

# BOTSWANA IS OUR HOME, WE DRIVE HER GROWTH

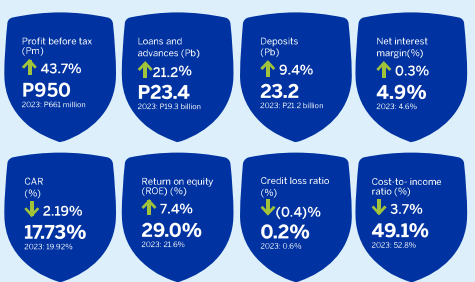


**Kwenante Farmers Solar Expansion Project. Project financed by Stanbic Bank Botswana Limited.**

STANBIC BANK BOTSWANA LIMITED

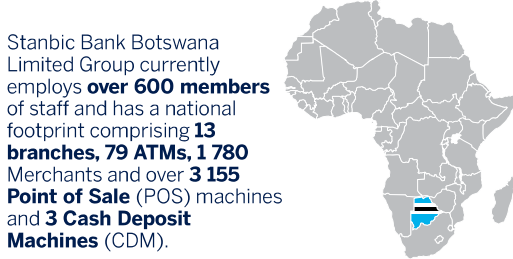
## ABRIDGED AUDITED FINANCIAL STATEMENTS ANNOUNCEMENT

for the year ended 31 December 2024



Our strategy is anchored on our compelling purpose, positive habits and beliefs, authentic intentions and the culture at the heart of our organisational success. Our purpose, **Botswana is Our Home, We Drive Her Growth** is where we draw our inspiration from.

Stanbic Bank Botswana Limited Group currently employs **over 600 members** of staff and has a national footprint comprising **13 branches, 79 ATMs, 1 780 Merchants** and over **3 155 Point of Sale (POS) machines** and **3 Cash Deposit Machines (CDM)**.



### Overview – Economic landscape

#### GLOBAL ECONOMY - GROWTH EXPECTATIONS REMAIN UNCERTAIN

The global economic outlook remains uncertain with varying growth expectations across major economies. The outlook is characterised by rising global trade frictions and shifting economic policies under new governments. The global economy is expected to show moderate growth at around 3.3% in both 2025 and 2026 (World Economic Outlook), broadly unchanged from the 2024 forecast. Emerging markets are expected to grow faster than advanced economies, moderated by developed economies which are expected to see slower growth. Globally, geopolitical volatility remains a threat and the prevailing tensions are expected to pose risks to global trade. Central banks continue to make adjustments on interest rates to counter the effects of these challenges, with a number of rate adjustments expected to take place in some economies. Climate change is also expected to pose challenges, but economies are exploring mitigants which are expected to create a focus in renewable energy.

#### LOCAL ECONOMIC PERFORMANCE – CONTINUED DIAMOND SECTOR PRESSURES

Botswana's political landscape remains stable, following a peaceful transition of power in the October 2024 general elections, setting an example globally. The Botswana economy continues to experience strain as the region and global economies at large go through waves of inflation and disinflation. Botswana's economy is expected to slow down to 1% in 2024 (World Bank) largely at the back of the continued drain in the diamond mining sector, a contraction from 2.7% in the comparative year. Weaker demand in natural diamonds and the growing popularity of lab-grown diamonds continue to put pressure on the economy. Though evident there is a structural change in the global diamond market, growth is expected to rebound in the medium term, driven by the expected pickup in the global demand for diamonds and the efforts undertaken to diversify the economy – (World Bank). It is evident the need for economic diversification has become paramount.

#### STRATEGIC IMPACT

We remain proud to report that the Letsema 2025 strategy, in its second year of its three years, has proven effective in multiple facets. Through our strong commitment to deliver our strategy we have seen a culmination in accelerated financial performance, as well as improvement in efficiencies. This is trackable through growth in our customer base (evidenced by balance sheet growth), improved customer retention as well as improved staff efficiencies, marked by an improved cost-to-income (CTI) ratio, cost of funding (COF) as well as credit loss ratio (CLR).

Following the organisational redesign in 2023, the bank was able to fill all vacancies and recorded an improved Net income before operating expenses of 25.3%. This demonstrates the effectiveness of the exercise coupled with our strong talent management program.

The bank further revisited its client engagement frameworks across the segments to ensure client solutions are well informed. This is seen in the 18.6% growth in operating expenses where investments in technologies as well as process enhancement were employed to ensure sustainability and consistency in client experience. Pain-points which have been highlighted by customers in various feedback platforms continue to be solved.

#### FINANCIAL PERFORMANCE

The bank reported a 30.4% growth in balance sheet, which has consequently driven a 43.7% growth in profit before taxation, and a 46.3% growth in profit after taxes. The growth is driven largely by the attainment of strategic intents namely, optimisation in processes, and capital consumption. This has been coupled with the use of data driven analytics together with an enhanced client engagement model, that seeks to co-create. The client engagement model largely seeks to drive client-led solutions, as well as being an integral part of client journeys. Our partnership with Kwenante, which was driven by the client's strategic outlook, ensuring we have embedded a sustainable framework in the solution we extended, is an example of this.

All segments continue to post impressive results amidst challenging market conditions, as outlined below:

#### Corporate and Investment Banking (CIB)

CIB remains resilient amidst a challenging macro-economic environment, delivering headline earnings growth of 22.7% to P323 million. This has largely been supported by loan origination, driven by our local corporate strategy – supporting home grown names with ambitions on the African continent. Further growth was also anchored on the energy transition strategy and the demand for sustainable financial products. Deposits from our customers also grew due to increased activity within our Transactional Banking business. Non-interest income grew by 15.3% mainly due to strong trading activities in the last quarter of 2024 driven by increased client activity and liquidity management opportunities.

#### Business and Commercial Banking (BCB)

BCB continues to record strong performance despite a reduction in profitability by 4.9%. The segment has continued to improve book quality and assess the year with a credit loss ratio of less than 2%. Further, the segment has seen an overall improvement in credit impairments with fewer instances of strained clients in comparison to preceding years. The segment has also made deliberate efforts around client retention, seeing progress made in investment in supporting technologies and the demand for sustainable financial products. Deposits from our customers also grew due to increased activity within our Transactional Banking business. Non-interest income grew by 15.3% mainly due to strong trading activities in the last quarter of 2024 driven by increased client activity and liquidity management opportunities.

#### Personal and Private Banking (PPB)

Data analytics have been at the helm of the significant improvement in profitability, a growth of more than 100%, alongside a significant improvement in credit impairments. Behavioural analytics have aided in identifying fit-for-purpose solutions for clients per segment and ensuring the right levels of services are extended. The segment has seen a 29.8% growth in Non-Interest Income. This is largely driven by enhancements in system accuracy,

improving transactionality, together with leaner processes which have made for simplified processing of client transactions. This has significantly boosted customer retention as seen by 13.2% growth in liabilities.

#### BALANCE SHEET

##### Balance sheet structure

The bank grew its balance sheet by 10.4% enabled by a 3.4% growth in deposits. The growth in customer loans was driven largely by growth in PPB and CIB. This is following enhancements in credit risk management processes specifically in the PPB segment. An improvement in rebaritation and recoveries was seen, following the bank's increased investment in training its people as well as a robust talent management framework. The bank has over the years invested, considerably in restructuring the credit risk management landscape, lightening policies, and improving processes. The Data team has also been upskilled to enhance data driven credit scoring as well as to improve recoverability on stressed portfolios. These efforts have seen an improvement in credit loss ratio from 0.6% to 0.2%, and a 65.8% improvement in credit impairments despite a 12.2% growth in customer loans and advances. This is clear proof that the bank is effectively delivering on one of its key strategic objectives, balance sheet optimisation.

Growth in customer deposits was also driven by PPB and CIB, testament to the enhanced customer value propositions as well as investments in technology, which have enabled transactionality for our clients. We continue to maintain the trust of our clients and remain focused on enhancing quality of relationship management. Data driven behavioural analytics have also enabled the bank to study clients' behavioural patterns and informed appropriate client segmentation, resulting in more appropriate client solutions. The bank continues to draw closer to clients for feedback and co-creation in line with clients' needs, per our commitment to solve for client and address real needs.

#### Liquidity and Capital management

The bank remains alert to optimal utilization of capital. In 2024 the bank remained well capitalised, closing the financial year with a Capital Adequacy Ratio (CAR) of 17.73%. In the same financial year, the bank declared a total of P474 million in dividends to its parent Stanbic Africa Holdings Limited (SAHL).

The bank's leadership, through its Assets and Liabilities Committee (ALCO), is charged with the management of liquidity risk. In the year just ended, the bank's loan to deposit ratio closed at 74.3%, an increase from 69% in the prior year. The increase is driven by growth in loans to customers given the supportive customer deposit base. The bank continues to respond to the market's cyclical liquidity movements and has been able to continue operations throughout the year.

#### INCOME STATEMENT

##### Total Operating Income

Total operating income continues to grow amidst market liquidity volatility and a competitive landscape, posting 19.6% growth. This growth is as a result of a 23.4% growth in Net interest income as well as a 15.6% growth in Net fee and commission income driven by customer growth especially in PPB. Balance sheet optimisation, as a core commitment to efficiency, led to a 20.4% decline in interest expense despite a 9.4% growth in deposits. Interest income saw a 7.3% growth.

Non-interest income grew by 11.4% with fees and commissions and trading revenue reflecting growth of 15.6% and 6.7% respectively. Transactional volume driven fees had an uplift boosted by client acquisitions across segments, campaigns around different product offerings, as well as efficiencies brought about by technology infrastructure enhancements to improve accessibility and transactionality.

#### Credit Impairments

Our credit risk control environment remains robust supported by a healthier loan book as evidenced by a Credit loss ratio of 0.2% (2023: 0.6%). Though all segments reflected reduced impairments impact, there have been pockets of notable risks across products and segments which were managed well through effective credit collections and rebaritation strategies.

#### Operating expenses

Costs rose by 11.3% growth from 2023, however, showing an improved cost to income ratio (CTI) of 49.1% from 52.8% in 2023. Cost growth is aligned to the bank's strategic focus areas around people, compliance, IT security and other technological enhancements in support of business growth and improving client experience across our product offerings.

#### OUTLOOK

2025 outlook remains positive with government aspirations to invest heavily on social economies tackling low wages, youth unemployment and increased subsidies on utilities amongst other things. These correlate well with our purpose and vision centred around growing Botswana by optimising opportunities by excellent execution and exceptional client experience to drive sustainable growth and value. However, uncertainties remain as no significant government policy changes have been made to date. Changes to date include change of SDR/ZAR weights to an equal contribution and the lifting of vegetables import ban. The bank is, however, optimistic that it will be able to traverse the challenges in the market owing to the improvements and investments made in the last few years, which will enable it to continue servicing clients effectively.

As we look forward we remain committed to our purpose and promise: **Botswana is our home. We drive her growth.**

**D. T. M. Motame**  
Chairman

**C. Modise**  
Chief Executive

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2024

	Group	
	2024	2023
	P000's	P000's
Interest income	1 885 860	1 757 799
Interest expense	(514 394)	(646 405)
<b>Net interest income</b>	<b>1 371 466</b>	<b>1 111 394</b>
Fee and commission income	467 370	411 021
Fee and commission expense	(48 999)	(325 672)
Net fee and commission income	318 371	275 349
Net trading income	241 388	224 685
Other income	19 724	20 159
<b>Net non-interest income</b>	<b>579 533</b>	<b>520 188</b>
<b>Total net income</b>	<b>1 950 999</b>	<b>1 631 582</b>
Credit impairment charges	(42 839)	(109 303)
<b>Net income before operating expenses</b>	<b>1 908 160</b>	<b>1 522 279</b>
Staff costs	(444 454)	(427 911)
Other operating expenses	(513 969)	(453 270)
<b>Profit before indirect tax</b>	<b>(958 423)</b>	<b>(885 381)</b>
Indirect tax	949 737	661 098
<b>Profit before direct tax</b>	<b>(36 397)</b>	<b>(32 628)</b>
Direct tax	913 340	628 470
<b>Profit for the year</b>	<b>707 966</b>	<b>483 928</b>

### STATEMENT OF FINANCIAL POSITION

At 31 December 2024

	Group	
	2024	2023
	P000's	P000's
<b>Assets</b>	<b>281 809</b>	<b>1 466 490</b>
Cash and balances with the Central Bank	20 509	1 377
Derivative assets	185 709	3 212
Trading portfolio assets	3 196 417	3 805 364
Financial investments	23 431 310	18 223 662
Loans and advances to banks	8 297 257	5 990 721
Loans and advances to customers	14 954 053	13 333 231
Other assets	224 820	183 977
Current tax asset	18 445	34 034
Intangible assets	77 628	102 921
Property, equipment and right of use assets	145 437	142 752
Deferred tax asset	18 445	12 621
<b>Total assets</b>	<b>27 645 375</b>	<b>25 047 600</b>
<b>Liabilities and equity</b>	<b>34 892</b>	<b>-</b>
Derivative liabilities	293 863	3 412
Trading portfolio liabilities	41 295	21 200 521
Deposits from banks	2 342 148	1 060 094
Deposits from customer accounts	20 875 947	20 340 427
Accruals, deferred income and other liabilities	323 501	500 609
Debt securities in issue	1 016 440	1 016 440
<b>Liabilities</b>	<b>25 084 791</b>	<b>22 720 982</b>
<b>Equity</b>	<b>390 177</b>	<b>390 177</b>
Stated capital	2 170 407	1 936 441
<b>Equity - attributable to ordinary shareholders</b>	<b>2 560 584</b>	<b>2 326 618</b>
<b>Total liabilities and equity</b>	<b>27 645 375</b>	<b>25 047 600</b>

### STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Group	Statutory			Total equity
		Stated capital	reserve	Retained earnings	
		P000's	P000's	P000's	P000's
<b>Balance at 1 January 2024</b>	<b>390 177</b>	<b>154 474</b>	<b>1 781 967</b>	<b>2 326 618</b>	
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>707 966</b>	<b>707 966</b>	
<b>Profit for the year</b>	<b>-</b>	<b>-</b>	<b>707 966</b>	<b>707 966</b>	
<b>Dividends paid</b>	<b>-</b>	<b>-</b>	<b>(474 000)</b>	<b>(474 000)</b>	
<b>Balance at 31 December 2024</b>	<b>390 177</b>	<b>154 474</b>	<b>2 015 933</b>	<b>2 560 584</b>	

### STATEMENT OF CHANGES IN EQUITY (continued)

	Group	Statutory			Total equity
		Stated capital	reserve	Retained earnings	
		P000's	P000's	P000's	P000's
<b>Balance at 1 January 2023</b>	<b>390 177</b>	<b>154 474</b>	<b>1 608 039</b>	<b>2 152 690</b>	
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>483 928</b>	<b>483 928</b>	
<b>Profit for the year</b>	<b>-</b>	<b>-</b>	<b>483 928</b>	<b>483 928</b>	
<b>Dividends paid</b>	<b>-</b>	<b>-</b>	<b>(310 000)</b>	<b>(310 000)</b>	
<b>Balance at 31 December 2023</b>	<b>390 177</b>	<b>154 474</b>	<b>1 781 967</b>	<b>2 326 618</b>	

#### Independent Auditor's Report

The auditor, Deloitte & Touche, has issued an unmodified opinion on the consolidated and separate financial statements of Stanbic Bank Botswana Limited (the "Company") and its subsidiaries (the "Group") for the year ended 31 December 2024. The full set of financial statements, including the audit report with a key audit matter are available for inspection at Stanbic Bank Botswana Limited's registered office. This abridged financial statements announcement, has been extracted from those financial statements. The abridged financial statements announcement and any reference to future financial performance included in the announcement has not been audited by the auditor.

	Corporate and Investment Banking P000's	Business and Commercial Banking P000's	Personal and Private Banking P000's	Central and Other P000's	Total P000's
Net interest income	433 149	364 063	342 578	(28 396)	1 111 394
Non-interest income	267 494	147 754	173 734	(68 794)	520 188
Net fee and commission income	224 800	147 623	165 528	(76 793)	275 349
Net trading income	3 708	(31)	8 206	8 114	20 159
<b>Total net income</b>	<b>700 643</b>	<b>511 817</b>	<b>516 312</b>	<b>(97 190)</b>	<b>1 631 582</b>
Credit impairment charges	(42 839)	(44 590)	(61 064)	(392 303)	(109 303)
<b>Net income before operating expenses</b>	<b>697 394</b>	<b>466 827</b>	<b>455 248</b>	<b>(97 190)</b>	<b>1 522 279</b>
<b>Total operating expenses</b>	<b>(348 788)</b>	<b>(298 976)</b>	<b>(306 423)</b>	<b>92 976</b>	<b>(661 181)</b>
Amortisation and depreciation	(3 192)	(3 195)	(36 796)	(5 719)	(69 262)
Staff costs	(65 931)	(44 663)	(137 196)	(182 121)	(427 911)
Other operating expenses	(281 635)	(260 757)	(112 423)	280 816	(364 005)
<b>Net income before indirect tax</b>	<b>348 636</b>	<b>167 851</b>	<b>148 825</b>	<b>(4 214)</b>	<b>661 098</b>
<b>Profit (loss) before direct tax</b>	<b>(95 965)</b>	<b>167 851</b>	<b>(15 693)</b>	<b>(2 664)</b>	<b>(32 628)</b>
<b>Direct tax</b>	<b>343 451</b>	<b>164 705</b>	<b>(30 413)</b>	<b>(11 818)</b>	<b>628 970</b>
<b>Profit (loss) after tax</b>	<b>80 196</b>	<b>(35 155)</b>	<b>(30 413)</b>	<b>1 240</b>	<b>(44 542)</b>
<b>Operating information</b>	<b>14 290 671</b>	<b>2 681 963</b>	<b>7 831 800</b>	<b>243 586</b>	<b>25 047 600</b>
Total assets	13 440 095	2 367 394	7 047 803	(134 270)	22 720 982

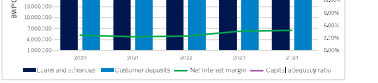
### STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

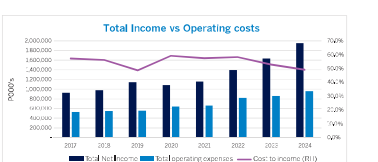
	Group	
	2024	2023
	P000's	Restated P000's
<b>Cash flows (utilised in)/ generated from operations</b>	<b>(1 505 419)</b>	<b>(1 030 769)</b>
Interest received	1 883 657	1 734 828
Interest paid	(588 500)	(585 286)
Indirect tax paid	(36 397)	(32 628)
Direct tax	(131 611)	(158 649)
<b>Net cash (utilised in)/generated from operating activities</b>	<b>(438 470)</b>	<b>(72 505)</b>
<b>Net cash flows used in investing activities</b>	<b>(41 141)</b>	<b>(29 892)</b>
<b>Net cash flows used in financing activities</b>	<b>(491 094)</b>	<b>(300 508)</b>
<b>Net movement in cash and cash equivalents</b>	<b>(970 705)</b>	<b>(402 905)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>2 399 241</b>	<b>2 802 146</b>
<b>Cash and cash equivalents at end of the year</b>	<b>1 428 536</b>	<b>2 399 241</b>

#### Restatement of cash and cash equivalents

Cash and cash equivalents has been restated to reflect demand loans and advances to banks within cash and cash equivalents per IAS 7. This restatement has no impact on the profit after tax or any line in the statement of financial position, however, impacts the statement of cash flows.



The bank's balance sheet has grown by 10.4% relative to 4.2% in the previous year driven by a growth in deposits of 9.4%. The bank continues to optimise its capital position, closing with a Capital Adequacy Ratio of 17.73%.



The bank's strategies on resource optimisation have resulted in a cost to income ratio of 49.1% (2023: 52.8%).