

BBS BANK LIMITED

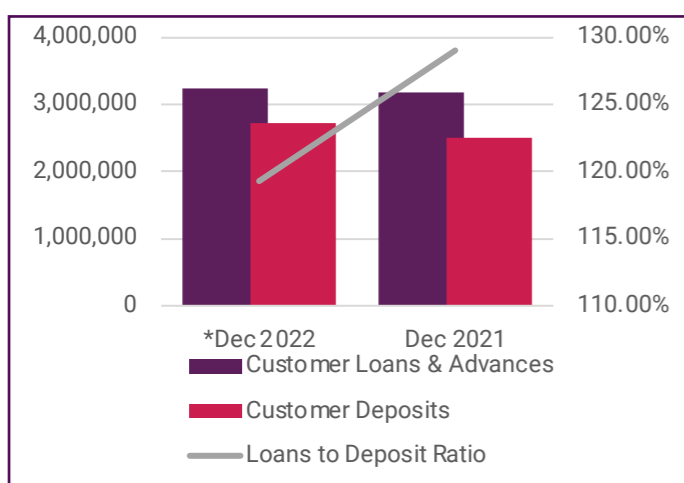
Audited Summarised Consolidated Financial Statements for the Year Ended 31 December 2022

HOW FAR CAN WE GO?

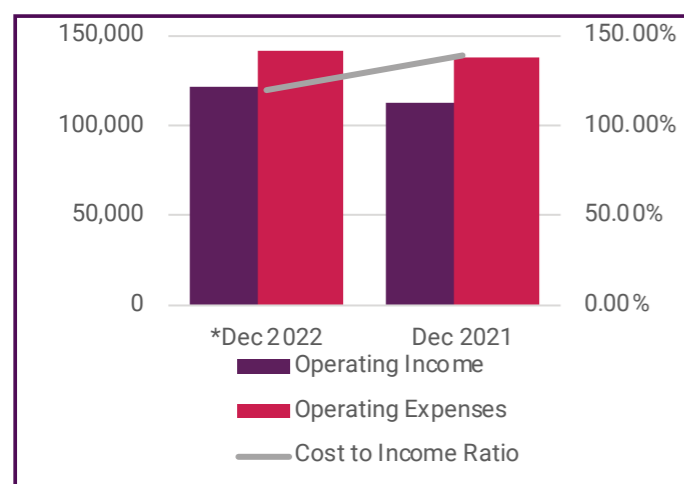
PERFORMANCE HIGHLIGHTS FOR THE YEAR ENDED 31 DECEMBER 2022

	*Dec 2022	Dec 2021	Change	Δ
Operating Income	121,981	112,598	8.3%	↑
Net Fee And Commission Income	20,049	17,119	17.1%	↑
Operating Expenses	141,713	137,945	2.7%	↑
Loss For The Year	(20,045)	(25,347)	20.9%	↑
Total Assets	3,936,518	3,828,712	2.8%	↑
Customer Loans & Advances	3,241,793	3,179,585	2.0%	↑
Investment with Banks	448,033	311,520	43.8%	↑
Customer Deposits	2,717,746	2,511,064	8.2%	↑
Total Equity	473,985	494,030	-4.1%	↓
CAR against Regulatory- 12.5%	26.56%	28.49%	-1.9%	↓
NPL as % of Gross Advances	7.21%	7.32%	-0.1%	↓
Cost to Income Ratio	119.58%	139.00%	-19.4%	↓
Loans to Deposit Ratio	119.28%	129.00%	-9.7%	↓
Liquid to Assets Ratio	17.65%	17.35%	0.3%	↑
Return on Equity	-4.14%	-5.00%	0.9%	↑

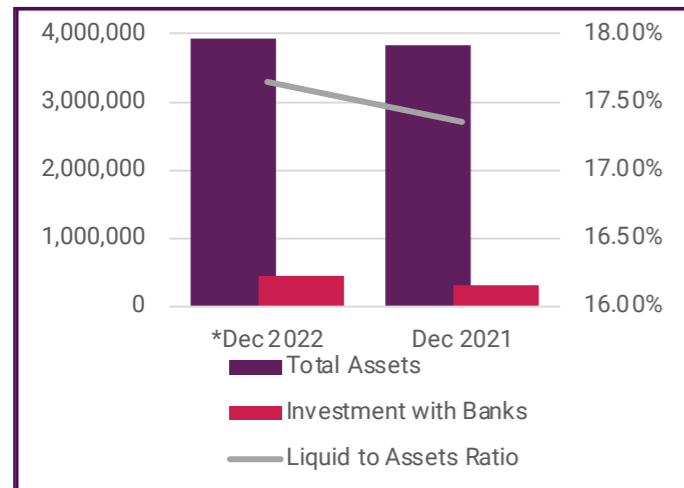
Loans vs. Deposits & Loans to Deposit Ratio



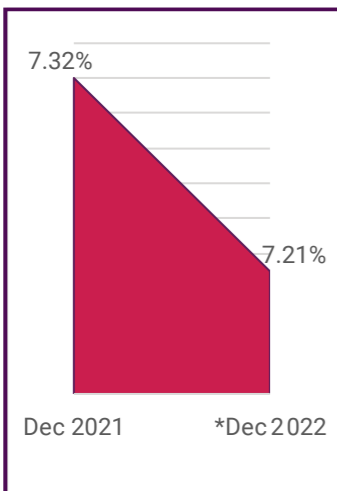
Income vs. Expenses & Cost to Income Ratio



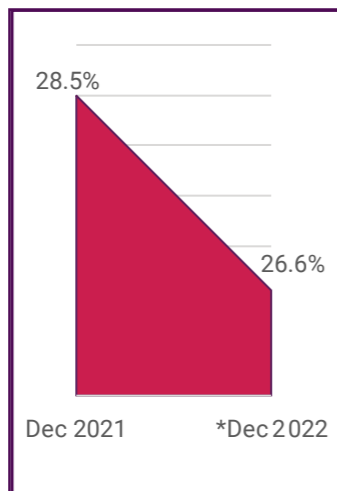
Assets vs. Investments & Liquid Assets Ratio



NPL Ratio



Capital Adequacy Ratio



* 2022 results include BBS Insurance Agency Limited ("the Subsidiary") for the 6 months ended December 2022.

CHAIRMAN'S REPORT

It is a new dawn in so many ways for BBS Bank. Yes, "BBS Bank." Therefore, before I focus on the performance for the year ended 31 December 2022, I would like to begin by highlighting that we were granted a commercial banking licence effective 6th October 2022 making BBS Bank, Botswana's first indigenous commercial bank. We could not have achieved this incredible feat without your support.

You believed in the infinite possibilities that a commercial banking operation would offer beyond those of a building society leading to you supporting the demutualization process at the Special General Meeting of 24th August 2017 held at the Avani Hotel & Conference Centre in Gaborone. We recall that the vote in favour was 99.99%. Your belief in where we were going was very strong.

To improve the performance of the business, the Bank launched an Insurance Agency in June 2022 as part of its long-term strategic intent to diversify its portfolio and offerings. It is expected that the Insurance Agency will make a significant contribution to the Group performance going forward. Therefore, when we refer to "Group" in subsequent paragraphs and statements, please note that we are alluding to the fact that BBS Bank has a subsidiary.

Boards, past and present

It would also be remiss of me and current colleagues on the Board, if I did not thank former Board Members especially from the 20th September 2004 Board Meeting comprising Mr. Pontius Mokgosona who was Board Chairman, Mr. Derek P.F. Brink, Mr. Nightingale K. Kwele, Mr. Oaitse T. Maitse, Mrs. Tebogo S. Kesupile, Mr. Large Charumbira, Mr. Seagiso M. Ramatshaba and the then Chief Executive Officer Mr. Pius K. Molefe, when the idea to commercialise the then Botswana Building Society was birthed. This was followed by the work of subsequent Boards and Management teams to convert the business culminating in the issuance of the banking licence by Bank of Botswana. To that end, I would like, once again, to express my gratitude to Bank of Botswana for the confidence it has exhibited in BBS Bank by granting us the licence. We will live up to its expectations.

Further, we have appointed a Managing Director Ms. Pedzani Tafa who joined us on 04 January 2023. She also makes history by being the first Managing Director of Botswana's first home grown-commercial bank. Ms. Tafa is a seasoned commercial banker with over 30 years in banking, having held senior positions with some of the leading banks locally. We are confident that she will take BBS Bank and its brand to greater heights. My colleagues and I are fully committed and energised to take BBS Bank into a bright future.

Let me also take this opportunity to thank the former Managing Director of BBS Limited Mr. Pius Komane Molefe who retired on 01 June 2022 having led the organisation from 01 February 2004 when it was still Botswana Building Society. I would also like to thank him for his vision and leadership over the years, which has led us this far. We wish him well in his future endeavours.

SUMMARISED CONSOLIDATED STATEMENT OF FINANCIAL POSITION At 31 December 2022

	Group 2022 (Audited) P'000	Company 2022 (Audited) P'000	Company 2021 (Audited) P'000
ASSETS			
Cash and cash equivalents	41,092	41,092	133,380
Investments with banks	448,033	448,033	311,520
Balance due from related company	-	1,036	-
Non-current assets held for sale	13,832	13,832	-
Other assets	29,828	29,722	25,934
Short-term loans and advances to customers	56,002	56,002	52,923
Properties-in-possession	36,831	36,831	39,871
Mortgage loans and advances to customers	3,185,791	3,185,791	3,126,662
Right-of-use assets	10,643	10,643	15,319
Intangible assets	18,061	18,061	16,150
Property and equipment	96,405	96,405	106,953
Investment in subsidiary	-	100	-
Total assets	3,936,518	3,937,548	3,828,712
LIABILITIES AND EQUITY			
Liabilities			
Customers' savings and fixed deposit accounts	2,292,676	2,295,164	2,084,962
Paid up and subscription savings	425,070	425,070	426,102
Borrowings	589,193	589,193	667,893
Debentures	102,235	102,235	101,974
Lease liabilities	15,886	15,886	19,638
Other liabilities	36,098	35,787	32,463
Withholding tax	1,337	1,338	1,650
Current tax payable	38	-	-
Total liabilities	3,462,533	3,464,673	3,334,682
Shareholders' Equity			
Stated capital - Ordinary shares	487,453	487,453	487,453
Retained loss	(13,468)	(14,578)	(106,860)
Statutory reserves	-	-	113,437
Total equity attributable to equity holders of the parent company	473,985	472,875	494,030
Total Liabilities and Equity	3,936,518	3,937,548	3,828,712

Government relations

I would also like to thank the Government of the Republic of Botswana, which through the Office of the President, the Ministry of Finance and the Attorney General's Chambers was an excellent partner both in drafting relevant enabling legislation to commercialise the business and presenting it to Parliament for approval. The amended Building Societies and Companies Acts were indeed ultimately signed into law within a reasonable time. It was this support that made it easier to gain the confidence of shareholders and other stakeholders.

Financial Performance

The Group recorded negative performance for the year ended 31 December 2022, marked by a loss of P20 million. Nonetheless, the Group managed to maintain stronger Liquidity and Capital Adequacy Ratios throughout the year. Detail on key performance indicators is summarised in the Managing Director's Statement.

The financial performance under review, although not what we would want it to be, does not point to an irredeemable situation as I pointed out in my December 2022 update to shareholders. We believe very much in the underlying strength of BBS Bank.

The issuance of the banking license by the Central Bank also eliminated uncertainties which existed in the previous year with respect to the timing of the rollout of the commercial banking services and products. Management has made progress with the acquisition of commercial banking capabilities which will enable the bank rollout and diversification of income streams. Although, the Bank will incur significant transformation expenses in 2023, it is expected that the business performance will improve over time.

We will turn the fortunes of BBS Bank around now that we are able to offer a suite of products and services at the back of investing in the right infrastructure and systems, developing our people etcetera. Products are being rolled out gradually and will have a positive impact on the bottom line. The new dawn that I referred to, fits in well with all the changes that have taken place in recent months. We must now do things differently driven by the right mindset and culture, in order to deliver desired results.

While we should correctly be interested in the share price, I would like to urge you not to be too concerned about it in the short term. Growth of shareholder value is a long-term process. In due course, it will improve based on the earlier mentioned measures we are implementing.

Conclusion

Once again, I would like to thank you for your continued support and understanding. I would also like to appreciate Management and Staff for their focus and commitment to turning the fortunes of BBS Bank around.

I reaffirm that we are well placed to deliver long-term shareholder value which will be a fitting repayment of your decision to put your hard-earned money behind your conviction in BBS Bank.

Thank you,

Bernard Mzizi

SUMMARISED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the year ended 31 December 2022

	Group 2022 (Audited) P'000	Company 2022 (Audited) P'000	Company 2021 (Audited) P'000
Interest income	281,740	281,740	252,475
Interest expense	(185,218)	(185,232)	(162,737)
Net interest income	96,522	96,508	89,738
Fee and commission income	21,727	18,677	18,725
Fee and commission expense	(1,678)	(1,678)	(1,606)
Net fee and commission income	20,049	16,999	17,119
Revenue	116,571	113,507	106,857
Other operating income	5,410	6,408	5,741
Operating income	121,981	119,915	112,598
Expected credit losses	4,153	4,153	18,900
Personnel expenses	(73,601)	(73,032)	(74,385)
Depreciation and amortisation	(12,560)	(12,560)	(17,134)
Other expenses	(59,705)	(59,631)	(65,326)
Total expenses	(141,713)	(141,070)	(137,945)
Loss before taxation	(19,732)	(21,155)	(25,347)
Taxation	(313)	-	-
Loss for the year	(20,045)	(21,155)	(25,347)
Other comprehensive income	-	-	-
Total comprehensive loss for the year	(20,045)	(21,155)	(25,347)
EARNINGS PER SHARE			
Per share information			
Basic and diluted loss (thebe)	(4.11)	(4.34)	(5.20)

SUMMARISED CONSOLIDATED STATEMENT OF CASH FLOWS For the year ended 31 December 2022

	Group 2022 (Audited) P'000	Company 2022 (Audited) P'000	Company 2021 (Audited) P'000
Cashflows from operating activities			
Interest receipts	284,081	284,081	256,462
Commission receipts	18,821	15,771	13,601
Interest payments	(171,857)	(171,871)	(180,256)
Commission payments	(1,678)	(1,678)	(1,606)
Other operating income	5,410	6,408	5,741
Cash payments to employees and suppliers	(136,740)	(136,095)	(139,411)
Proceeds from sale of properties in possession	11,094	11,094	14,255
Income tax paid	(275)	-	-
Net cash generated from/ (used in) operating activities before changes in working capital	8,856	7,710	(31,214)
Changes in:			
Increase in other assets	(4,337)	(4,231)	(1,120)
Increase in balance due from related company	-	(1,036)	-
(Increase)/decrease in short-term loans and advances to customers	(3,069)	(3,069)	775
(Increase)/decrease in Mortgage loans and advances to customers	(62,170)	(62,170)	274,615
Increase in customers' savings and fixed deposit accounts	196,078	198,566	43,427
Decrease in paid up and subscription savings	(2,662)	(2,662)	(7,668)
Increase/(decrease) in other liabilities	6,528	6,216	2,028
(Decrease)/increase in withholding tax	(313)	(313)	744
Net cash flows generated from operating activities	138,911	139,011	281,587
Cashflows from Investing activities			
Purchase of property and equipment	(11,064)	(11,064)	(9,601)
Purchase of intangible assets	(5,581)	(5,581)	(9,012)
Investment in subsidiary	-	(100)	-
New placements of investments with banks	(2,849,559)	(2,849,559)	(2,318,794)
Maturities of investments with banks	2,714,739	2,714,739	2,365,781
Net cash flows (used in)/generated from investing activities	(151,465)	(151,565)	28,374
Cashflows used in Financing activities			
Proceeds from borrowings	-	-	64,470
Repayment of borrowings	(78,534)	(78,534)	(312,885)
Payment of lease liabilities	(1,209)	(1,200)	(1,253)
Net cash flow used in financing activities	(79,734)	(79,734)	(249,668)
Total cash movement for the year	(92,288)	(92,288)	60,293
Cash at the beginning of the year	133,380	133,380	73,087
Total Cash at the end of the year	41,092	41,092	133,380



MANAGING DIRECTOR'S STATEMENT

I am pleased to be part of BBS Bank and this marks my first communication to you. I would like to begin by thanking my predecessor Mr. Pius K. Molefe for the foundation he laid, which will help us take BBS Bank forward.

The Management team and staff are optimistic for the future. We have set ourselves very high goals which I am confident we will achieve.

Although the effects of COVID-19 are still being felt in the economy, the pandemic is now largely out of the way which will help us implement our new corporate strategy without the huge distractions that the pandemic had brought. We have identified several growth engines such as digital platforms which will also enhance customer experience and convenience. There are other “quick win” products which we have started to roll out and will soon start to bear the desired results.

We have also put in place measures to manage costs without undermining the strategy and the quality of service.

A new agile brand

You would have noticed that BBS Bank now has a new compelling brand complete with fresh values, brand promise, mission and vision statements, a new logo supported by the new corporate primary colour purple and secondary colours being sky blue, emerald green, magenta, sun yellow, black and white.

This marks a complete shift from the previous BBS brand, logo and corporate blue colour which have been in use since 31 January 1983. The old brand served us well but we were of the view that to truly transform, both internally and externally, we should produce a new corporate brand to represent our new journey. While a detailed explainer on the elements of the new brand is carried in the pages of this report, we are convinced that what we have is a brand that will take us forward.

Of course, it will not be able to do so on its own. All of us, will have to live this brand for it to have a positive impact on shareholders, customers and the business itself. I have no doubt that we will be able to do so.

Our new brand promise, “*How far can we go?*” simply means that we will take every care to listen to the desires of customers in order to meet their expectations. It is a lofty expectation to which we are equal.

Our performance

As the Chairman indicates in his statement, while the financial performance of BBS Bank for the year under review is not great, I would also like to urge you not to be disheartened. We will turn the corner. Nonetheless, the key highlights are as follows:

Statement of financial position

- The balance sheet size improved by 3% from P3.8 billion as at 31 December 2021 to P3.9 billion as at 31 December 2022.
- Net long-term loans and advances remained flat with an increase of 1.89% from P3.126 as at 31 December 2021 to P3.186 billion.
- Total expected credit losses stood at P51.5 million compared to P54.3 million as at 31 December 2021.
- Investment with banks improved by 44% from P311.5 million as at 31 December 2021 to P448.0 million.
- Total customer savings and deposits, including paid up and subscription savings increased by 8% from P2.5 billion as at 31 December 2021 to P2.7 billion as at 31 December 2022.
- Borrowings reduced by 11% from P769.9 million as at 31 December 2021 to P691.4 as at 31 December 2022 million because of repayments made during the year. The Group and Company did not acquire new loans during the year.

Statement of Profit or Loss and Other Comprehensive Income

- The Group recorded a loss of P20.0 million for the year ended 31 December 2022 compared to P25.3 million recorded by the Company for the year ended 31 December 2021. BBS Insurance Agency Limited has contributed profit after tax amounting to P1.1 million to the Group performance.
- Total interest income increased by 12% from P252.5 million to P281.7 million for the year ended 31 December 2022 at the back of an increase in the Monetary Policy rate during the year.
- Total Interest expense increased by 14% from P162.7 million to P185.2 million recorded for the year ended 31 December 2022. It is evident that cost of funding remained a challenge throughout the year.
- Net Fee and Other income increased by 17% from P17.1 million to P20.0 million for the year ended 31 December 2022 with a contribution of P2.5 million from BBS Insurance Agency Limited.
- There has been a notable reduction in the operating expenses due to initiatives deployed during the year to contain costs. The Bank continues to be cautious when it comes to spending with priority given to transformation initiatives.

Although there has been a slight improvement, it is evident that the Bank has not fully recovered from the significant loss of business in the previous financial year. Our core product, mortgage loans, remained flat. As a result, interest income and related fee and commission income continued to be under pressure. The liquidity pressures faced by the industry contributed to the continued high cost of funding.

Fortunately, BBS Bank has a strong balance sheet, a healthy customer base, a supportive shareholder base and most importantly a clear strategic plan. All these ingredients stand us in good stead to be a force to reckon with in the not-too-distant future as I indicate below.

Delivering Shareholder Value

Our success will be measured by the value we will deliver to shareholders. I am confident that we will meet the challenge. While we have been present in the Botswana financial services industry since 1971, first as the United Building Society of South Africa followed by Botswana Building Society in 1976 and then BBS Limited in 2017, BBS Bank is the youngest commercial bank in Botswana established on 06 October 2022. It has the challenge of diversifying its product portfolio fast, scaling up services, improving staff morale, delivering shareholder value, reducing the cost of running the business and growing its customer base nationwide. We are implementing plans to achieve these.

Strategic Direction

I am confident that our impact in the commercial banking environment will be felt very strongly especially as we have a strong legacy and healthy customer base upon which to build. There is no doubt in my mind that we are fit for purpose. To this end, we have crafted a solid strategy to help us to be the best managed indigenous commercial bank in Botswana. In the short-term, we are improving our current product offering so that it is more responsive to the market and we will be launching digital capabilities with all functionalities for the convenience of our customers. It is our aim to use the best technology to enable product delivery better than our competitors. We will also be launching agency banking to expand our reach in this vast country.

For the first time in its history, BBS Bank has deployed direct sales agents to sell its products. The intention is to keep increasing their deployment throughout 2023. We believe that this will help us tremendously to bring business in complementing efforts by Branches, the Contact Centre and digital banking. The rest of staff not in the front line is also being empowered and encouraged to help get new business for the bank. This new way of thinking has started to permeate the business. It is all about teamwork regardless of one's official role in the bank.

The right organisational culture

I am also mindful that if all these changes are to bear the right results and within the set time, they must be supported by the right organisational culture. We are working on this through several initiatives. In January 2023, I visited all the Branches to introduce myself to staff and share views on how we can move BBS Bank forward. In February 2023, five weeks after I joined BBS Bank, all employees converged in Gaborone for a town hall meeting so that we could all be on the same script regarding the future direction of the bank. I have been most impressed by their enthusiasm, ideas and ambitious spirit in my interactions with them. We want to create one of Botswana's most admired corporate cultures supported by our new brand comprising a new logo, corporate colours, internal and external brand promises, new corporate mission, vision and values.

Lastly, I would like to thank the Chairman, Mr. Bernard Mzizi and the Board, not only for their confidence in me but for their support and wise counsel. I would also like to thank shareholders for your commitment to the success of BBS Bank.

Thank you

Pedzani Tafa
Managing Director

SUMMARISED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Ordinary shares	Statutory reserve	Retained loss	Total equity
Group	P'000	P'000	P'000	P'000
Balance at 01 January 2021	487,453	113,437	(81,513)	519,377
Loss for the year	-	-	(25,347)	(25,347)
Balance at 01 January 2022	487,453	113,437	(106,860)	494,030
Loss for the year	-	-	(20,045)	(20,045)
Transfer from statutory reserve	-	(113,437)	113,437	-
Balance at 31 December 2022	487,453	-	(13,468)	473,985

Company	487,453	113,437	(81,513)	519,377
Balance at 01 January 2021	-	-	(25,347)	(25,347)
Loss for the year	487,453	113,437	(106,860)	494,030
Balance at 01 January 2022	-	-	(21,155)	(21,155)
Loss for the year	-	-	113,437	-
Transfer from statutory reserve	-	(113,437)	113,437	-
Balance at 31 December 2022	487,453	-	(14,578)	472,875

CAPITAL MANAGEMENT

To monitor the adequacy of its capital, the Group and Company uses ratios prescribed by Bank of Botswana, per the Basel Capital Adequacy Framework (Basel II). These ratios measure Capital adequacy by comparing the Group and Company's eligible capital with its reported assets and commitments at weighted amounts to reflect their relative risk (risk weighted assets).

For prudential purposes, Tier 1 Capital consists of Ordinary shares together with the statutory and retained earnings reserves. The Group and Company's policy is to maintain a strong capital base so as to sustain growth for the business.

The Group and Company has complied with regulatory capital requirements. The ratio was 26.56% as at 31 December 2022, (2021: 28.49%) the minimum capital adequacy ratio set by Bank of Botswana was 12.5% at the reporting date.

	Group 2022 (Audited)	Company 2022 (Audited)	Company 2021 (Audited)
Capital base	P'000	P'000	P'000
Stated capital	487,453	487,453	487,453
Other revenue reserves	6,577	6,577	31,924
Regulatory adjustment	(18,061)	(18,061)	(16,150)
Tier I capital	475,969	475,969	503,227
Unpublished current year's loss	(20,045)	(21,155)	(25,347)
Collective impairment	795	795	692
Tier II capital	(19,250)	(20,360)	(24,655)
Total capital	456,719	455,609	478,572
Risk weighted assets			
Credit risk weighted assets	1,596,871	1,597,953	1,552,402
Operational risk weighted assets	122,950	122,258	127,240
Total risk weighted assets	1,719,821	1,720,211	1,679,642

SIGNIFICANT ACCOUNTING POLICIES

1.Activities

During the year, BBS Bank Limited (the company) launched an insurance agency called BBS Insurance Agency Limited; whose purpose is to provide insurance agency services and bespoke insurance products to customers. The insurance agency is part of the long-term strategic intent of BBS Bank Limited to diversify its portfolio and offering. The Agency was officially licensed by the Non-Bank Financial Institutions Regulatory Authority (NBFIRA) on Wednesday 08 June 2022 and this is the date the company commenced its operations.

BBSBL owns 100% of the shares in BBS Insurance Agency Limited.

2.Comparative financial information

The comparative financial information considered in these financial statements relate to the audited results for the year ended 31 December 2021. The comparative financial information is not consolidated. It reflects the financial position and performance for BBS Bank Limited only.

3. Dividends

No dividends were declared during the current or previous year.

4.Related parties interests in shares:

Mr Geoffrey M. Bakwena (non-executive director), Mr Victor Ramalepa (non-executive director) and some members of Executive Management are BBS Bank Limited shareholders. The other directors do not hold shares directly or indirectly in the Group and Company.

5.Key sources of estimation uncertainty

The preparation of the Group and Company's financial statements requires the use of certain critical accounting estimates.

It also requires Management to exercise its judgement in the process of applying the Group and Company's accounting policies. The areas requiring a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group and Company's financial statements are disclosed below.

In preparing these financial statements, Management has made judgements, estimates and assumptions that affect the application of the Group and Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and assumptions are reviewed on an ongoing basis.

6.Reporting entity

All companies within the Group and Company are domiciled in Botswana. The address of the Group and Company's registered office is Plot 13108-112 Broadhurst, Gaborone. The Group and Company is primarily involved in property finance and the provision of financial services. These financial statements represent the Group and Company's consolidated financial statements.

The audited consolidated financial statements for the year ended 31 December 2022 were approved for issue by the Board of Directors on 28 March 2023.

7.Basis of preparation

These consolidated and separate financial statements for the year ended 31 December 2022 have been prepared on the going concern basis in accordance with the framework principles, the recognition and measurement principles of International Financial Reporting Standards ("IFRS") and in the manner required by the Companies Act of Botswana (CAP 42:01) and the Banking Act (CAP 46:04).

The accounting policies are consistent with those applied in the previous year unless otherwise stated.





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8.Consolidation
Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Bank ("the Company") and its subsidiary (jointly "the Group") as at 31 December 2022.The Bank consolidates a subsidiary when it controls it.

The Company has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of the subsidiary are included in the consolidated financial statements from the effective date of acquisition to the effective date of disposal. The financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. Investments in subsidiaries are measured at cost less accumulated impairment losses in the company's financial statements.

Adjustments are made when necessary to the consolidated and separate financial statements of the subsidiary to bring their accounting policies in line with those of the Group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

9.Economic Outlook

Economic growth in Botswana is forecast to taper off to 4.0% on the back of slowed down demand in diamond mining including a slower growth in credit extension recorded after monetary policy tightening. Growth will be supported by effective implementation of the two-year Transitional National Development Plan, Economic Recovery and Transformation Plan. Inflation has been on a downward trajectory since Q3 2022 and is forecast to fall within the Bank of Botswana medium term objective range of 3 – 6 % in the latter half of 2023. This disinflationary trend is expected to be supported by softening oil prices and receding United States Dollar strength.

Management will proceed with caution and adopt diligent prioritization of resources. The key strategic focus is on the transformational journey with a view to improve the returns of the Group and Company.

10.Going concern

Management has made an assessment of the Group and Company's ability to continue as a going concern and is satisfied that the Group and Company has the resources to continue in business for the foreseeable future. There are significant judgements involved in the assessment of whether the going concern assumption remains appropriate. This going concern basis applied presumes that resources will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

11.Events after the reporting period

Appointment of Managing Director

On 04 January 2023, Mrs Pedzani Tafa assumed office as the Managing Director of BBS Bank Limited.

Staff rationalization programme

Following the issuance of the Banking license in October 2022, the Bank resumed the previously deferred rationalization programme through its first staff consultative meeting held on 11 February 2023. The programme was deferred in 2020 due to various developments including the COVID-19 outbreak and its impact, particularly the economic conditions that affected the financial position of the Bank and the liquidity challenges faced by the Bank, rendering it financially unfeasible to proceed with the programme. The programme may be applied alongside other strategies to enable the acquisition of the required skills for the organisation. On its journey as a commercial bank, the human resource strategy will be to re-train, redeploy, recruit and retrench where applicable. The programme will commence with a voluntary exit programme in April 2023. Should retrenchment be unavoidable, these shall begin with effect from May 2023 and it be carried out with full consultation having taken place.

As at the reporting date, the separation packages for staff members who will separate with the Company could not be measured reliably as the consultations with the relevant stakeholders, including employees had not been initiated. Subsequent to the reporting date, Management estimated an amount of P16 million as separation packages. As at the date of approval of these financial statements, the Company was yet to identify employees who will separate with the Company through the voluntary exit programme."

12.Audit Report

The consolidated financial statements from which the financial information set out in this announcement was extracted has been audited by Ernst & Young, the Group's external auditors. Their audit report is available for inspection at the Group's registered office.


Bernard Mzizi
Board Chairman


Pedzani Tafa
Managing Director



Our tagline

How far can we go?

How far can we go? Is both a rallying call and a challenge for us to set a new standard in banking for Batswana from all walks of life. From funding over 60% of home loans in Botswana since the 1970s, to supporting growing local businesses and turning our customers into shareholders, the future can only take us to greater heights.

Our next chapter as a commercial bank is founded on partnership with you the people of Botswana and together, we can set a new bar for what it means to be a truly home-grown bank. How far can we go? Is our intent to co-create products and solutions with our customers that fit their lives and circumstances and to do it with a world class banking system and unrivalled customer experience.

At BBS Bank we do not just ask "How far can we go?" We also ask "how far do you want to go?" BBS Bank is for you. Make us your only choice and together we can go as far as our collective dreams can take us.



Our colours

Botho

Inclusive

Wealth

Human

Growth

Purple is our primary colour. It is the colour of royalty, luxury, wealth and sophistication. It is also the colour of passion, romance and prosperity – together, nurturing inclusive wealth for all. Our sky blue colour links us to our heritage, to our land and our people who make up our beautiful country.