

BBS Bank Limited  
(Incorporated in the Republic of Botswana)  
Company Registration Number: BW00001057162  
BSE Share Code ISIN: BW0000001965  
Hereinafter “BBS Bank” or “the bank” or “the company”

## BUSINESS UPDATE TO SHAREHOLDERS

In line with the spirit to engage regularly and to keep shareholders informed, the Directors of BBS Bank wish to notify all shareholders of the following key events that occurred since the last annual general meeting (AGM) in April 2022:

### CHANGE OF NAME

As part of the application for banking license, BBS Bank applied for change of name with the Companies & Intellectual Property Authority (CIPA) which was granted on 6 September 2022. The company is no longer called BBS LIMITED but BBS BANK LIMITED or BBS BANK in conformance to the Banking Act. The change of name was previously sanctioned by shareholders as part of the demutualization process.

### BANKING LICENSE

On 7 October 2022, Bank of Botswana formally granted the company a license to operate as a commercial bank in Botswana. This marked a historical moment for the company and for all stakeholders, as the long-awaited license was finally received. The company would like to thank shareholders and other stakeholders for their continued support and patience during the transition period, to ensure that Botswana’s first indigenous bank becomes a reality. The Directors and Management are now implementing key banking functions, systems, processes and skills to leverage on the banking license. This will ensure that the company diversifies its product offering from solely mortgage and savings accounts to new commercial banking products and services. The new offering will improve the bank’s competitiveness relative to its peers, income streams, the cost of funding and the general performance. The diversified offering will also cushion the bank against macro-economic developments that have impacted mortgage lending such as the effects covid-19 pandemic, looming retrenchments across various sectors in Botswana, constrained country and global economic growth, high household debt, geo-political tensions, and projected global recession.

The directors are pleased to inform shareholders that as part of the diversification drive, the company successfully launched an insurance agency in June 2022, which is a subsidiary company that is fully licensed by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA). Its purpose is to generate income from the bancassurance business for the group, and the positive results are already showing. During the same period, the bank has also launched a visa debit card, to improve its service offering and offer convenience to customers. These initiatives have the added benefit of improving non-interest income.



## DEMUTUALISATION OUTLOOK

As highlighted above, the bank will have to incur significant capital and operational expenditure, going forward, to operationalize the banking license strategy and return the company to profitability. This will require prioritizing key banking systems, processes and skills to roll out commercial operations. Although no capital injection will be required from shareholders, it is conceived that such expenses will be funded from the operations and revenue generated.

## CORPORATE GOVERNANCE CHANGES

On 29 April 2022, the shareholders approved the appointment of two new non-executive directors, being Dr. Vincent B. Mogano and Mrs. Koziba N. Moloji-Sedimo. Their contribution has been valuable to the board deliberations. In June 2022, the company bid farewell to its longtime Managing Director, Mr. Pius Molefe, who was also an Executive Director. The company then appointed Mrs. Susan Ntsima as the Acting Managing Director, pending substantive recruitment for the position. The Board expects a substantive Managing Director to be in place by the first quarter of 2023, subject to regulatory considerations.

To ensure continuous balance in the right skills, qualification and experience, the Board is currently recruiting additional directors, who are skilled in financial reporting, accounting, audit practice, information technology (risk and governance) and legal services, to complement those already available. The company has put in place a formal board nomination process that is utilized for this purpose, and it includes regulatory and shareholder approval.

## 2022 INTERIM RESULTS

The company's interim condensed consolidated financial statements for the period ended 30 June 2022 were published on 29 September 2022 in line with regulatory requirements. They are available on the Bank's website and the bank's branches. The company continues to be a going concern, and this is fortified by the granting of the banking license, which also triggered the full implementation of the corporate commercial strategy.

## SHARE PRICE

The price has declined to P0.48/share from its original price, primarily driven by shareholder activity, delays in acquiring the banking license, developing understanding on capital markets and personal economic circumstances, amongst others. This has resulted in some shareholders selling their hard-earned shares too soon at giveaway prices leading to a drop in the share price. We are continuing to keep an eye on our share price and expect that the interventions we are putting in place will re-ignite its growth.

**BY ORDER OF THE BOARD**

**19 December 2022**

