

Profit after tax

P80.3m 22.4% ↑
(2022: P65.6mm) increase

Advances net of impairment

P5.7b 11.8% ↑
(2022: P5.1b) increase

Customer deposits

P6.81b 4.6% ↑
(2022: P6.51b) increase

Non-interest income

P113.3m 17.53% ↑
(2022: P96.4m) increase

Return on Equity

13.1%
(2022: 11.8%)

Return on Assets

1.03%
(2022: 0.80%)

Capital Adequacy Ratio

15.74%
(2022: 15.79%)

Financial Performance

The Bank delivered good growth on both its income statement and balance sheet in an uncertain operating environment, characterised by rising inflation and rising cost of funding. The Bank's Profit After Tax grew 22% on year closing 30 June 2023 at P8.03m (PY: P65.6m). Loans and advances grew by 10.7% to P5.7bn (PY: P5.1bn), customer deposits on the other hand grew by 4.5% to P6.8bn (PY: P6.5bn).

Net interest income

Net interest income grew 12.6% year on year, reaching P259m at the close of June 2023 (PY: P230m). The financial year was characterised by rising inflation which reached highs of 13%, the direct impact of this was a rise in cost of funding as depositors looked for returns that beat inflation. The Bank however showed resilience against this rising cost of funding, and was able to show growth in its net interest income and interest margins.

Impairment charges

Impairment charges continued to show improvement year on year, decreasing significantly from P20.0m in June 2022 to P8.7m in June 2023, a 56% decrease. This improvement is on the back of stable portfolio performance as probabilities of default and loss given defaults improved year on year. This was also coupled with an improvement in macroeconomic variables such as Botswana's Gross Domestic Product (GDP). The Bank has also seen clients that had been impacted by COVID-19 showing recovery in their operations, and thus their ability to service their loans.

Non-interest income

Non-interest income increased by 17.53% from prior year, closing the year with a balance of P113.3m (2022: P96.4m). The increase was driven by an upsurge in the Bank's Point of Sale devices in the market, an increase in cash depositor machines across the country, growth in foreign exchange transaction values and volumes, as well as increased use of the Bank's electronic channels.

Operating Expenses

The Bank's operating expenses increased by 15.83% to P257.2m (PY: P222.0m). The increase was driven mainly by technology costs, owing to the Bank's continued Digitalization and Operational Excellence initiatives. The Bank's suppliers also increased service costs amid rising fuel prices and other input costs. This was foreseen by the Bank as inflation rose sharply and reached record levels during the financial year.

Loans and Advances

The Bank has seen an increased appetite for credit among its farming, real estate and business services customers. This resulted in growth in the Bank's commercial, overdrafts and vehicle and asset finance books.

Non - Performing Loans (NPLs) increased by 14% to P391.1m (PY: P342.0). The increase was a result of the Bank's Small, Medium Enterprises (SME) clients and individual customers, particularly mortgage customers. The Bank has implemented a collections strategy aimed at reducing NPLs, during the time of this report, this strategy has yielded positive results with total NPLs moving in the right direction.

Customer Deposits

Customer deposits increased by 4.5% to P6.8bn (PY: P6.5bn). The Bank delivered solid growth across all customer deposit lines with savings, current and demand deposits growing by 34%, 22% and 5% respectively. The growth was on the back of initiatives aimed at increasing the Bank's non - maturing deposits. Fixed term deposits have remained flat year on year, also a bank initiative to control cost of funding.

Total risk-based capital adequacy ratio

The Bank remains well capitalized with a Capital Adequacy Ratio (CAR) of 15.74% as at 30 June 2023. The CAR is well above the minimum regulatory capital requirement of 12.5% as well as the Bank's internal threshold. The Bank continues to employ different tactics among them stress testing, scenario planning and capital forecasting to ensure that it has adequate capital for growth, absorbing stress conditions as well as distributing dividends to shareholders.

Looking Ahead

The Bank has finalised its strategy for the next 3 years and there is optimism about its future prospects. The strategy has identified good opportunities for the Bank's growth on the back of all the initiatives delivered over the last 3 years. Whilst uncertainties around geopolitical tensions persist, we remain buoyant about the future and expect to continue delivering good returns to our investors and other stakeholders.

Statement of Comprehensive Income for the year ended 30 June 2023

	2023 P'000	2022 P'000	Growth %
Interest and similar income	623,148	483,030	29.0%
Interest and similar expense	(363,916)	(252,738)	-43.99%
Net interest income	259,232	230,292	2.57%
Impairment charges on loans and advances	(8,746)	(19,956)	-56.17%
Net interest income after loan impairment charges	250,486	210,336	19.09%
Non-interest income	113,347	96,363	17.63%
Fee and commission expense	(862)	(1,096)	21.35%
Operating expenses	(257,191)	(222,042)	-15.83%
Profit before income tax	105,780	83,561	26.59%
Taxation	(25,515)	(17,970)	41.99%
Profit for the year	80,265	65,591	22.37%
Other comprehensive income	-	-	-
Total comprehensive income for the year	80,265	65,591	22.37%

Statement of Financial Position as at 30 June 2023

	2023 P'000	2022 P'000	Growth %
ASSETS			
Cash & balances with the Central Bank	61,735	55,839	10.56%
Bank of Botswana Certificates	199,897	224,853	-11.0%
Due from other banks and other financial institutions	1,775,342	1,978,413	-10.26%
Loans and advances to customers	5,697,178	5,145,048	10.73%
Investment in equity instruments	13,449	5,128	162.27%
Other assets	51,078	56,165	-9.06%
Intangible assets	12,016	13,932	-13.75%
Property, plant and equipment	88,590	99,385	-10.86%
Deferred tax asset	5,648	3,310	70.63%
Investment in subsidiaries	29	29	0%
Total assets	7,904,962	7,582,102	4.26%
LIABILITIES			
Due to other banks	1	462	-99.78%
Deposits from customers	6,807,231	6,513,419	4.51%
Other borrowings	-	62,216	-100%
Current tax payable	4,234	955	343.35%
Other liabilities	188,813	172,978	9.15%
Current tax liability	-	-	-
Debt securities in issue	278,387	278,387	0%
Total liabilities	7,278,666	7,028,417	3.44%
EQUITY			
Stated capital	233,750	233,750	0%
Retained earnings	392,546	319,935	22.7%
Total shareholder's equity	626,296	553,685	13.11%
Total equity and liabilities	7,904,962	7,582,102	4.26%

Independent Auditors Report

The complete set of financial statements from which these summarised results were extracted, have been audited by PricewaterhouseCoopers who issued an unqualified audit opinion. This summary itself is not audited or reviewed.

The annual financial statements comprise the Statement of Financial Position as at 30 June 2023, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year ended 30 June 2023 and supporting explanatory notes. The audit report on the annual financial statements is available for inspection at the Bank's registered office.

Basis of Presentation

The audited financial statements of Bank Gaborone Ltd for the year ended 30 June 2023, from which this information is derived, have been prepared in accordance with International Financials Reporting Standards. These results announcement is the responsibility of the directors and is extracted from the audited financial statements. The annual audited financial statements of Bank Gaborone were approved by the Board of Directors on the 11th September 2023.

Olebile Makhube

Ms. O. Makhube
Managing Director

Bogolo Kenewendo

Ms. B.J. Kenewendo
Board Chairperson

General Information

Bank Gaborone Limited ("Bank") is a public unlisted company incorporated and domiciled in Botswana, wholly owned by Capricorn Investment Holdings (Botswana) Limited. The principal place of business is Capricorn House, Plot 74768, Mashatu Terrance, Cnr. CBD 2nd Commercial & Western Commercial Road, New CBD, Private Bag 00325 Gaborone, Botswana.

Overall Performance

30 June 2023 marks the end of the Bank's 2021 - 2023 strategy cycle. The Bank made significant progress over the 3 years, launching new products and services and increasing its distribution network. Over the 3-year period, the Bank launched a first in Botswana VISA Card-2-Card service, rolled out cash depositor machines across all its branches, launched a mobile banking app and launched new internet banking platforms. The Bank also launched EasyWallet, a digital wallet service and Easy-2-Pay, a mobile Point of Sale (POS) solution.