



**Stanbic Bank**



# **STANBIC BANK BOTSWANA LIMITED RISK AND CAPITAL MANAGEMENT REPORT**

**PILLAR 3 DISCLOSURE**

**31 MARCH 2024**

Member of the Deposit Insurance Scheme of Botswana.

## INTRODUCTION

This report sets out the Stanbic Bank Botswana (SBBL) quarterly capital disclosures 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 March 2024, the Bank remained adequately capitalised recording a Capital Adequacy Ratio (CAR) of 19.90%, a decline from 19.92% that was reported in Q4:2023.

The currency used in this report is Botswana Pula and the lowest denomination is in thousands (P000's) unless otherwise stated.

**Basel III Common Equity Tier I Disclosure Template**

<b>Common Equity Tier I: Instruments and reserves</b>		<b>P000's</b>
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus.	390,177
2	Retained earnings	1,452,513
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	1,842,690
<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)	-
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	Total regulatory adjustments to Common equity Tier I	-
29	Common Equity Tier I capital (CET1 CAPITAL)	1,842,690
<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	-
36	Additional Tier 1 capital before regulatory adjustments	-
<b>Additional Tier 1 capital: regulatory adjustments</b>		
37	Investments in own Additional Tier I instruments	-
38	Reciprocal cross-holding 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 it 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)	1,842,690
<b>Tier II capital : instruments and provisions</b>		
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	Provisions	177,171
51	Tier II capital before regulatory adjustments	-
<b>Tier II capital: regulatory adjustments</b>		
52	Investments in own Tier II instruments	-
53	Reciprocal cross-holdings in Tier II instruments	-
54	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).	-
55	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions).	-
56	National specific regulatory adjustments	-
57	Total regulatory adjustments to Tier II capital	-
58	Tier II capital (T2)	1,319,694
59	Total capital (TC = T1 + T2)	3,162,384
60	Total risk-weighted assets	15,890,593
<b>Capital ratios and buffers</b>		
61	Common Equity Tier I ( as a percentage of risk weighted assets)	11.60%

62	Tier I ( as a percentage of risk weighted assets )	11.60%
63	Total capital ( as a percentage of risk weighted assets)	19.90%
64	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
65	of which: capital conservation buffer requirement	N/A
66	of which: bank specific countercyclical buffer requirement	N/A
67	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>		
69	National Common Equity Tier I minimum ratio ( if different from Basel III minimum)	4.50%
70	National Tier I minimum ratio (if different from Basel III minimum)	7.50%
71	National total capital minimum ratio ( if different from Basel III minimum)	12.5%
<b>Amounts below the threshold for deduction ( before risk-weighting)</b>		
72	Non -significant investments in the capital of other financials	N/A
73	significant investments in the common stock financials	N/A
74	Mortgage servicing rights ( net of related tax liability)	N/A
75	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>		
76	Provisions eligible for inclusion in Tier II in respect of exposures subject to standardised approach ( prior to application of cap)	N/A
77	Cap on inclusion of provisions in Tier II under standardised approach	N/A
78	Provisions eligible for inclusion in Tier II in respect of exposures subject to internal ratings-based approach (prior to application of cap)	N/A
79	Cap for 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>		
80	Current cap on CET 1 CAPITAL instruments subject to phase out arrangements	N/A
81	Amount excluded from CET 1 CAPITAL due to cap ( excess over cap after redemption and maturities)	N/A
82	Current cap on AT1 instruments subject to phase out arrangements	N/A
83	Amount excluded from AT1 due to cap ( excess over cap after redemptions and maturities)	N/A
84	current cap on T2 instruments subject to phase out arrangements	-
85	Amount excluded from T2 due to cap (excess over cap after redemption and maturities)	-

**Total Risk Weighted Assets**

Portfolio	Approach	RWA in P000's
Credit Risk	Simple Approach	14,173,700
Market Risk	Standardised Approach	256,798
Operational Risk	Basic Indicator Approach	1,460,095
<b>Total</b>		<b>15,890,593</b>

**Credit Risk weighted assets**

Exposure Class	Exposure amounts	Specific provisions	Credit Risk mitigation	RWA
	P000's	P000's	P000's	P000's
Sovereign or Central bank	4,312,268			-
Public Sector entities	713,295			142,659
Exposure to banks	6,356,485			1,816,242
Corporates	5,758,845			5,758,845
Retail loans and Mortgages	7,820,525	253,672	9,870	5,415,517
Other assets	2,162,084	-		592,237
Off balance sheet exposures	2,535,431		311,918	448,200
<b>Total Credit Risk RWA</b>	<b>29,658,933</b>	<b>253,672</b>	<b>321,788</b>	<b>14,173,700</b>

**Operational Risk RWA**

Year	Gross income in P000's	Aggregate gross income P000's	Risk weight factor P000's
Total Gross Income for Year 1	1,172,948		
Total Gross Income for Year 2	1,511,614		
Total Gross Income for Year 3	1,673,932		
Aggregate Gross Income ( GI ...n)		4,358,494	
Operational risk factor -denoted alpha ( )		15%	
Aggregate Gross Income multiplied by		653,774	
No. of years with Positive Gross Income (n)		3	
Operational Risk Capital Charge: BIA		217,925	
Risk weight factor			6.7
<b>Operational risk weight assets</b>			<b>1,460,095</b>

**Market Risk RWA**

Risk	Capital charge P000's	Risk Weighted Factor	RWA in P000's
<b>Foreign Exchange Risk</b>	38,328	6.70	256,798
Interest Rate Risk	-	6.70	-
<b>Equity Position Risk</b>	-	6.70	-
Commodity Risk	-	6.70	-
<b>Total Market Risk RWA</b>	<b>38,328</b>		<b>256,798</b>

**Expanded Regulatory Balance Sheet**

	Balance Sheet as per Management Accounts	Under Regulatory Scope of Consolidation
	As at Period End 31 March 2024	As at Period End 31 March 2024
Assets	P000's	P000's
Cash balances at central banks	1,479,056	1,479,056
Items in the course of collection from banks	-	-
Trading portfolio assets	8,715	-
Financial assets designated at fair value	4,410,637	4,419,330
Derivatives initial instruments	7,044	7,044
Loans and advances to banks	6,721,884	6,356,485
Loans and advances to customers	13,630,357	13,683,643
Reverse repurchase agreement and other secure Lending	-	-
Available for sale financial investments	-	-
Current and deferred tax asset	68,698	77,219
Prepayments, accrued income and other assets	317,603	366,892
Investments in associations and Joint venture	-	-
Goodwill and intangible assets	96,598	96,598
Property ,Plant and equipment's	135,275	135,275
<b>Total Assets</b>	<b>26,875,867</b>	<b>26,621,542</b>
Liabilities	-	-
Deposits from banks	1,019,640	1,178,296
Items in the course of collections due to other banks	-	-
Customer accounts	21,543,580	21,122,034
Repurchase agreement and other secured Lending	-	-
Trading portfolio liabilities	130,449	-
Financial liabilities designated at fair value	-	-
Derivatives financial instruments	4,543	4,543
Debt securities in issue	512,715	512,715
Accrual ,deferred tax liabilities	-	-
Subordinated liabilities	515,720	515,720
Provisions	680,140	818,742
Retirement benefit liabilities	-	-
<b>Total Liabilities</b>	<b>24,406,787</b>	<b>24,152,050</b>
Shareholder's Equity	-	-
Paid -in share capital	390,177	390,177
Retained earnings	1,936,030	1,452,513
Accumulated other comprehensive income	142,873	626,802
<b>Total Shareholder's equity</b>	<b>2,469,080</b>	<b>2,469,492</b>

**Expanded Regulatory Balance Sheet (continued)**

	Balance Sheet as per Published Financial Statements	Under Regulatory Scope of Consolidation	Reference
	As at Period End 31 March 2024	As at Period End 31 March 2024	
<b>Assets</b>	<b>P000's</b>	<b>P000's</b>	
Cash balances at central banks	1,479,056	1,479,056	
Items in the course of collection from banks	-	-	
Trading portfolio assets	8,715	-	
Financial assets designated at fair value	4,410,637	4,419,330	
Derivatives financial instruments	7,044	7,044	
Loans and advances to banks	6,721,884	6,356,485	
Loans and advances to customers	13,630,357	13,683,643	
Reverse repurchase agreement and other secure Lending	-	-	
Available for sale financial investments	-	-	
Current and deferred tax asset	68,698	77,219	
Prepayments, accrued income and other assets	317,603	366,892	
Investments in associations and Joint venture	-	-	
Goodwill and intangibles assets	96,598	96,598	a
of which good will	-	-	b
of which other intangibles (Excluding MSRs)	-	-	c
Property ,Plant and equipment	135,275	135,275	
<b>Total Assets</b>	<b>26,875,867</b>	<b>26,621,542</b>	
<b>Liabilities</b>			
Deposits from banks	1,019,640	1,178,296	
Items in the course of collections due to other banks	-	-	
customer accounts	21,543,580	21,122,034	
Repurchase agreement and other secured Lending	-	-	
Trading portfolio liabilities	130,449	-	
Financial liabilities designated at fair value	-	-	
Derivatives financial instruments	4,543	4,543	
Debt securities in issue	1,028,435	1,028,435	
current and deferred tax liabilities	-	-	
of which DTIs related to goodwill	-	-	d
of which DTIs related intangibles (excluding MSRs)	-	-	e
of Which DTLs related to MSRs	-	-	f
Subordinated liabilities	-	-	
Provisions	680,140	818,742	
Retirement benefit liabilities	-	-	
<b>Total Liabilities</b>	<b>24,406,787</b>	<b>24,152,050</b>	
<b>Shareholder's Equity</b>			
Paid -in share capital	390,177	390,177	
of which amount eligible for CET1 CAPITAL	-	-	h
of which amount eligible for AT1	-	-	i
Retained earnings	1,936,030	1,452,513	
Accumulated other comprehensive income	142,873	626,802	
<b>Total Shareholder's equity</b>	<b>2,469,080</b>	<b>2,469,492</b>	



**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	1,298,039	
3	Accumulated other comprehensive income (and other reserves)	154,474	
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)	-	
<b>6</b>	<b>Common equity Tier I capital before regulatory adjustments</b>	<b>1,842,690</b>	
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability )	-	a-d

**Main features of regulatory capital instruments**

1	Issuer	Stanbic Bank Botswana Limited
2	Unique identifier (e.g. CUSIP,ISIN or Bloomberg identifier for private placement)	ZQ 6621812 ZQ 6621895 BW 00003300 BW 00003292 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 )	P212m, P88m P110m, P105,7m
9	Par value of instrument	P212m P88m P110m P105,7m
10	Accounting classification	Borrowings (Amortised cost)
11	Original date of issuance	28 -11-2019 04-07-2022 29-07-2022
12	Perpetual or dated	Dated
13	Original maturity	28 -11-2029 07-07-2032 29-07-2027
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



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