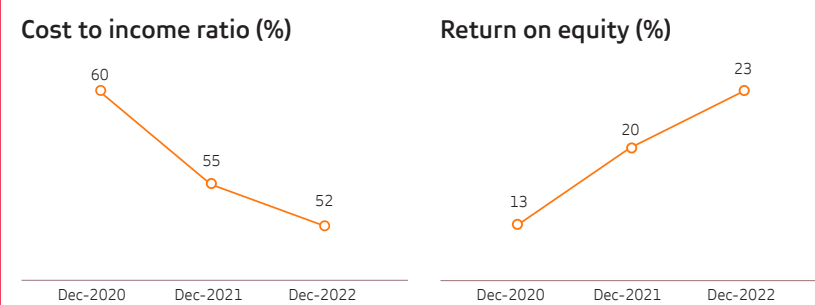
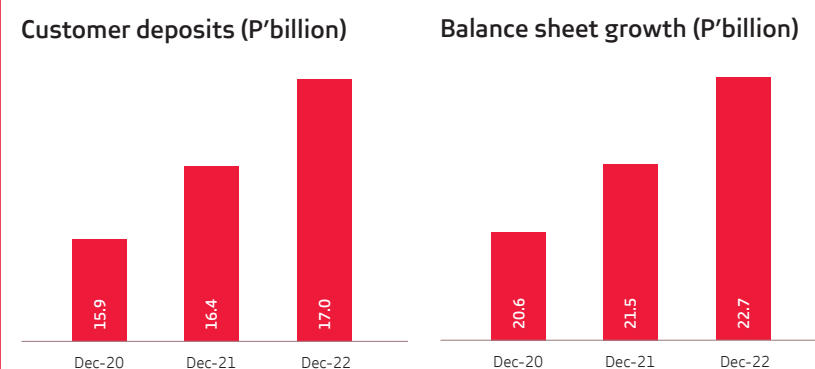
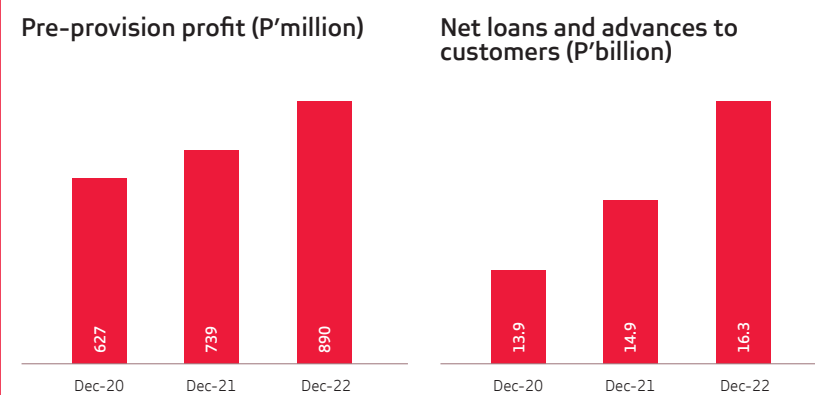
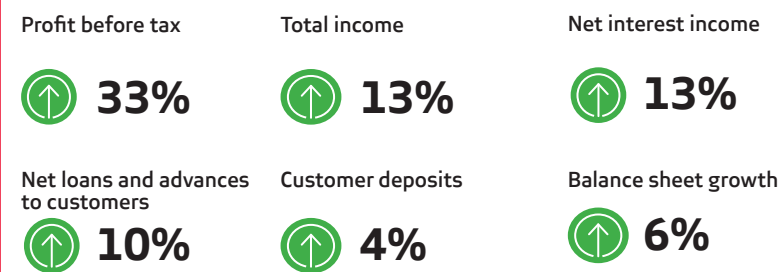




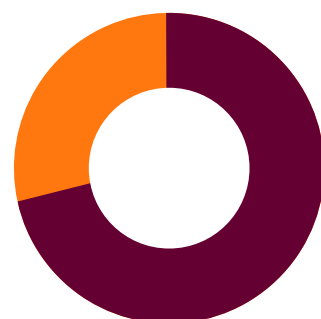
Absa Bank Botswana Limited

Condensed results of the audited consolidated financial statements
For the year ended 31 December 2022



Revenue by segment (%)

71 ■ Retail business banking
29 ■ Corporate investment banking
- ■ Islamic banking



Operating environment

Global and sub-Saharan Africa outlook

According to the International Monetary Fund, global growth decelerated from 6.2% in 2021 to 3.4% in 2022 and is projected to weaken further to 2.9% in 2023. The subdued economic performance was driven by a series of key headwinds related to the impact of the war in Ukraine, the cost-of-living crisis and global monetary tightening, persistently high energy prices and the slowdown in China. Energy and food markets were particularly disrupted, adding to broader supply chain pressures globally and pushing inflation to multi-decade highs in many countries. Global financial conditions tightened significantly through the year placing pressure on many categories of financial assets including emerging markets.

Despite higher inflation and lending rates, sub-Saharan Africa (SSA) economies performed better than expected in 2022 recording an estimated growth of 3.8%. Economic growth in the region was driven by policy support, resilient household spending, multilateral support, and improved tourism. However, we expect higher living costs and tightening financial conditions, fiscal stress, weaker commodity prices, adverse weather conditions and a subdued global backdrop to weigh on regional growth prospects in 2023. This will compound domestic challenges in key markets such as heightened power cuts in South Africa. The dwindling resilience could leave the economies significantly more vulnerable, with policy buffers constrained and rising debt sustainability as major concerns.

Botswana economic outlook

Botswana's economy performed strongly in 2022, which is impressive considering the multiyear high inflation rate and an increase in lending rates. Economic growth averaged 6.5% year on year in the first three quarters of the year, driven largely by the diamond, manufacturing, wholesale & retail trade,

information & communication, and public administration sectors. We estimate that economic growth will reach 6.1% for the full year 2022 receding from 11.4% recorded in 2021.

Inflation and monetary policy

Inflation remained above the Central Bank's medium-term objective range and averaged 12.2% in 2022 significantly higher than 6.7% average in 2021. Rising food and fuel prices lifted inflation to a 14-year high of 14.6% year on year in August 2022 and well outside the Bank of Botswana's (BoB) 3-6% target range. These developments have eroded real incomes, triggering cost of living increases, which especially impacts vulnerable groups. In effort to alleviate the impact of higher inflation on households, government introduced temporary measures one of which was to reduce the rate of Value Added tax (VAT) from 14% to 12%, for a period of six months. Rising inflation led to a tight monetary policy stance leading to the Central Bank increasing the Monetary policy rate (MoPR) by a cumulative 151 basis points in 2022.

Financial performance

The global, regional, and domestic environments remained very uncertain through 2022 which was evidenced by the volatility of the macro-economic variables. Although COVID-19 receded as an immediate threat to the local economy, global financial conditions tightened significantly through the year, placing pressure on consumers and businesses and the speed of execution for some of financial assets.

Competition remains heightened within the local market which added to the pressure from the economic and geopolitical performance pressures.

The operating environment remains challenging, but our performance has remained resilient with material improvements year on year on both our income statement and balance sheet.

Condensed consolidated statement of comprehensive income

For the year ended 31 December 2022

	Year ended 31 Dec 2022 P'000	Year ended 31 Dec 2021 P'000	% Change
Effective interest income	1 628 059	1 370 771	19%
Effective interest expense	(441 302)	(322 367)	37%
Net interest income	1 186 757	1 048 404	13%
Fee and commission income	590 272	538 367	10%
Fee and commission expense	(140 061)	(106 196)	32%
Net fee and commission income	450 211	432 171	4%
Net trading and investing income	213 580	164 513	30%
Other income	7 485	4 113	82%
Total income	1 858 033	1 649 201	13%
Expected credit losses	(10 422)	(79 475)	(87%)
Net operation income	1 847 611	1 569 726	18%
Staff costs	(471 887)	(445 966)	6%
Infrastructure costs	(163 210)	(142 618)	14%
Administration and general expenses	(332 492)	(321 835)	3%
Operating expenses	(967 589)	(910 419)	6%
Profit before tax	880 022	659 307	33%
Taxation	(207 942)	(156 715)	33%
Profit for the year	672 080	502 592	34%
Other comprehensive income (OCI)			
Items that may be reclassified subsequently to profit or loss:			
Movement in financial assets at fair value through OCI			
Fair value losses arising during the reporting period	(5 728)	(15 315)	(63%)
Deferred tax	1 260	2 762	(54%)
	(4 468)	(12 553)	(64%)
Total other comprehensive income for the year net of tax	(4 468)	(12 553)	(64%)
Total comprehensive income for the year net of tax	667 612	490 039	36%
Earnings per share			
Basic and diluted (thebe per share)	78.87	58.98	34%



Absa Bank Botswana Limited

Condensed results of the audited consolidated financial statements
For the year ended 31 December 2022

Statement of comprehensive income

Our statement of comprehensive income has posted a balanced performance, with all material components contributing to the overall year on year growth.

Absa Bank Botswana has achieved growth in profit before tax growth of 33% year on year. This performance pulled from all key lines being revenue, costs and expected credit losses.

For the year under review, total revenue has grown 13%.

Net interest income grew 13% year on year due to growth in our financial assets together with the increase in policy rates both locally and internationally. The local policy rates increased by 151 basis points in the current year, and we noted other regulatory authorities like the Federal Reserve Bank / South Africa Reserve Bank continue to hike rates to curb the surge in inflation. The compound of this being an improved return on both our portfolio assets and customer loans performance. Gross Interest income grew 19% year on year.

Due to consumer stress caused by the pressure of inflation and delayed conversions due to supply chain disruptions, we observed significant increase in the cost of deposits. Our interest expense materially increased year on year by 37%.

Our strategic intent to drive fee income has paid off as noted on our net fee and commission income line growing by 4% for the year ending 31 December 2022.

On aggregate our gross fee income grew by 10% year on year. This performance was backed by the significant recoveries in our sales and trading portfolio due to a significant improvement in transactional volumes as well as product uptake post the COVID-19 slump. The digital strategy has also borne much fruit and improved the performance of fee income.

Expected credit losses experienced a significant improvement of 87% as compared to prior year.

This is owing to the prudent approach that we took in 2020 in response to significant stresses we forecasted due to impacts of COVID-19. Some of the COVID-19 forecasted risks were averted and the impact on ones that materialized were cushioned by the credit mitigants strategies we had in place.

During the current year, performance of expected credit losses was also enhanced by the stability of our portfolio performance, pro-active risk management and collection strategies and an improvement in macro-economic variables which are a significant contributor to our impairment modelling process.

Operational efficiencies and returning value to our shareholders remains an area of key strategic focus.

During the current year, our operational costs remained well contained with on overall total increase of 6% year on year despite the significant challenges in inflation and the rising costs of doing business.

This performance has improved our cost to income ratio to 52% as opposed to 55% in the previous year. The reduction was as a result of strong cost containment strategies coupled with benefits realized from technology investment deployed in the current and previous years.

Statement of financial position

Our balance sheet remains solid and on an upward trajectory, with a total financial position in excess of P22.7 billion. We have grown our balance sheet by 6% and have maintained the structural composition intact year on year with adequate capital levels to support future growth.

Net customer loans and advances grew by 10% year on year mainly driven by growth opportunities in our RBB segment. Despite the economic challenges we have noted an improvement in loan uptake across our franchisees as businesses are now pursuing their expansion strategies post COVID-19 and customers remain optimistic with an improved appetite for credit facilities.

Our customer deposits remained resilient in the current year, growing 4% year on year amidst economic pressure on the consumers and increased market liability rates.

The annual increase in customer deposits was as a result of our active client acquisition and penetration strategies which enabled us to bank the needs of our customers and grow our deposit base. The overall market liquidity remains quite subdued due to competing needs for funding across different sectors and funds deployment to build business momentum post COVID-19.

For the year ended 31 December 2022, we closed with a strong regulatory capital position of P3.7 billion and a capital adequacy ratio of 22% and adequate liquidity levels with a liquid asset ratio of 15%. Both these metrics are above regulatory requirements of 12.5% and 10% respectively.

Corporate and Investment Banking (CIB)

Our performance in 2022 is largely owed to the confidence clients continue to have on our ability to avail seamless banking and to introduce market relevant services and solutions. Corporate and Investment Banking introduced new products such as Unsecured Bid Bonds to align to the ever-changing corporate landscape in Botswana and ensure we remain a preferred Banking partner - We are also proud to have introduced our Islamic Banking proposition in line with our value of customer obsession and diversity and inclusion.

Our customer asset balances grew to P4.27bn, representing an 8.6% growth largely driven by growth within our Commercial Property Finance and Trade and Working Capital lines. This demonstrated our ability to support customer loans in a period of constrained liquidity and rising cost of funds, ensuring support for our clients who took advantage of post pandemic growth opportunities. Provision of working capital facilities supported our clients through supply chain disruptions and increased costs of production due to the Russia-Ukraine conflict, allowing us to diversify our loans across short-and long-term lending. Botswana has

experienced notable rebounds in various key sectors that are key drivers of the economy, and this has led to a continuous highly competitive landscape.

In 2022, we continued to see liquidity squeeze and margin compression in our market, and we undertook deliberate efforts to attract the right deposit construct through various initiatives that delivered significant growth in our balance sheet. We must hasten to state that the emerging requirements for innovative payment and collection platforms gave us the opportunity to embed our digital agenda, while aligning our technology and platform infrastructure with a view of ensuring we provide sustainable future-fit solutions. Public Sector continues to drive partnerships by engaging financial Institutions to provide various funding solutions including funding packages especially to State Owned Entities to drive internal efficiencies. Post COVID-19 we saw an acceleration on the implementation of the deferred infrastructure projects mainly water, ICT, roads and energy. This provided an opportunity for us to support our clients to participate in various key projects. Mining continues to be a dominating sector to the GDP with various mines being established and our Corporate Business continues to be a key partner. Furthermore, credit lines were increased for sight holders. We saw the Financial Institutions & Non-Banking Financial Institution value proposition being anchored and being innovative through partnering with finance institutions for the growth of insurance services, micro-lending and private equity firms.

Our outlook remains positive, and hinges on our continued deliberate intent to provide superior operational service experience as a differentiating value proposition for corporate clients, enhancing our digital offering for efficient banking and creating incremental value to sub segments/ niche markets for the benefit of our valued clients.

Retail Banking

Our 2022 results are a clear demonstration that continued focus on our strategy to be the primary and go to transactional bank for our clients

Condensed consolidated statement of financial position

As at 31 December 2022

	Year ended 31 Dec 2022 P'000	Year ended 31 Dec 2021 P'000	% Change
Assets	668 813	640 880	4%
Cash	70 604	515 501	(86%)
Balances at the Central Bank	80 792	84 361	(4%)
Trading portfolio assets	129 992	27 981	365%
Derivative financial instruments	2 491 369	1 968 408	27%
Financial assets at fair value through OCI	1 519 259	1 183 600	28%
Loans and advances to banks	896 035	1 698 453	(47%)
Due from related companies	16 347 768	14 924 321	10%
Loans and advances to customers	204 333	121 345	68%
Other receivables	209 497	246 141	(15%)
Property plant and equipment	1 161	2 273	(49%)
Intangible assets	101 033	107 787	(6%)
Deferred tax assets	13 873	-	100%
Taxation refundable	22 734 529	21 521 051	6%
Total assets	22 734 529	21 521 051	6%
Equity and liabilities			
Liabilities			
Deposits from banks	902 902	793 730	14%
Due to related companies	197 642	317 530	(38%)
Customer deposits	17 004 832	16 399 553	4%
Derivative financial instruments	115 113	43 151	167%
Other payables	389 592	409 509	(5%)
Provisions	23 929	32 128	(26%)
Taxation payable	-	21 523	(100%)
Debt securities in issue	585 827	341 078	72%
Subordinated debt	612 976	593 443	3%
Total liabilities	19 832 813	18 951 645	5%
Shareholders' equity			
Stated capital	17 108	17 108	0%
General risk reserves	126 863	133 842	(5%)
Fair value reserves	(26 774)	(22 306)	20%
Share-based payment reserve	7 327	3 629	102%
Share capital reserve	2 060	2 060	0%
Retained income	2 775 132	2 435 073	14%
Total equity attributable to equity holders	2 901 716	2 569 406	13%
Total equity and liabilities	22 734 529	21 521 051	6%

Condensed consolidated statement of changes in equity

for the year ended 31 December 2022

	Stated capital P'000	General risk reserve P'000	FVOCI 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 2021	17 108	118 347	(9 753)	1 120	2 206 509	2 060	2 335 391
Profit for the period	-	-	-	-	502 592	-	502 592
Other comprehensive loss for the year	-	-	(12 553)	-	-	-	(12 553)
Total comprehensive income for the year	-	-	(12 553)	-	502 592	-	490 039
Dividends paid	-	-	-	-	(258 533)	-	(258 533)
Recognition of share based payments	-	-	-	2 509	-	-	2 509
Transfers from retained earnings	-	15 495	-	-	(15 495)	-	-
Total transactions with owners	-	15 495	-	2 509	(274 028)	-	(256 024)
Balance at 31 December 2021	17 108	133 842	(22 306)	3 629	2 435 073	2 060	2 569 406
Balance at 01 January 2022	17 108	133 842	(22 306)	3 629	2 435 073	2 060	2 569 406
Profit for the year	-	-	-	-	672 080	-	672 080
Other comprehensive income	-	-	(4 468)	-	-	-	(4 468)
Total comprehensive income	-	-	(4 468)	-	672 080	-	667 612
Payment of dividends	-	-	-	-	(339 000)	-	(339 000)
Recognition of share based payments	-	-	-	3 698	-	-	3 698
Transfers to retained earnings	-	(6 979)	-	-	6 979	-	-
Total transactions with owners	-	(6 979)	-	3 698	(332 021)	-	(335 302)
Balance at 31 December 2022	17 108	126 863	(26 774)	7 327	2 775 132	2 060	2 901 716



Absa Bank Botswana Limited

Condensed results of the audited consolidated financial statements For the year ended 31 December 2022

through the consistent delivery of relevant and innovative solutions remains critical in enabling the retail bank to remain resilient as it traverses the challenging socio-economic environment.

The performance of the retail bank was encouraging, with retail revenue continuing to be meaningful to overall bank performance.

This performance was driven by our continued journey of product and solutions innovation based on customer feedback and needs. We therefore launched the following propositions and product enhancements: Multi residential property financing for retail customers, making property investment easier for our customers; various partnerships across our acquiring, rewards, and premier propositions, including a partnership SCI Wealth Botswana to provide our customers with expert wealth creation and protection advisory services; water utilities self-service kiosks in the payments space and Agri-insurance product for our agriculture clients in our Bancassurance area. To partner with our clients as they save, we launched the Win A Moraka Campaign for both existing and new customers. We also took our youth banking proposition to the market in partnership with iBranch Youth Hub and engaged the youth through multiple university activations. We are therefore heartened by the positive response from the market as evidenced by the growth we have seen in customer numbers by 4.7% year on year.

To improve ease of access to banking services we enhanced our self-service channels by launching six digital suites in our branches, QR Code Cash Withdrawal on our ATMs, we partnered with Botswana Telecommunications and Orange Botswana to allow our customers free access to the Absa Bank Mobile App. We are pleased that our Digital Wallet, Spark by Absa was adopted by the market with over 50,000 clients signing up and a network of over 30 agents. Through this we have seen a 5% year on year growth in the number of customers utilizing our digital channels.

Looking ahead our focus will remain on being the primary partner for our clients through continued relentless execution on our customer centered strategy seeking to deliver client led innovative solutions. We will continue our journey of contributing to the growth and development of our communities as with community centered and inclusive offerings on the back of our recently launched Spark by Absa digital wallet and USSD proposition. We believe that digitalization is a key cornerstone for banking going forward and therefore have a clear intention on growing our self-service capability in addition to our current channel offerings. Our colleagues are central to everything that we do and therefore remain integral to the service that we offer clients and how we embody Africanacity. As we enhance our services, we will not only evolve ourselves to be more digitally led, but to also listen better and deliver value for our clients through our various solutions and propositions. Our unwavering commitment is to remain our clients' and the communities primary partner of choice.

Business Banking

Our business strategy is focused on driving Agriculture both primary and secondary, Enterprise Supply Chain Development (ESD) program (linking the SMEs with the large corporate in the supply chain). The ESD program was supported by government drive to implement the citizen economic empowerment program and the Economic Inclusion Act. This was largely driven by mining and Telecommunications sectors and continuing with the drive around the Commercial Assets finance (CAF) through major construction water projects. In addition, growth came from driving commercial agriculture in the horticulture, poultry, dry land farming and commercial livestock production.

The Government of Botswana is very bullish in driving Citizen Economic Empowerment program and Economic Inclusions. As a result, major infrastructure projects will be implemented in financial year 2023/ 24 and therefore this presents many opportunities for us to continue focusing on the Enterprise Supply Chain Development (supporting the value chain), growing the Commercial Asset financial proposition as a lot of SMEs in the construction sectors will benefit as

the major players to execute on these key projects. The discontinuation of the cheques as mode of payments will help in achieving the digitization strategy, as such focus will be to migrate customers onto the digital platform like Business internet Banking, Absa Access. In addition, creating new customer relationships and deepening existing ones will be a key and we continue to enhance and deliver products which offer value for money to our customers. Driving digital adoption will be key cornerstone for banking going forward thus focus will be on growing our self-service capability. The need to diversify income streams on the back of enhanced customer experience remains imperative and an area of focus.

Improving our customer experience will be imperative as we continue with the digital strategy and deepening the relationships with our customer.

Capital and liquidity management

The banks risk-weighted assets (RWAs) reduced by 1% to P16,8 billion, largely due to 2% lower credit risk RWAs. The bank remains well capitalized, comfortably above minimum regulatory capital requirements. The capital adequacy ratio of the bank is at 22% against a regulatory requirement of 12.5%. Liquidity in the market persisted to be a challenge in 2022, however, the bank reported a liquid asset ratio of 15% compared to a regulatory minimum of 10%.

Citizenship

Absa Bank Botswana continues to demonstrate its commitment to contributing to the social and economic development of Botswana through its Citizenship Agenda. We remain intent on delivering impactful programs that speak to our chosen strategic pillars including Inclusive Financing, Environmental Sustainability, Education and Skills Development as well as Promoting a Just Society..

Inclusive Financing – We have focused on driving financial literacy with a view to ensure that the people that we serve, and our communities at large have a good understanding of money, enabling them to make sound financial decisions that will facilitate a comfortable and fulfilling life.

Environmental Sustainability is paramount and recognizing the challenges before us we continue to drive internal and external activities that promote conservation and awareness. We are excited to have partnered with the Botswana Academy of Scientists and the Botswana Institute for Technology, Research and Innovation (BITRI) and supporting the inaugural research excellence Awards where there was a strong focus on environmental issues. Moreover, tree planting, recycling, and managing our use of water and energy are some of the activities that we have been consistently involved in. In 2022, we collaborated with our strategic partners and planted over 2000 trees.

In light of the on-going challenges facing our youth, we continue to drive several impactful programs to support our Education and Skills Development pillar. These activities and programs will contribute to develop the skills and capabilities of the youth and enable them to become economically active and socially responsible citizens of Botswana. The Absa ReadytoWork program continues to make significant strides in providing employability and entrepreneurial skills to the youth and we have managed to upskill over 13,000 during the year. ReadytoWork is a digital skills development programme that seeks to ease the transition from school to the world of work.

We successfully implemented our second Hackathon ad Incubation Program with a focus on agriculture and solutioning for the challenges that our farming community faces. Three teams were shortlisted to undergo the incubation program which consists of entrepreneurial skills development and mentoring. They were also provided with hardware and access to the digital training program called UDEMY. It is our intention to ensure that they become successful entrepreneurs once their journey with Absa ends. The winning team will be offered a development and maintenance contract so that we can continue to collaborate with them and roll out their solution to interested clients. The F.G. Mogae Scholarship Fund, launched in 2008 continues to provide opportunities

for Botswana to pursue their masters. We are currently supporting six students, all of whom are pursuing Masters programs in STEM subjects at the University of Botswana and the Botswana International University of Science and Technology. Our Youth Hub program which was launched in 2021 provided career guidance and skills development to 2200 youth across Botswana. Finally, Promoting a Just Society is a critical pillar, and our focus has been on building relationships and providing skills development to young people living with disabilities and providing support for efforts to address the growing challenge of gender-based violence.

Colleague Volunteering – Our colleagues play a key role in the execution of our Citizenship Agenda. Led by passionate Citizenship Champions, they participate in meaningful programs and activities that make a profound difference in the lives of Botswana. The choice of projects includes vegetable gardening, tree planting, financial literacy and career development and mentoring for youth.

Looking ahead

We expect a lower domestic economic growth of 4.3% in 2023, reflecting the higher growth base in 2022 and the uncertainty given the country's overreliance on the diamond sector. The outlook for the diamond sector and the broad economy is dimmed by deteriorating global economic conditions. Although we see a more challenging year ahead, we expect some tailwinds to growth from the reopening of the Chinese economy, which could be supportive of diamond demand. Furthermore, the government's plan to implement an expansionary two-year Transitional National Development Plan (TNDP) with a focus on infrastructural projects, spanning water, road construction, digital connectivity, health and education, should further support the economy's post-pandemic recovery. While prices have moderated somewhat in recent months, they remain high by historical standards. We therefore project headline inflation in Botswana to ease over 2023 to 6.2%.

We are well positioned with our strong balance sheet and have capital well above regulatory requirements to support our sustainable growth ambitions. We continue to consistently deliver on our strategic objectives. Being the primary partner of our clients remains an essential component of our strategy. We will therefore take their feedback in crafting bespoke products and solutions as well as adapting our digital transformation journey into the future. As part of our goal to be an active force for good in everything that we do, we will increase the prominence of ESG in our strategy with impactful initiatives lined-up ahead. Our employee value proposition is set not only to motivate our employees but also positions Absa as a leader in attracting top talent, which is evidenced by being awarded the Top Employer for two consecutive years.

Dividend

On 22 March 2023, the Absa Bank Botswana Limited Board approved a final dividend of 40 thebe per share, amounting to a total of P342 million (full year total dividend at P445 million). Subject to regulatory approval, it will be payable on 22 May 2023 to those shareholders registered at the close of business on 10 May 2023, with an ex-dividend date of 08 May 2023. In accordance with the Republic of Botswana Income Tax (Cap 52:01) as amended, applicable withholding tax will be deducted by the Bank from the gross dividend by the Bank.


Neo Moroka
Board Chairman


Keabetswe Pheko-Moshagane
Managing Director

Condensed consolidated statement of cash flows

For the year ended 31 Dec 2022

	31 Dec 2022 P'000	31 Dec 2021 P'000
Cash flows from operating activities		
Cash used in operations	(365 886)	(249 544)
Net increase in loans and advances to customers	(1 467 287)	(1 027 621)
Interest received	1 632 480	1 331 084
Interest paid	(432 465)	(316 216)
Income taxes paid net of refunds	(240 537)	(123 820)
Increase in deposits due to customers	621 470	497 631
Decrease/(Increase) in amounts due from related parties	138 221	(139 593)
Increase in deposits due to other banks	109 172	240 107
(Decrease)/Increase in amounts due to related parties	(45 491)	41 500
Decrease in statutory reserve with the Central Bank	150 000	60 986
Decrease in derivative financial instruments	(30 049)	(25 209)
Net cash generated from operating activities	69 628	289 305
Cash flows from investing activities		
Payments for property, plant and equipment	(16 888)	(23 295)
Proceeds from disposal of property plant and equipment	568	298
Purchase of financial instruments held at FVOCI	(29 498)	(531 188)
Proceeds from financial instruments held at FVOCI	-	333 621
Purchase of trading portfolio assets	(617 500)	(463 465)
Proceeds from disposal of trading portfolio assets	625 134	591 870
Net cash used in investing activities	(38 184)	(92 159)
Cash flows from financing activities		
Dividends paid to shareholders	(339 000)	(258 533)
Issuance of debt securities	423 400	167 087
Redemption of debt securities	(178 651)	(220 201)
Capital payment of lease liabilities	(30 281)	(26 432)
Interest payment of lease liabilities	(5 495)	(6 151)
Net cash generated in financing activities	(130 027)	(344 230)
Net decrease in cash and cash equivalents	(98 583)	(147 084)
Cash and cash equivalents at the beginning of the year	4 445 272	4 592 116
Effect of foreign exchange rate movements on cash and cash equivalents	(78)	240
Cash and cash equivalents at the end of the year	4 346 611	4 445 272



Absa Bank Botswana Limited

Condensed results of the audited consolidated financial statements For the year ended 31 December 2022

Notes to the condensed consolidated financial statements

for the year ended 31 December 2022

Accounting policies

1. Reporting entity and basis of accounting

Absa Bank Botswana (the "Bank") is a public company listed on the Botswana Stock Exchange and domiciled in Botswana. The consolidated annual financial statements of the group for the year ended 31 December 2022 comprise the company and its wholly owned subsidiaries Absa Insurance Services (Pty) Ltd and Absa Securities Botswana (together referred to as the "Group"). Absa Insurance Services (Pty) Ltd (private limited company) is an insurance agent which earns its fees from referral of life and non-life insurance products. Absa Bank Botswana Limited ("the Bank") offers a range of retail business corporate and investment and wealth management solutions.

The consolidated financial statements have been prepared on the basis of accounting policies applicable to a going concern.

The accounting policies are the same as the last consolidated financial statements and there has not been any significant changes except for where the Group has adopted all of the new and revised standards and interpretations issued by the IASB and the IFRIC that are relevant to its operations and effective for the financial year beginning on 1 January 2022. Changes in accounting policies as a result of the amendments to IAS 1 IAS 8 IFRS 16 and IFRS 3 in IFRS 16 are detailed on note 54 of these annual Financial Statements.

These annual financial statements were authorised for issue by the Company's Board of Directors on 22 March 2023.

2. Use of judgements and estimates

In preparing these annual financial statements 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 2022.

3. 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 for the year ended 31 December 2022.

	31 Dec 2022 P'000	31 Dec 2021 P'000
Undrawn commitments to customers	2 825 864	2 646 906
Letters of credit	292 470	36 489
Guarantees	221 139	311 885
	3 339 473	2 995 280
Expected credit losses	(2 065)	(7 258)
Total contingent liabilities	3 337 408	2 988 022

4. Capital commitments

At 31 December 2022 the commitments for capital expenditure authorised and contracted for amounted to P6 million (31 December 2021: P27 million) and there were no commitments for capital expenditure authorised but not yet contracted for.

5. 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 2022.

6. Independent auditor's report

Our independent auditor's Ernst & Young have audited the consolidated annual financial statements of Absa Bank Botswana Limited and their audit report on the consolidated annual financial statements is available for inspection at the Bank's address.

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

7. Events occurring after reporting date

A final dividend amounting to 40 thebe per share, at P342 million, (full year total dividend at P445 million) was declared by the Board on 22 March 2023, subject to regulatory approval.

With effect from 1st January 2023, Bank of Botswana withdrew some of the COVID-19 relief measures introduced on 1st April 2020. These did not have any material impact on the 2022 financial statements but will affect the Bank's liquidity structure going forward.

There has been no changes in the estimates and judgment applied to determine the financial position at 31 December 2022. 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 2022 and the date of authorization of these condensed consolidated financial results.

Segment performance

For the year ended 31 Dec 2022

	Retail and Business Banking P'000	Corporate and Investment Banking P'000	Islamic Banking P'000	Other P'000	Consolidated P'000
Statement of comprehensive income					
Net interest income	864 967	321 504	286	-	1 186 757
Net fee and commission income	409 806	40 405	-	-	450 211
Net trading and other income	42 968	178 638	(541)	-	221 065
Total income	1 317 741	540 547	(255)	-	1 858 033
Expected credit losses	(37 025)	26 603	-	-	(10 422)
Net operating income	1 280 716	567 150	(255)	-	1 847 611
Operating expenses	(757 939)	(209 650)	-	-	(967 589)
Profit before tax	522 777	357 500	(255)	-	880 022
Taxation	(123 214)	(84 728)	-	-	(207 942)
Profit for the year	399 563	272 772	(255)	-	672 080
Statement of financial position					
Assets					
Trading portfolio assets	-	80 792	-	-	80 792
Derivative financial instruments	-	129 992	-	-	129 992
Financial assets held at Fair Value through OCI	2 491 369	-	-	-	2 491 369
Loans and advances to customers	12 115 158	4 132 624	99 986	-	16 347 768
Other assets	-	-	-	3 684 608	3 684 608
Total Assets	14 606 527	4 343 408	99 986	3 684 608	22 734 529
Liabilities					
Customer deposits	10 411 822	6 492 769	100 241	-	17 004 832
Derivative financial instruments	-	115 113	-	-	115 113
Debt securities in issue	585 827	-	-	-	585 827
Subordinated debt	612 976	-	-	-	612 976
Other Liabilities	-	-	-	1 514 065	1 514 065
Total Liabilities	11 610 625	6 607 882	100 241	1 514 065	19 832 813

Segment performance

For the year ended 31 Dec 2021

	Retail and Business Banking P'000	Corporate and Investment Banking P'000	Islamic Banking P'000	Other P'000	Consolidated P'000
Statement of comprehensive income					
Net interest income	800 681	247 723	-	-	1 048 404
Net fee and commission income	390 432	41 739	-	-	432 171
Net trading and other income	38 596	130 030	-	-	168 626
Total income	1 229 709	419 492	-	-	1 649 201
Expected credit losses	(99 247)	19 772	-	-	(79 475)
Net operating income	1 130 462	439 264	-	-	1 569 726
Operating expenses	(715 319)	(195 100)	-	-	(910 419)
Profit before tax	415 143	244 164	-	-	659 307
Taxation	(102 999)	(53 716)	-	-	(156 715)
Profit for the year	312 144	190 448	-	-	502 592
Statement of financial position					
Assets					
Trading portfolio assets	-	84 361	-	-	84 361
Derivative financial instruments	-	27 981	-	-	27 981
Financial assets held at Fair Value through OCI	1 968 408	-	-	-	1 968 408
Loans and advances to customers	11 057 642	3 866 679	-	-	14 924 321
Other assets	-	-	-	4 515 980	4 515 980
Total Assets	13 026 050	3 979 021	-	4 515 980	21 521 051
Liabilities					
Customer deposits	10 131 522	6 268 031	-	-	16 399 553
Derivative financial instruments	-	43 151	-	-	43 151
Debt securities in issue	341 078	-	-	-	341 078
Subordinated debt	593 443	-	-	-	593 443
Other Liabilities	-	-	-	1 574 420	1 574 420
Total Liabilities	11 066 043	6 311 182	-	1 574 420	18 951 645