



Bank of Baroda (Botswana) Limited

# ANNUAL REPORT 2022-23

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Bank of Baroda [Botswana] Ltd

[PLOT NO. 14456, KAMOSHUNGO ROAD, GWEST INDUSTRIAL, NEAR NOKIA CIRCLE, GABORONE, BOTSWANA]



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## ABOUT THIS REPORT

This report comprised the annual report and financial statements of Bank of Baroda (Botswana) Limited for the financial year under review from 1 April 2022 to 31 March 2023.

### Scope and boundary

This report covers material information about the financial, economic, social and environmental performance of Bank of Baroda (Botswana) Limited for the financial year ending 31 March 2023. Where applicable and relevant, information after this date and up to the date of Board approval has been included. This report provides insights into matters of importance to our stakeholders, highlighting how the Bank is governed, the material matters we identified and the risks and opportunities that could impact our business in the short, medium and long term.

### Reporting principles and frameworks applied

Licensed by the Bank of Botswana according to the provisions of the Banking Act (Cap 46:04, section 4), Bank of Baroda Limited is governed by the banking laws of Botswana, which are in place to support financial stability. The content of this report has also been informed by:

- International Financial Reporting Standards (IFRS)
- The Botswana Companies Act, as amended (Companies Act)
- The King III Code of Corporate Governance
- International Integrated Reporting Framework (<IR> Framework) of the IFRS Foundation

### Sources of information

Information contained in the report is derived from the Bank's internal resources and information available in the public domain.



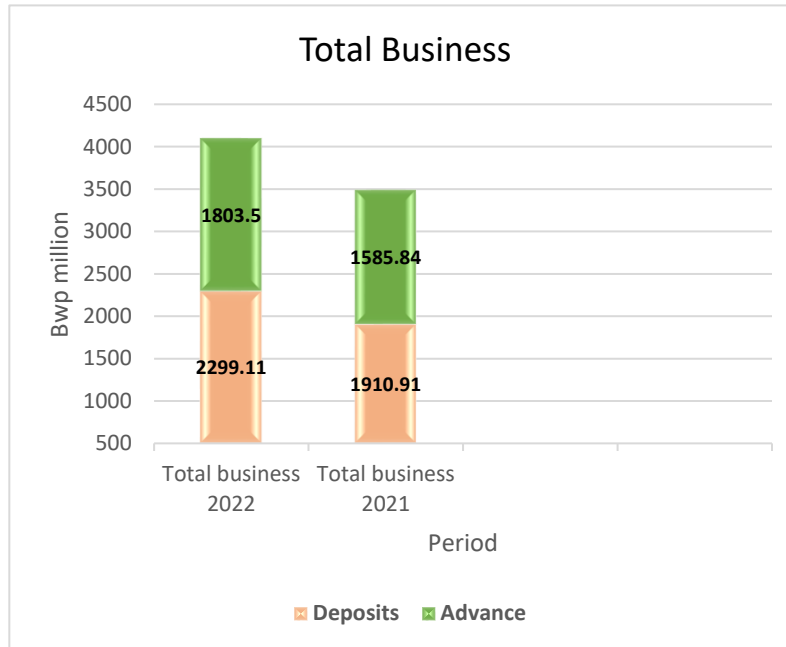
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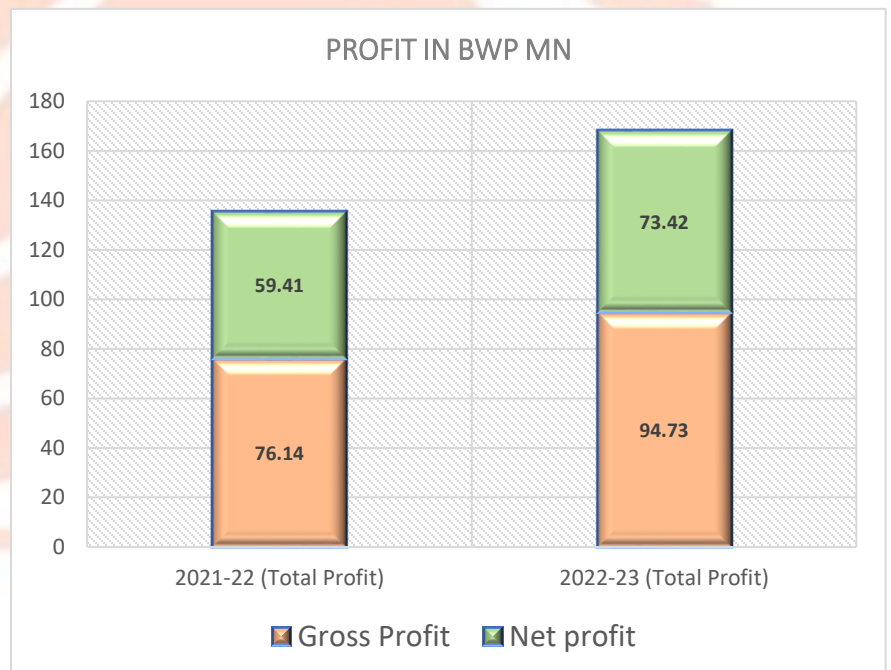
## THE REPORT ON SIX CAPITAL AS FOLLOWS

### 1. FINANCIAL



The Bank has a pool of funds that is available for use in the provision services such debt, equity, and cash generated through operations or investments to ensure availability of the below capitals to create value to the customers. The bank converted the financial capital into business growth of 17.5% compared to the previous year, and all other financial performance indicators such as profit and financial position has also improved compared to the previous year. For more details, see the detailed financial statements on page 18.

Gross profit of Bank has reached to P 94.73 Mn as at 31.03.2023 as against previous year profit of P 76.14 Mn and net profit of bank has reached P 73.42 Mn as against P 59.41 Mn as on 31.03.2022. Bank keep continue focusing on venturing in high yield assets and endeavour is being made to contain slippages. Bank registered 36.14% growth in Non-interest income, ROA stood at 3.10 and RONW stood at 13.61 as at 31.03.2023







## 2. MANUFACTURED

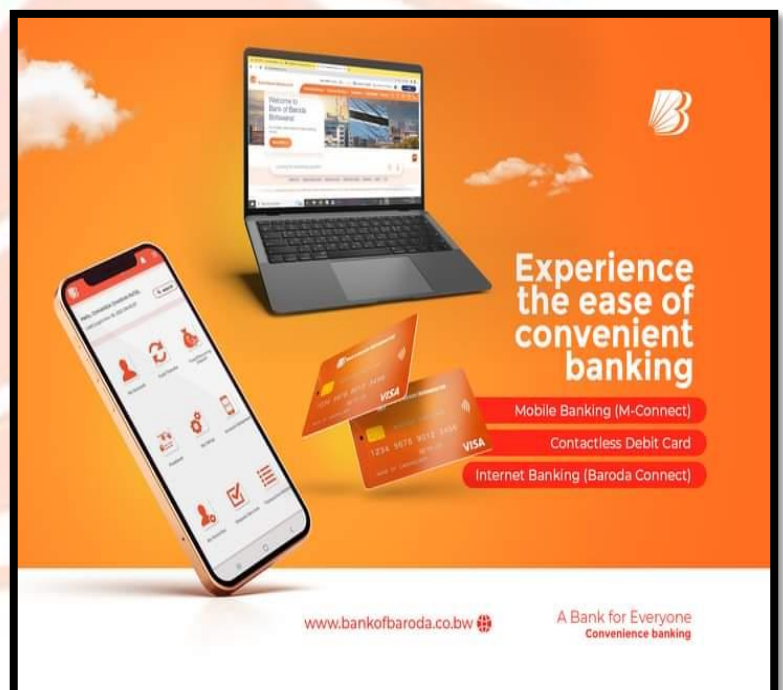


Our chip-based debit card enables you to withdraw cash with other facilities

The bank uses buildings (offices) and machinery such as Automated Teller Machines (ATMs), photocopy, fax, computers for the provision of services at different locations to be able to increase customer base by bringing service to the people. The Bank also uses Biometric authentication to allow authorized users to use Core Banking system and new robust alert monitoring system to enhance security for effectively monitoring of transactions and to strengthen the compliance in the bank. Bank presently offer services with network of four branches and 7 onsite/offsite ATMs to its customers.

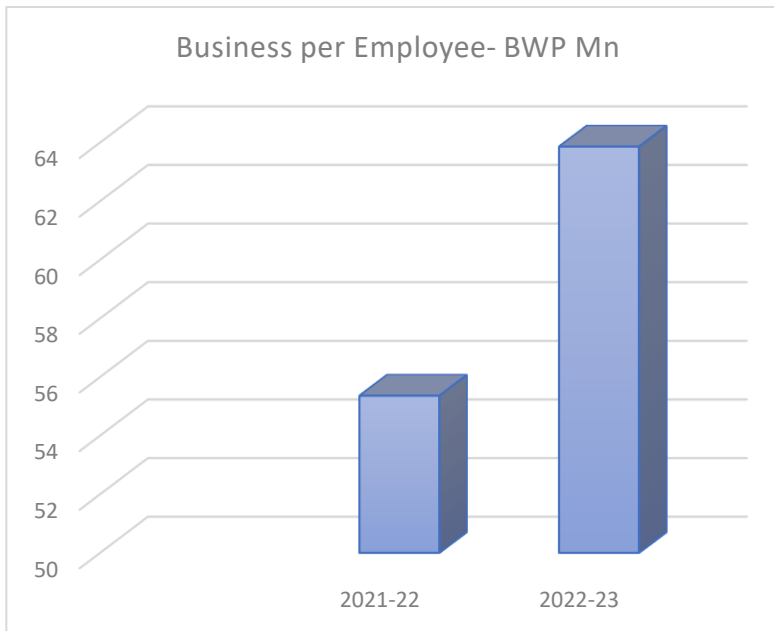
## 3. INTELLECTUAL

The bank uses software which improves efficiency and has a reputable brand with over 100 years in India and almost 22 years in Botswana which makes it trustworthy. Bank has already moved to new version of Core banking solution i.e. Finacle- 10 & has further leveraged technology & launched new version of Internet Banking i.e. FEBA- I-Banking and Mobile Banking with various new features, which includes manage debit card facility through mobile banking to all Individual customers, wherein customers themselves can manage usage of debit card for domestic and international purpose on various channel i.e. POS/ ATM and E-commerce transactions and set limit as per their requirement. Bank has also implemented features of instant blocking of their debit card through mobile banking in case they lost their debit card. The Bank increased its bandwidth at various platform and made considerable contribution in desired digital channel. With these digital initiatives, the bank is pushing its idea of enhancing the availability of its products and services with a view to ensuring customer satisfaction with prompt delivery.





#### 4. HUMAN



The Bank has competent staff with competences on banking products spanning over 22 years in Botswana and more than 100 years in India and its draws them from the pool of experts in the field to bring insight here and develop tailor made products to a particular environment drawing inspiration from other countries/banks. Staff are trained on these to gain. Bank keeps imparting training program on various products and services on ongoing basis including AML/CFT/PF/TF compliance and risk associated with various products throughout the year in order to inculcate the compliance and risk culture in the bank. Business per employee has increased to P63.86 million from P55.36 million from previous financial year.

#### 5. SOCIAL AND RELATIONSHIP

The Bank has communication and stakeholder management strategy to deal with relationships. It has good governance practices and always strive to achieve full compliance with all regulations. Further the Bank has established relationships with the community and made donations of laptops, computers to Sedumedi Junior Secondary school to improve information Technology education. The Bank has three layer security system on E-Banking platform and also Protect customers from cybercrime through sending messages, on the app before you start transactions to warn you to ensure safe banking and therefore customer retention. Bank keeps educating customers by sending message and through social media platform regarding do's and don't to prevent them from cyber attack.

**Bank of Baroda (Botswana) Ltd**

### TIPS TO SPOT PHISHING ATTACKS

- Watch for **Urgent Language**
- Be Cautious of **Personal Information requests**
- Check for **Spelling & Grammar Errors**
- Verify the **Sender's identity**
- Use **Anti-Phishing software**

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## 6. NATURAL



The Bank's use of natural resources is immaterial. However, the Bank strives to use minimum power by switching off the appliances not in use and lights if no one is in the office to save power. The bank also tries to use technology and use paper less by using technology to reduce tree cutting to avoid deforestation. Bank has implemented green pin initiatives and provided facility to individual customers to register themselves for mobile banking facility on various ADC platforms including ATMs to prevent usage of papers. The Bank also planted trees at Francistown to reduce deforestation and save the environment. Bank is formulating ESG approach paper to ensure regulatory compliance & to effectively assess the ESG risk in overall portfolio of bank in Botswana.





## Annual Report – 2022-23

### GLOBAL MD & CEO'S MESSAGE

#### SANJIV CHADHA



I am delighted to present before you the highlights of the Bank's performance during the Financial Year, 2022-23. FY2023 represents a watershed year for Bank with a quantum shift in terms of performance in almost every area - Business Growth, Profitability as well as Asset Quality, all of which not only attained record levels but also appear to be on a sustainably higher trajectory. The Bank's total Global business crossed the INR 20 lakh crore milestone and the net profit has almost doubled from that of the previous year. Moreover, this is the second consecutive year of consistent performance across all major parameters of earnings, margins, profitability and asset quality notwithstanding the challenges on the geopolitical and domestic fronts. The global economy has been grappling with inflation, sharp rise in interest rates, disruptions fuelled by prolonged geopolitical instability, and the lingering effects of COVID-19. Amidst these challenges, Bank has not only consolidated its position but also has gained momentum by introducing measures to increase the pace of growth and market share while exercising close control on expenses.

As there were better risk adjusted returns available in our international operations in the first part of the year the growth in the international book was significantly higher at 29.9% compared to the 16.3% growth in Domestic Loans. Simultaneously, the Bank continued consolidating and re-jigging its International Operations in line with the emerging global environment and focused on rebalancing the portfolio with a view to manage risks, shed low-yield assets and increase profitability.

The Bank has built up an efficient collection machinery and has been using advanced analytical tools for identifying incipient weaknesses and early warning signals.

The Bank has been leveraging the power of technology to progressively digitise operations and enhance customer engagement. This has been the key enabler for the Bank's improved performance.

The Bank acknowledges the urgency of climate change and recognizes global warming as one of the most significant threats to businesses and livelihoods globally. Climate change risk has become a crucial challenge to the financial industry, of late. The Bank is committed to reducing the

impact of climate change risk and is consciously working towards sustainable development of its banking operations.

The Bank follows a non-discriminatory and equal opportunity policy for all its employees and is transparent in all issues relating career path and employee benefit / welfare schemes. These initiatives aim to strengthen and develop our human resources by increasing employee satisfaction, addressing training needs, prioritizing health and wellness, and promoting capacity building. Furthermore, the Bank strongly upholds human rights by strictly prohibiting child labour or any form of involuntary labour within its premises. The Bank is committed to creating an environment where all individuals feel valued, respected, and empowered by prioritizing diversity, equity, and inclusion, as well as respecting human rights.

In conclusion, I must first gratefully acknowledge and thank all our employees for their hard work, dedication and commitment for making Bank of Baroda an institution that all of us can be proud of. I would like to thank all our customers for their continued patronage and trust in our Bank. We look forward to your continued support and goodwill as we march ahead in our quest for excellence.

Sanjiv Chadha  
Managing Director and CEO

## Annual Report – 2022-23

### CHAIRMAN STATEMENT

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Dear Stakeholders,

It is my privilege to share with you the annual Report the overall developments in the economy, banking sector and journey of Bank of Baroda (Botswana) Limited thereafter referred to as “the bank” in FY 2022-23 (FY 2023).

#### Global Economy

The financial year 2023 began under the shadow of the conflict between Russia and Ukraine. The world was slowly recovering from the economic slowdown and challenges brought on by the COVID-19 pandemic when the geopolitical tensions between Russia and Ukraine arose. These two nations are major suppliers of important commodities such as food and energy, and the conflict caused disruptions in supply chains and significant shocks to global commodity markets. As a result, the prices of energy, food grains, and metals have risen significantly, exacerbating inflationary pressures across both advanced economies (AEs) and emerging market economies (EMEs).

Subsequently central banks of the major economies were compelled to tighten their monetary policy stances. The US Fed Reserve has increased its policy rates by 500bps (cumulative) since March 2022, while Bank of England (BoE) and European Central Bank (ECB) followed with rate hikes of 440bps and 370bps respectively, during the same period. The emerging market and developing economies also experienced the shock waves of different wave lengths. Many countries witnessed huge outflow of capital which put pressure on the value of their domestic currencies. According to IMF, the global economy has moderated to 3.4% in 2022 from 6.3% in 2021 and is expected to further come down to 2.8% in 2023. This reflects the severity of geopolitical issues on the global economy

#### DOMESTIC ECONOMY AND BANK PERFORMANCE FY - 2022-23

Botswana has achieved remarkable progress in



SERETSE BAGOPI

economic development and aims to attain high-income status by 2036. Since the early 2000s, with the support of effective governance and prudent macroeconomic policies, real per capita GDP has increased by a third, bringing today's GDP per capita close to around \$ 6500. The nation's poverty rates are approximately half the average of sub-Saharan Africa.

In recent times, Botswana's COVID-19 vaccination campaign has been one of the most successful on the continent, with around 73% of the population vaccinated by March- 2023. Following a robust recovery of nearly 12% in 2021, the country's economy expanded by 5.8% in 2022, well above its long-term average of 4%. This post-pandemic rebound was mainly driven by a significant rise in mining production, as well as strong manufacturing and construction activity within the country, contributing to the overall development of the economic & opening new opportunities for financial institutions in the country.

I am happy to state that business of the Bank reported positive growth of about 17.15 % during the year. The growth remains high to previous year due to higher growth in Credit and Term Deposits. Asset Quality of the bank has improved during the year. The gross NPLs to total advances was 0.45 % as against 0.76 % in March 2022. The total deposit grew by 20.34%, The total advances grew by 13.73%. CD ratio is 81.34 % as on 31 March 2023 & Capital Adequacy ratio stood at 22.89 %. The bank will continue to support the people of Botswana by providing financial assistance in various sectors of economy.



### Going forward

Looking ahead, the banking sector plays a crucial role in the economy by directing funds towards growth sectors, providing ample opportunities for banks in Botswana to expand rapidly and sustainably. The bank is also ready to navigate any challenges arising from unfavorable geopolitical developments.

The bank will continue its commitment to serving society and customers while supporting government initiatives for national progress, maximizing productivity and profitability to enhance stakeholder satisfaction.

I want to express my gratitude to all of the bank's stakeholders, including shareholders and customers, for their ongoing support and trust. I appreciate the dedication, enthusiasm, and commitment of all our employees, which have played a key role in the bank's strong performance. I also thank the Government of Botswana, Bank of Botswana and other regulators for their support and guidance. Additionally, I appreciate the input and guidance from the Board members.

I am confident that the bank will maintain its high performance, achieving its business objectives and fulfilling its social responsibilities for a more prosperous, inclusive, resilient, and sustainable future, thereby bringing greater satisfaction to its stakeholders in the days and years to come.

### TECHNOLOGY AND INNOVATION

The bank has upgraded its digital banking channel i.e. Internet Banking and mobile banking to ensure fast and convenient banking to the customers. Bank has started offering business debit card to customers with higher limit of transactions enabling them to perform their business transactions as per their need. Bank has implemented green pin initiatives and provided facility to individual customers to register themselves for mobile banking facility on various ADC platforms including ATMs. Bank is pushing its idea of enhancing the availability of its products and services with a view to reducing dependency on physical branches and ensuring customer satisfaction with prompt delivery of services.

### CORPORATE GOVERNANCE

The bank is committed to good corporate governance and extant compliance with all applicable laws and regulations. The bank has been demonstrating and exemplifying a decent compliance culture of Corporate Governance. The Bank's robust risk and compliance policies coupled with experienced business acumen are a result of the Bank's spiffing strategy and focused leadership. The bank nurtures a strong culture of collaborative growth, customer centricity and responsive and responsible corporate governance.

Yours Sincerely  
**Seretse Bagopi**  
Chairman





**Bank of Baroda (Botswana) Ltd.**



**Bank of Baroda (Botswana) Ltd**

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We help **employees** working with Government, Parastatals, Reputed Organizations & Self Employed persons with **Home loans** for:

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- **For purchase of plot and construction of house thereon**
- Repair/ Renovation project



Bank of Baroda Botswana



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The Bank has taken a renewed business model that analyses compliance requirements, prioritizes their importance to the business, applied that appropriate control and monitors the system consistently





## Annual Report – 2022-23

### MANAGING DIRECTOR STATEMENT

#### DEAR STAKEHOLDERS,

It's my pleasure to present to you the performance of your bank for the financial year 2023. The Bank's performance for the year 2023 is an exemplification of great suppleness, customer centricism, prudent leadership and sustained focus on leveraging technology for customized banking experience. The year 2023 marked the opening of various markets post the pandemic resulting in more favorable balance of trade for Botswana. During the year, we witnessed various rate hikes by the US Fed and subsequent and prudent decision taken by Regulator of Botswana to control inflation rate by increasing in MoPR rate and impact has not adversely impacted the momentum of growth. Bank also witnessed sustained growth both in Deposit and Advances during the year 2023.

#### FINANCIAL PERFORMANCE

Overall, FY-22-23 was a good year for the Bank in terms of performance and growth as the Bank witnessed improvement in almost all major financial key business parameters. The Bank constantly worked on its strength and objectivity resulting positive growth of about 17.15 % during the year. The growth remains high to previous year due to higher growth in Credit and Term Deposits. This year net profit of the Bank stood at P 73.42 mn for the year showing a positive growth over last year mainly due to increase in interest income in Loans and advances, containment of impairment.

The figures are testimony of robust system and standardized process being implemented by the bank.

Let me also share with you the other key financial highlights of your bank for the financial year ended 31.03.2023.

- ❖ The total business of the Bank grew by 17.15% during the year. The total Deposit grew by 20.34%. This was majorly attributed to the number of accounts opened during various campaign launched during the year & initiatives taken by bank to provide various new features on ADC platform, which includes new version of Internet Banking i.e. FEBA- I-Banking &



SANJAY JOSHI

mobile banking.

- ❖ The total advances of the bank grew by 13.73% during the year and reached to level of P 1803 Mn, which help to maintain healthy CD ratio of 81.34 % as on 31 March 2023.
- ❖ The business of the Bank reported positive growth of about 17.15 % during the year. The growth remains high to previous year due to higher growth in Credit and Term Deposits. Bank committed to focus on diversifying its retail book and focus has given to generate growth in retail loan under housing / Personal / Auto loan segment.
- ❖ Capital Adequacy ratio stood at 22.89 % against regulatory requirement of 12.50%, Net profit of the bank grown by 23.58% over previous year.
- ❖ The gross NPL of bank stood at P 8.42 mn and Net NPL is zero.

#### DIGITAL INNOVATION

- The bank has upgraded its digital banking channels in order to ensure convenient, efficient and fast services to Bank's esteemed customers. Bank has further leveraged technology & launched new version of Internet Banking i.e. FEBA- I-Banking, Bank has introduced Green PIN for Debit card through ATM and for Internet banking applications through SMS and Email on registrar mobile number and registered email address. Bank has implemented to manage debit card facility through mobile banking to all Individual customers, wherein customers themselves can manage usage of debit card for domestic and international purpose on various channel i.e. POS/ ATM and E-

commerce transactions and set limit as per their requirement. Bank has also implemented features of instant blocking of their debit card through mobile banking in case they lost their debit card.

- Bank has implemented Biometric Authentication in core banking system for staff members while login in core banking System in order to enhance the security, moreover to implement robust compliance in terms of transactions monitoring, Bank has implemented new Alerts monitoring system.
- Bank has implemented Chat bot facility on bank web site to resolve the queries of customers related to products and services and provide features of online submission of request for account **opening through web site**.
- To further strengthen its operational functions, The bank upgraded its risk, compliance system through technological innovations and enhancing its core banking system provisions. These changes made the Bank's internal process more robust in terms of efficiency and effectiveness, hence delivering more value to all its stakeholders with compliance to regulatory guidelines.
- The Bank increased its bandwidth at various platform and made considerable contribution in desired digital channel. With these digital initiatives, the bank is pushing its idea of enhancing the availability of its products and services with a view to ensuring customer satisfaction with prompt delivery.

### CONCLUSION

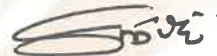
The overall economic outlook of Botswana promises to sparkle in the years to come. Financial institutions have maintained sufficient capital and liquidity levels and demonstrated strong profitability. The bank's capital levels appear adequate. Botswana's GDP growth is expected to moderate to 4.0% in 2023, driven by anticipated increases in economic activity from the liberalized beef sector, higher diamond prices, and expanded copper and vaccine production, real estate sector growth coupled with good demand of residential units & change in transfer duty guidelines. This forecast relies on the accelerated implementation of

the government's Economic Recovery and Transformation Plan post Covid-19. As the economy operates below its full capacity, inflation is expected to decrease to 5.8% in 2024, falling within the central bank's target range.

I place on record my sincere thanks to the Board, Management team and all staff members for their efforts in serving the Bank's customers and creating shareholder value through care, concern and competence.

I take this opportunity to place my sincere thanks and gratitude to the Government of Republic of Botswana, The Bank of Botswana, other regulators and stakeholders for their valuable guidance and continued support in strengthening the operations of the bank.

I extend my good wishes to each one of you.



Your sincerely  
Sanjay Joshi  
Managing Director.





Bank of Baroda (Botswana) Limited



**Bank of Baroda (Botswana) Ltd**

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Our Mission: To maximize customer satisfaction through well trained staff and strive to establish a mutually beneficial and long-term business relationship

## BOARD MEMBERS

**Mr. Seretse Bagopi**  
Chairman of Board and Independent Non-Executive Director



**Mr. Golekanye Setume**  
Independent Non-Executive Director



**Ms. Anamika Singh**  
Independent Non-Executive Director



**Mr. Joydeep Dutta Roy**  
Related party Non-Executive Director



**Mr. Sanjay Joshi**  
Managing Director, Bank of Baroda (Botswana) Ltd.



## BOARD MEMBERS DETAILS

Mr. Seretse Bagopi is appointed as an Independent Non-Executive Director in the Board of Bank on 23.08.2017 For a period of three years. Later on, he is appointed as a Chairman of Board from 01.08.2018. He holds Master of Science in Information Technology, Bachelor of Science (Hons.) in Computer Studies. He is also certified International Project Manager. He is also holding position of Director, Information Technology in Botswana International University of Science and Technology.

Mr. Golekanye Setume is appointed as an Independent Non-Executive Director in the Board of Bank on 15.01.2019 for a period of three years and reappointed for further period of 3 years. He holds Master of Business Administration, BED, Master Degree in professional development from Northern college, Diploma in secondary education from University of Botswana.

Ms. Anamika Singh is appointed as an Independent Non-Executive Director in the Board of Bank 03.02.2020 for a period of three years and reappointed for further 3 years. She holds Bachelor degree in Science (Chemistry Hons), Master in Business Leadership, Post Graduate Diploma in Strategic Management, Post Graduate Diploma in Marketing Management and Diploma in Training and Assessment.

Mr. Joydeep Dutta Roy is appointed as a related Party Non-Executive Director in the Board of Bank on 01.08.2021. He holds degree in Master of Business Administrations, Bachelor in Economics, Diploma in Personal Management and Industrial relations, Bachelor of Law. He is also an Executive director in Bank of Baroda, India. He has very rich experience almost 25 years working in Bank, presently he is heading various portfolios i.e. Retail Assets and Liabilities, Digital lending business, financial accounts and reporting, ESG, Investors relations, Strategic planning and performance budgeting, Chief Economist, Wealth Management, Capital market and NRI business, Subsidiary relationship, Risk Management, Fraud Risk management in Bank of Baroda, India.

Mr. Sanjay Joshi is appointed as a Managing Director of Bank on 05.05.2022. He holds Bachelor Degree in Commerce, JAIIB, CAIIB and Diploma in Electrical Engineering and Diploma in Computer Hardware Engineering. He has very rich experience almost 23 years working in bank handling position of Regional Head, Head of Planning, Head of Accounts and operations, Head of Retail Banking, compliance, Marketing while working in UAE operations of parent Bank and having exposure of Branch head & credit head at various location in Bank in India.



## BOARD MEMBERS

**Mr. Shathiso Toto Nlebgwa**

**Independent Non-Executive Director**



**Mr. Suresh Vishwanath**

**Independent Non-Executive Director**



## BOARD MEMBERS DETAILS

Mr. Shathiso Toto Nlebgwa is appointed as an Independent Non-Executive Director in Board of Bank on 13.01.2020 for a period of three years and reappointed for further 3 years & subsequently his tenure is extended for another term of 3 years. He holds Bachelor of Law, Master of Business Administration, Certificate in Compliance Management, Attorney. He is also member of Law society of Botswana since November 2010. He has rich experience in Corporate Governance, Legislative Drafting, Negotiating and Managing Commercial contract, Risk Management.

Mr. Suresh Vishwanath is appointed as an Independent Non-Executive Director in the Board of Bank on 20.05.2022 for a period of three years in the Board of Bank. He holds Chartered Accountant Degree from Indian Institute of Chartered Account, Bachelor Degree in Commerce. He was also Independent Non-Executive Director in Board of erstwhile State Bank of India (Botswana) Ltd. He has 13 years of experience working on Top Management position in ICICI bank in India.

### Senior Management team

Mr. Basudev Jagajit Chief Manager, Credit Monitoring, Head Office, Gaborone	Mr. Basudev Jagajit joined bank as a Head Credit Monitoring on 06.11.2017. He has very reach experience in Banking Industry of almost 20 years working in India at various position i.e. exposure in handling Large corporate advances account, experience in Centralized processing credit cell, Branch operations etc. He holds Bachelor degree in science along professional qualification of JAIIB, CAIIB from Indian Institute of Bankers.
Ms. Boitumelo Jackson Head, Risk Management, Head office, Gaborone	Ms. Boitumelo Jackson joined bank on 04.01.2016. She holds Bachelor of Hons in business management, Masters of Business Administration and doing diploma in Banking. She got 7 years of experience working in Risk management function of Bank.
Mr. Suman Kumar Head, Internal Audit, Head office, Gaborone	Mr. Suman kumar joined as a Head, Internal audit on 21.03.2018. He has wide experience in banking of almost 15 years working at various position i.e. Operation head, Credit head, Branch head at various locations in bank in India. He holds Bachelor degree in commerce, master of business administration in Banking and Finance, JAIIB & CAIIB from Indian Institution of Bankers and CAMS
Mr. Sanjay Rana Head, Credit Processing Cell, Head Office, Gaborone	Mr. Sanjay Rana joined bank as a Head CPC (Centralized Processing Cell) on 10.03.2021. He has reach experience in Banking Industry of 15 years. He holds Master degree in Business Administration, Certieied associate of Indian Institute of Bankers and Certified Credit professional.

## Corporate Social Responsibility



Bank of Baroda (Botswana) Ltd donated P 100,000 worth of goods to Sedumedi JSS in Molepolole in presence of His Excellency Minister of State president and MP Molepolole Mr. Kabo Morwaeng, His excellency the High commissioner of India to Botswana Mr. Bharath Kumar Kuthati, Mr. Sanjay Joshi, MD, Bank of Baroda (Botswana) Ltd, Ms. Anamika Singh, Mr. Shathiso Toto Nlebgwa Independent Non-Executive Directors of Bank.

Bank of Baroda (Botswana) Ltd in association with India Association of Botswana donated blankets to the needy persons and children of the village Gasita, the event was graced by Honorable Minister of Health Mr. Edwin Dikoti in presence of MD Sanjay Joshi



- ❖ Bank also distributed food packets in Ramotswa Deaf and dumb center and donated fund for construction of children play area
- ❖ Bank distributed 50 blankets in Francistown
- ❖ Our Francistown branch planted 100 trees on foundation day of parent bank.

Our commitment to Corporate social Responsibility drives us to be a force for positive change in the community we serve. We believe that by investing in sustainable and inclusive initiative, we not only strengthen our business but also create lasting value for society



## Marketing Activity



Bank of Baroda participated in Global expo event arranged at Gaborone



Bank of Baroda participated in Global expo event arranged at Gaborone

Our Vision: To be most respected and preferred mid-size bank, striving to enhance stakeholders' value with Care, Concern and Competence



## TEAM BUILDING ACTIVITY – STAFF MEMBERS



Team Building activity of staff members in Gaborone

Team Building activity – Participation in International Bi-Cycle Rally in association with High commission of India to Botswana Gaborone



"Together, we are stronger: By embracing collaboration and unity, we create a thriving, supportive environment where every team member contributes to our shared success."



## KNOW YOUR BANK

### Background

Bank of Baroda (Botswana) Limited was incorporated in Botswana on 17th August 2000 as a Company with limited liability under the Companies Act (CAP 42:01) and was licensed as a Commercial Bank on 06th September 2000 under Section 6 of the Banking Act, 1995. The Bank is wholly owned subsidiary of Bank of Baroda, India. It started its operations by opening its first branch at Acumen Park, Plot 50370, Fairgrounds, Gaborone, Botswana on 26 March 2001. The Bank shifted to the existing premises at A.K.D. House, Lot 1108, The Main Mall, Gaborone in January 2005. The second branch of the Bank was opened in Francistown on 5 Dec.2007. The third branch of the Bank was opened in Gaborone Industrial Area (G-West) on 22Feb 2013. Fourth branch of the Bank was opened in Palapye on 16 Mar 2020.

- Bank has presently seven ATMs, out of which four ATMs are onsite ATMs and 3 ATMs are offsite ATMs.
- The Bank continues to be engaged in the business of commercial banking and provides a wide array of financial services.
- Given a capital adequacy ratio of 22.89 % as at 31 March 2023 as against the regulatory requirement of 12.50%, the Bank is in a comfortable position and has the requisite risk-bearing capacity. It is keen on improving it further to expand its assets base.
- Bank has been monitoring maintenance of liquidity ratio on a daily basis and has been in compliance of the mandatory requirement of 10%.
- Bank has also complied with the maintenance of CAR stipulated by Bank of Botswana from time to time. Bank has complied with the reporting requirements of Financial Intelligence Agency (FIA) and is reporting cash transactions and IFTs, EFTs to FIA as per the Agency's requirements

### Risk Management Systems

The major customer centric risk mitigating measure adopted by Bank are:

- Well, laid down Business Continuity plan – with time tested mock drill exercises adopted
- Robust Risk based Internal Audit Process coupled with Monthly/ bi-Monthly/ and Yearly system & operations audit;
- Stress testing in area of Credit and Market risks are being carried out on regular intervals
- The Bank has a robust core Banking system (CBS- Finacle). This is transactions system based on-
  - Maker-Checker/ Four Eye principal concept thereby mitigating the risk of frauds to a large extent, and
  - Bio-Matric authentication of Staff members having user access in Finacle system in order to enhance the security.
- Bank has robust risk management framework that encompasses all aspects of the business, including credit, market, operational, liquidity, and reputational risks.
- Bank has system in place for continuous monitoring and reporting processes to ensure risks remain within acceptable levels and that corrective actions can be taken when necessary.
- Bank is committed to complying with all regulatory requirements and industry standards in its risk management practices
- Bank keeps providing training to all its employees on various to foster a risk-aware culture throughout the organization.
- 24 Hours CCTV coverage at all the branches
- Full time Security personnel are deployed at all the branches

## OUR PRODUCTS

### PERSONAL BANKING

Deposit	Loans	Services
<ol style="list-style-type: none"> <li>1. Saving Deposit Account</li> <li>2. Fixed Deposit Account</li> <li>3. Transactional Banking</li> <li>4. Isago Savings Account</li> <li>5. Premium Saving Account</li> <li>6. Motswedi Account</li> <li>7. Poelo Savings</li> </ol>	<ol style="list-style-type: none"> <li>1. Personal Loan</li> <li>2. Auto Loan</li> <li>3. Asset Based finance (Home/Mortgage Loan/FRR)</li> <li>4. Loan to Government Employees</li> <li>5. OD/ Loan against Bank own Deposit</li> <li>6. Overdraft</li> </ol>	<ol style="list-style-type: none"> <li>1. Electronic Fund transfer</li> <li>2. Internet Banking</li> <li>3. Mobile Banking</li> <li>4. Remittance- Domestic and Cross boarder</li> <li>5. Rapid Fund to India</li> <li>6. RTGS</li> <li>7. Individual Debit Card</li> <li>8. 24x7 ATM facility at 7 locations</li> <li>9. Missed Call facility</li> </ol>

### CORPORATE BANKING

Deposit	Loans	Services
<ol style="list-style-type: none"> <li>1. Current Account</li> <li>2. Fixed Deposit Account</li> <li>3. Call Account</li> <li>4. Deposit at Notice</li> <li>5. Transactional Banking</li> <li>6. Privilege Current Account</li> <li>7. Foreign Currency Deposit</li> </ol>	<ol style="list-style-type: none"> <li>1. Term Loan</li> <li>2. Overdraft</li> <li>3. Auto Loan</li> <li>4. Asset Based finance (Home/Mortgage Loan/ Commercial Property Loan</li> <li>6. SME Loan</li> <li>7. Forward Contract facility</li> <li>8. Loan against SBLC</li> <li>9. LC/ BG facility</li> <li>10. OD/ Loan against Bank own Deposit</li> </ol>	<ol style="list-style-type: none"> <li>1. Electronic Fund transfer</li> <li>2. Internet Banking</li> <li>3. Mobile Banking</li> <li>4. Remittance- Domestic and cross boarder</li> <li>5. Rapid Fund to India</li> <li>6. RTGS</li> <li>7. Business Debit Card</li> <li>8. 24x7 ATM facility at 7 locations</li> <li>9. Missed call facility</li> </ol>

### FUND TRANSFER FACILITY

1. Rapid Fund to India
2. Domestic Fund transfer through EFT/ RTGS
3. Foreign Currency Fund Transfer facility in ZAR/US\$/GBP/EURO/AUD/INR
4. Foreign Exchange services to buy and sell Foreign Currencies
5. Cash on Mobile Facility through mobile banking applications

## CORPORATE INFORMATION

Board of Directors	Mr. Seretse Bagopi : Board Chairman & Independent Non-Executive Director Mr. Golekanye Setume : Independent Non-Executive Director Ms. Anamika Singh : Independent Non-Executive Director Mr. Joydeep Dutta Roy : Related party Non-Executive Director Mr. Sanjay Joshi : Managing Director Mr. Shathiso Nlebgwa : Independent Non-Executive Director Mr. Suresh Vishwanath : Independent Non-Executive Director
Audit Committee of Board	Mr. Shathiso Nlebgwa : Chairman & Independent Non-Executive Director Mr. Golekanye Setume : Member & Independent Non-Executive Director Ms. Anamika Singh : Member & Independent Non-Executive Director Mr. Suresh Vishwanath (w.e.f. 24.01.23) : Member & Independent Non-Executive Director
Directors Credit Committee	Mr. Joydeep Dutta Roy : Chairman & Related party Non-Executive Director Ms. Seretse Bagopi : Member & Independent Non-Executive Director Mr. Shathiso Nlebgwa : Member & Independent Non-Executive Director Mr. Sanjay Joshi : Managing Director
Board Risk Management Committee	Mr. Golekanye Setume : Chairman & Independent Non-Executive Director Mr. Joydeep Dutta Roy : Member & Related party Non-Executive Director Ms. Anamika Singh : Member & Independent Non-Executive Director Mr. Shathiso Nlebgwa : Member & Independent Non-Executive Director Mr. Sanjay Joshi : Managing Director
Board Governance Remuneration and Nomination Committee	Mr. Seretse Bagopi : Chairman & Independent Non-Executive Director Mr. Joydeep Dutta Roy : Member & Related party Non-Executive Director Mr. Golekanye Setume : Chairman & Independent Non-Executive Director Ms. Anamika Singh : Member & Independent Non-Executive Director



SALARY AND RENUMERATION PAID TO EXECUTIVE DIRECTOR / NON-EXECUTIVE DIRECTOR/ SR. MANAGEMENT	
Name of Executive Director	Salary In BWP
Sanjay Joshi	594,847.00
Sub Total	594,847.00
Name of Non-Executive Director & Related party Director	Fees payment in BWP
Seretse Bagopi	35,000.00
Suresh Vishwanath	41,000.00
Golekanye Setume	47,000.00
Shathiso Toto	53,000.00
Anamika Singh	53,000.00
Mr. Joy Deep Dutta Roy	-
Sub Total	229,000.00
Senior Management official salary	Salary
Mr. Basudev Jagajit	513,945.00
Ms. Boitumelo Jackson	122,865.00
Mr. Suman Kumar	576,234.00
Mr. Sanjay Rana	576,234.00
TOTAL	2,613,125.00

## CORPORATE GOVERNANCE

At Bank of Baroda (Botswana) Ltd., we prioritize corporate governance as a cornerstone of our operations. Our commitment to ethical practices, transparency, and accountability guides every aspect of our business. By upholding the highest standards of governance, we ensure responsible decision-making, effective risk management, and sustainable growth. Our robust governance framework fosters trust among our stakeholders and supports our dedication to delivering exceptional value and long-term success.

The Bank has adopted King III corporate governance code through Board approval on 29/6/2022. The corporate governance report details the Bank's governance approach and practices aligned with King III. It includes a compliance check list and detailed information that need to be disclosed.

### KING III COMPLIANCE CHECKLIST – APPLY OR EXPLAIN BASIS

Principles	Particulars	COMMENTS	Status
1	ETHICAL LEADERSHIP AND CORPORATE CITIZENSHIP	<p>The bank operates under a constitution approved on September 28, 2022, alongside a Board charter and code of ethics, the Companies Act, Memorandum and Articles of Association, and the King III codes. These guidelines prioritize transparency, fairness, accountability, and responsibility in decision-making. The bank's goal is full compliance with the King III governance code to uphold these principles in all decisions. This year, the bank also produced its first standalone Integrated Report, separate from the group.</p> <p>The bank's Corporate Social Responsibility policy, approved by the Board on December 21, 2021, guides the institution's engagement with society. The bank is conscious of its environmental, social, and economic impact and acknowledges its role in the community. The Governance, Nomination, and Remuneration Committee reviewed the 2020/21 CSR budget and approved the recommended CSR budget for 2021-22 on January 24, 2023.</p> <p>The bank made a donation of computers, laptops, and printers to Sedumedi Junior Secondary to help keep the school up to date with technology. Bank also planted around 100 trees in Francis town and donated food packet in Ramotswa Deaf and dumb center. Although the bank's core business has minimal impact on the natural environment, its primary focus is on its social and economic influence within the community.</p> <p>The bank has established a code of conduct for employees to foster a culture of ethical behavior and establish the values the company will uphold. Ethical practices are central to how the Bank operates its business.</p>	Complied
2	BOARD DIRECTORS- AND Role and function of Board	<p>The Board has its charter, which outlines the responsibilities and conduct expected of directors and is provided to each new Board member upon joining. The bank has a corporate strategy for 2020-2023 that was evaluated for risks and opportunities and approved by the Board. It was regularly monitored by the Board to ensure objectives were met and business sustainability maintained.</p> <p>Directors disclose conflicts of interest upon joining the bank and during each Board and committee meeting. They are also permitted to seek independent advice when necessary. The Board assessed the bank's financial position and through the Audit Committee of Board to confirm financial health. The assessment includes an analysis of capital adequacy ratio, advances, deposits, operating profit, net worth &amp; overall financial health of bank.</p> <p>The Board is empowered to elect Board members including chairperson. Additionally, Mr. Sanjay Joshi was appointed as Managing Director on May 23, 2022. A delegation of authority framework was also developed and approved by the Board. CEO performance appraisal guidelines were approved by the Board review</p>	Complied

		<p>was conducted on June 30, 2023. Senior management appointment is also approved by the Board.</p> <p>There is a succession planning and remuneration policy for the Board and senior management is in place and is approved by the Board. The Board consists of seven members, five of whom are Independent non-executive directors, one is related party non-executive director and one Managing Director Sanjay Joshi. Directors serve terms of three years.</p> <p>The Board possesses a diverse range of skills and experiences in areas such as IT, project management, legal, commerce, banking, business administration, mathematics, science, strategic management, corporate governance, marketing management, and accounting. The Governance, Nomination, and Remuneration Committee's committee oversees the selection of suitable candidates through background and reference checks, recommending directors to the Board.</p> <p>The Board approved training on corporate governance for Board members and all senior management staff on September 20, 2022. Performance evaluations of the Board for 2022/23 were conducted covering the Board, committee, chairperson, and individual directors.</p> <p>The Board has established Audit, Risk, Credit Risk, and Nomination and Remuneration committees, with their charters revised annually and approved by the Board. The Governance Remuneration and Nomination Committee is responsible for determining the remuneration of directors and employees, guided by the remuneration policy approved by the Board and endorsed by shareholders on the same date.</p>	
3	AUDIT COMMITTEE	<p>The bank's Audit Committee is chaired by an Independent Non-Executive Director, and all other members are also Independent Non-Executive Directors. The committee members bring a diverse range of skills including accounting, corporate governance, mathematics, legal, strategic management, and business administration.</p> <p>The Audit Committee reviewed the bank's audited financials on June 14 and 19, 2023, with Board approval given on June 29, 2023, for the preparation of the integrated report. The committee ensures that management and internal audit reports effectively address controls and mitigate risks. It is satisfied with the finance function's expertise, resources, and performance.</p> <p>Additionally, the Chief Financial Officer was evaluated in his role, and the committee was pleased with his expertise, experience, and performance during the current period. The committee also reviewed the performance of the Head of Internal Audit for the period April 1, 2022 – March 31, 2023, approved the audit plan for the next year, and ratified the Quality Assurance and Improvement Program on December 19, 2022.</p> <p>The bank maintains clear communication and coordination in its oversight activities, ensuring the Audit Committee is aware of all significant actual or potential financial and non-financial risks (such as operational, strategic, or regulatory risks) that may impact the integrated report.</p> <p>The Audit Committee recommends the appointment of the external auditor, oversees the external audit process, and submits reports on its statutory duties and observations based on the external audit report.</p>	Complied



4	THE GOVERNANCE OF RISK	<p>The Board of Bank has ultimate responsibility for Governance risk as stated in the Board charter, Bank has risk management policy in place approved by board on 29.06.2022. Risk tolerance level was reviewed and approved by Risk Management Committee and Board. Bank has subcommittee under the Board i.e. Board Risk committee and Audit committee of Board, Both the committee has independent charter which is guiding the committee to carry out risk assessment and independent assurance of both functions. Internal audit is carried out annually assurance on risk management process and report is submitted to respective committee of board and board.</p> <p>Bank has ORMC committee at management level and work as per Risk management policy document, which cover Credit Risk Operational Risk, market risk, Liquidity risk and other risk areas. It is monitored regularly by the Risk department and committee periodically and reported to the Board risk committee and Board for necessary direction and guidance to strengthen the risk function in the Bank.</p> <p>Board ensure that risk assessment is performed periodically and report of same is put up to Respective committees. Bank has Annual risk management plan in place and entire activity is done by risk function as per plan and updates are provided to the board level subcommittee and board.</p> <p>Bank risk policy has risk assessment methodology which prioritize and rank risks to focus the responses and intervention on those risks outside the Board's risk tolerance limit.</p> <p>The risks are identified, and appropriate responses implemented through annual risk management plans and regularly discussed at Risk management committee and Board meetings. The Risk department assess and prepares annual risk management plans, which is approved by the Risk management committee and the Board.</p>	Complied
5	THE GOVERNANCE OF INFORMATION TECHNOLOGY	<p>The bank has established Board-approved IT and IT Governance policies, which include decision-making structures, accountability frameworks, and IT reporting mechanisms. As part of its internal control framework, the bank has adopted ISO27001:2013. A comprehensive IT strategy document, endorsed by the Board, outlines the proposed IT strategy for the period 2022-2026, aligning with and supporting the bank's overall business strategy &amp; objectives to enhance value and performance.</p> <p>The bank is equipped with a competent Head of IT function possessing extensive experience in the field. Management is delegated with the responsibility, under the IT strategy document, to implement various IT initiatives in a timely manner. The Board periodically reviews these initiatives and provides direction to management accordingly.</p> <p>A committee-based approach is adopted to evaluate investments and expenditures related to IT initiatives, ensuring that all expenditures are scrutinized and approved by the Board recommended by committee before implementation. IT risks are systematically considered and assessed as part of the bank's broader risk management activities, encompassing legal risks, compliance risks, and adherence to laws, rules, codes, and standards.</p> <p>To safeguard the confidentiality, integrity, and availability of information and ensure compliance with relevant laws and regulations, the bank has established an IT security policy approved by the Board. This policy underscores the bank's commitment to maintaining robust IT security measures.</p>	Complied

6	COMPLIANCE WITH LAWS, RULES, AND STANDARDS	<p>The bank has established Board-approved policies for compliance, KYC/AML (Know Your Customer/Anti-Money Laundering), and risk management, meticulously crafted to align with regulatory guidelines. It prioritizes adherence to relevant laws, rules, and regulations. Upon joining, directors of the board are furnished with the bank's Charter and Constitutions.</p> <p>To bolster corporate governance standards, the bank conducts training sessions for directors and senior management on Corporate Governance, KYC/AML, CFT (Counter Financing of Terrorism), and PF (Prevention of Fraud) annually. An annual compliance plan, sanctioned by the Board, guides compliance efforts, with the Board regularly reviewing its implementation status.</p> <p>The bank maintains dedicated compliance and AML functions, actively engaged in evaluating compliance risks inherent in the banking operations on a daily basis. At the management level, a compliance committee and ORMC (Operational Risk Management Committee) oversee the broader compliance framework of the bank. These committees are accountable for conducting comprehensive reviews of the bank's compliance functions.</p> <p>Reports from these committees are presented to Board-level subcommittees for further deliberation and guidance, aiming to foster a culture of compliance throughout the organization.</p>	Complied
7	INTERNAL AUDIT	<p>The bank has established an internal audit function overseen by a Head of Internal Audit, who is tasked with conducting risk-based internal audits. To ensure alignment with standards set by the Institute of Internal Auditors (IIA), the Internal Audit Charter underwent revisions and received approval from the Audit Committee on 14 and 19 June 2023.</p> <p>Internal audit operations are guided by a risk-based approach, Audit plan strategically aligned with the bank's business strategy. The Audit Committee reviewed the skills and resources of the internal audit team, affirming their adequacy to execute the approved plan.</p> <p>An internal audit report dated 5/08/2022 assessed the effectiveness of the bank's internal controls and risk management practices, providing assurance. The Audit Committee review performance of The Chief Audit Executive annually.</p> <p>The Chief Audit Executive actively participates in executive meetings. Audit reports are disseminated to the Audit Committee and administratively reported to the Managing Director. Furthermore, the internal audit function has developed a Quality Assurance and Improvement Program document duly approved by Board.</p>	Complied

8	GOVERNING STAKEHOLDERS' RELATIONSHIP	<p>The Bank has a Communication Policy for stakeholder engagement, which was approved by the Board on 21/5/2021. It has systematically identified and categorized stakeholders, outlining methods to engage with each group, and this is a recurring agenda item for the Board. The implementation of the policy is overseen by management, who regularly report to the Board on the outcomes of these engagements. Updates on regulatory compliance, customer relations, and community engagement are consistently discussed during Board meetings.</p> <p>All major stakeholders, including staff, customers, shareholders, regulators, communities, government entities, business partners and industry bodies, media representatives, suppliers and contractors, and unions, have been identified, along with the purposes, frequency, and modes of engagement with each. The Board has established specific mechanisms to address the needs of each stakeholder group.</p> <p>Stakeholder communication is conducted primarily in English, ensuring the delivery of complete and accurate information tailored to each stakeholder group, often through one-on-one interactions. Latest updates are promptly shared via various channels such as the social media platforms, and advertising. Customer communications typically involve Email, Messages, posters displayed in banking halls, letters, and notifications, while regulators are engaged through formal letters and meetings.</p>	Complied
9	INTEGRATED REPORTING AND DISCLOSURE	<p>The Board approved financial statements for the year ended 31 March 2023 on 29 /06/2023 and approved the Annual report. The Bank deals with natural resources is immaterial, however Bank has prepared Approach paper for ESG governance and risk mitigation pending for board approval, which will be guided principle for bank in line with expectation of country laws and regulations.</p>	Complied

## 1. BOARD

The Bank is directed by Board of Directors through a Board Charter approved by the Board on 28/3/2023. It has 7 Board members, 5 independent non-executive directors, 1 related party non-executive director and 1 executive director (MD).

During the current year it has approved the following major activities,

- Adoption of King III Corporate Governance
- Approval of revised Board charter and all Committee charters.
- Approval of IT strategy
- Approval of IT governance policy
- Approval of Risk management strategy
- Approval of risk tolerance and appetite level
- Approval of current year dividend

## 2. BOARD EVALUATION

The Board performed self-evaluation of the Board, Committee, and individual directors by the Board chairman, Mr. Seretse Bagopi. The results showed that the Board is effective, however more need to be done on induction and training of directors. The Board has approved induction of new directors and continuous training of all directors.

## 3. ETHICS MANAGEMENT

The bank has developed staff manual for personnel and training policy (HR Policy) approved by the Board on 29/06/2022 which has a code of conduct for employees to cultivate a culture of ethical conduct and set values to which the company will adhere to. The policy was shared with staff.

Ethics are an integral part of the way in which a company conducts its business.

Ethics risks are assessed throughout the business as part of the Bank risk management assessment, profiled and compiled. Risk mitigation solutions are also identified, and employees are expected to comply. Employees ethics are monitored regularly.



## 4. COMMITTEES

**The Board has the following committees.**

### 4.1. AUDIT COMMITTEE

The Audit committee has 4 independent non-executive directors including the chairman, see page 24. The role of committee is to assess the integrity and effectiveness of accounting, financial compliance and control systems. The committee has a constructive relationship with Internal Auditors, who have access to the committee members as required.

The committee also ensures effective communication between the internal auditors, external auditors, the Board, Management and regulators. The committee considers reports from Internal audit on any weaknesses in controls, and considers corrective actions to be implemented by management to prevent recurring of such incidences. This takes place on an ongoing basis.

The Audit committee of the Bank of Baroda (Botswana) Ltd. plays an important role in providing oversight of the Bank's governance, risk management, and internal control practices. This oversight mechanism also serves to provide confidence in the integrity of these practices. The role of the audit committee is to provide independent oversight to the Board of Bank of Baroda (Botswana) Ltd.

- It performed the following services during the year under review on 14 and 19 June 2023
- It reviewed the audited financial statements for the year ended 31 March 2023 and ascertain that they represent true and fair view, accounting practices are in accordance with IFRS and Internal financial controls are effective.
- It reviewed the Finance function expertise, resources and experience and were satisfied with the expertise, and performance of the finance function. Further the Chief Finance Officer was reviewed in his capacity as CFO and the Committee was satisfied with his expertise, experience, and performance in the current period.
- It recommended appointment of Grant Thornton (external auditors) for the year 2023-24 to the Board and shareholders.
- It reviewed the Independence of external auditor and concluded that it is independent and is satisfied with the quality and effectiveness of the external audit process.
- No reportable irregularities were identified and reported by the external auditor.
- It assessed the effectiveness of the Bank 's system of internal controls and risk management.

### 4.2. RISK MANAGEMENT COMMITTEE

The Bank has a risk management committee responsible to assist the Board in carrying out risk responsibilities. It has a charter which was approved by the Board on 28/3/2023.

The purpose of the Risk Management Committee is to provide independent and objective oversight of risk management with in the Bank and to assist the Board of Directors in fulfilling its responsibilities to oversee the Bank's risk management framework and Independent Risk Management function, including the significant programs, policies, and plans established by management to identify, assess, measure, monitor, and manage the risks, including compliance risk (includes conduct risk and financial crimes risk), operational risk (includes business resiliency and disaster recovery risk, data management risk, information security risk and cybersecurity risk, and technology risk), credit risk, interest rate risk, liquidity risk, market risk, reputation risk, and strategic risk. In order to achieve oversight, the committee reviews and assesses the integrity of risk control systems and ensures that risk policies and strategies are managed effectively and contribute to culture of discipline and control that reduces the opportunity of fraud. Assurance on the effectiveness of the risk management processes is provided to the committee through management reporting.

- During the current period the Board has performed the following,
- The Board approved risk management policy, compliance policy, risk management and compliance plan for the period.
- It has approved risk appetite and tolerable levels.
- It receives compliance report at each Board meeting.
- The Board received the risk management process assurance from internal audit, and is satisfied that risk assessments, responses, and interventions are effective. Further there is no any undue, unexpected or unusual risks and any material losses.

### 4.3. GOVERNANCE NOMINATION AND REMUNERATION COMMITTEE

The Bank has a Governance nomination and remuneration committee. It has a charter approved by the Board on 28/2/2023.

The purpose of the committee is to assist the Board in planning the Board's composition, evaluating the competencies required of prospective directors (both non-executive and executive), identifying those prospective directors, establishing

their degree of independence, developing succession plans for the Board, CEO, and other key management, and making recommendations to the Board accordingly.

The Committee is also responsible for recommending appropriate remuneration for Directors and all other staff to the Board for approval.

During the current period it has performed the following,

- Recommended two directors.
- Staff salary increases.
- Approval of Corporate Social responsibility budget
- Submit Recommendation to board for any changes required in reconstitution of various Board level sub-committee

#### 4.4. DIRECTOR CREDIT COMMITTEE

The Bank has a Director Credit committee. It has a charter approved by the Board on 28/2/2023.

The role of this committee is to ensure that effective frameworks for credit governance are in place in the Bank. This involves ensuring that the credit management committee and the credit function operate according to clearly defined mandates and delegated authority, and providing for the adequate management, measurement, monitoring and control of credit risk. The committee reports to the Board on credit portfolios, adequacy of provisions and status of non-performing loans.

The purpose of the Director Credit Committee is to take decisions in respect of credit proposals which are beyond the discretionary lending powers of Botswana Credit Committee headed by Managing Director. More specifically in furtherance of its responsibilities, the Director Credit Committee will have responsibility for approval of issues beyond the Discretionary Powers of Botswana Credit Committee.

#### 5. BOARD OF DIRECTORS AND COMMITTEE ATTENANCE REGISTER

Key	Details
INED	Independent Non-Executive Director
NED (R )	Non-Executive Director (Related Party)
ED	Executive Director

Directors	Status	Board	Audit	Risk management	Governance, nomination and remuneration	Directors credit committee	% attendance
Mr. Seretse Bagopi	INED	4	XX	XX	1	1	100
Mr. Joydeep Dutta Roy	NED (R)	4	XX	1	1	1	100
Mr. Sanjay Joshi	ED	4	XX	1	XX	1	100
Mr. Golekanye Setume	INED	3	2	1	Absent	XX	75
Mr. Shathiso Toto Nlebgwa	INED	4	2	1	XX	1	100
Ms. Anamika Singh	INED	4	2	1	1	XX	100
Mr. Suresh Vishwanath	INED	4	1	XX	XX	XX	100

**Summarized Annual financial statements for the year ended 31 March 2023**

**General Information**

Country of incorporation and domicile	Botswana
Nature of business and principal activities	Commercial Banking
<b>Directors:</b> 1. S Bagopi 2. G Setume 3. Ms. Anamika Singh 4. S T Nlebgwa 5. Joydeep Dutta Roy 6. Sanjay Joshi (From 22.05.2022) 7. Vishwanath Suresh (Appointed on 22 May 2022) 8. S K Singh (Resigned on 22 May 2022)	Board Chairman and Independent Non-Executive director Independent Non-Executive Director Independent Non-Executive Director Independent Non-Executive Director Related party Non-Executive Director Managing Director from 22.05.2022 Independent Non-Executive Director Managing Director till 22.05.2022
Registered office	Plot 50370, Acumen Park Fairgrounds Gaborone Botswana
Business address	Plot 14456, Kamoshungo Road G West Industrial Gaborone Botswana
Holding company name and Address	Bank of Baroda, incorporated in India Baroda Corporate Center C26, G-Block, Bandra-Kurla Complex, Bandra East, Mumbai - 400051
Independent Auditors	Grant Thornton
Secretary	R K Accountants (Proprietary) Limited
Bank registration number	BW00000570268
Date of incorporation	17 August 2000
Currency	BWP
Branches details	1. Main Mall Branch: AKD house, Plot no. 1108, Main mall Gaborone 2. Francis Town Branch: Plot No.31966, New Haskins Building Baines Avenue, Francistown 3. Gwest Branch: Plot no. 14456, Kamoshungo Road, near Nokia Circle, Gaborone 4. Palapye Branch: Lot no. 18769 (23), Madhiba Center, Pvt. Bag No. 11, Palapye
ATM Details	1. Main Mall (Onsite ATM) 2. Gwest Branch (Onsite ATM) 3. Francis Town (Onsite ATM) 4. Palapye (Onsite ATM) 5. Westgate mall (Offsite ATM) 6. Riverwalk mall (Offsite ATM) 7. University of Botswana (Offsite ATM)



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## Director's Report

The directors have pleasure in submitting their 23 reports on the annual financial statements of Bank of Baroda (Botswana) Limited for the year ended 31 March 2023.

In 2022, global economic performance and sentiment were negatively affected mostly by the ripple effects of the Russia-Ukraine war, global monetary policy tightening and the lingering effects of the COVID-19 pandemic, particularly zero-COVID policies and lockdowns in China.

Led by the water and electricity, diamond, and mining sectors, GDP experienced a robust 5.9% annual expansion in Q4 2022. As a result, the economy grew by 5.8% in 2022, approximately half of 2021's growth rate.

Inflation remained above the Central Bank's medium-term objective range(3.0–6.0% ) in 2022, averaging 12.2 percent in 2022. With the increase of the MoPR (Monetary Policy Rate) which became policy in place of earlier Bank Rate by a cumulative 1.51 percentage points to 2.65 percent in 2022, prime lending rate of commercial banks increased from 5.25 percent to 6.76 percent in the same period.

The Central Bank (Bank of Botswana) maintained an accommodative monetary policy stance during 2022 in view of the positive inflation outlook in the medium term.

### 1. Background

Bank of Baroda (Botswana) Limited was incorporated in Botswana on 17th August 2000 as a Company with limited liability under the Companies Act (CAP 42:01) and was licensed as a Commercial Bank on 06th September 2000 under Section 6 of the Banking Act, 1995. The Bank is wholly owned subsidiary of Bank of Baroda, India. It started its operations by opening its first branch at Acumen Park, Plot 50370, Fairgrounds, Gaborone, Botswana on 26 March 2001. The Bank shifted to the existing premises at A.K.D. House, Lot 1108, The Main Mall, Gaborone in January 2005. The second branch of the Bank was opened in Francistown on 5 Dec.2007. The third branch of the Bank was opened in Gaborone Industrial Area (G-West) on 22 Feb 2013. Fourth branch of the Bank was opened in Palapye on 16 March 2020.

### 2. Activities

The Bank continues to be engaged in the business of commercial banking and provides a wide array of financial services.

### 3. Business performance

The business of the Bank reported positive growth of about 17.15 % during the year. The growth remains high to previous year due to higher growth in Credit and Term Deposits.

This year net profit of the Bank stood at P 73.42 mn for the year as compared to P 59.41 mn during the previous year showing a positive growth over last year mainly due to increase in interest income in Loans and advances, containment of impairment and controlling cost.

Asset Quality of the bank has improved during the year. The gross NPLs to total advances was 0.45 % as against 0.76 % in March 2022. Bank was able to arrest fresh NPLs and fresh NPLs were P 1.26 mn in the year.

### Key financials during 2022-23

- The total business of the Bank grew by 17.15% during the year.
- The total deposit grew from P1910.91 mn to P2299.11 mn during FY 2022-23 up by 20.34%.
- The total advances grew from P1585.84 mn to P1803.50 mn during the FY 2022-23 up by 13.73%.
- CD ratio is 81.34 % as on 31 March 2023.
- Capital Adequacy ratio stood at 22.89 % against regulatory requirement of 12.50%
- The cost of deposits stood at 3.14% in March 23 as compared to 2.28% during the year.
- The yield on advances was at 8.83% as against 7.55 % last year.

- Net worth of the Bank as on 31 March 2023 is P506.63 mn.
- Business per employee has increased to P63.86 mn as on 31.03.2023 from P55.36 mn on 31.03.2022.
- Gross profits of the Bank reported a growth of 30.40% and reached P98.36mn as against last years figure of P75.43 mn.
- Net profit of the Bank has increased to P73.42 mn in 2022-23 from P59.41 Mn in last year i.e. a growth of 23.58 %
- Net Interest Margin was 4.31 % in the year as against 4.22% in 2022.
- The cost to income ratio has decreased to 29.78 % against 30.49 % last year.
- Gross NPLs decreased from P12.56 mn to P08.42 mn, whereas the Net NPLs is NIL.
- Banks NPL provisions coverage ratio is 100%.

#### **New Initiatives during the Year:**

- New version of Internet Banking i.e. FEBA- I-Banking
- Bank has introduced Green PIN for Debit card through ATM and for Internet banking applications through SMS and Email on registrar mobile number and registered email address.
- Registration and de-registration and Mobile Banking PIN change through ATM.
- Biometric Authentication by staff members while login in core banking System in order to enhance the security.
- Implementation of New Alert Monitoring System
- Full details of the financial position, results of operations and cash flows of the bank are set out in these annual financial statements.

## **4. Regulatory**

### **Compliance Capital Adequacy:**

Given a capital adequacy ratio of 22.89 % as at 31 March 2023 as against the regulatory requirement of 12.50%, the Bank is in a comfortable position and has the requisite risk-bearing capacity. It is keen on improving it further to expand its assets base.

### **Liquidity:**

Bank has been monitoring maintenance of liquidity ratio on a daily basis and has been in compliance of the mandatory requirement of 10%. Bank has also complied with the maintenance of CAR stipulated by Bank of Botswana from time to time.

### **Reporting to FIA**

Bank has complied with the reporting requirements of Financial Intelligence Agency (FIA) and is reporting cash transactions and IFTs, EFTs to FIA as per the Agency's requirements.



## Statement of Financial Position as at 31 March 2023

(Figures in Pula thousand)

Figures in Pula thousand	2023	2022
<b>Assets</b>		
Cash and cash equivalents	62 462	93 827
Balances with other banks	777 812	392 440
Financial assets – Investments	454 896	281 204
Loans and advances	1 803 591	1 585 846
Other assets	7 845	2 542
Right of use assets	13 245	7 641
Deferred tax	10	10
Property, plant and equipment	3 584	4 602
<b>Total Assets</b>	<b>3 123 445</b>	<b>2 368 112</b>
<b>Equity and Liabilities</b>		
<b>Equity</b>		
Stated capital	181 000	181 000
Retained income	325 630	261 258
	506 630	442 258
<b>Liabilities</b>		
Balances due to other banks	291 513	-
Deposit due to customers	2 299 670	1 910 914
Payables and accruals	11 210	7 376
Lease liabilities	14 422	7 564
	2 616 815	1 925 854
<b>Total Equity and Liabilities</b>	<b>3 123 445</b>	<b>2 368 112</b>



## Statement of Profit or Loss and Other Comprehensive Income

(Figures in Pula thousand)

Particulars		2023	2022
Effective interest and similar income		172 950	124 014
Effective interest and similar expenditure		(63 161)	(41 472)
Net interest income		109 789	82 542
Non-interest income		30 278	22 985
Other operating gains		-	245
Movement in credit loss allowances		(6 012)	709
Other operating expenses		(39 324)	(30 345)
Profit before taxation		94 731	76 136
Income tax expenses		(21 309)	(16 730)
Profit for the year		73 422	59 406
Other comprehensive income		-	-
Total comprehensive income for the year		73 422	59 406

## Statement of Changes in Equity

(Figures in Pula thousand)

Particulars	Stated capital	Retained income	Total equity
Balance at 01 April 2021	181 000	210 902	391 902
Profit for the year	-	59 406	59 406
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	59 406	59 406
Dividends	-	(9 050)	(9 050)
Total distributions to owners of company recognized directly in equity	-	(9 050)	(9 050)
Balance at 01 April 2022	181 000	261 258	442 258
Profit for the year	-	73 422	73 422
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	73 422	73 422
Dividends	-	(9 050)	(9 050)
Total distributions to owners of company recognized directly in equity	-	(9 050)	(9 050)
Balance at 31 March 2023	181 000	325 630	506 630

## Statement of Cash Flows

(Figures in Pula thousand)

Particulars		2023	2022
Cash flows from operating activities			
Cash generated from operations		274 209	47 505
Interest and similar income		(172 950)	(124 014)
Interest and similar expenditure		63 161	41 472
Interest received		174 890	123 050
Interest paid		(71 464)	(38 823)
Interest charges on lease liabilities		(1 965)	(732)
Income tax received/(paid)		(21 309)	(16 730)
Net cash from operating activities		244 572	31 728
Cash flows from investing activities			
Purchase of property, plant and equipment		(507)	(530)
Sale of property, plant and equipment		-	245
Purchase of investments		(246 729)	-
Net cash from investing activities		(247 236)	(285)
Cash flows from financing activities			
Lease payments		(1 150)	(2 801)
Dividends paid		(9 050)	(9 050)
Net cash from financing activities		(10 200)	(11 851)
Total cash movement for the year		(12 864)	19 592
Cash at the beginning of the year		706 223	691 612
Effect of exchange rate movement on cash balances		2 321	(4 981)
Total cash at end of the year		695 680	706 223



### Basis of preparation

The annual financial statements have been prepared on the going concern basis in accordance with, and in compliance with, International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective at the time of preparing these annual financial statements and the Banking Act (46:04).

The annual financial statements have been prepared on the historic cost convention, unless otherwise stated in the accounting policies which follow and incorporate the principal accounting policies set out below. They are presented in Pula, which is the bank's functional currency and rounded off to the nearest thousands.

These accounting policies are consistent with the previous period.

### Capital Composition

(Figures in Pula thousand)

Particulars	2023	2022
Issued Ordinary (181000000 shares at no par value and fully paid up)	181 000	181 000
Capital adequacy Core capital (Tier 1) Stated capital	181 000	181 000
Retained earnings- Beginning of the year	261 258	210 902
Dividends	(9 050)	(9 050)
Current year audited profits	73 422	59 406
	506 630	442 258
Supplementary capital (Tier 2) General provision (Capped at 1.25% of CRWA)	28 299	11 876
Total eligible capital (Unimpaired capital) - Tier 1 + Tier 2	534 929	454 134
Risk weighted assets Credit risk	2 263 880	1 812 063
Operational risk	61 661	55 725
Market risk	10 968	4 000
Total risk adjusted exposure	2 336 509	1 871 788
Minimum capital required as per Bank of Botswana guidelines (12.5% (2021:12.5%) of Risk adjusted exposure)	292 064	233 974
Excess capital over minimum required	242 865	220 160
Capital adequacy ratio	22.89 %	24.26 %
Bank of Botswana required minimum ratio	12.50 %	12.50 %
Excess over the minimum required (%)	10.39 %	11.76 %