 2022 to those shareholders registered at close of business on 10th May 2022 with an ex-dividend date of 6th May 2022. The dividend will attract withholding tax in accordance with the Republic of Botswana Income Tax (Cap 52.01) regulations. The dividend represents the total profit after tax for the year 2021.

The Directors confirm that after payment of this dividend the group will satisfy the solvency test.

OUTLOOK

Post the merger into Access Bank Group, we remain resolute in implementing and completing our brand transition. The first half of 2022 will be dominated by ensuring technology integration to Access Bank platforms, including core banking and cards platform upgrades and migration as well as deployment of Access Bank digital channels. In this regard, integration costs are expected to continue into 2022 financial performance. In addition, the Board approved a refreshed 5 year strategy for the Bank on which execution has begun immediately. The strategy aims to enhance the Bank's distribution footprint, leverage Group digital assets to move beyond a lending dominated book into a full-service digital banking ecosystem with diversified revenue lines.

Retail Banking Summarised Strategic Focus

One of the key areas for our Retail franchise is to grow our footprint, increase our product lines as well as building a payments ecosystem. Some of the key areas of focus include.

- / Deploy and continuously adapt Group digital assets and enabled product combinations tailored to the Botswana market – including special focus segments such as Women Banking.
- / Expanding the service centre network to cover more areas in the country. This will ensure cost conscious wider network coverage as is optimal for our country.
- / Expanding the ATM network to a level consistent with our customer acquisition ambitions
- / Leverage Agency Banking partnerships to support an omnipresence proposition for our customers that will assist greatly on our journey to dominate the last mile to our valued customer.
- / In order to continue inclusion and building on strength of partnerships, our Alliance Banking and Prepaid Partnerships will leverage the existing base and starting new relationships expanding locally and regionally.

Wholesale Banking Summarised Strategic Focus

The Wholesale Banking unit will benefit from Group expertise and Corporate banking capabilities, which will enable us to become a full service bank across all key sectors. The Bank will become a key solutions provider for both the Corporate and Business Banking clients in our chosen segments. Some of the key focus areas will include the below.

- / Continued focus to provide clients with products and platforms that address all their transactional banking needs at an attractive pricing.
- / To lead in the support of SMEs in Botswana
- / Continued improvement in the Global Markets offering leveraging existing Access Bank Group strength.
- / With the transition to Access Bank, the business will now take deliberate steps in leveraging on the support provided by the Group in banking clients across the bank's global footprint through an ecosystem-based approach.

Access Bank PLC has designated Botswana a key market it intends to succeed in and will fully support the Bank to achieve its stated business objective in the shortest space of time, leaning upon its track record of success. The Bank expects these developments to become immediately visible within the first half of 2022 and to begin being accretive to earnings in the second half of 2022.

AUDIT REPORT

This summary of the audited consolidated financial statements of Access Bank Botswana Limited for the year ended 31 December 2021 has itself not been audited and does not constitute the full set of the consolidated financial statements and therefore not intended to reflect a fair presentation of the Group's results, cash flows and financial position in accordance with the International Financial Reporting Standards (IFRS). A full set of IFRS compliant Financial statements can be found at Fairgrounds Office Park, Plot 62433, Gaborone Botswana.

ACKNOWLEDGEMENT

We extend our sincere gratitude to our customers, the Board, management, and the entire Access Bank Botswana Warriors for all their support during 2021. We remain committed to an accelerated execution of our plans to grow shareholder value in the interim and thank our shareholders for renewing their commitment to the business as we seek to rewrite a further 10 years of success for the Bank under our new parent and positive outlook.



Mrs. Lorato Nthando Mosetlhanyane
Chairperson



Mr. Kgotsa Bannalothle
Managing Director

Access Bank Botswana Limited

SUMMARY OF AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

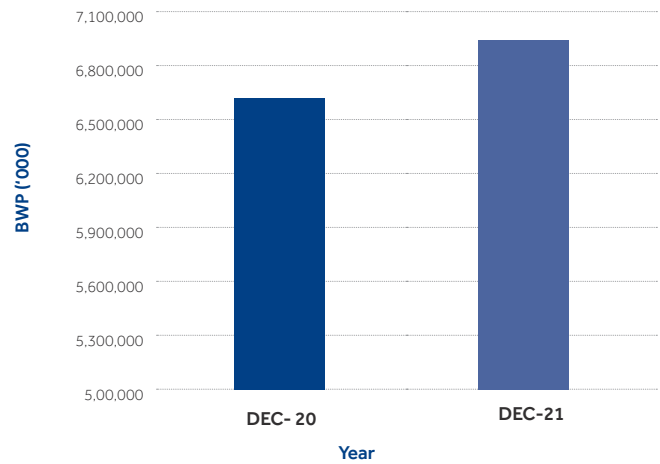
SUMMARISED CONSOLIDATED AUDITED STATEMENTS OF FINANCIAL POSITION As at 31 December 2021

	31 DECEMBER 2021 P'000	31 DECEMBER 2020 RESTATED P'000	1 JANUARY 2020 RESTATED P'000
ASSETS			
Cash and balances with the central bank	258,979	384,004	77,138
Balances with other banks	1,391,705	895,789	904,537
Debt instruments	567,960	680,142	642,818
Derivative financial assets	67,915	60,569	60,487
Loans and advances to customers	6,508,695	6,000,970	6,436,064
Balances due from related parties	975	488,185	633,118
Current tax receivable	8,609	-	21,425
Other assets	88,255	101,102	85,381
Property and equipment	102,705	119,718	129,860
Intangible assets	75,627	102,442	104,347
Deferred tax asset	39,234	25,127	29,869
Total assets	9,110,659	8,858,048	9,125,044
LIABILITIES			
Balances due to related parties	5,680	14,226	17,662
Deposits from banks	364,021	68,713	66,844
Deposits from customers	6,607,881	6,566,048	6,973,892
Derivative financial liabilities	64,809	59,667	59,618
Current tax liabilities	-	1,072	-
Other liabilities	196,108	218,973	162,023
Borrowed funds	686,024	759,118	763,172
Total liabilities	7,924,523	7,687,817	8,043,211
EQUITY			
Stated capital	222,479	222,479	222,479
Retained earnings	949,121	932,366	843,968
Revaluation reserve	8,445	9,295	9,295
Other reserves	6,091	6,091	6,091
Total equity	1,186,136	1,170,231	1,081,833
Total equity and liabilities	9,110,659	8,858,048	9,125,044

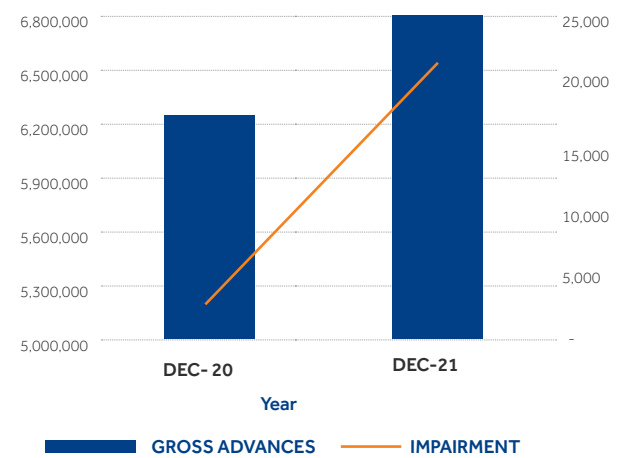
SUMMARISED CONSOLIDATED AUDITED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2021

	31 DECEMBER 2021 P'000	31 DECEMBER 2020 RESTATED* P'000	% CHANGE
Effective interest and similar income	700,284	712,173	(2%)
Effective interest expense and similar charges	(299,554)	(290,118)	(3%)
Net interest income	400,730	422,055	(5%)
Net trading income	38,332	27,540	39%
Net fee and commission income	100,974	95,126	6%
Total Non Interest Revenue	139,306	122,666	14%
Impairment of financial assets	(21,391)	(3,725)	474%
Total net revenue	518,645	540,996	(4%)
Personnel expenses	(164,742)	(153,789)	(7%)
General and administrative expenses	(204,812)	(134,782)	(52%)
Depreciation and amortisation expenses	(46,252)	(46,378)	0%
Other operating expenses	(81,994)	(87,185)	6%
Total operating expenses	(497,800)	(422,135)	(18%)
Profit before tax	20,845	118,862	(82%)
Direct tax	(4,089)	(30,465)	84%
Profit for the year	16,756	88,397	(87%)
Other comprehensive income for the year	-	-	-
Changes in revaluation of property	(1,091)	-	1091%
Deferred tax effect on the above	241	-	241%
Other comprehensive income	(850)	-	850%
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	15,906	88,397	(82%)
Earnings per share			
Basic and diluted earnings per share (thebe)	2.31	12.19	
Headline earnings per share			
Basic and diluted headline earnings per share (thebe)	2.31	12.19	

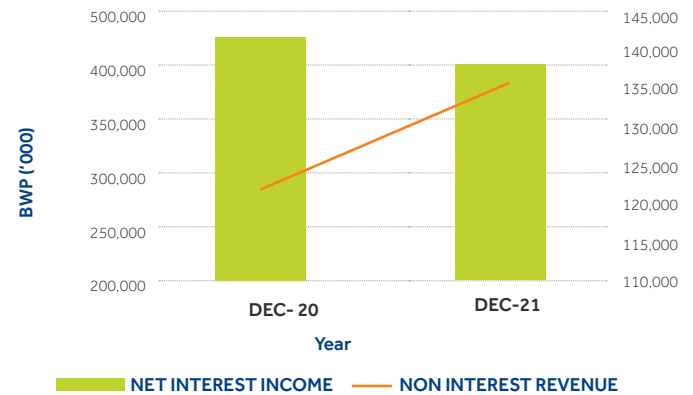
DEPOSITS



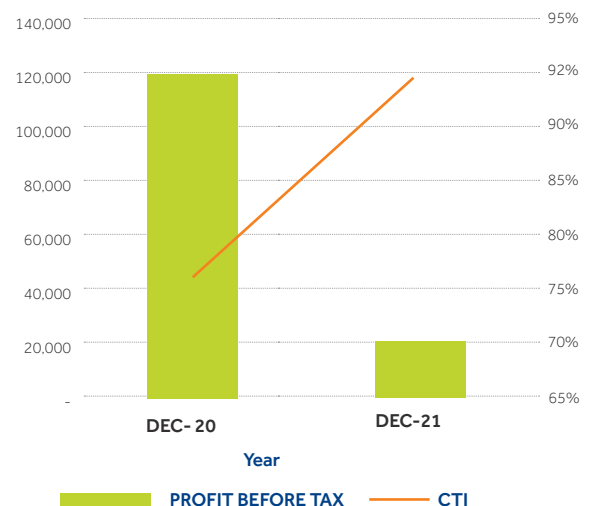
GROSS ADVANCES VS IMPAIRMENT CHARGE



NET INTEREST INCOME VS NON INTEREST REVENUE



PROFIT BEFORE TAX VS COST TO INCOME



Access Bank Botswana Limited

SUMMARY OF AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

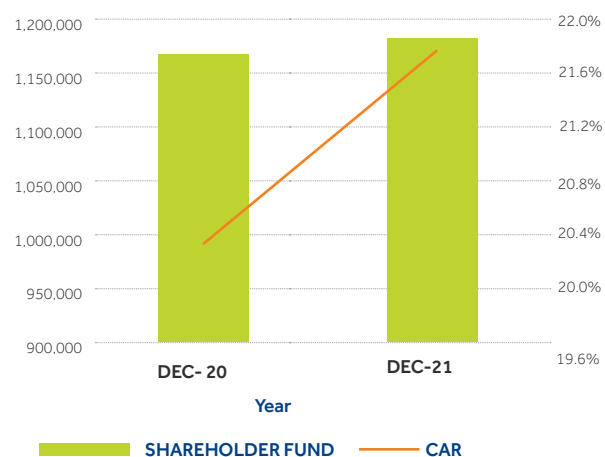
SUMMARISED CONSOLIDATED AUDITED STATEMENT OF CASH FLOWS For the year ended 31 December 2021

	31 DECEMBER 2021 P'000	31 DECEMBER RESTATED* 2020 P'000
Cash flows from operating activities		
Profit before tax	20,845	118,862
Adjusted for:		
Depreciation and amortisation	46,252	46,379
Impairment losses on financial assets	21,391	3,725
Unrealised exchange losses	42,427	4,441
Fair value adjustment on derivatives	-	(32)
Currency revaluations	(4)	(11)
Net interest income	(400,730)	(422,056)
Movement in operating assets / liabilities:		
Loans and advances to customers	(535,624)	410,664
Balances due from related parties	487,210	142,146
Other assets	(135,467)	(6,201)
Deposits from customers and banks	336,980	(415,976)
Other liabilities	146	51,291
Balances due to related parties	(8,546)	(3,436)
Cash generated from operations	(125,121)	(70,203)
Interest received	698,991	744,803
Interest paid*	(304,652)	(281,023)
Tax (paid)/received	(28,057)	(3,266)
Net cash from operating activities	241,161	390,311
Cash flows from investing activities		
Purchase of property and equipment	(2,136)	(6,962)
Purchase of intangibles assets	(9,091)	(25,301)
Additions to debt instruments	(150,153)	(237,047)
Disposal of debt instruments	107,000	199,128
Net cash used in investing activities	(54,380)	(70,182)
Cash flows from financing activities		
Proceeds from borrowings	-	121,360
Repayments on borrowings	(115,410)	(128,948)
Payment of principal on lease liabilities	(5,644)	(5,683)
Net cash used in financing activities	(121,054)	(13,271)
Net increase in cash and cash equivalents	65,727	306,858
Cash and cash equivalents at beginning of the period	1,709,413	1,380,345
Effect of exchange rate movement on cash balances	29,225	22,210
Cash and cash equivalents for the period	1,804,365	1,709,413
Cash and cash equivalents comprised of:		
Cash and balances with the Central Bank	258,979	384,004
Balances with other banks	1,271,079	895,789
Debt instruments	274,307	429,620
	1,804,365	1,709,413

SUMMARISED CONSOLIDATED AUDITED 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 2020	222,479	6,091	9,295	847,336	1,085,201
Correction of errors	-	-	-	(3,368)	(3,368)
At 1 January 2020, restated	-	-	-	843,968	1,081,833
Comprehensive income					
Profit for the year	-	-	-	88,397	88,397
Total Comprehensive income				88,397	88,397
At 31 December 2020	222,479	6,091	9,295	932,365	1,170,230
At 1 January 2021	222,479	6,091	9,295	932,365	1,170,230
Profit for the period	-	-	-	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

SHAREHOLDER FUNDS VS CAPITAL ADEQUACY RATIO



Next Gen POS Machine

A whole New Level of Business.

Elevate your business with
the Access Bank Smart Point
of Sale Machine

- Wi-Fi Enabled
- Dual Sim
- Contactless
- Till Integration
- Accepts VISA and Mastercard
- POS Reconciliation
- Self Banking

For more information contact
Botswana-Acquiring@accessbankplc.com.

Access Bank Botswana Limited

SUMMARY OF AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

SIGNIFICANT ACCOUNTING POLICIES for the year ended 31 December 2021

General information

Access Bank Botswana Limited, formerly African Banking Corporation of Botswana Limited trading as BancABC Botswana, provides corporate banking, retail and investment banking services. The Bank is a limited liability company and is incorporated and domiciled in Botswana (registration number BW00001089931).

The summarised consolidated financial statements for the year ended 31 December 2021 have been approved for issue by the members of the Board on 18th March 2022. Neither the members of the Board nor others have the power to amend financial statements after issue.

1. Basis of presentation

1.1 STATEMENT OF COMPLIANCE

Accounting policies

The 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 Group has consistently applied the accounting policies and, where necessary, the Group 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

1 January 2021 Interest Rate Benchmark Reform -Phase 2 - Amendments to IFRS 7. The amendment sets out additional disclosure requirements related to interest rate benchmark reform. The effective date of the group is for years beginning on or after January 1, 2021. The group has adopted the amendment for the first time in the 2021 consolidated and separate annual financial statements. The amendments address issues affecting financial reporting in the period leading up to IBOR reform, are mandatory and apply to all hedging relationships directly affected by uncertainties related to IBOR reform.

The value of loans linked to USD LIBOR as at 31 December 2021 have not yet transitioned into an alternative benchmark is USD45million (approximately P491 million). However, the new standard is not expected to have a material impact on the Group's reported results as we have assessed the available alternative reference rates such as Reuters and Secured Overnight Financing Rate (SOFR) and noted these not to be materially different from the LIBOR rate used.

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 interim 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 continued fight against the COVID-19 pandemic and the measures adopted by governments in countries worldwide to mitigate the pandemic's spread have not significantly impacted the Group. As such, these consolidated and separate financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets, liabilities and reported expenses that may otherwise be required if the going concern basis was not appropriate.

Various economic experts predict a recovery to the economy of Botswana, including growth in consumer spending, growth in GDP, increased global demand for diamonds and little deterioration to the unemployment rate. Despite the positive outlook, the path to recovery from the COVID-19 pandemic remains uncertain as it is hinged on efforts to ensure the country achieves herd immunity along and continued recovery of our key sectors of the economy. As such, the Bank continues to exercise prudence in lending in order to maintain a reasonable match against deposits and also continues to closely monitor and proactively respond to any adverse indicators arising from the pandemic. The Bank's financial, liquidity and capital projections remain positive, despite the possible adverse consequences of the pandemic.

2. Stated Capital

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

3. Prior period error

(1) Value added tax on imported services (VOIS)

In computing the amounts of transaction and other costs, management identified errors where VAT on imported services was incorrectly calculated due to misinterpretation of the relevant legislation. This resulted in the VAT on imported services expense (included under General and administration expenses) and amount payable to the Tax Authorities (Other liabilities) being understated in prior periods. Increasing the prior year Other operating General and administration expenses to correct the error resulted in reduction of prior year Retained income (which has been restated), reduction in taxable income and therefore, reduction in the prior year Income tax expense (also restated) and corresponding reduction in the current tax payable liability (also restated).

This constitutes a prior year error in terms of International Accounting Standards 8: Accounting policies, Changes in Accounting Estimates and Errors (IAS 8). The impact of this error has materially misstated statement of financial position for the year 2020 and 2019.

The cumulative mistatement on retained earnings as at 31 December 2020, net of tax, amounted to P 10,343,452.51

(2) Presentation and disclosure (IAS 1)

In the preparation of the 2021 financial statements, we noted some balances that were incorrectly presented in the prior year financial statements. This was in terms of presentation and disclosure only per the requirements of the relevant accounting standard, without impacting the overall reported results. These include (1) Fee and commission expenses which were incorrectly netted off against fee and commission income, on the statement of profit and loss (2) Impairment of other financial assets which was included under Other liabilities instead of being netted off against Other assets (3) Presentation of the Statement of financial position in order of liquidity which resulted in their order of presentation changing for some assets and liabilities (4) Presentation of the Statement of Cash flows where interest paid on lease liabilities has been reclassified from cash flows from financing activities to cash flows from operating activities. Also, changes in debt instruments held for investment purposes have been restated to show the additions and disposals separately whereas in previous years these were presented on a net basis.

The errors above has been corrected with retrospective effect in accordance with the requirements of IAS 8. The impact of the restatements is shown below.

(I) EFFECT ON STATEMENT OF COMPREHENSIVE INCOME

Summarised statement of profit or loss and other comprehensive income (extract)

Consolidated			
	2020 AS PRESENTED P'000	IAS 1 VOIS	2020 RESTATED P'000
Net interest income	422,055		422,055
Impairment (loss)/credit on financial assets	(3,725)		(3,725)
Net interest income after impairment credit on financial assets	418,330		418,330
Net trading income	27,540		27,540
Net fee and commission income*	95,126	-	95,126
Fee and commission income*	-	132,298	132,298
Fee and commission expense	-	(37,172)	(37,172)
Total net revenue	540,996	-	540,996
Personnel expenses*	(153,789)		(153,789)
General and administrative expenses	(128,755)	3,066	(131,716)
Impairment of other financial assets	-	(3,066)	(3,066)
Depreciation and amortisation expenses	(46,378)		(46,378)
Other operating expenses	(87,185)		(87,185)
Total operating expenses	(416,107)	-	(422,134)
			-
Profit before tax	124,889	(6,027)	118,862
Income taxation expense*	(31,792)	-	(30,465)
Profit for the year	93,097	-	88,397

Access Bank Botswana Limited

SUMMARY OF AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021

(I) EFFECT ON STATEMENT OF FINANCIAL POSITION - 31 DECEMBER 2020

Statements of financial position (extracts) Consolidated

	31 DECEMBER 2020 AS PRESENTED P'000	IAS 1	VOIS P'000	31 DECEMBER 2020 RESTATE P'000
ASSETS				
Cash and balances with the Central Bank	384,004			384,004
Balances with other banks	895,789			895,789
Loans and advances to customers	6,000,970			6,000,970
Derivative financial assets	60,569			60,569
Debt instruments	680,142			680,142
Property and equipment	119,718			119,718
Intangible assets	102,442			102,442
Balances due from related parties	488,185			488,185
Current tax assets	-			-
Deferred tax asset	25,127			25,127
Other assets	104,167	(3,066)		101,101
Investment in subsidiary	-			-
Total assets	8,861,113	(3,066)		8,858,047
LIABILITIES				
Deposits from banks	68,713			68,713
Deposits from customers	6,566,048			6,566,048
Borrowed funds	759,118			759,118
Derivative financial liabilities	59,667			59,667
Balances due to related parties	14,226			14,226
Current tax liabilities	3,348		(2,276)	1,072
Other liabilities	211,695	(3,066)	10,344	218,973
Total liabilities	7,682,815	(3,066)	8,068	7,687,817
EQUITY				
Stated capital	222,479			222,479
Retained earnings	940,433		-8,068	932,365
Revaluation reserve	9,295			9,295
Other reserves	6,091			6,091
Total equity	1,178,298	-	(8,068)	1,170,230
Total equity and liabilities	8,861,113	-	-	8,851,594

(II) EFFECT ON STATEMENT OF FINANCIAL POSITION - 1 JANUARY 2020

	AS STATED	VOIS	RESTATE
Current tax assets	20,476	949	21,425
Current tax liabilities	157,706	4,317	162,023
Retained earnings	847,336	(3,368)	843,968

(IV) EFFECT ON STATEMENT OF CASH FLOWS - 31 DECEMBER 2020

Interest paid on lease liabilities

In the prior year, interest expense on leases was presented under 'Cash flows from Financing activities'. The Bank's accounting policy for presentation of all interest paid is to present this as part of operating activities. The prior year statement of cash flows was restated to present interest paid in operating activities in line with the accounting policy of the Bank.

Presentation of debt instruments held for investment purposes

In the prior year, changes to debt instruments held for long term investment purposes (additions and disposals) were presented on a net basis under 'cash flow from investing activities. These instruments do not meet the netting criteria in IAS 7 - Statement of cash flows. In 2021, this has now been presented on a gross basis where additions to debt instruments and disposals are shown separately. The net impact is nil.' The prior year SCF was restated to correct this error.

(IV) EFFECT ON STATEMENT OF CASH FLOWS - 31 DECEMBER 2020 (CONTINUED)

	PREVIOUSLY STATED P'000	RESTATEMENT ADJUSTMENT P'000	RESTATE AMOUNT P'000
Interest Paid	(276,479)	(4,544)	(281,023)
Net cash flows from operating activities	394,855	{4,544}	390,311
Payment of interest on lease liabilities	(4,544)	4,544	-
Net cash from financing activities	(17,815)	4,544	{13,271}
Movement on debt securities	(37,919)	37,919	-
Additions to debt instruments	-	(237,047)	(237,047)
Disposal of debt instruments	-	199,128	199,128
Net cash from investing activities			37,919

(V) EVENTS AFTER REPORTING DATE

Global Development

On 24 February, Russia announced a "special military operation" to "demilitarise and denazify" Ukraine, which has resulted in the on-going conflict between the two countries, widely referred to as the invasion of Ukraine by Russia. The on-going conflict has seen various economic sanctions being imposed on Russia by the United States of America, European Union and other countries. Russia is a key player in world economics and the on-going conflict poses a substantial economic risk for most countries, including Botswana.

The Bank does not consider it practical to estimate the quantitative impact which the on-going conflict may have on the Bank. However, the conflict and economic sanctions against Russia do not have an impact on the 31 December 2021 financial statements and are considered a non-adjusting event.

Capital Adequacy and Dividend Declaration

On 11 March 2022, the directors declared a final dividend of 2.2 thebe per share for the period ended 31 December 2021 after due consideration of the capital adequacy and liquidity position of the Bank post payment of dividends.

There are no other matters which are material to the financial affairs of the Bank which have occurred between year-end and the date of approval of the annual financial statements.

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SUMMARY OF AUDITED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021

SUMMARISED SEGMENTAL REPORTING
For the year ended 31 December 2021

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.

SEGMENTAL REPORTING 31 DECEMBER 2021					SEGMENTAL REPORTING 31 DECEMBER 2020				
	RETAIL BANKING P'000	GLOBAL MARKETS P'000	COMMERCIAL BANKING P'000	TOTAL P'000		RETAIL BANKING P'000	GLOBAL MARKETS P'000	COMMERCIAL BANKING P'000	TOTAL P'000
Statement of comprehensive income					Statement of comprehensive income				
Net interest income	281,385	53,073	66,272	400,730	Net interest income	299,570	53,323	69,162	422,055
Non- interest income	94,952	38,311	6,043	139,306	Non- interest income	86,734	27,154	8,778	122,666
Total income	376,337	91,384	72,315	540,037	Total income	386,304	80,477	77,940	544,721
Movement in impairment	(12,906)	-	(8,485)	(21,391)	Movement in impairment	(3,086)	-	(639)	(3,725)
Net income	363,431	91,384	63,831	518,645	Net income	383,218	80,477	77,301	540,996
Operating expenditure	(403,951)	(44,596)	(49,253)	(497,800)	Operating expenditure	(323,515)	(45,536)	(53,084)	(422,135)
Profit before taxation	(40,520)	46,788	14,577	20,845	Profit before taxation	59,703	34,941	24,217	118,861
Taxation	9,552	(9,384)	(4,257)	(4,089)	Taxation	(15,302)	(8,956)	(6,207)	(30,465)
Profit after tax	(30,968)	37,403	10,320	16,756	Profit after tax	44,401	25,985	18,010	88,396
Statement of financial position					Statement of financial position				
Financial assets held at amortised cost	-	567,960	-	567,960	Financial assets held at amortised cost	-	680,142	-	680,142
Other assets	88,255	-	-	88,255	Loans and advances to customers	5,714,174	-	286,796	6,000,970
Loans and advances to customers	6,052,763	-	455,932	6,508,695	Total assets for reportable segments	5,986,484	2,453,910	361,052	8,801,446
Total assets for reportable segments	6,384,186	1,707,981	1,018,492	9,110,659	Deposits from customers	1,200,313	-	5,365,735	6,566,048
Deposits from customers	716,516	-	5,891,365	6,607,881	Deposits from banks	-	68,713	-	68,713
Other liabilities for reportable segments	5,081,811	1,601,515	(5,366,684)	1,316,642	Other liabilities for reportable segments	462,983	491,333	42,138	996,454
Total liabilities for reportable segments	5,798,327	1,601,515	524,681	7,924,523	Total liabilities for reportable segments	1,663,296	560,046	5,407,873	7,631,215

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