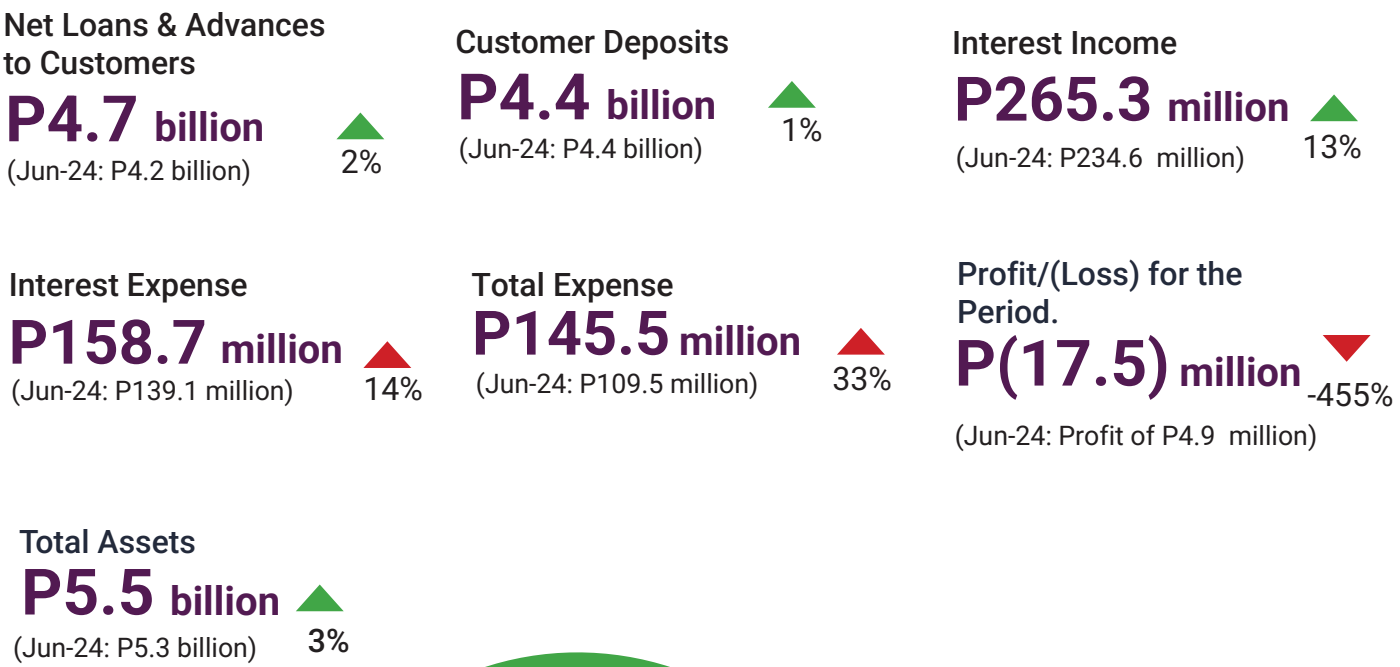
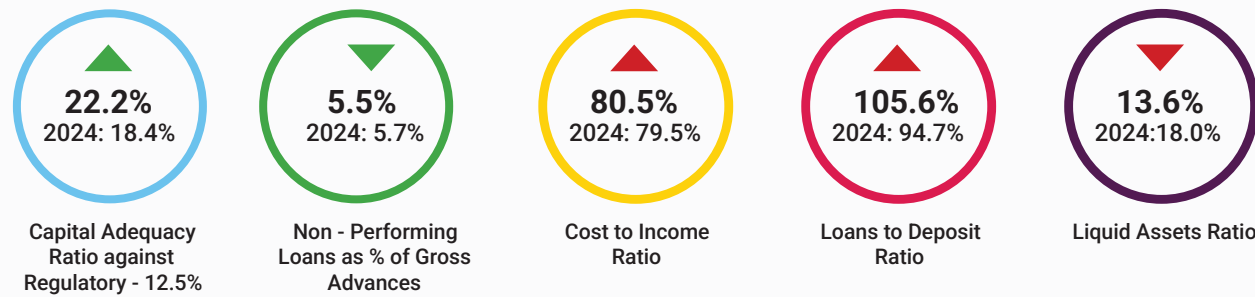


BBS Bank Limited
Unaudited Condensed Consolidated Interim Financial Results for the
Period Ended 30 June 2025

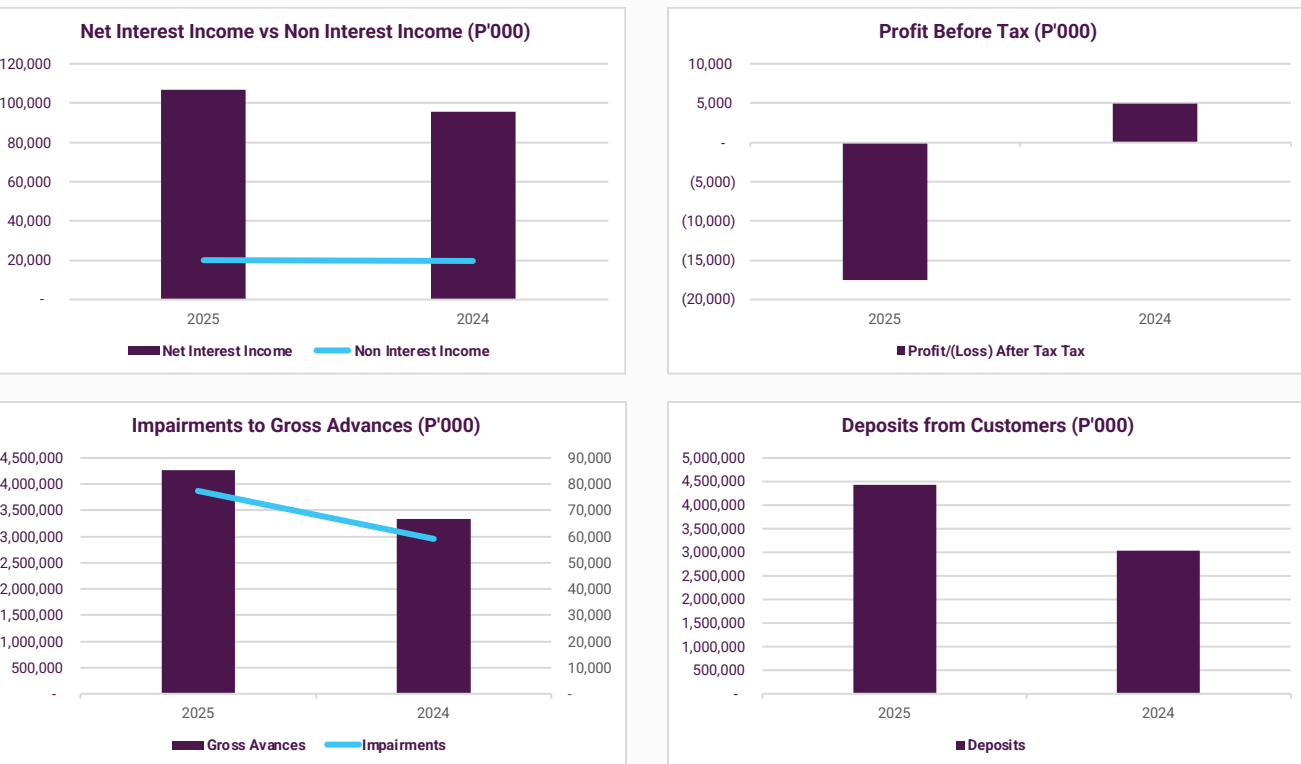
Key Financial Highlights



Key Financial Ratios



Financial Graphs



The Directors of BBS Bank Limited and its subsidiary, BBS Insurance Agency Limited (collectively "the Group"), present the unaudited condensed consolidated interim financial results for the six-month period ended 30 June 2025.

Overview on Strategic Achievements

The Group continues to make significant progress on the strategic initiatives being implemented under the Pilediwa Corporate Strategy with a mid-term review planned in 2025. A key focus during the period was the enhancement of our service offering to diversify revenue streams and improve customer value.

A major milestone was the launch of our comprehensive Corporate and Internet Banking solution. This digital platform is anticipated to be a primary driver of non-funded income by increasing transactional banking revenues and enhancing operational efficiencies. Complementing this, the Bank formally launched its Business Banking segment in the first half of 2025. This strategic expansion is aimed at diversifying the Group's income away from a reliance on interest income and building a more resilient revenue base.

To support the new Business Banking segment, the Group introduced a suite of new products tailored to the needs of commercial clients, including Purchase Order Financing, Business Call Accounts, Business Term Loans, and Revolving Credit facilities. Furthermore, to strengthen our foreign exchange capabilities, the Bank has secured a correspondent bank for the settlement of US Dollar payments and transactions, enhancing our service offering for internationally active clients. These initiatives are central to cultivating an innovative and high-performance culture, enabling the Group to deliver competitive products and services within a dynamic banking environment.

Review of Financial Performance

For the six-month period ended 30 June 2025, the Group reported a loss after tax of P17.5 million, compared to a profit after tax of P4.92 million for the corresponding period in 2024.

A key factor contributing to the loss was the recognition of an impairment of P19.42 million related to the Group's head office development project, which dates back to 2018, alongside adverse macroeconomic conditions. The project's initial design and planning phase was significantly prolonged by external factors, including delays caused by the COVID-19 pandemic and lack of funds leading to the completion of the plan in 2022.

Although a two-year building permit was granted that year, the project's commencement was deferred as the Group channeled resources to the final, critical stages of its transition to a commercial bank. During this extended timeline, substantive changes to building regulations were enacted by the Department of Town and Country Planning ultimately rendering the original architectural designs non-compliant. The design and building as initially conceived also renders the project economically unviable. Due to these factors and in line with IFRS, Management concluded that the capitalised cost of P19.42 million expended in the project were no longer recoverable, necessitating a full write-down/impairment of the Capital Work In Progress.

While this adjustment has negatively impacted the current period's results, it reflects the Group's prudent approach to financial reporting and risk management. Management is actively exploring alternative strategies to unlock value and offset this impairment, while remaining firmly committed to protecting and enhancing shareholder value.

Without the impairment, the Group would have reported a profit after tax of P2.0 indicating the Group's resilience given the current economic conditions.

Persistent weakness in the global diamond market has constrained government revenues, contributing to tighter liquidity within the domestic financial system. Consequently, while interest rates increased by 13% to P263.3 million (30 June 2024: P234.6 million), reflecting growth in the loan portfolio, this was offset by a 14% rise in interest expense to P158.7 million (30 June 2024: P139.1 million), attributable to the higher cost of funding, which compressed net interest margins.

In accordance with IFRS 9, the Group's provision for expected credit losses (ECL) increased by 29.8% to P104.7 million as at 30 June 2025, with a charge of P23.6 million recognised for the period (30 June 2024: P14.5 million). The increase was primarily driven by a significant rise in allowances for credit-impaired loans (Stage 3), mainly from unsecured loans that deteriorated in quality. Provisions also grew for loans with increased credit risk (Stage 2) and for newly issued loans (Stage 1), reflecting new lending and a more pessimistic economic outlook. In response, management has tightened its lending standards and enhanced credit monitoring.

Non-interest income increased by 31% to P18.4 million (30 June 2024: P14.1 million), driven by growth in fee and commission income from bancassurance activities and increased transactional volumes.

Operating expenses rose by 27% to P138.9 million (30 June 2024: P109.5 million). The increase is mainly attributable to a 19% rise in personnel expenses to P53.1 million and a 7% increase in other operating expenses, reflecting continued investment in technology, systems, and human capital to support the Group's strategic objectives.

Statement of Financial Position

The Group maintained a robust statement of financial position.

Total assets decreased by 1% to P5.50 billion (December 2024: P5.55 billion), driven primarily by a 14% decrease in cash and cash equivalents which reached P563.9 million (December 2024: P810.0 billion). Customer deposits increased marginally to P4.45 billion when compared with the December 2024 balance of P4.43 billion.

Total equity attributable to shareholders of the parent company decreased by 3% to P505.0 million as at 30 June 2025.

BBS Bank has increased and diversified its sources of funding. BBS Bank raised funding in the form of Tier 2 Capital to strengthen its capital position and ensure that the capital buffers remain strong. As at June 2025, capital adequacy ratio was at 22.2% compared to 18.4% (June 2024) which was above the regulatory requirement whilst the liquidity ratio was at 13.6% which was also above the regulatory threshold. On a forward basis, BBS Bank will continue with balance sheet and capital optimisation initiatives while maintaining prudence in managing liquidity.

Reclassification of Prior-Period Amounts

The Group has reclassified certain prior-period amounts to enhance compliance with IFRS presentation requirements. The comparative figures have also been reclassified to conform with the current period's presentation.

•**Statement of Profit or Loss and Other Comprehensive Income:** Loan administration fees are now included within Interest income, and loan sales commission costs are netted against this line item.

•**Statement of Financial Position:** Money-market placements have been reclassified from Cash and cash equivalents to financial Investments.

Bank of Botswana certificates and Placements with other banks have been reclassified from financial Investments to Cash and cash equivalents to better reflect their liquidity profile.

Special Fixed

Strategic Outlook

The Group remains focused on the execution of its corporate strategy. During the period, significant investments were made in foundational technology to support future growth. The Bank successfully completed a major upgrade of its core banking system from version R17 to R23. This strategic enhancement provides a more agile and scalable platform, enabling faster product development, improved operational efficiency, and a more robust and secure banking environment.

Building on this enhanced technological capability, the Group is advancing several key projects. The launch of a prepaid card is in its final stages, and a credit card offering is also under development. The Group will also consider expanding its physical presence through an agency banking model, which will significantly advance our footprint into underserved areas and enhance financial inclusion.

Economic Outlook

The macroeconomic environment is expected to remain challenging, with significant headwinds impacting the banking sector. The national economy is forecast to contract in 2025, driven by a structural downturn in the global diamond market, which has severely reduced government revenues and export earnings. This has precipitated a widening fiscal deficit and placed considerable strain on public finances.

The most immediate consequence for the financial system has been a pronounced liquidity squeeze. Reduced government inflows have tightened money market conditions, compelling banks to compete aggressively for deposits and alternative funding sources. This has led to a significant increase in the cost of funds, which directly erodes net interest margins and profitability. In response, the Bank of Botswana has implemented measures to support system liquidity, though the underlying structural challenges persist.

The economic slowdown, coupled with higher borrowing costs for businesses and households, elevates credit risk across the sector. Slower credit growth is anticipated, and the potential for an increase in non-performing loans requires vigilant risk management. This environment necessitates prudent capital management to ensure that capital adequacy ratios are maintained at levels sufficient to absorb potential increases in expected credit losses. Management remains cautious and will continue to prioritise disciplined resource allocation and a fortified risk management framework in response to these conditions.

Conclusion

The Board extends its sincere gratitude to our customers, employees, and stakeholders for their continued trust and partnership. While the current period's performance reflects significant market headwinds and necessary strategic adjustments, the Board is confident that the foundational investments being made are expected to strengthen the Group's competitive position and support future profitability.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION				
At 30 June 2025				
	At 30 June 2025 P'000	At 30 June 2024 P'000	At 31 December 2024 P'000	
Assets				
Cash and cash equivalents	563,936	810,047	670,426	
Financial Investments	45,468	12,457	38,099	
Non-current assets held for sale	-	-	-	
Other assets	55,629	61,567	68,560	
Properties-in-possession	11,086	22,713	14,002	
Current tax receivable	348	-	-	
Loans and advances to customers	4,697,360	4,161,892	4,610,386	
Right-of-use assets	8,980	9,963	9,610	
Deferred tax asset	10,067	11,958	7,623	
Intangible assets	31,198	22,861	34,214	
Property and equipment	78,908	97,994	99,235	
Total assets	5,503,480	5,333,052	5,552,155	
Liabilities				
Customer deposits	4,449,543	4,427,197	4,456,227	
Borrowings	247,771	263,782	256,009	
Balances due to other banks	50,096	-	50,074	
Debtentures	204,300	102,288	204,121	
Lease liabilities	15,361	15,970	15,878	
Other liabilities	30,641	32,195	45,058	
Withholding tax	760	2,592	2,152	
Current tax payable	-	45	170	
Total liabilities	4,998,472	4,844,069	5,029,589	
Shareholders' Equity				
Stated capital - Ordinary shares	487,453	487,453	487,453	
Retained earnings/(accumulated loss)*	17,555	1,530	35,013	
Total equity attributable to equity holders of the parent company	505,008	488,983	522,466	
Total liabilities and equity	5,503,480	5,333,052	5,552,155	

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME				
For the six month period ended 30 June 2025				
	6 months ended 30 June 2025 P'000	6 months ended 30 June 2024 P'000		
Interest income using effective interest rate	265,331	234,636		
Interest expense	(158,733)	(139,127)		
Net interest income	106,598	95,509		
Fee and commission income	18,819	14,744		
Fee and commission expense	(455)	(680)		
Net fee and commission income	18,364	14,064		
Other income	1,773	5,532		
Net Operating income	126,735	115,105		
Expected credit losses	(23,597)	(14,469)		
Other impairment losses	(19,152)	(3,504)		
Personnel expenses	(53,072)	(44,509)		
Depreciation and amortisation	(7,117)	(7,130)		
Other expenses	(42,528)	(39,853)		
Total expenses	(145,466)	(109,465)		
Profit/(loss) before taxation	(18,731)	5,640		
Taxation	1,273	(718)		
Profit/(loss) for the period	(17,458)	4,922		
Other comprehensive income	-	-		
Total comprehensive profit/(loss) for the period	(17,458)	4,922		

EARNINGS PER SHARE		
Per share information		
Basic and diluted earnings/(loss) for the period	(3.58)	1.01

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Notes to the Unaudited Interim Condensed Consolidated Financial Results for the six month period ended 30 June 2025

Financial Results

The condensed unaudited consolidated financial statements adequately disclose the results of the Group's operations for the six-month period ended 30 June 2025.

Comparative financial information

The comparative financial information considered in these condensed consolidated financial statements relate to the reviewed results for the six-month period ended 30 June 2024 and the audited financial information for the twelve months ended 31 December 2024.

Dividend

No dividend was declared during the period under review.

Changes to the Board

Reappointment of directors	Office	Designation	Date
Dr. Vincent B. Mogano	Non-executive	Chairman	26/06/25
Mrs. Koziba N. Moloyi-Sedimo	Non-executive	Lead Independent Director	26/06/25

Reporting Entity

BBS Bank Limited and BBS Insurance Agency Limited are domiciled in Botswana. The address of the Group's registered office is Plot 13108-112 Broadhurst, Gaborone.

The Group is primarily involved in the provision of banking services while the subsidiary is involved in offering insurance agency services. These financial statements represent the Group's interim condensed consolidated financial statements.

The interim condensed unaudited consolidated financial statements for the six-month period ended 30 June 2025 were approved for issue by the Board of Directors on 25 September 2025

Basis of preparation

These interim condensed consolidated financial statements for the period ended 30 June 2025 have been prepared in accordance with IAS 34, 'Interim financial reporting', the Companies Act (CAP 42:01), the Banking Act (CAP 46:04) and Insurance industry Act (CAP 46:01) of the Non-Bank Financial Institutions Regulatory Authority (NBFIIRA). The Group has prepared the interim condensed consolidated financial statements on the basis that it will continue to operate as a going concern. The Directors consider that there are no material uncertainties that may cast significant doubt over this assumption. They have formed a judgement that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, and not less than 12 months from the end of the reporting period.

The Interim condensed consolidated financial statements do not include all the information required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2024.

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

Use of Judgement and estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed by management on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied in the annual financial statements for the year ended 31 December 2024.

Events after the reporting date

Subsequent to the reporting date, the company's subsidiary declared a dividend of P12,031 million in favour of the company. The dividend will be recognised in the company's financial statements in the period in which it is received.

On the 17th July 2025 the company drew down P50 million from its Tier II capital facility of P150 million. The remaining P100 million under the facility remains available for future drawdown. The proceed will be utilized to strengthen the company's base and support business growth.

On the 26th August 2025, the BBS007 bond matured and the principal obligation of P86.7 million was repaid in accordance with its terms.

Current Account

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Terms and Conditions Apply
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