DISCLOSURE TEMPLATES (TRY.)

(d) The Disclosure Templates (Extract from Basel II Guidelines)

12.18 A bank shall, at a minimum, disclose the information as set out in the Disclosure Templates below. In order to ensure comparability of these templates amongst different jurisdictions, a bank should not add, delete or change the definition of any row in the templates and to report a value of zero for the line items that are not applicable, such as capital buffers, that are not yet implemented in Botswana. The only, exception relates to the expansion of rows as under Table 26, for reconciliation purposes. The disclosure templates cover the following main areas:

(i) Regulatory Capital Requirements

12.19 Tables 22 and 24 are designed to capture the capital positions of a bank in terms of capital structure and capital adequacy, respectively, whereas Table 23 gives explanations of each row in Table 22. In addition, Tables 28 and 29 provides the main features of the regulatory capital instruments and explanation of each feature, respectively.

12.20 A bank should further disclose a full reconciliation of all regulatory capital elements under Table 21, back to the balance sheet in the audited financial statements, through the following steps:

Step 1: Disclose the reported balance sheet under the regulatory scope of consolidation (refer to Table 25). Disclose how the balance sheet in the published financial statements changes when the regulatory scope of consolidation is applied. If identical, a bank should state that there is no difference between the regulatory consolidation and accounting consolidation, and move to step 2 below. In addition, a bank is required to disclose the list of the legal entities that are included within the accounting scope of consolidation, but excluded from the regulatory scope of consolidation and vice versa. If some entities are included in both the regulatory scope of consolidation and accounting scope of consolidation, but the method of consolidation differs between these two scopes, a bank is required to list these legal entities separately, and explain the differences in the consolidation methods.

Step 2: Many of the elements used in the calculation of regulatory capital cannot be readily identified from the face of the balance sheet. Therefore, a bank should expand the lines of the balance sheet under the regulatory scope of consolidation to display all the components that are used in the composition of capital disclosure template (Table 26), and assign a reference number to the components.

Step 3: Map each of the components that are disclosed in step 2 above to the composition of capital disclosure template (Table 27)

(ii) Risk Management Processes

12.21 Consistent with the International Financial Reporting Standards, a bank must disclose both the quantitative and qualitative aspects of each separate risk area (e.g; credit risk, market risk, operational risk, interest rate risk in the banking book and equity risk). In describing its risk management objectives and policies, a bank must include:

- Strategies and processes for managing those risks;
- The structure and organisation of the relevant risk management function, including the title or position of Board and senior management official that oversees risk management;
- The scope and nature of risk reporting and measurement systems;
- Policies for hedging and mitigating risks, strategies and processes for monitoring the continuing effectiveness of hedges and mitigants; and
- A general description of the internal capital adequacy assessment process, as specified under Pillar II, including a description of the methodologies used.
-

12.22 Furthermore, a bank shall disclose additional information for the different risks, as described under Tables 30 - 36.

(iii) Remuneration

12.23 Additional Pillar III disclosure requirements on remuneration cover the main components of sound compensation practices. As a result, a bank is required to disclose qualitative and quantitative information about its remuneration practices, and policies as per Tables 38 and 38 (a) covering the following:

- The governance/committee structures;
- The design or operation of the remuneration and structure, frequency of review;
- The independence of remuneration for risk/compliance staff;
- The risk adjustment methodologies;
- The link between remuneration and performance;
- The long-term performance measures (deferral, clawback); and
- The types of remuneration (cash/equity, fixed/variable).

Table 21

Scope of application

Qualitative Disclosures	(a)	The name of a bank in the group to which this Framework applies. : BANK SBI BOTSWANA LTD, GABORONE, BOTSWANA.
	(b)	An outline of the difference in the basis of consolidation for accounting and regulatory purposes, within the group (a) that are fully consolidated. (b) that are pro-rata consolidated; (c) that are given a deduction treatment, and (d) equity accounted. : SINGLE ENTITY –NO SUBSIDIARIES
	(c)	Any restrictions, or other major impediments, on the transfer of funds or regulatory capital within the group. : NOT APPLICABLE- NO SUBSIDIARIES
Quantitative Disclosures	(d)	The aggregate amount of capital deficiencies in all subsidiaries, that are not included in the consolidation for regulatory purposes (i.e., that are deducted) and the name (s) of such subsidiaries. : NOT APPLICABLE- NO SUBSIDIARIES
	(e)	The aggregate amounts (e.g., current book value) of a bank's total interests insurance entities, which are risk-weighted, rather than deducted from capital, as well as their names, their country of incorporation or residence, the proportion of ownership interest and, if different, the proportion of voting power in these entities. : NONE

Table 24

Capital Adequacy

Qualitative Disclosures	(a)	A summary discussion of a bank's approach to assessing the adequacy of its capital to support current and future activities.	Adequacy of capital has been assessed based on current Basel directives. Additional Capital of USD 5.00 Mio equivalent infused on 16.06.2016 to support future requirements.
Quantitative Disclosures	(b)	Capital requirements for credit risk: • Portfolios subject to the standardised approach, disclosed separately for each portfolio;	P 36.359 Mio
	(d)	Capital requirements for market risk • Standardised Measurement Approach; • Internal models approach – Trading book.	P 3.747 Mio
	(e)	Capital requirements for operational risk • Basic indicator approach; • Standardised approach;	P 1.028 Mio
	(f)	Total and Tier I capital ratio;	39.65%

Table 28

Main features template

1	Issuer	BANK SBI BOTSWANA LTD.
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	NA
3	Governing law(s) of the instrument	Bank of Botswana
	Regulatory treatment	
4	Transitional Basel III rules	Common EquityTier I
5	Post-transitional Basel III rules	Common EquityTier I
6	Eligible at solo/group/group and solo	SOLO
7	Instrument type (types to be specified by each jurisdiction)	Common EquityTier I
8	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	P 124.851 Mio
9	Par value of instrument	P 1 each
10	Accounting classification	Tier I Paid Up Capital
11	Original date of issuance	22.12.12: P 25 Mio
12	Perpetual or dated	perpetual
13	Original maturity date	NA
14	Issuer call subject to prior supervisory approval	NA
15	Optional call date, contingent call dates and redemption	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	
17	Fixed or floating dividend/coupon	NA
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	NA
21	Existence of step up or other incentive to redeem	NA
22	Noncumulative or cumulative	NA
23	Convertible or non-convertible	NA
24	If convertible, conversion trigger (s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	
31	If write-down, write-down trigger(s)	NA

32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA
36	Non-compliant transitioned features	NA
37	If yes, specify non-compliant features	NA

Table 29

Further explanation of items in main features disclosure template

1	Identifies issuer legal entity. *Free text*
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement) *Free text*
3	Specifies the governing law(s) of the instrument *Free text*
4	Specifies the regulatory capital treatment during the Basel III transitional Basel III phase (ie the component of capital that the instrument is being phased-out from). *Select from menu: [Common Equity Tier I] [Additional Tier I] [Tier II]*
5	Specifies regulatory capital treatment under Basel III rules not taking into account transitional treatment. *Select from menu: [Common Equity Tier I] [Additional Tier I] [Tier II] [Ineligible]*
6	Specifies the level(s) within the group at which the instrument is included in capital. *Select from menu: [Solo] [Group] [Solo and Group]*
7	Specifies instrument type, varying by jurisdiction. Helps provide more granular understanding of features, particularly during transition. *Select from menu: menu options to be provided to banks by each jurisdiction*
8	Specifies amount recognised in regulatory capital. *Free text*
9	Par value of instrument *Free text*
10	Specifies accounting classification. Helps to assess loss absorbency. *Select from menu: [Shareholders' equity] [Liability – amortised cost] [Liability – fair value option] [Non-controlling interest in consolidated subsidiary]*
11	Specifies date of issuance. *Free text*
12	Specifies whether dated or perpetual. *Select from menu: [Perpetual] [Dated]*
13	For dated instrument, specifies original maturity date (day, month and year). For perpetual instrument put "no maturity". *Free text*
14	Specifies whether there is an issuer call option. Helps to assess permanence. *Select from menu: [Yes] [No]*
15	For instrument with issuer call option, specifies first date of call if the instrument has a call option on a specific date (day, month and year) and, in addition, specifies if the instrument has a tax and/or regulatory event call. Also specifies the redemption price. Helps to assess permanence. *Free text*

16	Specifies the existence and frequency of subsequent call dates, if applicable. Helps to assess permanence. *Free text*
17	Specifies whether the coupon/dividend is fixed over the life of the instrument, floating over the life of the instrument, currently fixed but will move to a floating rate in the future, currently floating but will move to a fixed rate in the future. *Select from menu: [Fixed], [Floating] [Fixed to floating], [Floating to fixed]*
18	Specifies the coupon rate of the instrument and any related index that the coupon/dividend rate references. *Free text*
19	Specifies whether the non-payment of a coupon or dividend on the instrument prohibits the payment of dividends on common shares (ie whether there is a dividend stopper). *Select from menu: [yes], [no]*
20	Specifies whether the issuer has full discretion, partial discretion or no discretion over whether a coupon/dividend is paid. If the bank has full discretion to cancel coupon/dividend payments under all circumstances it must select "fully discretionary" (including when there is a dividend stopper that does not have the effect of preventing the bank from cancelling payments on the instrument). If there are conditions that must be met before payment can be cancelled (eg capital below a certain threshold), the bank must select "partially discretionary". If the bank is unable to cancel the payment outside of insolvency the bank must select "mandatory". *Select from menu: [Fully discretionary] [Partially discretionary] [Mandatory]*
21	Specifies whether there is a step-up or other incentive to redeem. *Select from menu: [Yes] [No]*
22	Specifies whether dividends / coupons are cumulative or noncumulative. *Select from menu: [Noncumulative] [Cumulative]*
23	Specifies whether instrument is convertible or not. Helps to assess loss absorbency. *Select from menu: [Convertible] [Nonconvertible]*
24	Specifies the conditions under which the instrument will convert, including point of non-viability. Where one or more authorities have the ability to trigger conversion, the authorities should be listed. For each of the authorities it should be stated whether it is the terms of the contract of the instrument that provide the legal basis for the authority to trigger.
25	conversion (a contractual approach) or whether the legal basis is provided by statutory means (a statutory approach). *Free text*
26	For conversion trigger separately, specifies whether the instrument will: (i) always convert fully; (ii) may convert fully or partially; or (iii) will always convert partially *Free text referencing one of the options above*
27	Specifies rate of conversion into the more loss absorbent instrument. Helps to assess the degree of loss absorbency. *Free text*

28	For convertible instruments, specifies whether conversion is mandatory or optional. Helps to assess loss absorbency. *Select from menu: [Mandatory] [Optional] [NA]*
29	For convertible instruments, specifies instrument type convertible into. Helps to assess loss absorbency. *Select from menu: [Common Equity Tier I] [Additional Tier I] [Tier II] [Other]*
30	If convertible, specify issuer of instrument into which it converts. *Free text*
31	Specifies whether there is a write down feature. Helps to assess loss absorbency. *Select from menu: [Yes] [No]*
32	Specifies the trigger at which write-down occurs, including point of non-viability. Where one or more authorities have the ability to trigger write-down, the authorities should be listed. For each of the authorities it should be stated whether it is the terms of the contract of the instrument that provide the legal basis for the authority to trigger write-down (a contractual approach) or whether the legal basis is provided by statutory means (a statutory approach). *Free text*
33	For each write-down trigger separately, specifies whether the instrument will: (i) always be written down fully: (ii) may be written down partially; or (iii) will always be written down partially. Helps assess the level of loss absorbency at write-down. *Free text referencing one of the options above*
34	For write down instrument, specifies whether write down is permanent or temporary. Helps to assess loss absorbency. *Select from menu: [Permanent] [Temporary] [NA]*
35	For instrument that has a temporary write-down, description of write-up mechanism. *Free text*
36	Specifies instrument to which it is most immediately subordinate. Helps to assess loss absorbency on gone-concern basis. Where applicable, banks should specify the column numbers of the instruments in the completed main features template to which the instrument is most immediately subordinate. *Free text*
37	Specifies whether there are non-compliant features. *Select from menu: [Yes] [No]*
38	If there are non-compliant features, asks bank/institution to specify which ones. Helps to assess instrument loss absorbency. *Free text*

Table 33

General disclosure for exposures related to counterparty credit risk

Qualitative Disclosures	(a)	The general qualitative disclosure requirement with respect to derivatives and CCR, including; • Discussion of methodology used to assign economic capital and credit limits for counterparty credit exposures; : **Bank has Board approved Bank Exposure Limits using the BEXI**. • Discussion of policies for securing collateral and establishing credit reserves; • Discussion of policies with respect to wrong-way risk exposures; • Discussion of the impact of the amount of collateral the bank would have to provide given a credit rating downgrade.: **Credit Rating Not applicable.**
Quantitative Disclosures	(b)	Gross positive fair value of contracts, netting benefits, netted current credit exposure, collateral held (including type, e.g cash, government securities, etc), and net derivatives credit exposure. The notional value of credit derivative hedges, and the distribution of current credit exposure by types of credit exposure. : **Bank does not deal in Derivatives.**
	(c)	Credit derivatives transactions that create exposures to CCR (notional value), segregated between the use for institution's own credit portfolio, as well as in its intermediation activities, including the distribution of the credit derivatives products used, broken down further by protection bought and sold within each product group. : **Bank does not deal in Derivatives.**

Table 34

Market risk: disclosures for banks using the standardised approach

Qualitative Disclosures	(a)	The general qualitative disclosure requirement for market risk including the portfolios covered by the standardised approach. : **Market risk includes the interest rate risk and the Forex risk. Bank has Board Approved Interest rate risk management Policy in Place. Further the Forex NOOP is monitored realtime and maintained well within the NOOP as per Bank of Botswana.**
Quantitative Disclosures	(b)	The capital requirements for: • interest rate risk; P 3.5 Mio • equity position risk;: NIL • foreign exchange risk; and : P 0.229 Mio • commodity risk.: NIL

Table 36

Equities: disclosures for banking book positions

Qualitative Disclosures	(a)	The general qualitative disclosure requirement with respect to equity risk, including: • differentiation between holdings on which capital gains are expected and those taken under other objectives including for relationship and strategic reasons; and • discussion of important policies covering the valuation and accounting of equity holdings in the banking book. This includes the accounting techniques and valuation methodologies used, including key assumptions and practices affecting valuation as well as significant changes in these practices. : **Not applicable : no Equity Holdings**
Quantitative Disclosures	(b)	• Value disclosed in the balance sheet of investments, as well as the fair value of those investments, for quoted securities, a comparison to publicly quoted share values where the share price is materially different from fair value. : NA
	(c)	The types and nature of investments, including the amount that can be classified as; • Publicly traded; and : NIL • Privately held.: NIL
	(d)	The cumulative realised gains (losses) arising from sales and liquidations in the retaining period.: NA
	(e)	• Total unrealised gains (losses): NIL • Total latent revaluation gains (losses): NIL • Any amounts of the above included in Tier I and/or Tier II capital.: NONE
	(f)	Capital requirements broken down by appropriate equity groupings, consistent with the bank's methodology, as well as the aggregate amounts and the type of equity investments subject to any supervisory transition or grandfathering provisions regarding regulatory capital requirements.: NA

Table 37

Interest rate risk the banking book (IRRBB)

Qualitative Disclosures	(a)	The general qualitative requirement, including the nature of IRRBB and key assumptions, including assumptions regarding loan prepayments and behaviour of non-maturity deposits, and frequency of IRRBB measurements. : **Board Approved Interest rate Risk Management Policy in place.**
Quantitative Disclosures	(b)	The increase (decline) in earnings or economic value (or relevant measure used by management) for upward and downward rate shocks according to management's method for measuring IRRBB, broken down by currency (as relevant).: