STANBIC BANK BOTSWANA

RISK AND CAPITAL MANAGEMENT REPORT

PILLAR 3 DISCLOSURE

30 September 2025

Introduction

This report sets out the Stanbic Bank Botswana (SBBL) quarterly capital disclosers in accordance with the Basel II guidelines on the Revised International Convergence of Capital Measurement and Capital Standards for Botswana. The main purpose of this disclosure is to supplement the minimum requirements (Pillar 1) and Supervisory Review Process (Pillar 2) to influence the level of capital and risk assessment processes.

During the quarter ending September 2025 the Bank remained adequately capitalised recording a Capital Adequacy Ratio (CAR) of 20.85% increase from 19.27% reported in Q2:2025.

The currency used in this report is Botswana Pula and the lowest denomination is in thousands (P'000s) unless otherwise stated.

Table 1

Basel III Common Equity Tier I Disclosure Template

	Common Equity Tier I: Instruments and reserves	P'000s
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus.	390 177
2	Retained earnings	2 170 407
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	Common Equity Tier I capital before regulatory adjustments	2 560 584
	Common Equity Tier 1: regulatory adjustments	
7	Prudential valuation adjustments	-
8	Goodwill (net of related tax liability)	-
9	Other intangibles other than mortgage-servicing rights (Net of related tax liability)	-
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 crossholdings 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	Total regulatory adjustments to Common equity Tier I	(58 657)
29	Common Equity Tier I capital (CET1 CAPITAL)	**2 501 927**
	Additional Tier 1 capital (CET 1 CAPITAL)	
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*	-
36	Additional Tier 1 capital before regulatory adjustments	-
	Additional Tier 1 capital: regulatory adjustments	
37	Investments in own Additional Tier I instruments	-
38	Reciprocal crossholding in Additional Tier I instruments	-
39	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%)	-
40	significant investment in the capital of banking financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
41	National specific regulatory adjustment	-
42	Regulatory adjustment applied to Additional Tier I due to insufficient Tier II to cover deductions	-
43	Total regulatory adjustments to Additional Tier 1	-
44	Additional Tier 1 Capital (ATI)	-
45	**Tier 1 (T1=CET 1 CAPITAL + AT1)**	2 501 927
	Tier II capital: instruments and provisions	
46	Directly issued qualifying Tier II instruments plus related stock surplus	515 720
47	directly issued capital instruments subject to phase out from Tier II	-
48	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)	-
49	*of which: instruments issued by subsidiaries subject to phase out*	-
50	Unpublished profits	529 218
51	Provisions	198 363
52	Tier II capital before regulatory adjustments	-
	Tier II capital: regulatory adjustments	
53	Investments in own Tier II instruments	-
54	Reciprocal crossholdings in Tier II instruments	-

55	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).	-
56	Significant investments in the capital banking financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions).	-
57	National specific regulatory adjustments	-
58	Total regulatory adjustments to Tier II capital	-
59	**Tier II capital (T2)**	**1 243 301**
60	**Total capital (TC = T1 + T2)**	**3 745 228**
61	**Total risk-weighted assets**	**17 961 025**
	Capital ratios and buffers	
62	Common Equity Tier I (as a percentage of risk weighted assets)	13.93%
63	Tier I (as a percentage of risk weighted assets)	13.93%
64	Total capital (as a percentage of risk weighted assets)	20.85%
65	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 assists)	N/A
66	*of which: capital conservation buffer requirement*	N/A
67	*of which: bank specific countercyclical buffer requirement*	N/A
68	*of which: G-SIB buffer requirement*	N/A
69	Common Equity Tier I available to meet buffers (as a percentage of risk weighted assets). To be calculated as the CET1 CAPITAL ratio of the bank less any common equity used to meet the bank's Tier I and Total capital requirements	
	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	
70	National Common Equity Tier I minimum ratio (if different from Basel III minimum)	4.50%
71	National Tier I minimum ratio (if different from Basel III minimum)	7.50%
72	National total capital minimum ratio (if different from Basel III minimum)	12.50%
	Amounts below the threshold for deduction (before risk-weighting)	
73	Non -significant investments in the capital of other financials	N/A
74	significant investments in the common stock financials	N/A
75	Mortgage servicing rights (net of related tax liability)	N/A
76	Deferred tax assets arising from temporary differences (net of related tax liability)	N/A
	Applicable caps on the inclusion of previsions in Tier II	
75	Provisions eligible for inclusion in Tier II in respect of exposures subject to standardised approach (prior to application of cap)	N/A
78	Cap on inclusion of provisions in Tier II under standardised approach	N/A
79	Provisions eligible for inclusion in Tier II in respect of exposures subject to internal ratings-based approach (prior to application of cap)	N/A
80	Cap for inclusion of provisions in Tier II under internal ratings-based approach	N/A
	Capital Instruments subject to phase -out arrangements (only applicable between 1 Jan 2015 and 1 Jan 2020)	
81	Current cap on CET 1 CAPITAL instruments subject to phase out arrangements	N/A
82	Amount excluded from CET 1 CAPITAL due to cap (excess over cap after redemption and maturities)	N/A

83	Current cap on AT1 instruments subject to phase out arrangements	N/A
84	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	N/A
85	current cap on T2 instruments subject to phase out arrangements	-
86	Amount excluded from T2 due to cap (excess over cap after redemption and maturities)	-

Table 2
Total Risk weighted assets.

Portfolio	Approach	RWA in P'000s
Credit Risk	Simple Approach	15 869 027
Market Risk	Standardised Approach	247 824
Operational Risk	Basic Indicator Approach	1 844 174
Total		**17 961 025**

Table 3
Credit risk weighted Assets

Exposure Class	Exposure amounts	Specific provisions	Credit Risk mitigation	RWA
	P'000s	P'000s	P'000s	P'000s
Sovereign or Central bank	4 424 010	-	-	-
Public Sector entities	475 515	-	-	95 103
Exposure to banks	8 309 534	-	-	2 510 951
Corporates	6 196 822	-	-	6 196 822
Retail loans and Mortgages	8 198 683	282 430	25 670	5 782 148
Other assets	1 228 011	-	-	607 993
Off balance sheet exposures	4 343 993	-	299 719	676 009
Total Credit Risk RWA	**33 176 568**	**282 430**	**325 389**	**15 869 026**

Table 4
Market Risk RWA

Risk	*Capital charge*	*Risk Weighted Factor*	*RWA*
	P'000s	P'000s	P'000s
Foreign Exchange Risk	36 989	6.70	247 826
Interest Rate Risk	-	6.70	-
Equity Position Risk	-	6.70	-
Commodity Risk	-	6.70	-
Total Market Risk RWA	**36 989**		**247 826**

Table 5
Operational Risk

	Gross income	Aggregate gross income	Risk weight factor
Years	**P'000s**	**P'000s**	**P'000s**
Total Gross Income for Year 1	1 621 055		
Total Gross Income for Year 2	1 866 786		
Total Gross Income for Year 3	2 017 154		
Aggregate Gross Income ($\sum GI_1 \ldots n$)		5 504 995	
operational risk factor -denoted alpha (α)		15%	
Aggregate Gross Income multiplied by α		825 749	
No. of years with Positive Gross Income (n)		3	
Operational Risk Capital Charge: BIA		275 250	
risk weight factor			6.70
Operational risk weight assets			**1 844 173**

Table 6

Expanded Regulatory Balance Sheet

	Balance Sheet as per Management accounts	Under Regulatory Scope of Consolidation
	As at Period End 30 September 2025	As at Period End 30 September 2025
Assets	**P'000s**	**P'000s**
Cash balances at central banks	391 961	391 961
Items in the course of collection from banks	-	-
Trading portfolio assets	201 871	-
Financial assets designated at fair value	4 448 701	4 050 786
Derivatives initial instruments	87 209	87 209
Loans and advances to banks	8 689 501	8 759 331
Loans and advances to customers	14 186 816	14 256 600
Reverse repurchases agreement and other secure Lending	-	-
Available for sale financial investments	-	-
Current and deferred tax asset	69 441	7 322
Prepayments accrued income and other assets	527 729	562 511
Investments in associations and Joint venture	-	-
Goodwill and intangible assets	58 657	58 657
Property Plant and equipment's	179 008	179 008
Total Assets	**28 840 894**	**28 353 385**
Liabilities		
Deposit from banks	2 501 253	2 225 368
Items in the course of collections due to other banks	-	-

Customer accounts	21 654 797	20 803 053
Repurchase agreement and other secure Lending	-	-
Trading portfolio liabilities	-	-
Financial liabilities designated at fair value	-	-
Derivatives financial instruments	33 915	33 915
Debt securities in issue	-	720 720
Accrual deferred tax liabilities	22 296	-
Subordinated liabilities	515 720	515 720
Provisions	1 023 648	964 808
Retirement benefit liabilities	-	-
Total Liabilities	**25 751 629**	**25 263 584**
Shareholders 'Equity		
Paid -in share capital	390 177	390 177
Retained earnings	2 169 870	2 170 407
Accumulated other comprehensive income	529 218	529 218
Total Shareholders' equity	**3 089 265**	**3 089 802**

Table 7

Expanded Regulatory Balance Sheet (continued)

	Balance Sheet as per Management accounts	Under Regulatory Scope of Consolidation	Reference
	As at Period End 30 September 2025	As at Period End 30 September 2025	
Assets	**P'000s**	**P'000s**	
Cash balances at central banks	391 961	391 961	
Items in the course of collection from banks	-	-	
Trading portfolio assets	201 871	-	
Financial assets designated at fair value	4 448 701	4 050 786	
Derivatives financial instruments	87 209	87 209	
Loans and advances to banks	8 689 501	8 759 331	
Loans and advances to customers	14 186 816	14 256 600	
Reverse repurchases agreement and other secure Lending	-	-	
Available for sale financial investments	-	-	
Current and deferred tax asset	69 440	7 322	
Prepayments accrued income and other assets	527 729	562 511	
Investments in associations and Joint venture	-	-	

Goodwill and intangibles assets	58 657	58 657	
of which good will	-	-	a
of which other intangibles (Excluding MSRs)	-	-	b
Property Plant and equipment	179 008	179 008	c
Total Assets	**28 840 893**	**28 353 385**	
Liabilities			
Deposit from banks	2 501 253	2 225 368	
Items in the course of collections due to other banks	-	-	
customer accounts	21 654 797	20 803 053	
Repurchase agreement and other secure Lending	-	-	
Trading portfolio liabilities	-	-	
Financial liabilities designated at fair value	-	-	
Derivatives financial instruments	33 915	33 915	
Debt securities in issue	515 720	720 720	
current and deferred tax liabilities	22 296	-	
of which DTls related to goodwill	-	-	d
of which DTls related intangibles (excluding MSRs)	-	-	e
of Which DTLs related to MSRs	-	-	f
Subordinated liabilities	-	515 720	
Provisions	1 023 648	964 807	
Retirement benefit liabilities	-	-	
Total Liabilities	**25 751 629**	**25 263 583**	
Shareholders 'Equity			
Paid -in share capital	390 177	390 177	h
of which amount eligible for CET1 CAPITAL	-	-	
of which amount eligible for AT1	-	-	I
Retained earnings	2 169 870	2 170 407	
Accumulated other comprehensive income	529 218	529 218	
Total Shareholders' equity	**3 089 265**	**3 089 802**	

Table 8

	Common equity Tier 1: Instrument and reserves		
		Component of Regulatory capital reported by bank	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	**h**
2	Retained earnings		

3	Accumulated other comprehensive income (and other reserves)	1 957 275	
4	Directly issued Capital subject to phase out from CET1 CAPITAL (only applicable to non -joint stock companies)	154 474	
5	Common Share capital issued by subsidiaries and held by third parties (amount) allowed in the group CET1 CAPITAL)	-	
6	**Common equity Tier I capital before**	**2 501 926**	
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)	-	**a-d**

Table 9

Main Features of regulatory Instruments

1	**Issuer**	**Stanbic Bank Botswana Limited**
2	Unique identifier (e.g. CUSIP ISIN or Bloomberg identifier for private placement)	CRB-1234-77 CRB-1234-78 BW 0000 3326 BW 00003318
3	Governing law(s) of the instrument	Botswana law
	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)	P280m P20m P110m P105,7m
9	Par value of instrument	P280m P20m P110m P105,7m
10	Accounting classification	Borrowings (Amortised cost)
11	Original date of issuance	02 -12-2014 07-07-2022
12	Perpetual or dated	Dated
13	Original maturity	02 -12-2034 07-07-2032
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