



**Stanbic Bank**



**STANBIC BANK BOTSWANA**

**RISK AND CAPITAL MANAGEMENT**

**REPORT**

**PILLAR 3 DISCLOSURE**

**30 June 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 30 June 2025, the Bank remained adequately capitalised recording a Capital Adequacy Ratio (CAR) of 19.27%, an increase from 17.74 % reported in Q1:2025.

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

|    | <b>Common Equity Tier I: Instruments and reserves</b>   | <b>P'000s</b> |
|----|---|---------------|
| 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     |
|    | <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 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  | (64 981)         |
| 29 | Common Equity Tier I capital (CET1 CAPITAL)   | <b>2 495 603</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 | <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   | -                |
|    | <b>Additional Tier 1 capital: regulatory adjustments</b>  |                  |
| 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 | <b>Tier 1 (T1=CET 1 CAPITAL + AT1)</b>  | 2 495 603  |
|    | <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 | <i>of which: instruments issued by subsidiaries subject to phase out</i>  | -          |
| 50 | Unpublished profits   | 304 072    |
| 51 | Provisions  | 203 532    |
| 52 | Tier II capital before regulatory adjustments   |            |
|    | <b>Tier II capital: regulatory adjustments</b>  |            |
| 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 | <b>Tier II capital (T2)</b>   | 1 023 324  |
| 60 | <b>Total capital (TC = T1 + T2)</b>   | 3 518 927  |
| 61 | <b>Total risk-weighted assets</b>   | 18 261 123 |
|    | <b>Capital ratios and buffers</b>   |            |
| 62 | Common Equity Tier I (as a percentage of risk weighted assets)  | 13.67%     |
| 63 | Tier I (as a percentage of risk weighted assets)  | 13.67%     |
| 64 | Total capital (as a percentage of risk weighted assets)   | 19.27%     |
| 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  |            |
|    | <b>Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)</b>   |            |
| 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% |
| <b>Amounts below the threshold for deduction (before risk-weighting)</b>  |   |        |
| 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    |
| <b>Applicable caps on the inclusion of provisions in Tier II</b>  |   |        |
| 77  | 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    |
| <b>Capital Instruments subject to phase -out arrangements (only applicable between 1 Jan 2015 and 1 Jan 2020)</b> |   |        |
| 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          | 16 282 533        |
| Market Risk      | Standardised Approach    | 197 596           |
| Operational Risk | Basic Indicator Approach | 1 780 994         |
| <b>Total</b>     |                          | <b>18 261 123</b> |

**Table 3****Credit risk weighted Assets.**

| Exposure Class               | Exposure amounts  | Specific provisions | Credit Risk mitigation | RWA               |
|------------------------------|-------------------|---------------------|------------------------|-------------------|
|                              |                   |                     |                        | P'000s            |
| Sovereign or Central bank    | 4 399 553         | -                   | -                      | -                 |
| Public Sector entities       | 502 100           | -                   | -                      | 100 420           |
| Exposure to banks            | 8 520 332         | -                   | -                      | 2 724 991         |
| Corporates                   | 6 474 814         | -                   | -                      | 6 474 814         |
| Retail loans and Mortgages   | 8 711 335         | 274 502             | 11 084                 | 6 200 252         |
| Other assets                 | 1 478 032         | -                   | -                      | 658 021           |
| Off balance sheet exposures  | 3 014 140         |                     | 299 719                | 124 035           |
| <b>Total Credit Risk RWA</b> | <b>33 100 306</b> | <b>274 502</b>      | <b>310 803</b>         | <b>16 282 533</b> |

**Table 4****Market Risk RWA**

| Risk                         | Capital charge | Risk Weighted Factor |        | RWA<br>P'000s  |
|------------------------------|----------------|----------------------|--------|----------------|
|                              |                | P'000s               | P'000s |                |
| Foreign Exchange Risk        | 29 492         |                      | 6.70   | 197 596        |
| Interest Rate Risk           | -              |                      | 6.70   | -              |
| Equity Position Risk         | -              |                      | 6.70   | -              |
| Commodity Risk               | -              |                      | 6.70   | -              |
| <b>Total Market Risk RWA</b> | <b>29 492</b>  |                      |        | <b>197 596</b> |

**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                       |  | 1 582 921    |                        |                    |
| Total Gross Income for Year 2                       |  | 1 755 096    |                        |                    |
| Total Gross Income for Year 3                       |  | 1 978 384    |                        |                    |
| Aggregate Gross Income ( $\sum GI_1 \dots n$ )      |  |              | 5 316 401              |                    |
| operational risk factor -denoted alpha ( $\alpha$ ) |  |              | 15%                    |                    |
| Aggregate Gross Income multiplied by $\alpha$       |  |              | 797 460                |                    |
| No. of years with Positive Gross Income (n)         |  |              | 3                      |                    |
| Operational Risk Capital Charge: BIA                |  |              | 265 820                |                    |
| risk weight factor                                  |  |              |                        | 6.70               |
| <b>Operational risk weight assets</b>               |  |              |                        | <b>1 780 994</b>   |

**Table 6****Expanded Regulatory Balance Sheet**

|                                    | Balance Sheet as per Abridged Unaudited Financial Statements | Under Regulatory Scope of Consolidation |
|------------------------------------|--|---|
|                                    | As at Period End 30 June 2025                                | As at Period End 30 June 2025           |
| Assets                             | P'000s   | P'000s                                  |
| Cash balances at central banks     | 355 148  | 355 148                                 |
| Items during collection from banks | -  | -                                       |
| Trading portfolio assets           | 28 786   | -                                       |

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|   |                   |                   |
|---|-------------------|-------------------|
| Financial assets designated at fair value               | 4 458 981         | 4 487 723         |
| Derivatives initial instruments                         | 66 378            | 66 378            |
| Loans and advances to banks                             | 8 882 789         | 8 520 332         |
| Loans and advances to customers                         | 15 024 916        | 15 089 520        |
| Reverse repurchases agreement and other secured lending | -                 | -                 |
| Available for sale financial investments                | -                 | -                 |
| Current and deferred tax asset                          | 53 419            | 40 676            |
| Prepayments, accrued income and other assets            | 808 129           | 846 766           |
| Investments in associates and Joint ventures            | -                 | -                 |
| Goodwill and intangible assets                          | 64 981            | 64 981            |
| Property, Plant and equipment                           | 169 065           | 169 065           |
| <b>Total Assets</b>                                     | <b>29 912 592</b> | <b>29 640 589</b> |
| Liabilities   |                   |                   |
| Deposit from banks                                      | 3 144 871         | 2 887 439         |
| Items in the course of collections due to other banks   | -                 | -                 |
| Customer accounts                                       | 22 696 484        | 22 182 750        |
| Repurchase agreement and other secured lending          | -                 | -                 |
| Trading portfolio liabilities                           | -                 | -                 |
| Financial liabilities designated at fair value          | -                 | -                 |
| Derivatives financial instruments                       | 10 325            | 10 325            |
| Debt securities in issue                                | -                 | 503 876           |
| Accruals, deferred tax liabilities                      | 12 744            | -                 |
| Subordinated liabilities                                | 515 720           | 525 578           |
| Provisions  | 665 875           | 665 965           |
| Retirement benefit liabilities                          | -                 | -                 |
| <b>Total Liabilities</b>                                | <b>27 046 019</b> | <b>26 775 933</b> |
| <b>Shareholders' Equity</b>                             |                   |                   |
| Paid-in share capital                                   | 390 177           | 390 177           |
| Retained earnings                                       | 2 172 325         | 2 170 407         |
| Accumulated other comprehensive income                  | 304 072           | 304 072           |
| <b>Total Shareholders' equity</b>                       | <b>2 866 574</b>  | <b>2 864 656</b>  |

Table 7

## Expanded Regulatory Balance Sheet (continued)

|  | Balance Sheet as per Abridged Unaudited Financial Statements | Under Regulatory Scope of Consolidation | Reference     |
|--|--|---|---------------|
|  | As at Period End 30 June 2025                                | As at Period End 30 June 2025           |               |
| <b>Assets</b>  |  | <b>P'000s</b>                           | <b>P'000s</b> |
| Cash balances at central banks                         | 355 148  | 355 148                                 |               |
| Items in the course of collection from banks           | -  | -                                       |               |
| Trading portfolio assets                               | 28 786   | -                                       |               |
| Financial assets designated at fair value              | 4 458 981  | 4 487 723                               |               |
| Derivatives financial instruments                      | 66 378   | 66 378                                  |               |
| Loans and advances to banks                            | 8 882 789  | 8 520 332                               |               |
| Loans and advances to customers                        | 15 024 916   | 15 089 520                              |               |
| Reverse repurchases agreement and other secure lending | -  | -                                       |               |
| Available for sale financial investments               | -  | -                                       |               |
| Current and deferred tax asset                         | 53 419   | 40 676                                  |               |
| Prepayments, accrued income and other assets           | 808 129  | 846 766                                 |               |
| Investments in associations and Joint venture          | -  | -                                       |               |
| Goodwill and intangibles assets                        | 64 981   | 64 981                                  |               |
| of which good will                                     | -  | -                                       | a             |
| of which other intangibles (Excluding MSRs)            | -  | -                                       | b             |
| Property, Plant and equipment                          | 169 065  | 169 065                                 | c             |
| <b>Total Assets</b>                                    | <b>29 912 592</b>  | <b>29 640 589</b>                       |               |
| <b>Liabilities</b>                                     |  |   |               |
| Deposit from banks                                     | 3 144 871  | 2 887 439                               |               |
| Items in the course of collections due to other banks  |  |   |               |
| customer accounts                                      | 22 696 484   | 22 182 750                              |               |
| Repurchase agreement and other secure lending          | -  | -                                       |               |
| Trading portfolio liabilities                          | -  | -                                       |               |
| Financial liabilities designated at fair value         | -  | -                                       |               |
| Derivatives financial instruments                      | 10 325   | 10 325                                  |               |
| Debt securities in issue                               | 515 720  | 503 876                                 |               |
| current and deferred tax liabilities                   | 12 744   | -                                       |               |
| of which DTIs related to goodwill                      | -  | -                                       | d             |
| of which DTIs related intangibles (excluding MSRs)     | -  | -                                       | e             |
| of Which DTLs related to MSRs                          | -  | -                                       | f             |
| Subordinated liabilities                               | -  | 525 578                                 |               |
| Provisions   | 665 875  | 665 965                                 |               |
| Retirement benefit liabilities                         | -  | -                                       |               |
| <b>Total Liabilities</b>                               | <b>27 046 019</b>  | <b>26 775 933</b>                       |               |
| 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                         | 2 172 325        | 2 170 407        |   |
| Accumulated other comprehensive income    | 304 072          | 304 072          |   |
| <b>Total Shareholders' equity</b>         | <b>2 866 574</b> | <b>2 864 656</b> |   |

Table 8

| <b>Common equity Tier 1: Instrument and reserves</b> |  |  |   |
|--|--|--|---|
|  |  | Component of<br>Regulatory capital<br>reported by bank | Source based on reference<br>number/letters of the<br>balance sheet under the<br>regulatory scope of<br>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  | 1 950 952  |   |
| 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 1 capital before</b>   | <b>2 495 603</b>                                       |   |
| 7  | Prudential valuation adjustments   | -  |   |
| 8  | Goodwill (net of related tax liability)  | -  | <b>a-d</b>  |

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<br>CRB-1234-78<br>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<br>P110m, P105,7m                          |
| 10 | Par value of instrument   | P280m, P20m<br>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  |
| 14 | Original maturity   | 02-12-2034 07-07-2032                                  |
| 15 | Issuer caller subject to prior supervisory approval   |  |
| 16 | Optional call date, contingent call dates and redemption amount   | After a minimum of 5yrs                                |
| 17 | Subsequent call dates if applicable   | None   |
| 18 | coupons/dividends   |  |
| 19 | Fixed or floating   | Floating and Fixed                                     |
| 20 | Coupon rate and related index   | Bank and prime rate                                    |
| 21 | Existence of a dividend stopper   | None   |
| 22 | Fully discretionary, partially discretionary or mandatory   | Fully discretionary                                    |
| 23 | Existence of step up or other incentive to redeem   | None   |
| 24 | Non-cumulative or cumulative  | Non-cumulative   |
| 25 | Convertible or non-convertible  | No   |
| 26 | If convertible, conversion trigger(s)   | Not applicable   |
| 27 | If convertible, conversion rate   | Not applicable   |
| 28 | If convertible, fully or partially  | Not applicable   |
| 29 | If convertible, mandatory or optional conversion  | Not applicable   |
| 30 | If convertible, specify instrument type convertible into  | Not applicable   |
| 31 | If convertible, issuer of instrument it converts into   | Not applicable   |
| 32 | If write down, feature  | Not applicable   |
| 33 | If write down, write-down trigger(s)  | Not applicable   |
| 34 | If write down, full or partial  | Not applicable   |
| 35 | If write down, permanent or temporary   | Not applicable   |
| 36 | If write down, description of write-up mechanism  | Not applicable   |
| 37 | Positioning subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | Not applicable   |
| 38 | Non-compliant transitioned features   | Not applicable   |
| 39 | If yes, specify non-compliant features  | Not applicable   |

