



PRESS RELEASE

| For Immediate Release |

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BANCABC WEATHERS PANDEMIC YEAR WELL, REFLECTING RESILIENT PERFORMANCE AND STRONG CAPITALISATION

- BancABC's people and operations remained resilient in the face of the pandemic
- Strong solvency position with a capital adequacy ratio of 21% against a 12.5% regulatory requirement
- Income lines showed relative resilience and growth supported by the introduction of relevant products such as the 84month loan product
- Net Interest Income up 2% to P422 million
- Digital uptake increased 60% given the Bank's response to launching its digital platforms
- Profit before tax (PBT) was 17% lower compared to the prior period due to a P3.7m increase in expected credit losses compared to a prior year release in credit provisions
- Provided customers additional financial support through discounted transactional fees, repayment holidays and extended loan tenures

Gaborone: BancABC Botswana, the BSE-listed bank today announced its full year results for the period ended 31 December 2020, against a subdued economic backdrop, exacerbated by the COVID-19 pandemic and related lockdowns. The Bank's results showed it had weathered the pandemic relatively well – with strong resilience in its income lines as well as controlled operating expenses. The only major detractor in the Bank's performance was an increase in expected credit losses from the supportive measures extended to struggling customers and enhancements made to its credit provisioning models. The Bank recorded a profit

before tax of P124.9 million, 17% lower than P150.6 million achieved during the prior comparative period.

Commenting on the results, Managing Director Kgotso Bannalotlhe said, **“BancABC demonstrated strong resilience during this challenging period and was able to provide financial support to customers negatively impacted by the pandemic’s subsequent lockdowns, whilst continuing to maintain a healthy solvency ratio, improved liquidity and robust income lines. We are proud to have launched improved digital channels for our customers just in time before the pandemic hit.”**

As part of its strategic focus of ensuring customers receive consistent quality service, BancABC rolled out an exciting retail banking digital platform, SaruMoney, which saw a 60% increase in digital subscribership. The Bank expanded its footprint by adding ATMs in Kanye, Gantsi, Molepolole and Letlhakane. In addition, the Bank launched the 3D Secure program 2.0, Verified by Visa to further improve customers’ security when performing e-commerce transactions. All these initiatives are aimed at enhancing the overall customers' banking experience.

Trading revenue saw 114% growth, which was supported by BancABC’s adequate capacity and focus, resulting in improved client activity with higher volumes and healthier margins. Net interest income (NII) increased by 2% to P422 million, while interest income declined by 4% compared to the prior year, on the back of the policy rate changes and reduction in the loans book. Non-interest revenue (NIR) of P122.7 million was slightly lower due to the decline in customer transaction activity linked to income and discounts granted as well as a reduction in lending.

Interest expenses saw a decline due to the lower interest rates. **“We have made good progress in terms of managing our interest expenses and will continue to carefully manage the interest margins as we improve our funding mix and cost of funding,”** said Ratang Icho-Molebatsi, Finance Director.

Total operating expenses were well-contained and only increased by 4% to P416 million. The majority of the cost increases can be attributed to the amortisation of capitalised projects in line with investments made into technology infrastructure in the past and new costs to support working from home arrangements.

Icho-Molebatsi commented, **“Given the current market uncertainty, it is imperative for us to diligently manage costs in line with the environment, whilst maintaining a strong solvency position in order to ensure we have the sufficient capital to meet the Bank’s future growth prospects.”**

BancABC remains strongly capitalised – the Bank’s unimpaired capital and risk-weighted assets were P1.4 billion and P7 billion, respectively, at period end, resulting in a 21% capital adequacy ratio against a 12.5% regulatory requirement.

Post the reporting period, BancABC launched its new brand promise, ‘We Understand You’, to reflect the Bank’s commitment to providing world-class banking solutions to its customers, consistent quality service and continued relationship building. This exciting new initiative seeks to strengthen the Bank’s offering within the Retail, SMME and Corporate banking segments.

“BancABC remains focused on its strategy to grow the business. As we anticipate further uncertainty and short to medium-term headwinds due to the pandemic, the essence of our business will ensure that we are well-positioned to weather another difficult year. Our resilience will be underpinned by our continued investment in enhancing our value proposition that is grounded in our desire to provide relevant financial solutions that address the customers' changing needs, and ultimately deliver sustainable shareholder value,” concluded Bannalothle.

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About BancABC

BancABC Botswana is a part of the Atlas Mara Group. Our vision is to be the trusted local bank in Botswana, offering world-class solutions and building profitable, lifelong customer relationships through the provision of a wide range of innovative financial products and services to benefit all stakeholders.

BancABC Botswana was listed on the Botswana Stock Exchange Limited (BSE) in December 2018. ABC Holdings Limited (www.bancabc.com), wholly-owned by Atlas Mara, operates BancABC in Botswana, Mozambique, Tanzania, Zambia and Zimbabwe.

About Atlas Mara

Atlas Mara (<https://www.atlasmara.com>) was listed on the main market of the London Stock Exchange in December 2013. Atlas Mara's strategy is to create Sub-Saharan Africa's premier financial services institution through a combination of its experience, expertise and access to capital, liquidity and funding.

Its goals are to combine the best of global institutional knowledge with extensive local insights and to support economic growth and financial inclusion in the countries in which it operates.