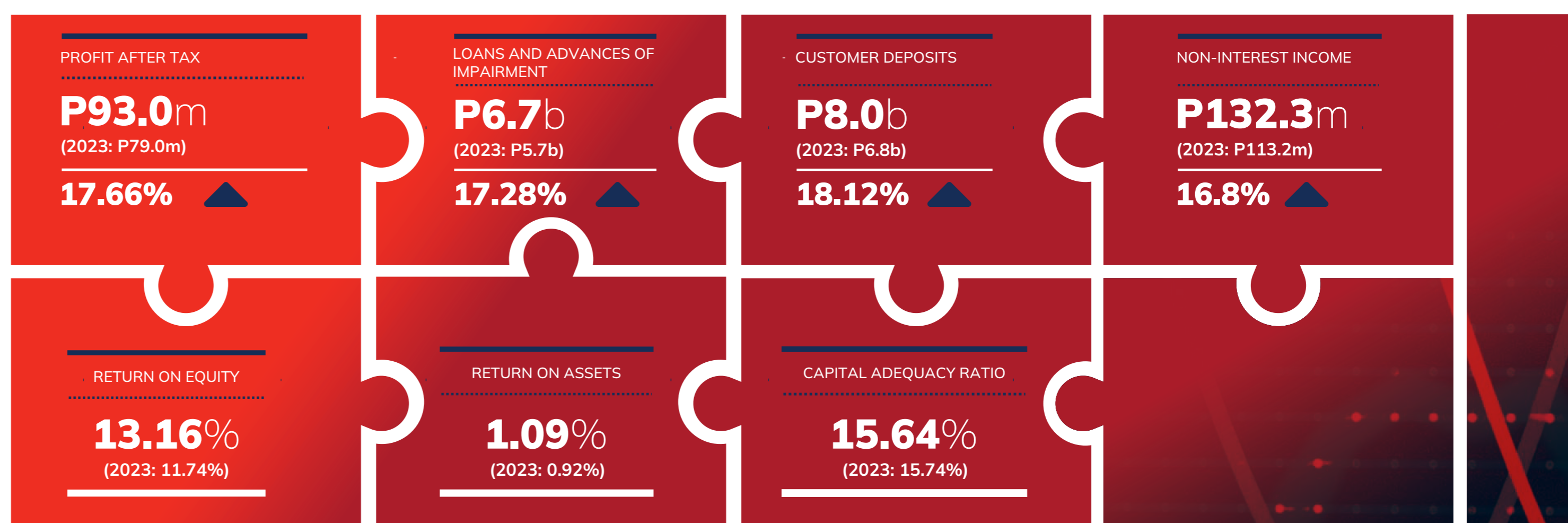


Results for the Year Ended 30 June 2024

HIGHLIGHTS OF THE FINANCIAL RESULTS



GENERAL INFORMATION

Bank Gaborone Limited ("Bank") is a public 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 Terrace, Cnr. CBD 2nd Commercial & Western Commercial Road, New CBD, Private Bag 00325 Gaborone, Botswana.

FINANCIAL PERFORMANCE

The Bank delivered solid financial performance, showing growth in both its Income Statement and Balance sheet. Profit After Tax grew by 17.70% year on year, closing the year ending 30 June 2024 at P93.0m (PY: P79.0m). Loans and Advances grew by 17.28% to P6.7bn (PY: P5.7bn) while Customer Deposits grew by 18.10% to P8.0bn (PY: P6.8bn).

Further to financial growth, the bank also made strides in its sustainability program financing the development of solar projects across the country. The bank participated in Citizen Economic Empowerment Programs with suppliers of key mining houses in the country. The bank also continued to support the communities it operates in through its social investment initiatives. These initiatives focused mainly in the areas of Education, Health, Agriculture, and the support of Small and Medium Enterprises in the communities that we operate in.

NET INTEREST INCOME

Net Interest Income grew 34.40% year on year, closing June 2024 at P348.3m (PY: P259.2m). The growth was driven by a loan book growth of 17.28% year-on year and prudent management of cost of funding by both Treasury and lending businesses. The bank improved its net interest margin by 131 basis points from 3.81% to 5.12% year on year.

IMPAIRMENT CHARGES

At the back of the significant growth in the loan book, the ongoing weaker economic growth continued to put pressure on key credit risk indicators, leading to an increase in impairment charges for the year. Impairment charges notably increased by P39.9m from an impairment charge of P8.7m in 2023 to P48.6m in 2024. It should be noted that for the 2023 financial year, the bank had an impairment release of P13m.

NON-INTEREST INCOME

Non-interest income increased by 16.77% from prior year, closing the year at P132.3m (2023: P113.3m). The year-on-year growth is attributable to transaction fees mainly from digital channels due to increased take up and utilization of our electronic channels by clients, Point of Sale (POS) commissions driven by growth in the number of merchants as well as the introduction of our Easy to Pay service (POS on a cellphone service) as well as increased volumes of foreign exchange transactions.

OPERATING EXPENSES

The Bank's operating expenses increased by 18.20% P306.6m (PY: P259.4m). The growth in operating expense was driven by investment in new technology and implementation of new products & services.

LOANS AND ADVANCES

Loans and advances increased by 17.30% to P6.7bn (PY: P5.7bn), with increases in the overdrafts, term loans and article finance. The growth in loans and advances was across various sectors of the economy including agriculture, mining and construction. The bank also saw good growth coming from its personal lending business on the back of its financial education and rehabilitation program for its customers.

The bank's loans and advances impairment provisions as at 30 June 2024 are P182.5m (PY: 157.2m), additionally the bank holds collateral amounting to P512.7m (PY:348.1m) for its credit impaired assets. The bank's loans and advances are therefore adequately provided for.

CUSTOMER DEPOSITS

Customer deposits increased by 18.12% to P8.01bn (PY: P6.81bn), indicating a robust growth across different deposit categories. The increase is directly attributable to a 41.98% growth in current accounts, 33.31% growth in savings accounts and 31.21% growth in demand deposits. The growth in customer deposits was driven amongst other factors, by growth in the POS business and growth in the personal banking.

TOTAL RISK-BASED CAPITAL ADEQUACY RATIO

The Bank maintains a strong financial position with a total risk-based capital adequacy ratio of 15.64% as of 30 June 2024. The CAR is well above the current minimum regulatory requirement of 12.50% as well as the Bank's internal threshold. The bank employs various models such as stress testing, scenario planning and capital forecasting to assess capital needs to support both growth and absorb stress.

LOOKING AHEAD

The bank made significant progress in the first year of its three - year strategy running to 30 June 2026, seen growth in its asset book as well as delivering growth in profitability. The bank anticipates a challenging operating environment over the next 12 months, owing to a slowdown in the diamond sector which will impact asset growth and asset quality. The bank also anticipates pressure on margins as it anticipates further interest rate cuts owing to the accommodative monetary policy and the increasing cost of funding.

The above challenges notwithstanding, the bank has identified growth opportunities in certain sectors of the economy and thus expects to still see balance sheet growth over the next 12 months. The bank also expects increased growth in its transactional business as take up and utilization of the bank's channels continues to grow, this will help stem the margin pressure alluded to above and protect the bank's earnings.

The bank will also ramp up its sustainability program which will culminate in sustainable green finance initiatives and other sustainability initiatives. The bank will continue to enhance our customer experience program, launching its 'Re a itlola' campaign to ensure that our customers experience market leading services and products.

STATEMENT OF COMPREHENSIVE INCOME for the year ended 30 June 2024

	2024 P'000	2023 P'000 Restated*	% Growth
Interest and similar income	734,043	623,148	17.80%
Interest and similar expense	(385,739)	(363,916)	6.00%
Net interest income	348,304	259,232	34.36%
Impairment charges on loans and advances	(48,623)	(8,744)	456.07%
Net interest income after loan impairment charges	299,681	250,488	19.64%
Non-interest income	132,316	113,347	16.74%
Fee and commission expense	(2,246)	(862)	160.56%
Operating expenses	(306,574)	(259,364)	18.20%
Profit before income tax	123,177	103,609	18.89%
Taxation	(30,164)	(24,560)	22.82%
Profit for the year	93,013	79,049	17.66%
Other comprehensive income	-	-	
Total comprehensive income for the year	93,013	79,049	17.66%

STATEMENT OF FINANCIAL POSITION as at 30 June 2024

	2024 P'000	2023 P'000 Restated*	% Growth
ASSETS			
Cash and balances with the Central Bank	261,594	61,735	323.74%
Bank of Botswana Certificates	599,929	199,897	200.12%
Due from other banks and other financial institutions	1,509,366	1,775,342	-14.98%
Current tax receivable	718	-	100%
Loans and advances to customers	6,681,409	5,697,178	17.28%
Investment in equity instruments	18,689	13,449	38.96%
Other assets	18,592	50,372	-63.09%
Intangible assets	12,740	12,016	6.03%
Property, plant and equipment	86,644	91,146	-4.94%
Deferred tax asset	8,081	6,126	31.91%
Investment in subsidiaries	-	29	-100.00%
Total assets	9,197,762	7,907,290	16.32%
LIABILITIES			
Due to other banks	20,384	1	99.78%
Deposits from customers	8,040,862	6,807,231	18.12%
Current tax payable	-	3,812	-100%
Other liabilities	121,192	193,540	-37.38%
Debt securities in issue	308,387	278,387	10.78%
Total liabilities	8,490,825	7,282,971	16.58%
EQUITY			
Stated capital	233,750	233,750	0.00%
Retained earnings	473,187	390,569	21.15%
Total shareholder's equity	706,937	624,319	13.23%
Total equity and liabilities	9,197,762	7,907,290	16.32%

INDEPENDENT AUDITORS REPORT

The complete set of financial statements from which these summarized 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 2024, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year ended 30 June 2024 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 2024, from which this information is derived, have been prepared in accordance with IFRS accounting standards. This results announcement is the responsibility of the directors and is extracted from the audited financial statements. The annual financial statements of Bank Gaborone were approved by the Board of Directors on the 23 September 2024.

C. de Vries
Acting Board Chairman

D. Mathupe
Managing Director