



Stanbic Bank



STANBIC BANK BOTSWANA

**RISK AND CAPITAL MANAGEMENT
REPORT**

PILLAR 3 DISCLOSURE

31 March 2025

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 31 March 2025, the Bank remained adequately capitalised recording a Capital Adequacy Ratio (CAR) of 17.74%, a slight increase from 17.73 % reported in Q4:2024.

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	1 462 441
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	1 852 618
	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	<i>of which: significant investments in the common stock of financials</i>	-

24	<i>of which: mortgage servicing rights</i>	-
25	<i>of which: deferred tax assets arising from temporary differences</i>	-
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	(71 304)
29	Common Equity Tier I capital (CET1 CAPITAL)	1 781 314
	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	<i>of which: classified as equity under applicable accounting standards</i>	-
32	<i>of which: classified as liabilities under applicable accounting standards</i>	-
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	<i>of which: instruments issued by subsidiaries subject phase out</i>	-
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 + ATI)	1 781 314
	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	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-
50	Unpublished profits	869 739
51	Provisions	215 185
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	-
69	Tier II capital (T2)	1 600 644
60	Total capital (TC = T1 + T2)	3 381 958
1	Total risk-weighted assets	19 068 674
	Capital ratios and buffers	
62	Common Equity Tier I (as a percentage of risk weighted assets)	9.34%
63	Tier I (as a percentage of risk weighted assets)	8.39%
64	Total capital (as a percentage of risk weighted assets)	17.74%
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 assets)	N/A
66	<i>of which: capital conservation buffer requirement</i>	N/A
67	<i>of which: bank specific countercyclical buffer requirement</i>	N/A
68	<i>of which: G-SIB buffer requirement</i>	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 provisions in Tier II	
77	Provisions eligible for inclusion in Tier II in respect of exposures subject to standardised approach (prior to application of cap)	N/A
7	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	17 214 799
Market Risk	Standardised Approach	117 907
Operational Risk	Basic Indicator Approach	1 735 968
Total		19 068 674

Table 3**Credit risk weighted Assets.**

Exposure Class	Exposure amounts	Specific provisions	Credit Risk mitigation	RWA
			P'000s	P'000s
Sovereign or Central bank	2 360 974			-
Public Sector entities	609 415			121 883
Exposure to banks	8 927 127			3 666 305
Corporates	6 651 639			6 651 639
Retail loans and Mortgages	8 628 749	262 141	5 898	6 102 388
Other assets	796 201	-		323 390
Off balance sheet exposures	2 604 700		298 708	349 194
Total Credit Risk RWA	30 578 805	262 141	304 606	17 214 799

Table 4**Market Risk RWA**

Risk	Capital charge	Risk Weighted Factor	RWA
			P'000s
Foreign Exchange Risk	17 598	6.70	117 907
Interest Rate Risk	-	6.70	-
Equity Position Risk	-	6.70	-
Commodity Risk	-	6.70	-
Total Market Risk RWA	17 598		117 907

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	1 511 614		
Total Gross Income for Year 2	1 673 932		
Total Gross Income for Year 3	1 996 448		
Aggregate Gross Income ($\sum GI_1 \dots n$)		5 181 994	
operational risk factor-denoted alpha (α)		15%	
Aggregate Gross Income multiplied by α		777 299	
No. of years with Positive Gross Income (n)		3	
Operational Risk Capital Charge: BIA		259 100	
risk weight factor			6.70
Operational risk weight assets			1 735 968

Table 6**Expanded Regulatory Balance Sheet**

	Balance Sheet per Management Accounts	Under Regulatory Scope of Consolidation	
		As at Period End 31 March 2025	As at Period End 31 March 2025
Assets	P'000s	P'000s	
Cash balances at central banks	415 635		415 635
Items in the course of collection from banks	-		-
Trading portfolio assets	179 512		-
Financial assets designated at fair value	3 576 108		2 971 269
Derivatives initial instruments	25 661		25 661
Loans and advances to banks	9 227 775		8 416 180
Loans and advances to customers	15 193 761		15 300 602
Reverse repurchase agreement and other secure Lending	-		-
Available for sale financial investments	-		-
Current and deferred tax asset	58 017		56 431
Prepayments, accrued income and other assets	467 447		161 064
Investments in associates and Joint ventures	-		-

Goodwill and intangible assets	71 304	71 304
Property, Plant and equipment	137 409	137 409
Total Assets	29 352 629	27 555 555
Liabilities		
Deposit from banks	3 929 192	2 373 921
Items in the course of collections due to other banks	-	-
Customer accounts	21 616 008	21 097 861
Repurchase agreement and other secured Lending	-	-
Trading portfolio liabilities	-	-
Financial liabilities designated at fair value	-	-
Derivatives financial instruments	12 211	12 211
Debt securities in issue	-	501 501
Accruals, deferred tax liabilities	-	-
Subordinated liabilities	515 720	529 548
Provisions	557 735	318 157
Retirement benefit liabilities	-	-
Total Liabilities	26 630 866	24 833 199
Shareholders' Equity		
Paid-up share capital	390 177	390 177
Retained earnings	2 169 814	1 462 441
Accumulated other comprehensive income	161 773	869 739
Total Shareholders' equity	2 721 764	2 722 357

Table 7

Expanded Regulatory Balance Sheet (continued)

	Balance Sheet as per Management Accounts	Under Regulatory Scope of Consolidation	Reference
			As at Period End 31 March 2025
Assets	P'000s	P'000s	
Cash balances at central banks	415 635	415 635	
Items in the course of collection from banks	-	-	
Trading portfolio assets	179 512	-	

Financial assets designated at fair value	3 576 108	2 971 269	
Derivatives financial instruments	25 661	25 661	
Loans and advances to banks	9 227 775	8 416 180	
Loans and advances to customers	15 193 761	15 300 602	
Reverse repurchases agreement and other secured Lending	-	-	
Available for sale financial investments	-	-	
Current and deferred tax asset	58 017	56 431	
Prepayments, accrued income and other assets	467 447	161 064	
Investments in associates and Joint ventures	-	-	
Goodwill and intangibles assets	71 304	71 304	
of which good will	-	-	a
of which other intangibles (Excluding MSRs)	-	-	b
Property, Plant and equipment	137 409	137 409	c
Total Assets	29 352 629	27 555 555	
Liabilities			
Deposit from banks	3 929 192	2 373 921	
Items in the course of collections due to other banks	-	-	
customer accounts	21 616 008	21 097 861	
Repurchase agreement and other secure Lending	-	-	
Trading portfolio liabilities	-	-	
Financial liabilities designated at fair value	-	-	
Derivatives financial instruments	12 211	12 211	
Debt securities in issue	515 720	501 501	
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	-	529 548	
Provisions	557 735	318 157	
Retirement benefit liabilities	-	-	
Total Liabilities	26 630 866	24 833 199	
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	2 169 814	1 462 441	
Accumulated other comprehensive income	161 773	869 739	
Total Shareholders' equity	2 721 764	2 722 357	

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	1 236 662	
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)	-	
6	Common equity Tier I capital before	1 781 313	
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
4	Regulatory treatment	Basel II
5	Transitional Basel III rules	Tier II
6	Post-transitional Basel III rules	Tier II
7	Eligible at solo/group/group and solo	Solo
8	Instrument type (types to be specified by each jurisdiction)	Subordinated Debt
9	Amount recognised in regulatory capital (Currency in mil as of most recent reporting date)	P280m, P20m P110m, P105,7m
10	Par value of instrument	P280m P20m P110m P105,7m
11	Accounting classification	Borrowings (Amortised cost)
12	Original date of issuance	02 -12-2014 07-07-2022
13	Perpetual or dated	Dated
	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 coupons/dividends	None
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