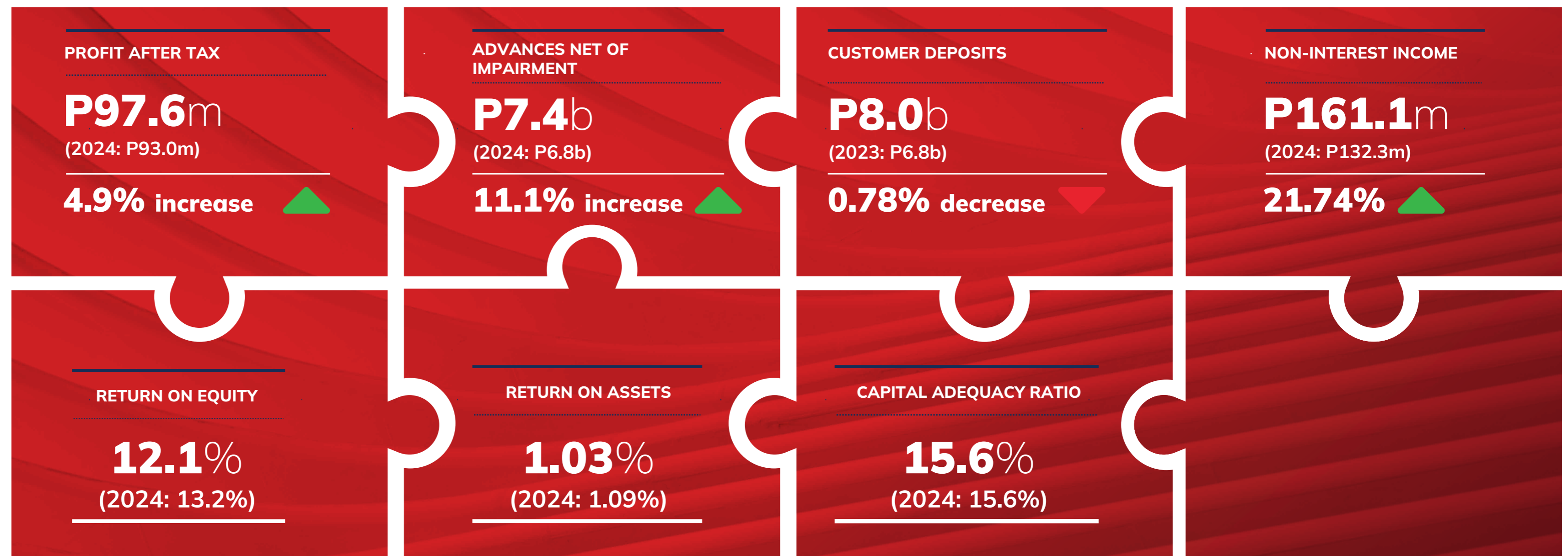




Results for the Year Ended 30 June 2025

HIGHLIGHTS OF THE FINANCIAL RESULTS



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 Terrace, Cnr. CBD 2nd Commercial & Western Commercial Road, New CBD, Private Bag 00325 Gaborone, Botswana.

Global Economic Outlook

The global economy faces a complex landscape shaped by geopolitical tensions, policy shifts, and climate-related disruptions. Conflicts in Ukraine and the Middle East, combined with evolving U.S. trade policies and sanctions, continue to impact global supply chains and resource availability. Climate change is further exacerbating economic volatility through extreme weather events affecting production and distribution.

Global GDP growth is projected to slow to 3.0% in both 2025 and 2026, below the historical average of 3.7%. Advanced economies are expected to grow at around 1.5%, while emerging markets may achieve 4.1% growth. Inflation is gradually easing but remains above target in key regions such as the U.S. and parts of Asia. Central banks, including the European Central Bank and the U.S. Federal Reserve, are anticipated to reduce interest rates to support economic activity.

Geopolitical instability, particularly in energy-producing regions, continues to pose risks to global trade and investment. Sanctions and trade barriers are disrupting resource flows, while climate-related shocks are affecting agricultural output and infrastructure resilience. These factors contribute to elevated uncertainty and may hinder recovery efforts.

The Local Economy

Botswana's economy faces a challenging outlook for 2025 - 2026, marked by continued contraction, fiscal pressures, and the need for structural reforms. The diamond sector downturn, high unemployment, and limited diversification are key concerns.

According to the IMF and World Bank, Botswana's GDP contracted by 3.0% in 2024 and is projected to decline by 0.4% in 2025. A modest recovery of 2.3% is expected in 2026, dependant on the recovery of the diamond sector. The downturn is driven by a prolonged slump in diamond revenues, which account for a significant share of government revenue.

The Bank of Botswana has maintained the Monetary Policy Rate (MoPR) at 1.90% for six consecutive meetings. Inflation is expected to remain within the Bank of Botswana's objective range of 3% to 6%.

Financial Performance

The bank delivered solid financial performance in an extremely challenging operating environment characterized by consecutive Gross Domestic Product (GDP) contractions, liquidity challenges, rising interest rates and sluggish appetite for credit by customers. The Bank's Profit After Tax grew 4.9% Year on Year closing the year ending 30 June 2025 at P97.6m (PY:93.0m). Loans and Advances grew 11.1% to P7.4bn (PY:6.7bn), showing resilience over a challenged 12 month period.

Building on its impressive financial growth, the bank continues to demonstrate its commitment to sustainability by actively financing the development of solar projects across the country. Additionally, the bank remains deeply engaged in supporting the communities where it operates through various social investments. In line with its Corporate Social Responsibility, the bank also contributed to the National Disaster Recovery initiative, demonstrating its commitment to community well-being.

Net interest income

Net Interest Income grew by 16.8% year on year, closing 30 June 2025 at P407.0m (PY: P348.3m). The increase was attributable to loan book growth of 11.1% driven largely by loans to retail clients, the tourism, hotels and manufacturing sectors.

Impairment charges

The Bank closed the year with impairment charges of P101.4m, an increase of P52.8m (108.6%) from prior year's charge of P48.6m. The bank's clients operating in the Agriculture and fuel transportation sectors have experienced cashflow challenges requiring the bank to carry impairment provisions for them. Further to the above, the bank has carried impairment overlays across its loan book as it forecasts a decline in economic activity over the next 6 - 12 months.

Non - interest / non - funded income

Non - interest / non - funded income has grown by P28.8m (21.7%) year on year, closing the year at P161.1m (2024: P132.3m). The growth was driven by a significant increase in transaction volumes mainly in the bank's Point of Sale and Foreign Exchange businesses.

Operating Expenses

Operating expenses have increased by 10.2% from P306.6m in June 2024 to P337.8m in June 2025. This upward trend was primarily driven by strategic investments in new technology and implementation of new products and services.

Loans and Advances

Loans and Advances increased by 11.1% to P7.4bn (PY: 6.7bn), with increases in the bank's retail lending, tourism, hotels and manufacturing sectors. Notably the retail lending book growth is supported by a comprehensive financial education and rehabilitation program, this ensures that the bank's customers borrow within their means and for productive spending. The bank's loans and advances impairment provisions as at 30 June 2025 amounted to P268.1m (PY:182.5m), additionally the bank holds collateral amounting to P640.1m (PY: P512.7m) for its credit impaired assets. The provisions alongside the collateral held ensure that the bank's credit assets are adequately provided for.

Customer Deposits

Customer Deposits closed 30 June 2025 at P8.04bn (PY: P7.98bn), declining by P62.4m (0.78%) year on year. The decline reflects the market liquidity challenges experienced in the second half of the financial year. Whilst there has been an overall decline in customer deposits, the bank has seen significant increases in its household deposits, manufacturing and finance companies sectors, with growth seen in demand deposits and savings deposits.

Total risk-based capital adequacy ratio

The Bank has consistently maintained a strong financial position, closing the financial year with a total risk - based Capital Adequacy Ratio (CAR) of 15.63 as at 30 June 2025. The CAR is well above the current minimum regulatory requirement of 12.5% as well as the Bank's internal threshold. The bank employs various tactics such as stress testing, scenario planning and capital forecasting to assess capital need to support both growth and absorb stress.

Looking Ahead

The bank anticipates that the economic challenges experienced in the last 12 months will persist into the near term, these include the slump in the diamond industry, market liquidity shortages, rising cost of funding and depressed margins. While these challenges persist, the bank has enhanced its response plans to the various risks to ensure that it remains resilient over this period and able to support its customers and the Government's efforts for economic recovery.

The above challenges notwithstanding, the bank has identified growth opportunities in certain sectors of the economy and expects modest growth from these over the near term. 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 counter the impact of margin pressure and protect the bank's earnings.

The bank will continue to enhance our customer experience program, launching its 'Re a itlola' campaign to ensure that customers experience market leading services and products while also supporting their businesses through the challenging economic times.

STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2025

Figures in Pula Thousands	2025 P'000	2024 P'000	% Growth
Interest and similar income	785,571	734,043	7.0%
Interest and similar expense	(378,608)	(385,739)	(1.9%)
Net interest income	406,963	348,304	16.8%
Impairment charges on loans and advances	(101,387)	(48,623)	108.5%
Net interest income after loan impairment charges	305,576	299,681	2.0%
Non-interest income	161,084	132,316	21.7%
Fee and commission expense	(3,246)	(2,246)	44.5%
Operating expenses	(337,830)	(306,574)	10.2%
Profit before income tax	125,585	123,177	2.0%
Taxation	(27,974)	(30,164)	(7.3%)
Profit for the year	97,610	93,013	4.9%
Other comprehensive income	-	-	-
Total comprehensive income for the year	97,610	93,013	4.9%

STATEMENT OF FINANCIAL POSITION

as at 30 June 2025

Figures in Pula Thousands	2025 P'000	2024 P'000	% Growth
ASSETS			
Cash and balances with the Central Bank	86,915	261,594	(66.8%)
Bank of Botswana Certificates	-	599,929	(100.0%)
Due from other banks and other financial institutions	1,591,097	1,509,366	5.4%
Loans and advances to customers	7,419,956	6,681,409	11.1%
Investment in equity instruments	23,013	18,689	23.1%
Other assets	92,708	18,592	398.6%
Intangible assets	24,467	12,740	90.2%
Property, plant and equipment	83,204	86,644	(4.0%)
Deferred tax asset	7,815	8,081	(3.3%)
Current tax receivable	5,685	718	692%
Total assets	9,334,860	9,197,762	16.3%
LIABILITIES			
Due to other banks	3	20,384	(100%)
Deposits from customers	7,978,464	8,040,863	(0.8%)
Other borrowings	66,624	-	100%
Current tax payable	-	-	0%
Other liabilities	188,332	121,192	55.4%
Debt securities in issue	308,387	308,387	0%
Total liabilities	8,541,810	8,490,826	0.6%
EQUITY			
Stated capital	233,750	233,750	0%
Retained earnings	559,300	473,186	18.2%
Total shareholder's equity	793,050	706,936	12.2%
Total equity and liabilities	9,334,860	9,197,762	1.5%

STATEMENT OF CASHFLOWS

Figures in Pula Thousands	2025 P'000	2024 P'000	% Growth
Net cash (used in)/generated from operating activities	(667,351)	379,597	(276%)
Interest receipts	785,571	734,043	7.0%
Interest payments	(378,608)	(385,739)	(1.9%)
Tax paid	(33,207)	(37,127)	(10.6%)
Net cash used in investing activities	(36,089)	(23,391)	54.3%
Net cash flows from financing activities	35,655	842	4134.6%
Total cash and cash equivalents movements for the year	(667,785)	357,048	(287.0%)
Cash and cash equivalents at the beginning of the year	2,188,227	1,832,415	19.4%
Effect of exchange rate movement on cash balance	(189)	(1,236)	(84.7%)
Total cash equivalents at end of the year	1,520,253	2,188,227	(30.5%)

STATEMENT OF CHANGES IN EQUITY

Figures in Pula Thousands	Stated capital P'000	Retained income P'000	Total equity P'000
Balance at 01 July 2024	233,750	473,187	706,937
Profit for the year	-	97,610	97,610
Total comprehensive income for the year	-	97,610	97,610
Dividends	-	(11,500)	(11,500)
Balance at 30 June 2025	-	559,297	793,047
Figures in Pula Thousands	Stated capital P'000	Retained income P'000	Total equity P'000
Balance at 01 July 2023	233,750	390,569	624,319
Profit for the year	-	93,013	93,013
Total comprehensive income for the year	-	93,013	93,013
Dividends	-	(10,395)	(10,395)
Balance at 30 June 2024	-	473,187	706,937

INDEPENDENT AUDITORS REPORT

The complete set of financial statements from which these summarized results were extracted have been audited by Deloitte & Touche, 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 2025, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year ended 30 June 2025 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 2025, 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 reviewed financial statements. The annual financial statements of Bank Gaborone were approved by the Board of Directors on the 11 September 2025.

C. P. de Vries
Mr. C. P. de Vries
Board Chairman

D. Mathupe
Ms. O. Mathupe
Managing Director