

# ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED March 31 2023

Botswana Savings Bank  
Abridged Financial Statements for the year ended March 31 2023

## Statement of Profit or Loss and Other Comprehensive Income

	2023 P'000	2022 P'000
Interest income	337,418	301,466
Interest expense	(173,469)	(137,667)
<b>Net interest income</b>	<b>163,949</b>	<b>163,799</b>
Fee and commission income	10,426	12,503
Fee and commission expense	(9,196)	(10,314)
<b>Net fee and commission income</b>	<b>1,230</b>	<b>2,189</b>
<b>Net operating income</b>	<b>165,179</b>	<b>165,988</b>
Other income	3,530	3,027
Amortisation of government grant income	19,438	9,842
<b>Total income</b>	<b>188,147</b>	<b>178,857</b>
Net impairment reversal of financial assets	5,709	12,904
<b>Net income</b>	<b>193,856</b>	<b>191,761</b>
Employee benefits	(101,594)	(83,151)
Depreciation and amortisation	(20,683)	(16,345)
Administrative and general expenses	(58,460)	(48,850)
<b>Profit before tax</b>	<b>13,119</b>	<b>43,415</b>
Taxation	(6,668)	(9,073)
<b>Profit for the year</b>	<b>6,451</b>	<b>34,342</b>
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<b>6,451</b>	<b>34,342</b>

## Statement of Financial Position as at March 31 2023

	2023 P'000	2022 P'000
<b>Assets</b>		
Cash and cash equivalents	535,295	402,083
Balances with other Banks	109,332	7,623
Balances with related parties	-	50,443
Other assets	11,311	8,610
Loans and advances to customers	2,346,542	2,698,368
Current tax receivable	3,308	263
Property and equipment	51,504	77,101
Right-of-use assets	30,310	30,287
Intangible assets	58,323	37,196
Deferred tax	19,732	27,444
<b>Total Assets</b>	<b>3,165,657</b>	<b>3,339,418</b>
<b>Equity and Liabilities</b>		
<b>Liabilities</b>		
Deposits due to customers	2,429,240	2,737,658
Other liabilities	19,048	41,915
Borrowings	338,160	166,879
Dormancy account liability	27,144	29,108
Government grant	70,143	89,581
Lease liabilities	35,507	34,313
<b>Total Liabilities</b>	<b>2,919,242</b>	<b>3,099,454</b>
<b>Equity</b>		
Unrecallable capital	19,721	19,721
Statutory reserve	69,776	68,163
Retained earnings	156,918	152,080
<b>Total Equity and Liabilities</b>	<b>3,165,657</b>	<b>3,339,418</b>

## Statement of Changes in Equity

	Unrecallable capital P'000	Statutory reserve P'000	Retained earnings P'000	Total equity P'000
<b>Balance at April 1, 2021</b>	<b>19,721</b>	<b>59,577</b>	<b>126,324</b>	<b>205,622</b>
Total comprehensive income for the year	-	-	34,342	34,342
Transfer between reserves	-	8,586	(8,586)	-
<b>Balance at April 1, 2022</b>	<b>19,721</b>	<b>68,163</b>	<b>152,080</b>	<b>239,964</b>
Total comprehensive income for the year	-	-	6,451	6,451
Transfer between reserves	-	1,613	(1,613)	-
<b>Balance at March 31 2023</b>	<b>19,721</b>	<b>69,776</b>	<b>156,918</b>	<b>246,415</b>

## Statement of Cash Flows

	2023 P'000	2022 P'000
<b>Cash flows from operating activities</b>		
Interest receipts	322,581	303,959
Interest payments	(116,133)	(107,673)
Fees and commission receipts	10,426	12,503
Fees and commission expense	(9,196)	(8,271)
Rent and other income received	3,530	3,027
Cash payments to employees and suppliers	(134,476)	(131,343)
<b>Cash flows from operating activities before changes in operating assets and liabilities</b>	<b>76,732</b>	<b>72,202</b>
<b>Changes in operating assets and liabilities</b>		
Movement in loans and advances to customers	339,277	(306,559)
Movement in amounts due to customers	(348,448)	153,932
Movements in other assets	(2,702)	(450)
Movements in other liabilities	(22,873)	(28,024)
Movement in related party balances	52,337	13,602
Movement in dormancy account liability	(1,964)	779
Tax paid	(2,001)	(6,382)
<b>Net cash generated from/(used in) operating activities</b>	<b>90,358</b>	<b>(100,900)</b>
<b>Cash flows (to)/from investing activities</b>		
Purchase of property and equipment	(14,188)	(31,921)
Purchase of other intangible assets	(338)	(31,715)
(Payments)/Receipts - Balances with other Banks	(95,628)	105,805
<b>Net cash (used in)/generated from generated from investing activities</b>	<b>(110,154)</b>	<b>42,169</b>
<b>Cash flows from financing activities</b>		
Borrowings raised	192,050	100,000
Repayment of principal - long term borrowings	(23,695)	(17,407)
Repayment of interest - long term borrowings	(10,121)	(8,243)
Lease liability payments - principal	(2,673)	(2,534)
Lease liability payments - interest	(2,553)	(2,415)
<b>Net cash generated from financing activities</b>	<b>153,008</b>	<b>69,401</b>
<b>Net movement in cash and cash equivalents for the year</b>	<b>133,212</b>	<b>10,670</b>
Cash and cash equivalents at the beginning of the year	402,083	391,413
<b>Total cash and cash equivalents</b>	<b>535,295</b>	<b>402,083</b>

## New Standards, Interpretations And Amendments Adopted By The Bank

In preparing the underlying financial statements from which these abridged financial statements were extracted, all relevant and applicable IFRS and IFRIC interpretations issued and effective for annual periods beginning on or after 1 April 2022 have been applied. Several amendments and interpretations apply for the first time in the year ended 31 March 2023, but do not have a significant impact on the abridged financial statements of the Bank. These amendments and interpretations are Amendments to IFRS 1, IFRS 3, IFRS 9, IAS 16, IAS 37 and IAS 41.

## Commitments

Loan commitments incurred on the issuance of residential property loans were P3.7m as at March 31 2023 and P3.5m as at March 31 2022.

## Commentary

### Financial Performance

The Bank faced challenging trading conditions that saw profitability decline from P34.3 million in 2021/22 to P6.5 million in 2022/23. Interest income rose by 12% to P337 million, however, this was attributed to by the 26% increase in interest expense, which reflects the rise in the cost of funding during the year.

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

The Board is extremely proud that during this past year, the Bank was able to raise a bond of P192 million in a debut auction in the financial markets to assist with capitalising the business.

With first year of the three-year Lesedi 2025 strategy complete, the Board is of the view that management has laid a solid foundation towards implementation of the strategy. Initiatives have commenced that will bear fruit in the next two years, bringing the Bank closer to the privatisation goal. Challenges brought on by the Russia-Ukraine war are expected to recede out, returning economic conditions back to normal and allowing the Bank to resume its growth trajectory.

### Related party transactions

Botswana Postal Services provided banking services to the Botswana public on behalf of the Bank at a fixed cost per transaction. The balance due at the end of the last financial year (March 2022) was in respect of net deposits (deposits less withdrawals) which were to be settled upon demand, in the ordinary course of business. The agreement between Botswana Postal Services and the Bank ended during the financial year under review and all outstanding balances owed to the Bank have been fully settled.

### Financial Highlights

Net Interest Income	Profit After Tax	Net Advances	Deposits To Customers
<b>P164 Million</b>	<b>P6.5 Million</b>	<b>P2.3 Billion</b>	<b>P2.4 Billion</b>

We remain confident that despite the rapid changes in the economic environment, strategic priorities set for the subsequent years will drive sustainable growth for the business.

By order of the Board

  
Goitsemang Morekisi  
Board Chairperson  
30 August 2023

  
Nixon Marumolaa,  
Chief Executive Officer  
30 August 2023

## ABRIDGED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31 2023

### General Information

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

### Independent Auditor's Report

Whilst this abridged financial information and any reference to future financial performance has not been audited by the auditor, this financial information was extracted from the Bank's financial statements for the year ended March 31 2023. The auditor, Deloitte & Touche, has issued an unmodified opinion on these financial statements for the year ended March 31 2023. The full set of financial statements including the audit report with a key audit matter are available for inspection at the Bank's registered office.

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

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

The financial statements for the year ended March 31 2023 have been prepared applying

the recognition and measurement criteria in accordance with International Financial Reporting Standards ("IFRS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC") and any Pronouncements if applicable and in compliance with the Botswana Savings Bank Act of 1992. In the preparation of the financial statements, the Bank has applied key assumptions concerning any inherent uncertainties in recording various assets and liabilities. These assumptions were applied consistently to the financial results for the prior year ended March 31 2022.

The assumptions and estimates are subject to ongoing review. The critical estimates and areas of judgements are on the following elements of the consolidated financial statements:

- Measurement of Expected credit losses (ECL)
- Lessee's incremental borrowing rate
- Deferred Tax
- Residual values and useful lives of intangible assets and property and equipment

### Independent Auditors

**Deloitte.**

Deloitte & Touche  
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