

Bank Gaborone Financial Results

For The Year Ended 30 June 2016

HIGHLIGHTS OF THE FINANCIAL RESULTS (SALIENT FEATURES)

Net interest income
increased by

30% ↑

Advances net of
impairments increased by

3.2% ↑

Non-interest income
increased by

0.7% ↑

Net profit/loss after tax
increased by

183% ↑

Capital adequacy
maintained in line within
regulatory requirements

17.28%

Bank Gaborone Limited ("BG" or "Bank") is a public unlisted company incorporated and domiciled in Botswana, wholly owned by Capricorn Investment Holdings (Botswana). The principal place of business is Plot 5129, Queens Road, Main Mall, Private Bag 00325, Gaborone.

Performance Review

The Bank made profit after tax of P18 million (2015: Loss P21.6million). This is attributable to the following factors:

- Net interest income increased by 30% from P102.9 million to P133.8 million as a result of lower cost of funding and improved loan pricing despite the 50 basis rate cut.
- The impairment charges reduced by 45% from P39.7million to P21.8million, when comparing year-on-year.

The cost to income ratio reduced from 92% in June 2015 to 73% as at June 2016, mainly due to increase in net interest income, while costs decreased marginally following an enhancement of the effectiveness and efficiencies of processes.

The Bank's total assets increased by 13% from P3.92 billion as at June 2015 to P4.44 billion in June 2016, which is commendable given the current competitive banking environment. Deposit from customers increased by 13% to P3.8million.

During the financial year, funding was enhanced through issuing debentures, the uptake was satisfactory.

Our total capital adequacy ratio was at 17.28% (2015:18.22%) which was comfortably above the minimum supervisory limit of 15% and is sufficient to support our growth plans.

Outlook

The Bank embarked on a 3 year strategy in the previous year which has delivered significant turnaround to the Bank's performance. The Bank shall continue with the strategy and focus on improvement areas in order for all stakeholder to continue benefiting from improved sustainable performance. Bank Gaborone is committed to providing great service and nurturing relationships with its clientele.

Auditors Opinion

Presented herewith an extract of the audited financial statements of Bank Gaborone Limited for the year ended 30th June 2016, which has been audited by the Bank's independent auditors, PriceWaterhouseCoopers. The audit was concluded in accordance with International Standards on Auditing. A copy of the annual financial statements and unqualified audit opinion may be obtained from the Company Secretary at the bank's principal place of business.

The annual financial statements of Bank Gaborone were approved by the Board of Directors on the 14th September 2016, and the Bank of Botswana approved the financial statements for publication on the 6th October 2016.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2016

	2016 P'000	2015 P'000
Interest and similar income	307 173	317 629
Interest and similar expense	(173 359)	(214 772)
Net Interest income	133 814	102 857
Impairment charges on loans and advances	(21 822)	(39 682)
Net Interest income after loan impairment charges	111 992	63 175
Fees and commission income	28 278	29 253
Net trading income	9 760	9 230
Other operating income	4 531	3 806
Fee and commission expense	(5 737)	(7 791)
Operating expenses	(123 406)	(125 651)
Profit/(Loss) before income tax	25 418	(27 978)
Taxation	(7 409)	6 367
Profit/(Loss) for the year	18 009	(21 611)
Total comprehensive income for the year	18 009	(21 611)

STATEMENT OF FINANCIAL POSITION

as at 30 June 2016

	2016 P'000	2015 P'000
ASSETS		
Cash and balances with the Central Bank	524,573	162,760
Bank of Botswana Certifictaes	423,743	349,619
Due from other banks and other financial institutions	507,529	499,245
Loans and advances to customers	2,906,156	2,816,198
Investment in equity instruments	2,035	-
Other assets	45,975	50,872
Intangible assets	11,584	13,304
Property , plant and equipment	14,968	15,779
Current tax asset	-	1,467
Deferred tax asset	477	6,948
Total assets	4,437,040	3,916,192
LIABILITIES		
Due to other Banks	35,014	10,204
Deposits from customers	3,840,779	3,404,493
Other Liabilities	67,129	62,966
Current tax liability	756	176
Debt Securities in issue	187,000	150,000
Total Liabilities	4,130,678	3,627,839
EQUITY		
Stated Capital	230,000	230,000
Retained Earnings	76,362	58,353
Total shareholder's equity	306,362	288,353
Total Equity and Liabilities	4,437,040	3,916,192



S A Coetzee
Managing Director



PCG Collins
Chairman