



Absa Bank Botswana Limited

Condensed results of the audited consolidated financial statements
For the year ended 31 December 2020

Digital channels number of customers

↑ 34%

Balance sheet growth

↑ 9%

Customer loans

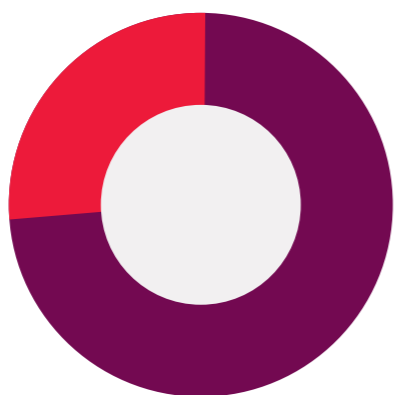
↑ 4%

Customer deposits

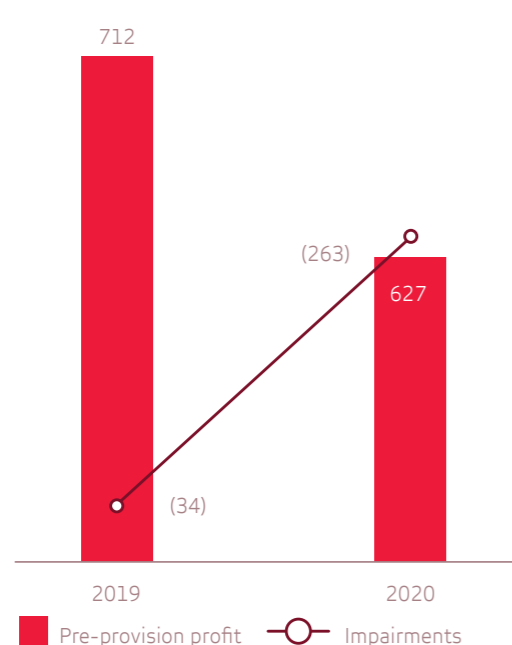
↑ 11%

Revenue by segment (percentage %)

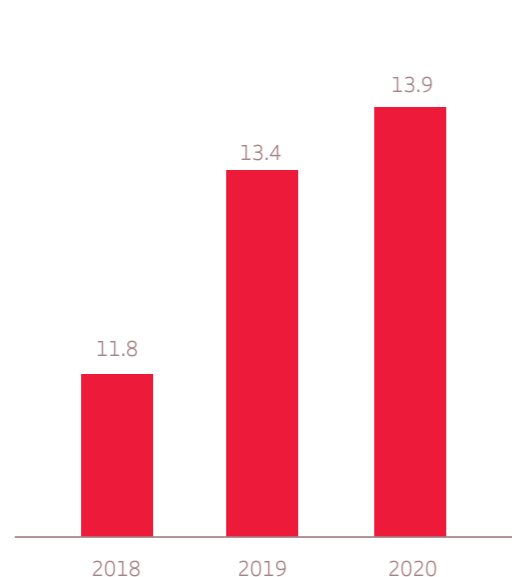
26 Corporate Investment Banking
74 Retail & Business Banking



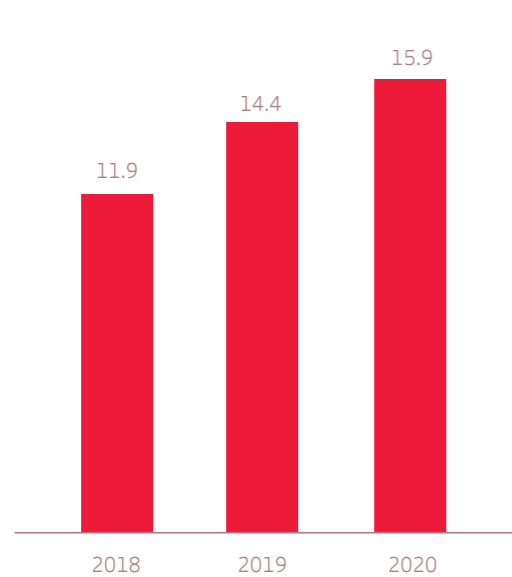
Profit before provisions (P' million)



Loans and advances (P' billion)



Customer deposits (P' billion)



Economic outlook

Global and Sub Saharan Africa outlook

The year 2020 was very challenging given the unprecedented and unpredictable healthcare shock that resulted in a record large global recession. Global GDP growth is projected to have contracted by 3.5% in 2020 and is forecast to expand with a sharp yet uneven recovery which will see output rise by 5.5% in 2021 (International Monetary Fund (IMF) forecasts). The strength of the recovery is expected to vary significantly across countries, depending on access to medical interventions, effectiveness of policy support and exposure to cross-country spillovers. Despite the overall positive picture for 2021, there are significant downside risks such as the growing Covid-19 infections and the new variants of the virus. Inflation risks are also elevated more so that base effects will kick in over the course of the year and rising commodity prices could lead to higher inflationary pressures.

Sustaining Sub-Saharan Africa's (SSA) economic growth amid an urgent need for fiscal consolidation to reduce debt vulnerabilities requires a delicate balancing act.

Given bloated fiscal deficits and growing debt burdens, several markets are focusing on containing spending and increasing revenues to reduce the vulnerabilities. Rising commodity prices, favorable weather conditions, multilateral and bilateral assistance, ample monetary and fiscal support and a buoyant appetite for emerging markets debt bode well for the medium- to longer-term growth outlook. Nevertheless, the recovery is not without risk as there are concerns about further waves of the virus, delays in vaccine rollout, difficulty in getting timely financial support, commodity rally running out of steam and large fiscal constraints. The IMF expects SSA to have contracted by 2.6% in 2020 and is forecast to expand by 3.2% in 2021 and 3.9% in 2022.

Domestic economy

We expect overall output to have contracted by 8.2% in 2020. It was a difficult year for an economy too reliant on diamonds, with data showing that rough diamond exports fell significantly as global trade was impacted by the pandemic; domestic virus containment measures further affected economic output. However, Q3 2020 real GDP data shows that the deterioration in economic activity has slowed, with the economy contracting only 6% year on year against the significantly larger contraction of 24%

in Q2 2020. Mining output fell 15.2% year on year in Q3 2020, albeit significantly less than -60.5% recorded in Q2 2020. Low export earnings have manifested into balance of payments and fiscal deficits, and the drawdown of the foreign exchange reserves and government savings.

Botswana's medium-term outlook remains challenging given ongoing concerns about the global outlook. However, we expect the economy to return to positive growth in 2021 expanding by 6.8%. An improved global demand for diamonds, accommodative monetary conditions and the government's Economic Recovery and Transformation Plan (ERTP) will support economic growth in the coming period.

Inflation and monetary policy

Inflation was below the lower bound of the central bank's medium-term objective range in 2020, averaging 1.9% for the year. Overall, price developments were in the context of subdued domestic demand resulting from the adverse effects of lockdowns occasioned by the outbreak and subsequent spread of Covid-19, restrained increase in personal incomes and modest increase in foreign prices. Inflation drivers include the anticipated increase in domestic demand in response to the overall accommodative monetary conditions and implementation

Condensed consolidated statement of comprehensive income

For the year ended 31 December 2020

	Year ended 31 Dec 2020 P'000	Year ended 31 Dec 2019 P'000	% Change
Effective interest income	1 342 663	1 338 879	0
Effective interest expense	(287 660)	(278 344)	3
Net interest income	1 055 003	1 060 535	-1
Fee and commission income	488 543	477 842	2
Fee and commission expense	(109 999)	(90 462)	22
Net fee and commission income	378 544	387 380	-2
Net trading and investing income	138 630	166 892	-17
Other income	3 412	17 066	-80
Total income	1 575 589	1 631 873	-3
Expected credit losses	(263 235)	(34 023)	674
Net operating income	1 312 354	1 597 850	-18
Staff costs	(479 573)	(463 728)	3
Infrastructure costs	(128 926)	(115 782)	11
Administration and general expenses	(339 912)	(340 768)	0
Operating expenses	(948 411)	(920 278)	3
Profit before tax	363 943	677 572	-46
Taxation	(67 197)	(156 964)	-57
Profit for the period	296 746	520 608	-43
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Movement in Financial assets at fair value through OCI			
Fair value gains/ (losses)	(15 546)	3 991	-490
Deferred tax	3 420	(878)	-490
	(12 126)	3 113	-490
Total other comprehensive income/(loss) for the period net of tax	(12 126)	3 113	-490
Total comprehensive income for the period net of tax	284 620	523 721	-46
Earnings per share			
Basic and diluted (thebe per share)	34.82	61.09	-43
Headline earnings per share			
Basic and diluted (thebe per share)	34.82	61.09	-43

Condensed consolidated statement of financial position

As at 31 December 2020

	Year ended 31 Dec 2020 P'000	Year ended 31 Dec 2019 P'000	% Change
Assets			
Cash	645 784	529 450	22
Balances at the Central Bank	775 787	890 439	-13
Trading portfolio assets	212 332	-	-
Derivative financial instruments	48 430	48 769	-1
Financial assets at fair value through OCI	2 042 225	2 251 097	-9
Loans and advances to banks	1 010 533	1 059 520	-5
Due from related companies	1 404 496	191 990	632
Loans and advances to customers	13 904 310	13 362 427	4
Other receivables	152 775	220 239	-31
Property, plant and equipment	252 083	197 635	28
Intangible assets	2 717	817	233
Deferred tax assets	110 635	69 576	59
Current tax asset	5 762	-	0
Total assets	20 567 869	18 821 959	9
Equity and liabilities			
Liabilities			
Deposits from banks	553 623	302 972	83
Due to related companies	350 958	575 824	-39
Customer deposits	15 903 147	14 377 542	11
Derivative financial instruments	42 396	36 074	18
Other payables	375 858	557 412	-33
Provisions	37 828	35 412	7
Current tax payable	-	4 568	-100
Debt securities in issue	394 192	350 673	12
Subordinated debt	574 476	358 816	60
Total liabilities	18 232 478	16 599 293	10
Shareholders' equity			
Stated capital	17 108	17 108	0
General risk reserves	118 347	118 347	0
Fair value reserves	(9 753)	2 373	-511
Share-based payment reserve	1 120	3 323	-66
Share capital reserve	2 060	2 060	0
Retained income	2 206 509	2 079 455	6
Total equity attributable to equity holders	2 335 391	2 222 666	5
Total equity and liabilities	20 567 869	18 821 959	9

Condensed consolidated statement of changes in equity

for the year ended 31 December 2020

	Stated capital P'000	General risk reserve P'000	FVOCI investment revaluation reserve P'000	Share-based payment reserve P'000	Retained earnings P'000	Share capital reserve P'000	Total equity attributable to shareholders P'000
Balance at 1 January 2019	17 108	118 347	(740)	3 148	1 853 969	2 060	1 993 892
Increase/ (decrease) resulting from adoption of IFRS 16	-	-	-	-	(1 102)	-	(1 102)
Profit for the year	-	-	-	-	520 608	-	520 608
Other comprehensive income for the year	-	-	3 113	-	-	-	3 113
Total comprehensive income for the year	-	-	3 113	-	520 608	-	523 721
Dividends paid	-	-	-	-	(299 995)	-	(299 995)
Recognition of share based payments	-	-	-	175	-	-	175
Transfers from/(to) retained earnings	-	-	-	-	5 975	-	5 975
Total transactions with owners	-	-	-	175	(294 020)	-	(293 845)
Balance at 31 December 2019	17 108	118 347	2 373	3 323	2 079 455	2 060	2 222 666
Balance at 1 January 2020	17 108	118 347	2 373	3 323	2 079 455	2 060	2 222 666
Profit for the year	-	-	-	-	296 746	-	296 746
Other comprehensive income for the year	-	-	(12 126)	-	-	-	(12 126)
Total comprehensive income for the year	-	-	(12 126)	-	296 746	-	284 620
Dividends paid	-	-	-	-	(213 040)	-	(213 040)
Recognition of share based payments	-	-	-	(2 203)	-	-	(2 203)
Transfers from/(to) retained earnings	-	-	-	-	43 348	-	43 348
Total transactions with owners	-	-	-	(2 203)	(169 692)	-	(171 895)
Balance at 31 December 2020	17 108	118 347	(9 753)	1 120	2 206 509	2 060	2 335 391



Absa Bank Botswana Limited

Condensed results of the audited consolidated financial statements For the year ended 31 December 2020

of the ETRP by Government; the envisaged increase in value added tax (VAT); the likely increase in international commodity prices; as well as rising food and fuel costs along with base effects. We expect inflation to average 3.5% in 2021 and monetary policy to continue to support the economic recovery throughout the year, with no policy rate hikes likely despite our expectation that headline inflation may drift higher.

Market outlook

We do not expect much change in Foreign Exchange (FX) policy in the near term given the uncertain external environment. For now, the Monetary policy committee have decided to maintain the 2.87% downward rate of crawl in 2021 and leave the Pula pegged to a basket of currencies comprising the South African Rand (ZAR) (45.0% of the basket) and the IMF's Special Drawing Rights (55.0%). FX reserves declined sharply to USD5.3 billion by the end of 2020 from USD6.3 billion at the

start of the year. The Pula will likely see increased weakness in line with the ZAR, and we do not expect too much divergence between the currencies against the USD. We expect the USD/ZAR at 16.25 by year-end and we expect USD/BWP at 12.00.

Financial performance

On the back of very tough trading and operating environment, we are proud of our response to the Covid-19 pandemic and the operational and financial resilience of the business. Our people delivered exceptional support for our customers and clients under very challenging circumstances. At the onset of the Covid-19 crisis, our immediate priority was to keep both our colleagues and customers safe and healthy. Our priority also went to ensuring both sustainability and preservation of livelihoods for our customers and communities in which we operate in.

As a bank we were deliberate and resolute in terms of how we wanted to support our customers during these challenging times. To this end we offered our customers considerable support through extension of credit relief programs, mainly in the form of payment holidays and or loan restructures. This support was given on a loan book size in excess of P1.6 billion to over 1,000 customers.

The need to comply with safety protocols provided us with an opportunity to ramp up on digitalization drive and bringing convenience to our customers. We enabled our digital platforms for use to our customers while giving sizeable discounts on transactional fees at the same time.

This resulted in 34% uptick on digital platform usage for the year under review. We also saw a 7% increase in our total number of customer year on year.

Statement of comprehensive income

Our total revenue line showed resilience registering a year-on-year decline of 3%. Amidst margin compression due to interest rate cuts our net interest income declined by 1% compared to December 2019. We have recorded a 10bps improvement in our cost of funding year on year and this impacted net interest income positively.

Fee and commission income was deeply affected by the Covid-19 containment measures which hampered the ease of doing business. Transactional volumes fell, trading margins were squeezed further on the back of subdued economic activities. Net fee and commission income closed 2% down compared to same period last year.

Expected credit losses increased significantly, exceeding our combined expected credit losses over the past 3 years. The negative downturn of macro-

economic variables predominantly GDP coupled with significant increase in credit risk across our portfolios required us to prudently recognize impairment provisions. At a total charge of P263M and 674% growth year on year, credit impairments remain the biggest driver of the decline in our profitability for the current year.

Our operating costs were well contained with the business achieving a cost to income (CIR) ratio of 60%. Costs increased by 3% year-on-year largely from incremental spend to achieve the separation process from Barclays Plc together with launching the new brand in February 2020. During the period under review we also incurred once-off costs of P25 million in relation to an employee voluntary exit scheme.

Profitability for the period remains subdued showing a 46% decline compared to previous reporting period.

Statement of financial position

Our total balance sheet grew 9% year on year exceeding the P20 billion mark. Gross customer loans and advances to customers grew by 4% year-on-year to P14.5 billion from P13.8 billion. The growth in loans was realised across all business segments as we continue to focus on client penetration and acquisition to drive up our volumes.

Customer deposits increased by 11% year-on-year to P15.9 billion from P14.4 billion driven by growth across our business segments. This growth was realized through the uptake of our superior product offering by our customers.

Our balance sheet position remains solid, with strong liquidity and capital adequacy levels. Our regulatory capital position stood at P2.9 billion representing a ratio of 18% against the regulatory limit of 12.5%. Our liquid assets ratio stands at 15.8% against a regulatory threshold of 10%.

Condensed consolidated statement of cash flows

For the year ended 31 Dec 2020

	31 Dec 2020 P'000	31 Dec 2019 P'000
Cash flows from operating activities		
Cash used in operations	(535 463)	(1 71 987)
Net increase in loans and advances to customers	(697 781)	(1 532 808)
Interest received	1 287 801	1 283 991
Interest paid	(283 280)	(278 344)
Income taxes paid net of refunds	(115 472)	(157 792)
Increase in deposits due to customers	1 522 860	2 522 922
Increase in amounts due from related parties	(33 552)	(20 099)
(Decrease)/increase in deposits due to other banks	250 651	(55 000)
(Decrease)/increase in amounts due to related parties	(180 306)	(907 367)
Increase/(decrease) in statutory reserve with the Central Bank	388 496	(94 398)
(Increase)/decrease in derivative financial instruments	3 050	(5 965)
Net cash generated used in operating activities	1 607 004	583 153
Cash flows from investing activities		
Payments for property, plant and equipment	(69 502)	(42 481)
Proceeds from disposal of property, plant and equipment	48	15 091
Payments for intangible assets	(2 552)	-
Decrease in long term financial instruments held at FVOCI	(606 432)	(316 238)
Purchase of trading portfolio assets	(710 232)	513
Disposal of trading portfolio assets	497 400	-
Net cash used in investing activities	(891 270)	(343 115)
Cash flows from financing activities		
Dividends paid to shareholders	(169 693)	(299 995)
Issuance of debt securities	131 000	94 200
Redemption of debt securities	(88 000)	(278 800)
Proceeds from subordinated debt	215 660	-
Payment of lease liabilities	(28 211)	(49 935)
Net cash used in financing activities	60 756	(534 530)
Net decrease in cash and cash equivalents	776 490	(294 492)
Cash and cash equivalents at the beginning of the year	3 815 626	4 110 118
Cash and cash equivalents at the end of the year	4 592 116	3 815 626

Segment performance

For the year ended 31 Dec 2020

Statement of financial position	Retail & Business Banking P'000	Corporate & Investment Banking P'000	Other P'000	Total P'000
2020				
Assets				
Derivative financial instruments	-	48 430	-	48 430
Fair value through OCI	2 042 225	-	-	2 042 225
Loans and advances to customers	10 098 810	3 805 500	-	13 904 310
Trading portfolio assets	-	212 332	-	212 332
Other assets	-	-	4 360 572	4 360 572
Total	12 141 035	4 066 262	4 360 572	20 567 869
Liabilities				
Customer accounts	9 079 250	6 823 897	-	15 903 147
Derivative financial instruments	-	42 396	-	42 396
Debt securities in issue	394 192	-	-	394 192
Subordinated debt	574 476	-	-	574 476
Other liabilities	-	-	1 318 267	1 318 267
Total	10 047 918	6 866 293	1 318 267	18 232 478

Statement of financial position	Retail & Business Banking P'000	Corporate & Investment Banking P'000	Other P'000	Total P'000
2019				
Assets				
Derivative financial instruments	-	48 769	-	48 769
Fair value through OCI	2 251 097	-	-	2 251 097
Loans and advances to customers	9 175 457	4 186 970	-	13 362 427
Other assets	-	-	3 159 666	3 159 666
Total	11 426 554	4 235 739	3 159 666	18 821 959
Liabilities				
Customer accounts	5 544 337	8 833 205	-	14 377 542
Derivative financial instruments	-	36 074	-	36 074
Debt securities in issue	350 673	-	-	350 673
Subordinated debt	358 816	-	-	358 816
Other liabilities	-	-	1 476 188	1 476 188
Total	6 253 826	8 869 279	1 476 188	16 599 293

Segment performance

For the year ended 31 Dec 2020

Statement of comprehensive income	Retail & Business Banking P'000	Corporate and Investment Banking P'000	Barclays PLC Transitional Costs P'000	Consolidated P'000
2020				
Net interest income	801 054	253 949	-	1 055 003
Net fee and commission income	337 889	40 655	-	378 544
Net trading income and other income	28 405	113 637	-	142 042
Total income	1 167 348	408 241	-	1 575 589
Expected credit losses	(220 718)	(42 517)	-	(263 235)
Net operating income	946 630	365 724	-	1 312 354
Operating expenses	(666 538)	(135 556)	(83 923)	(886 017)
Depreciation of PPE and right of use asset	(60 842)	(900)	-	(61 742)
Amortisation of intangible assets	(652)	-	-	(652)
Total expenses	(728 032)	(136 456)	(83 923)	(948 411)
Profit before tax	218 598	229 268	(83 923)	363 943
Taxation	(60 278)	(25 382)	18 463	(67 197)
Profit for the year	158 320	203 886	(65 460)	296 746

Statement of comprehensive income	Retail & Business Banking P'000	Corporate and Investment Banking P'000	Barclays PLC Transitional Costs P'000	Consolidated P'000
2019				
Net interest income	778 226	282 309	-	1 060 535
Net fee and commission income	344 133	43 247	-	387 380
Net trading income and other income	52 072	131 886	-	183 958
Total income	1 174 431	457 442	-	1 631 873
Expected Credit Losses	(80 171)	46 148	-	(34 023)
Operating expenses	(601 275)	(177 080)	(83 001)	(861 356)
Depreciation of PPE and right of use asset	(57 597)	(1 004)	-	(58 601)
Amortisation of intangible assets	(321)	-	-	(321)
Total operating expenses	(659 193)	(178 084)	(83 001)	(920 278)
Profit before tax	435 067	325 506	(83 001)	677 572
Taxation	(103 115)	(71 797)	17 948	(156 964)
Profit for the year	331 952	253 709	(65 053)	520 608

Notes to the condensed consolidated financial statements

for the year ended 31 December 2020

Accounting policies

1. Reporting entity and basis of accounting

Absa Bank Botswana Limited is a public company listed on the Botswana Stock Exchange and domiciled in Botswana. These condensed consolidated annual financial results for the year ended 31 December 2020 comprise the company and its wholly owned subsidiary Absa Insurance Services (together referred to as the 'Group'). The Bank is primarily involved in the provision of commercial retail and wholesale banking and auxiliary services. Absa Insurance Services Proprietary Limited (the "Company") is an insurance agent which earns fees from referral of Life and Non- Life insurance products.

The Group's condensed consolidated annual financial results have been prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards ("IFRS") interpretations issued by the IFRS Interpretations Committee ("IFRS-IC") Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council and the Botswana Stock Exchange Listings Requirement. They do not include all the information required for a complete set of annual financial statements. However selected explanatory notes are included to explain events and transactions that are significant to understanding the changes in the Group's financial position and performance since the last annual financial statements.

The accounting policies are the same as the last financial statements and there has not been any significant changes.

These condensed consolidated annual financial results were authorised for issue by the Company's Board of Directors on 26 March 2021.

2. Use of judgements and estimates

In preparing these condensed consolidated annual financial results management has made judgements estimates and assumptions that affect the application of

accounting policies and the reported amounts of the assets and liabilities income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the consolidated financial statements for the year ended 31 December 2020.

3. Profit before income tax

Profitability for the year has been significantly impacted by the outbreak of Covid-19 locally, regionally and globally which impacted transactional volumes and margins across all segments. Impairments also increased significantly due to a change in risk classification of customer portfolios on the back of increased credit default risk. Margin compression on interest income due to interest rate cuts and sluggish momentum of asset growth.

4. Contingent liabilities and commitments

There has been no significant change in the nature of contingent liabilities and commitments with off-balance sheet risk from those reported in the annual financial statements as at 31 December 2020.

	As at December 2020 P'000	As at December 2019 P'000
Undrawn commitments to customers	2 209 233	2 380 886
Letters of credit	31 999	28 591
Guarantees	210 043	216 793
Gross contingent liabilities	2 451 275	2 626 270
Expected credit losses	(12 598)	(5 040)
	2 438 677	2 621 230

5. Capital commitments

At 31 December 2020 the commitments for capital expenditure authorised and contracted for amounted to P2.7 million (31 December 2019: P17.2 million) and the commitments for capital expenditure authorised but not under contract for amounted to P32.4 million (31 December 2019: P14.1 million).

6. Related party transactions

There has been no significant change in the nature of related party transactions from those reported in the annual financial statements for the year ended 31 December 2020.

7. Independent auditors report

Our independent auditors Ernst & Young have audited the condensed consolidated annual financial statements of Absa Bank Botswana Limited and their audit opinion on the consolidated annual financial statements is available for inspection at the Bank's registered office.

5th Floor Building 4 Prime Plaza
Plot 74358 Central Business District
Gaborone

8. Events occurring after reporting date

A final dividend amounting to P176 million was declared on 26 March 2021 subject to regulatory approval.

There has been no changes in the estimates and judgment applied to determine the financial position at 31 December 2020. These have been included as part of the accounting policies of the Group. The estimates applied most specifically as they relate to the calculation of impairment of loans and advances were based on a range of forecast economic conditions as at that date.

The directors are not aware of any other events (as defined per IAS 10 events after the Reporting Period) after the reporting date of 31 December 2020 and the date of authorization of these condensed consolidated financial results.



Absa Bank Botswana Limited

Condensed results of the audited consolidated financial statements
For the year ended 31 December 2020

Retail Banking

The Covid-19 pandemic has challenged the way we work, do business and socially interact with our customers and colleagues. The new normal began with an uncomfortable feeling of change and anxiety of what the future holds. We have accepted that change is inevitable hence the need to always find a way of getting things done. With the help of our sound business resilience measures, we have stood strong for our customers by rapidly adapting our strategies to address both the challenges and opportunities created by the crisis. We remained resilient in 2020 with a focus on Africanity- helping our customers find a way of getting things done.

As an organization, we have accelerated our digital investments in order to strengthen resilience and thrive in the future. The 34% growth in digital adoption and usage is an indication that customer preferences are growing towards self-service channels. This was on the back of launching various platforms such as the Absa Sky Branch which offers a wide range of services through the contact center including account maintenance/ amendments, loan and credit card applications and contactless payments. We also launched 'Abby', (Chat Baking) which allows customers to make enquiries and transact on WhatsApp, and other innovative user-friendly services. We launched an extensive Covid-19 payment relief plan for our customers who were negatively impacted by the pandemic as well as a 3 month discount on our digital platforms in order to facilitate banking at the customers comfort and convenience. Our customers are also able to request for personal loan top ups via our Internet Banking platform and do not have to visit the branch for this request. This is a further testament that our customers are increasingly inclined towards digital platforms. Furthermore, to support the resumption of economic activities of the informal sector post Covid-19 repercussions, the Retail segment in partnership with Citizen Entrepreneurial Development Agency (CEDA) Lethabile programme introduced Remmogo Current Account to the beneficiaries of the Informal Sector Stimulation Programme (ISSP).

Business Banking

Business Banking has continued with its focus on the key chosen priority sectors of Agriculture and Corporate & Investment Banking value chain to grow

the balance sheet and income statement momentum. The business continues to drive its Relationship Banking model and remains focused on enhanced product development and improving client service. We have entered into a Memorandum of Understanding (MOU) with Debswana to Drive the Citizen Economic Empowerment Program, Kamoso, which enables Small and Medium Enterprises (SMEs) to access their supply value chain as well as the Local Enterprise Authority (LEA) and Tokafala program which assists with the Capacity building & mentoring of the SMEs. A total of 526 SMEs were trained as part of Entrepreneurship and Enterprise Development programs.

The Business Banking segment will continue with its momentum to promote the usage of the digital platforms to enable ease of doing business through the usage of the Business Internet Banking, Absa Access, Novo FX, E- Commerce and others to move businesses away from the branches given the Covid-19 pandemic. We will continue to review our chosen sectors and take the necessary actions to assist our clients through the Covid-19 pandemic and beyond.

Corporate and Investment Banking (CIB)

The challenging economic environment affected business activity in 2020. The national lockdowns and movement restrictions required a number of significant manufacturing companies and retail businesses to close or reduce their activities, which has dreadfully slowed down the local economy. As with other business segments CIB intensified the digital drive within their customers further enabling this adoption through offering discounts on electronic channel fees aimed at providing some relief to clients to navigate through the challenges brought about by the Covid-19 pandemic.

Absa Bank Botswana was named "Best Investment Bank" for the third consecutive year by the Europe, Middle East and Africa (EMEA) Banking African Finance Award. This award recognizes the demonstrable success of our efforts to consistently find new ways to help our clients access debt and equity capital they need to grow against the highly challenging backdrop of Covid-19. The award also recognizes the success of our long-standing client relationships, and efforts to contribute to the development of Botswana.

The economic outlook for 2021 remains highly uncertain with the massive economic disruption caused by the lockdowns and curfews across both the local, regional and global economies necessitated by the health crisis. Focus remains on differentiating ourselves through structuring the right banking solutions and customer centric transactional banking solutions that focuses on providing a positive customer experience.

Citizenship

Whilst our Citizenship Agenda and our ambition to continue to play a Shaping Role in Society remains a priority, we have had to align our activities to address the challenges created by the pandemic. Our priority has therefore been to support the efforts of our government with a donation of P 1.5 million into the Covid-19 Relief Fund. In addition, a donation of 10,000 masks for children and 3,000 masks for teachers was made to the Ministry of Basic Education.

Majority of our F.G. Mogae scholarship recipients will be graduating in 2021. The students are studying at the University of Botswana, Botswana Accountancy College, Botswana University of Agriculture and Natural Resources and Botswana International University of Science and Technology.

The young recipients of the Nelson Mandela Scholarship Fund joined us for their second internship in 2020.

The Madi Majwana Tour took place in the early part of the year, where Maitisong visited schools to run financial literacy sessions with students. A total of fourteen schools were visited and 5,000 students and their teachers engaged.

Our ReadytoWork online learning program remains critical to our Citizenship mandate and is available for individuals who are transitioning from school to the world of work. ReadytoWork has two learning pathways including employability and entrepreneurship. The program has been embedded into the United States Agency for International Development (USAID) funded DREAMS program and impacted over 4,000 adolescents and youth in this reporting period.

We continued to host thought leadership webinars aimed at driving issues important to our customers and communities' development and growth.

Sponsorships

Our sponsorship of the Botswana Football Association was launched in 2019 and amounted to P 7.6 million pula over a period of two years ending 2020. This includes a Corporate Social Investment component that will provide 200 schools with indestructible soccer balls, soccer coaching and life skills sessions.

Looking ahead

We have refreshed our medium-term strategy taking into consideration the macroeconomic factors and impact of Covid-19 on our business, customers and the communities that we operate in. We will pursue growth selectively and defend our market share in our chosen industry sectors across our segments. We aim to accelerate our digital strategy which will cut across internal and customer processes and platforms. We will lead with purpose, focusing on helping our customers, clients and communities get things done. Technology enablement and our newly launched brand will be the core enablers of our strategy. An investment in our employees and customer's safety and wellness remains key as we navigate through the pandemic and ensure compliance with the Government and internally set Covid-19 protocol.

Dividend

Absa Bank Botswana Limited Board resolved to approve a differentiated final dividend as set out below.

Minority shareholders will receive a final dividend of 26.499 thebe per share; and Absa Group Limited (AGL) will receive a final dividend of 17.799 thebe per share.

Absa Group Limited (being the majority shareholder) has immunized the minorities from the impact of separation costs incurred in 2020 and to this effect waived a portion of their dividend.

The above was declared on 26 March 2021 and subject to regulatory approval, will be payable on 20 May 2021 to those shareholders registered at the close of business on 10 May 2021, with an ex-dividend date of 6 May 2021. In accordance with the Republic of Botswana Income Tax (Cap 52:01), as amended, applicable withholding tax will be deducted from the gross dividend by Absa Bank Botswana Limited.

Alfred M. Dube
Interim Board Chairman

Keabetswe Phoko-Moshagane
Managing Director

Condensed consolidated statement of financial position

As at 31 December 2020

IFRS View year ended 31-Dec-20 P'000	Barclays separation costs		Normalised view year ended 31-Dec-20 P'000
	31-Dec-20 P'000	31-Dec-20 P'000	
Assets			
Cash	645 784	-	645 784
Balances at the Central Bank	775 787	-	775 787
Trading portfolio assets	212 332	-	212 332
Derivative financial instruments	48 430	-	48 430
Financial assets at fair value through OCI	2 042 225	-	2 042 225
Loans and advances to banks	1 010 533	-	1 010 533
Due from related companies	1 404 496	(7 149)	1 397 347
Loans and advances to customers	13 904 310	-	13 904 310
Other receivables	152 775	(196)	152 579
Property, plant and equipment	252 083	1 152	253 235
Intangible assets	2 717	-	2 717
Deferred tax assets	110 635	-	110 635
Current tax asset	5 762	3 025	8 787
Total assets	20 567 869	(3 168)	20 564 701
Equity and liabilities			
Liabilities			
Deposits from banks	553 623	-	553 623
Due to related companies	350 958	-	350 958
Customer deposits	15 903 147	-	15 903 147
Derivative financial instruments	42 396	-	42 396
Other payables	375 858	61 502	437 360
Provisions	37 828	511	38 339
Debt securities in issue	394 192	-	394 192
Subordinated debt	574 476	-	574 476
Total liabilities	18 232 478	62 013	18 294 491
Stated capital	17 108	-	17 108
General risk reserves	118 347	-	118 347
Fair value reserves	(9 753)	-	(9 753)
Share-based payment reserve	1 120	-	1 120
Share capital reserve	2 060	-	2 060
Retained income	2 206 509	(65 181)	2 141 328
Total equity attributable to equity holders	2 335 391	(65 181)	2 270 210
Total equity and liabilities	20 567 869	(3 168)	20 564 701

Condensed consolidated statement of financial position

As at 31 December 2019

IFRS View year ended 31-Dec-20 P'000	Barclays separation costs		Normalised view year ended 31-Dec-20 P'000
	31-Dec-20 P'000	31-Dec-20 P'000	
Assets			
Cash	529 450	-	529 450
Balances at the Central Bank	890 439	-	890 439
Derivative financial instruments	48 769	-	48 769
Financial assets at fair value through OCI	2 251 097	-	2 251 097
Loans and advances to banks	1 059 520	-	1 059 520
Due from related companies	191 990	23 803	215 793
Loans and advances to customers	13 362 427	-	13 362 427
Other receivables	220 239	(1 124)	219 115
Property, plant and equipment	197 635	(5 496)	192 139
Intangible assets	817	-	817
Deferred tax assets	69 576	-	69 576
Total assets	18 821 959	17 183	18 839 142
Equity and liabilities			
Liabilities			
Deposits from banks	302 972	-	302 972
Due to related companies	575 824	(25 951)	549 873
Customer deposits	14 377 542	-	14 377 542
Derivative financial instruments	36 074	-	36 074
Other payables	557 412	(26 144)	531 268
Provisions	35 412	(681)	34 731
Current tax payable	4 568	4 905	9 473
Debt securities in issue	350 673	-	350 673
Subordinated debt	358 816	-	358 816
Total liabilities	16 599 293	(47 871)	16 551 422
Stated capital	17 108	-	17 108
General risk reserves	118 347	-	118 347
Fair value reserves	2 373	-	2 373
Share-based payment reserve	3 323	-	3 323
Share capital reserve	2 060	-	2 060
Retained income	2 079 455	65 054	2 144 509
Total equity attributable to equity holders	2 222 666	65 054	2 287 720
Total equity and liabilities	18 821 959	17 183	18 839 142

IFRS View year ended 31-Dec-20 P'000	Barclays separation costs		Normalised view year ended 31-Dec-20 P'000
	31-Dec-20 P'000	31-Dec-20 P'000	

Effective interest income	1 342 663	-	1 342 663
Effective interest expense	(287 660)	-	(287 660)
Net interest income	1 055 003	-	1 055 003
Fee and commission income	488 543	-	488 543
Fee and commission expense	(109 999)	-	(109 999)
Net fee and commission income	378 544	-	378 544
Net trading and investing income	138 630	-	138 630
Other income	3 412	-	3 412
Total income	1 575 589	-	1 575 589
Expected credit losses/ Impairment losses	(263 235)	-	(263 235)
Net operation income	1 312 354	-	1 312 354
Staff costs	(479 573)	-	(479 573)
Infrastructure costs	(128 926)	-	(128 926)
Administration and general expenses	(339 912)	(83 923)	(255 989)
Operating expenses	(948 411)	(83 923)	(864 488)
Profit before tax	363 943	(83 923)	447 866
Taxation	(67 197)	18 742	(85 939)
Profit for the year	296 746	(65 181)	361 927
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Movement in financial assets at fair value through OCI			
Fair value losses	(15 546)	-	(15 546)
Deferred tax	3 420	-	3 420
	(12 126)	-	(12 126)
Total other comprehensive income/(loss) for the year net of tax	(12 126)	-	(12 126)
Total comprehensive income for the year net of tax	284 620	(65 181)	349 801
Earnings per share			
Basic and diluted (thebe per share)	34.82	(7.65)	42.47

IFRS View year ended 31-Dec-19 P'000	Barclays separation costs		Normalised view year ended 31-Dec-19 P'000
	31-Dec-19 P'000	31-Dec-19 P'000	

Effective interest income	1 338 879	-	1 338 879
Effective interest expense	(278 344)	-	(278 344)
Net interest income	1 060 535	-	1 060 535
Fee and commission income	477 842	-	477 842
Fee and commission expense	(90 462)	-	(90 462)
Net fee and commission income	387 380	-	387 380
Net trading and investing income	166 892	-	166 892
Other income	17 066	-	17 066
Total income	1 631 873	-	1 631 873
Expected credit losses/ Impairment losses	(34 023)	-	(34 023)
Net operation income	1 597 850	-	1 597 850
Staff costs	(463 728)	-	(463 728)
Infrastructure costs	(115 782)	-	(115 782)
Administration and general expenses	(340 768)	(83 001)	(257 767)
Operating expenses	(920 278)	(83 001)	(837 277)
Profit before tax	677 572	(83 001)	760 573
Taxation	(156 964)	17 948	(174 912)
Profit for the year	520 608	(65 053)	585 661
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Movement in financial assets at fair value through OCI			
Fair value losses	3 991	-	3 991
Deferred tax	(878)	-	(878)
	3 113	-	3 113
Total other comprehensive income/(loss) for the year net of tax	3 113	-	3 113
Total comprehensive income for the year net of tax	523 721	(65 053)	588 774
Earnings per share			
Basic and diluted (thebe per share)	61.09	(7.63)	68.72