



# Risk and Capital Management Report

**PILLAR 3 DISCLOSURE**  
Stanbic Bank Botswana Limited

**31 March 2022**



Stanbic Bank **IT/CAN/BE™**

Table 1

	Common Equity Tier I: Instruments and reserves	P000s
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus.	390,177
2	Retained earnings	1,112,526
3	Accumulated other comprehensive income (and other reserves)	-
4	Directly issued capital subject to phase out from CET1 CAPITAL (only applicable to non-joint stock companies)	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1 CAPITAL)	-
6	<b>Common Equity Tier I capital before regulatory adjustments</b>	<b>1,502,703</b>
	<b>Common Equity Tier 1: regulatory adjustments</b>	
7	Prudential valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Other intangibles other than mortgage-servicing rights (Net of related tax liability)	27,000
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
11	Cash-flow hedge reserve	-
12	Shortfall of provisions to expected losses	-
13	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-
15	Defined-benefit pension fund net assets	-
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-
17	Reciprocal cross-holdings in common equity	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
20	Mortgage servicing rights (amount above 10% threshold)	-
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22	Amount exceeding the 15% threshold	-
23	of which: significant investments in the common stock of financials	-
24	of which: mortgage servicing rights	-
25	of which: deferred tax assets arising from temporary differences	-
26	National specific regulatory adjustments	-
27	Regulatory adjustments applied to Common Equity Tier I due to insufficient Additional Tier I and Tier II to cover deductions	-
28	<b>Total regulatory adjustments to Common equity Tier I</b>	<b>27,000</b>
29	<b>Common Equity Tier I capital (CET1 CAPITAL)</b>	<b>1,475,703</b>
	<b>Additional Tier 1 capital ( CET 1 CAPITAL)</b>	
30	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus.	-
31	of which: classified as equity under applicable accounting standards	-
32	of which : classified as liabilities under applicable accounting standards	-
33	Directly issued capital subject to phase out from additional Tier 1	-

34	Additional Tier 1 instruments (and CET 1 CAPITAL instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group ATI)	-
35	of which: instruments issued by subsidiaries subject phase out	-
	<b>Additional Tier 1 capital ( CET 1 CAPITAL)</b>	
36	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus.	-
	<b>Additional Tier 1 capital ( CET 1 CAPITAL)</b>	
37	of which: classified as equity under applicable accounting standards	-
38	of which: classified as liabilities under applicable accounting standards	-
39	Directly issued capital subject to phase out from additional Tier 1	-
40	Additional Tier 1 instruments ( and CET 1 CAPITAL instruments not included in row 5) issued by subsidiaries and held by third parties ( amount allowed in group ATI)	-
41	of which: instruments issued by subsidiaries subject phase out	-
42	Additional Tier 1 capital before regulatory adjustments	-
	<b>Additional Tier 1 capital: regulatory adjustments</b>	-
43	Investments in own Additional Tier I instruments	-
44	Reciprocal cross-holding in Additional Tier I instruments	-
45	Investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10%)	-
46	significant investment in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation ( net of eligible short positions)	-
47	National specific regulatory adjustment	-
48	Regulatory adjustment applied to Additional Tier I due it insufficient Tier II to cover deductions	-
49	Transitional Adjustment Amount Added Back to CET1	-
50	<b>Total regulatory adjustments to Additional Tier 1</b>	-
51	<b>Additional Tier 1 Capital ( ATI)</b>	-
52	<b>Tier 1 ( T1=CET 1 CAPITAL + AT1)</b>	<b>1,475,703</b>
	<b>Tier II capital : instruments and provisions</b>	
53	Directly issued qualifying Tier II instruments plus related stock surplus	500,000
54	directly issued capital instruments subject to phase out from Tier II	-
55	Tier II instruments ( and CET 1 CAPITAL and AT 1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties ( amount allowed in group Tier II)	-
56	of which: instruments issued by subsidiaries subject to phase out	-
57	Provisions	-
58	<b>Tier II capital before regulatory adjustments</b>	-
	<b>Tier II capital: regulatory adjustments</b>	
60	Investments in own Tier II instruments	-
61	Reciprocal cross-holdings in Tier II instruments	-
62	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold).	-
63	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions).	-
64	National specific regulatory adjustments	-

65	<b>Total regulatory adjustments to Tier II capital</b>	-
66	<b>Tier II capital (T2)</b>	921,940
67	<b>Total capital (TC = T1 + T2)</b>	2,397,643
68	<b>Total risk-weighted assets</b>	13,320,614
<b>Capital ratios and buffers</b>		
69	Common Equity Tier I ( as a percentage of risk weighted assets)	11.08%
70	Tier I ( as a percentage of risk weighted assets )	11.08%
71	Total capital ( as a percentage of risk weighted assets)	18.00%
72	Institution specific buffer requirement ( minimum CET 1 CAPITAL requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)	N/A
73	of which: capital conservation buffer requirement	N/A
74	of which: bank specific countercyclical buffer requirement	N/A
75	of which: G-SIB buffer requirement	N/A
<b>Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)</b>		
76	National Common Equity Tier I minimum ratio ( if different from Basel III minimum)	4.50%
77	National Tier I minimum ratio (if different from Basel III minimum)	7.50%
78	National total capital minimum ratio (if different from Basel III minimum)	12.50%
<b>Amounts below the threshold for deduction (before risk-weighting)</b>		
79	Non -significant investments in the capital of other financials	N/A
80	significant investments in the common stock financials	N/A
81	Mortgage servicing rights (net of related tax liability)	N/A
82	Deferred tax assets arising from temporary differences (net of related tax liability)	N/A
<b>Applicable caps on the inclusion of provisions in Tier II</b>		
83	Provisions eligible for inclusion in Tier II in respect of exposures subject to standardised approach ( prior to application of cap)	N/A
84	Cap on inclusion of provisions in Tier II under standardised approach	N/A
85	Provisions eligible for inclusion in Tier II in respect of exposures subject to internal ratings-based approach (prior to application of cap)	N/A
86	Cap on inclusion of provisions in Tier II under internal ratings-based approach	N/A
<b>Capital Instruments subject to phase - out arrangements (only applicable between 1 Jan 2015 and 1 Jan 2020)</b>		
87	Current cap on CET 1 CAPITAL instruments subject to phase out arrangements	N/A
88	Amount excluded from CET 1 CAPITAL due to cap ( excess over cap after redemption and maturities)	N/A
89	Current cap on AT1 instruments subject to phase out arrangements	N/A
90	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	N/A
91	Current cap on T2 instruments subject to phase out arrangements	-
92	Amount excluded from T2 due to cap (excess over cap after redemption and maturities)	-

Table 3

Risk class	Methodology	RWA
Credit risk	Simple Approach	12,092,140
Market risk	Standardised Approach	92,432
Operational risk	Basic indicator Approach	1,136,041
<b>Total</b>		<b>13,320,614</b>

Table 4

Credit risk in P000s	Exposure amounts	Specific provisions	Credit Risk mitigation	RWA
Sovereign or Central bank	2,438,090	-	-	-
Public Sector entities	640,599	-	-	128,120
Exposure to banks	5,026,616	-	-	1,346,554
Corporates	2,167,143	-	-	2,167,143
Retail loans and Mortgages	10,662,149	230,180	10,000	7,327,248
Other assets	1,110,980	-	-	393,099
Off balance sheet exposures	2,320,103	-	-	729,977
<b>Total Credit Risk RWA</b>	<b>24,365,680</b>	<b>230,180</b>	<b>10,000</b>	<b>12,092,140</b>

Table 5

Risk	Amount P'000	Risk Weighted Factor	RWA P '000
Foreign Exchange Risk	19	6.70	127
Interest Rate Risk	13,777	6.70	92,305
Equity Position Risk	-	6.70	-
Commodity Risk	-	6.70	-
<b>Total Market Risk RWA</b>	<b>13,796</b>		<b>92,432</b>

Table 6

	Gross income P000s	Aggregate gross income	Risk weight factor
<b>Total Gross Income for Year 1</b>	1,145,718		
<b>Total Gross Income for Year 2</b>	1,087,768		
<b>Total Gross Income for Year 3</b>	1,157,682		
Aggregate Gross Income ( $\Sigma GI_1 \dots n$ )		<b>3,391,168</b>	
Operational risk factor -denoted alpha ( $\alpha$ )		<b>15%</b>	
Aggregate Gross Income multiplied by $\alpha$		<b>508,675</b>	
No. of years with Positive Gross Income (n)		<b>3</b>	
Operational Risk Capital Charge: BIA		<b>169,558</b>	
<b>Risk weight factor</b>			<b>6.7</b>
<b>Operational risk weight assets</b>			<b>1,136,041</b>

Table 7

	Balance Sheet as in Published Financial Statements	Under Regulatory Scope of Consolidation
Risk class	As at Period End 31 March 2022	As at Period End 31 March 2022
<b>Assets</b>	<b>P000s</b>	<b>P000s</b>
Cash balances at central banks	622,042	622,042
Items in the course of collection from banks	-	-
Trading portfolio assets	14,544	-
Financial assets designated at fair value	2,608,581	2,623,090
Derivatives initial instruments	9,336	9,336
Loans and advances to banks	5,062,444	5,026,616
Loans and advances to customers	12,987,647	13,284,891
Reverse repurchase agreement and other secured lending	-	-
Available for sale financial investments	-	-
Current and deferred tax asset	67,219	67,219
Prepayments, accrued income and other assets	(3,513)	156,219
Investments in associations and Joint venture	-	-
Goodwill and intangible assets	141,627	114,627
Property, Plant and equipments	141,536	141,536
<b>Total Assets</b>	<b>21,651,463</b>	<b>22,045,577</b>
<b>Liabilities</b>		
Deposit from banks	1,436,355	1,436,355
Items in the course of collections due to other banks	-	-
Customer accounts	17,055,170	17,055,170
Repurchase agreement and other secured lending	-	-
Trading portfolio liabilities	-	-
Financial liabilities designated at fair value	-	-
Derivatives financial instruments	9,885	9,885
Debt securities in issue	972,491	972,491
Accrual, deferred tax liabilities	11,716	-
Subordinated liabilities	-	-
Provisions	392,353	825,184
Retirement benefit liabilities	-	-
<b>Total Liabilities</b>	<b>19,877,970</b>	<b>20,299,086</b>
<b>Shareholders' Equity</b>		
Paid-in share capital	390,177	390,177
Retained earnings	1,316,558	1,085,526
Accumulated other comprehensive income	66,758	270,788
<b>Total Shareholders' Equity</b>	<b>1,773,493</b>	<b>1,746,491</b>



Table 8

	Balance Sheet as in Published Financial Statements	Under Regulatory Scope of Consolidation	Reference
Risk class	As at Period End 31 March 2022	As at Period End 31 March 2022	
<b>Assets</b>	<b>P000s</b>	<b>P000s</b>	
Cash balances at central banks	622,042	622,042	
Items in the course of collection from banks	-	-	
Trading portfolio assets	14,544	-	
Financial assets designated at fair value	2,608,581	2,623,090	
Derivatives financial instruments	9,336	9,336	
Loans and advances to banks	5,062,444	5,026,616	
Loans and advances to customers	12,987,647	13,284,891	
Reverse repurchase agreement and other secured lending	-	-	
Available for sale financial investments	-	-	
Current and deferred tax asset	67,219	67,219	
Prepayments, accrued income and other assets	(3,513)	156,219	
Investments in associations and Joint venture	-	-	
Goodwill and intangible assets	141,627	114,627	
of which goodwill	-	-	a
of which other intangibles (Excluding MSRs)	-	-	b
Property, Plant and equipment	141,536	141,536	c
<b>Total Assets</b>	<b>21,651,463</b>	<b>22,045,577</b>	
<b>Liabilities</b>			
Deposit from banks	1,436,355	1,436,355	
Items in the course of collections due to other banks	-	-	
Customer accounts	17,055,170	17,055,170	
Repurchase agreement and other secured lending	-	-	
Trading portfolio liabilities	-	-	
Financial liabilities designated at fair value	-	-	
Derivatives financial instruments	9,885	9,885	
Debt securities in issue	972,491	972,491	
Current and deferred tax liabilities	11,716	-	
of which DTLs related to goodwill	-	-	d
of which DTLs related intangibles (excluding MSRs)	-	-	e
of which DTLs related to MSRs	-	-	f
Subordinated liabilities	-	-	
Provisions	392,353	825,184	
Retirement benefit liabilities	-	-	
<b>Total Liabilities</b>	<b>19,877,970</b>	<b>20,299,086</b>	

<b>Shareholders' Equity</b>			
Paid-in share capital	390,177	390,177	
of which amount eligible for CET1 CAPITAL	-	-	<b>h</b>
of which amount eligible for AT1	-	-	<b>l</b>
Retained earnings	1,316,558	1,085,526	
Accumulated other comprehensive income	66,758	270,788	
<b>Total Shareholders' Equity</b>	<b>1,773,493</b>	<b>1,746,491</b>	

Table 9: Extract of Basel III Common disclosure template (with added column)

	Common Equity Tier I: Instruments and reserves		
		Component of Regulatory capital reported by bank P000s	Source based on reference number/ letters of the balance sheet under the regulatory scope of consolidation from step 2
1	Directly issued qualifying common share (and equivalent for non-stock companies capital plus related stock surplus.	390,177	<b>h</b>
2	Retained earnings	973,256	-
3	Accumulated other comprehensive income ( and other reserves)	139,270	
4	Directly issued Capital subject to phase out from CET1 CAPITAL ( only applicable to non -joint stock companies)	-	-
5	Common Share capital issued by subsidiaries and held by third parties ( amount) allowed in the group CET1 CAPITAL)	-	-
6	<b>Common equity Tier I capital before</b>	<b>1,502,703</b>	-
7	Prudential valuation adjustments	27,000	-
8	Goodwill (net of related tax liability)	-	<b>a-d</b>



Table 10: Main features template

	Issuer	Stanbic Bank Botswana Limited
1	Unique identifier (e.g. CUSIP,ISIN or Bloomberg identifier for private placement)	ZQ 662 1812 ZQ 662 1895 AO 073 3169 AO 0717758
2	Governing law(s) of the instrument	Botswana law
3	Regulatory treatment	Basel II
4	Transitional Basel III rules	Tier II
5	Post-transitional Basel III rules	Tier II
6	Eligible at solo/group/group and solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Subordinated Debt
8	Amount recognised in regulatory capital (Currency in mil as of most recent reporting date )	P212m P140m P60m P88m
9	Par value of instrument	P212m P140m P60m P88m
10	Accounting classification	Borrowings (Amortised cost)
11	Original date of issuance	15-06-2017 28-11-2019
12	Perpetual or dated	Dated
13	Original maturity	15-06-2027 28 -11-2029
14	Issuer caller subject to prior supervisory approval	
15	Optional call date ,contingent call dates and redemption amount	After a minimum of 5yrs
16	Subsequent call dates if applicable	None
	coupons/dividends	
17	Fixed or floating	Floating and Fixed
18	Coupon rate and related index	Bank and prime rate
19	Existence of a dividend stopper	None
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	None
22	Non cumulative or cumulative	Non cumulative
23	Convertible or non-convertible	No
24	If convertible ,conversion trigger(s)	Not applicable
25	If convertible ,conversion rate	Not applicable
26	If convertible ,fully or Partially	Not applicable
27	If convertible ,mandatory or optional conversion	Not applicable
28	If convertible ,specify instrument type convertible into	Not applicable
29	If convertible ,specify issuer of instrument it converts into	Not applicable
30	If write down feature	Not applicable
31	If write down, write-down trigger(s)	Not applicable
32	If write down, full or partial	Not applicable
33	If write down, permanent or temporary	Not applicable
34	If write down, description of write-up mechanism	Not applicable
35	Positioning subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Not applicable
36	Non-compliant transitioned features	Not applicable
37	If yes, specify non-compliant features	Not applicable