

Restatement Notice

Absa Bank Botswana Limited ("the Bank") notice of restatement

The Bank hereby wishes to notify our valuable shareholders of restatement of the Bank's previously reported annual financial statements in line with the requirements of Section 5.6c of the Botswana Stock Exchange Listing Rules. During the year, the Bank identified the need to make once off prior period adjustments. The errors have been corrected by restating each of the affected financial statement line items for the period 2021 and 2022 respectively as per below;

Reclassification of fee and commission income (A)

Certain fee and commission expenses have been reclassified as fee and commission income in accordance with the holding company's accounting policy. This reclassification has had no impact on the net fee and commission income. This misclassification does not have an impact on the statement of comprehensive income, the statement of financial position, the statement of changes in equity or earnings per share.

Write off of balances considered to be irrecoverable (B)

Upon reviewing identified prior years balances, the Bank has responsibly addressed the recoverability of these items by writing off the balances in the periods in which they relate to. Following this evaluation these balances were written off as irrecoverable. The net impact of these adjustments amounted to (P3,242 million) (A portion of the balance being P1,110 million relating to accrued interest write off and P3,479 million relating to foreign exchange debit balances accumulated on balance sheet and the (P1,347 million) retained earnings alignment) Amounts written off had an impact on the statement of comprehensive income, the statement of financial position, the statement of changes in equity and earnings per share as disclosed below.

Treatment of short-term incentive amount (C)

The short term incentive relating to the 2022 financial year was approved after that reporting period, but prior to the authorisation of the related financial statements. Consequently, it should have been recognised in that financial year as an adjusting post balance sheet event. The total short term incentive amount that was regarded as a prior year adjusting event amounted to P14,087 million. This correction had an impact on the statement of comprehensive income, statement of financial positions and earnings per share.

Reclassification of cash and cash equivalents (D)

As previously disclosed in the June 2023 interim results, the primary reserve balance is included as part of cash and cash equivalents since it represents readily available funds utilized by the Bank in its day-to-day operations. This followed the IFRIC Agenda decision Demand Deposits with Restrictions on Use arising from a Contract with a Third Party and should have been applied as a change in accounting policy for the year ended 31 December 2022. This restatement had no impact on the profit after tax or any line item in the statement of financial position, however impacted statement of cashflows.

Purchase of trading portfolio assets and Proceeds from disposal of trading portfolio assets (E)

These amounts were previously classified under Net cash used in investing activities. These have now been classified under Net cash generated from operating activities. Additionally, interest on lease liabilities previously classified under financing activities is now classified under operating activities. Reference to above restatement (B), movement in loans and advances to customers was restated on the cashflow.

The details of these items of restatement are disclosed below and are accordingly set out in our audited annual financial statements for the year ended 31 December 2023, as released on 28 March 2024.

Reclassification adjustments and correction of prior period errors

Statement of Comprehensive Income

Group – 2022

	Previously reported P '000	Adjustment P '000	Restated P '000
Fee and commission income (A)	590,272	(76,294)	513,978
Fee and commission expense (A)	(140,061)	76,294	(63,767)
Staff costs (C)	(471,887)	(14,087)	(485,974)
Administration and general expenses (B) & (C)	(332,492)	(3,242)	(335,734)
Profit before tax	880,022	(17,329)	862,693
Taxation (B) & (C)	(207,942)	4,128	(203,814)
Profit for the year	672,080	(13,201)	658,879
Profit before tax	672,080	(13,201)	658,879
Weighted average number of shares	852,161	-	852,161
Earnings per share (thebe)	79	(2)	77

Company – 2022

	Previously reported P '000	Adjustment P '000	Restated P '000
Fee and commission income (A)	539,896	(76,294)	463,602
Fee and commission expense (A)	(138,542)	76,294	(62,248)
Staff costs (C)	(471,887)	(14,087)	(485,974)
Administration and general expenses (B) & (C)	(330,060)	(3,242)	(333,302)
Profit before tax	862,120	(17,329)	844,791
Taxation (B) & (C)	(205,942)	4,128	(201,814)
Profit for the year	656,178	(13,201)	642,977

Statement of Financial Position

Group – 2022

	Previously reported P '000	Adjustment P '000	Restated P '000
Loans and advances to banks (B)	1,519,259	(135)	1,519,124
Loans and advances to customers (B)	16,347,768	(2,016)	16,345,752
Other receivables (B)	204,333	(19,089)	185,244
Deferred tax assets (B) & (C)	101,033	3,099	104,132
Taxation refundable (B) & (C)	13,873	1,027	14,900
Other payables (B) & (C)	389,592	33,193	422,785
Fair value reserve (B)	(26,774)	(580)	(27,354)
Retained income (B) & (C)	2,775,132	(49,730)	2,725,402

Company – 2022

	Previously reported P '000	Adjustment P '000	Restated P '000
Loans and advances to banks (B)	1,519,259	(135)	1,519,124
Loans and advances to customers (B)	16,347,768	(2,016)	16,345,752
Other receivables (B)	199,964	(19,089)	180,875
Deferred tax assets (B) & (C)	99,229	3,099	102,328
Taxation refundable (B) & (C)	9,999	1,027	11,026
Other payables (B) & (C)	385,327	33,194	418,521
Fair value reserve (B)	(26,774)	(580)	(27,354)
Retained income (B) & (C)	2,708,383	(49,729)	2,658,654

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Group – 2021

	Previously reported P '000	Adjustment P '000	Restated P '000
Loans and advances to banks (B)	1,183,600	(134)	1,183,466
Loans and advances to customers (B)	14,924,321	(907)	14,923,414
Other receivables (B)	121,345	(19,089)	102,256
Deferred tax assets (B) & (C)	107,787	(7,732)	100,055
Taxation refundable (B) & (C)	-	1,445	1,445
Other payables (B) & (C)	409,509	15,630	425,139
Current tax payable (B) & (C)	21,523	(4,938)	16,585
Fair value reserve (B)	(22,306)	(581)	(22,887)
Retained income (B) & (C)	2,435,073	(36,528)	2,398,545

Company – 2021

	Previously reported P '000	Adjustment P '000	Restated P '000
Loans and advances to banks (B)	1,183,600	(134)	1,183,466
Loans and advances to customers (B)	14,924,321	(907)	14,923,414
Other receivables (B)	120,514	(19,089)	101,425
Deferred tax assets (B) & (C)	105,321	(7,732)	97,589
Other payables (B) & (C)	408,768	15,630	424,398
Current tax payable (B) & (C)	22,968	(4,938)	18,030
Fair value reserve (B)	(22,306)	(581)	(22,887)
Retained income (B) & (C)	2,391,205	(36,528)	2,354,677

Statement of Cash Flows

Group – 2022

	Previously reported P '000	Adjustment P '000	Restated P '000
Cash used in operations (D)& (E)	(365,886)	(1,244)	(367,130)
Net increase in loans and advances to customers (E)	(1,467,287)	1,109	(1,466,178)
Net cash generated from operating activities (D)&(E)	69,628	(147,996)	(78,368)
Cash and cash equivalents at the beginning of the year (D)	4,445,272	150,000	4,595,272

Company – 2022

	Previously reported P '000	Adjustment P '000	Restated P '000
Cash used in operations (D)& (E)	(380,769)	(1,244)	(382,013)
Net increase in loans and advances to customers (E)	(1,467,287)	1,109	(1,466,178)
Net cash generated from operating activities (D)&(E)	69,628	(147,996)	(78,368)
Cash and cash equivalents at the beginning of the year (D)	4,445,272	150,000	4,595,272

Profitability ratios:

	2022 reported	2022 restated
Cost to income ratio	52%	53%
Return on Equity (ROE)	23.16%	23.29%
Return on Assets (ROA)	2.96%	2.90%

Headline earnings
445,938

Capital Adequacy ratio:

Capital Adequacy Ratio	21.95%	21.68%
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By order of the Board
28 March 2024

For more information, please contact:

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