

INTERIM ABRIDGED UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED SEPTEMBER 30 2023



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Botswana Savings Bank
Abridged Financial Statements for the six months ended September 30, 2023

Statement of Profit or Loss and Other Comprehensive Income

	Unaudited 6 Months Sep 2023 P'000	Unaudited 6 Months Sep 2022 P'000	Audited 12 Months Mar 2023 P'000
Interest income	162,491	149,493	337,418
Interest expense	(96,226)	(81,507)	(173,469)
Net interest income	66,265	67,986	163,949
Fee and commission income	13,472	6,581	10,426
Fee and commission expense	(2,205)	(3,703)	(9,196)
Net fee and commission income	11,266	2,878	1,230
Net operating income	77,532	70,864	165,179
Other income	2,147	1,572	3,530
Amortisation of government grant income	8,665	8,619	19,438
Total income	88,344	81,055	188,147
Net impairment reversal of financial assets	(4,022)	(3,000)	5,709
Net income	84,322	78,055	193,856
Employee benefits	(38,832)	(40,865)	(101,594)
Depreciation and amortisation	(9,860)	(9,122)	(20,683)
Administrative and general expenses	(31,937)	(26,561)	(58,460)
Profit before tax	3,693	1,507	13,119
Taxation	(426)	-	(6,668)
Profit for the year	3,267	1,507	6,451
Other comprehensive income for the year	-	-	-
Total comprehensive income for the year	3,267	1,507	6,451

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Statement of Financial Position as at September 30, 2023

	Unaudited 6 Months Sep 2023 P'000	Unaudited 6 Months Sep 2022 P'000	Audited 12 Months Mar 2023 P'000
Assets			
Cash and cash equivalents	773,084	359,716	535,295
Balances with other banks	222,805	129,940	109,332
Balances with related parties	0	75,260	-
Other assets	32,028	24,604	11,311
Loans and advances to customers	2,338,281	2,506,265	2,346,542
Current tax receivable	4,202	1,263	3,308
Property and equipment	73,628	81,892	51,504
Right-of-use assets	28,203	28,409	30,310
Intangible assets	37,152	33,096	58,323
Deferred tax	19,732	27,444	19,732
Total Assets	3,529,116	3,267,891	3,165,657
Equity and Liabilities			
Liabilities	2,738,351	2,691,063	2,429,240
Deposits due to customers	97,192	45,296	19,048
Other liabilities	322,793	149,946	338,160
Borrowings	6,642	27,420	27,144
Dormancy account liability	61,557	80,961	70,143
Government grant	34,797	33,240	35,507
Lease liabilities	3,261,332	3,027,927	2,919,242
Total Liabilities	3,165,977	3,027,927	2,919,242
Equity			
Unrecalable capital	19,721	19,721	19,721
Statutory reserve	87,879	68,163	69,776
Retained earnings	160,185	152,080	156,918
	267,785	239,964	246,415
Total Equity and Liabilities	3,529,116	3,267,891	3,165,657

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General Information

Botswana Savings Bank was established by an Act of Parliament, the Botswana Savings Bank Act of 1992, as a wholly owned financial institution of the Botswana Government for the purpose of providing Banking and financial services for all people in Botswana.

Basis Of Preparation And Changes To The Bank's Accounting Policies

The interim abridged financial statements are prepared on the historic cost basis and presented in Botswana Pula, which is the Bank's functional currency and are rounded off to the nearest thousand, unless otherwise stated.

The interim abridged financial statements for the period ended 31 March 2023 have been prepared applying the recognition and measurement criteria in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and any Pronouncements if applicable.

The accounting policies adopted in the preparation of the interim abridged financial statements are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended 31 March 2023, except for the adoption of new standards effective as of 1 January 2023. The Bank has not adopted any other standard, interpretation or amendment that has been issued but is not yet effective. Several amendments and interpretations apply for the first time in 2023, but do not have an impact on the interim abridged financial statements of the Bank. These amendments and interpretations, effective as of 1 January 2023, are amendments to IFRS 3, IFRS 4, IFRS 17, IAS 1, IAS 8, IAS 12.

Financial Performance

The bank continues to deliver an improving financial performance despite a challenging business environment. Profit after tax is up by 145% to P3.3m when compared to September 2022. This was achieved through fee and commission income performance, which grew by 105% year on year with the growth coming from improving savings accounts performance. Interest income was P162.5m, up 9% annually, reflecting the benefits of the increases in the Monetary Policy Rate by the Bank of Botswana in May, June and August 2022. September 2023 had the

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Statement of Changes in Equity

	Unrecalable capital P'000	Statutory reserve P'000	Retained earnings P'000	Total equity P'000
Balance at April 1, 2022	19,721	68,163	152,080	239,964
Total comprehensive income for the year			6,451	6,451
Transfer between reserves		1,613	(1,613)	-
Balance at April 1, 2023	19,721	69,776	156,918	246,415
Total comprehensive income for the year			3,267	3,267
Transfer between reserves			-	-
Transfer to statutory reserves		18,103		18,103
Balance at September 30, 2023	19,721	87,879	160,185	267,785

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Statement of Cash Flows

	Unaudited 6 Months Sep 2023 P'000	Unaudited 6 Months Sep 2022 P'000	Audited 12 Months Mar 2023 P'000
Cash flows from operating activities			
Interest receipts	161,803	142,312	322,581
Interest payments	(124,815)	(79,539)	(116,133)
Fees and commission receipts	8,392	6,581	10,426
Fees and commission expense	(3,898)	(3,703)	(9,196)
Rent and other income received	4,146	1,676	3,530
Cash payments to employees and suppliers	(69,195)	(64,672)	(134,476)
Cash flows from operating activities before changes in operating assets and liabilities	(23,568)	2,655	76,732
Changes in operating assets and liabilities			
Movement in loans and advances to customers	81,961	90,032	339,277
Movement in amounts due to customers	278,148	(210,137)	(348,448)
Movements in other assets	(13,192)	(3,093)	(2,702)
Movements in other liabilities	12,596	38,953	(22,873)
Movement in related party balances			52,337
Movement in dormancy account liability	(20,502)	773	(1,964)
Tax paid	(2,154)	(1,000)	(2,001)
Net cash generated from/(used in) operating activities	313,289	(81,817)	90,358
Cash flows (to)/from investing activities			
Purchase of property and equipment	(1,270)	(3,940.00)	(14,188.00)
Purchase of other intangible assets			(338.00)
(Payments)/Receipts - Balances with other Banks	(53,972)	57,543.00	(95,628.00)
Net cash (used in)/generated from generated from investing activities	(55,242)	53,603.00	(110,154.00)
Cash flows from financing activities			
Borrowings raised			192,050
Repayment of principal - long term borrowings	(4,743)	(3,634)	(23,695)
Repayment of interest - long term borrowings	(12,279)	(8,880)	(10,121)
Lease liability payments - principal	(1,660)	(907)	(2,673)
Lease liability payments - interest	(1,575)	(732)	(2,553)
Net cash generated from financing activities	(20,258)	(14,153)	153,008
Net movement in cash and cash equivalents for the year	237,789	(42,367)	133,212
Cash and cash equivalents at the beginning of the year	535,295	402,083	402,083
Total cash and cash equivalents	773,084	359,716	535,295

full benefit of the rate increases compared to September 2022.

The increases in interest rates continues to negatively impact the Bank's loan book as they have resulted in customers not meeting the affordability measures of the Bank, hence limiting the growth of the loan book, which is the Bank's primary source of revenue.

Total expenses are 5% higher year on year. Increases in costs are in support of the bank's digitisation journey with focus on opening 200 new agency branches and launching a digital banking solution. Further included in the expenses is the investment in various IT solutions intended to safeguard the banks cyber security framework.

The Bank continues to maintain a resilient liquidity position over the period with a strategic focus on short term money market placements over fixed deposits. Furthermore, capital raised from the bond market is expected to gradually reduce the holding of expensive volatile deposits.

Outlook

With the Bank having made significant investments in new products and channels, the Bank's focus is on growing the loan book and servicing our clients in underbanked areas of Botswana. This will be achieved through the continuous roll-out of our agency banking channels. Through partnerships, our target is to have 200 active agent banking sites, offering everyday banking solutions to the larger population including those in remote areas by end of year.

By order of the Board

Goitsema Morekisi
Board Chair person
30 September 2023

Nixon Marumalao
Chief Executive Officer
30 September 2023

Contact Us Now on: 367 0000 / 367 0001
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