DISCLOSURE TEMPLATES 30th June 2017

(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 22

Common Equity Tier I capital: instruments and reserves		
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus.	124 852
2	Retained earnings	(16 199)
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**	-
Common Equity Tier I capital: 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)	(2931)
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)**	105 722
Additional Tier I capital: instruments		
30	Directly issued qualifying Additional Tier I instruments plus related stock surplus	0
31	of which: classified as equity under applicable accounting standards	0
32	of which: classified as liabilities under applicable accounting standards	0
33	*Directly issued capital instruments subject to phase out from Additional Tier I*	0
34	Additional Tier I instruments (and CET1 CAPITAL instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	0
35	*of which: instruments issued by subsidiaries subject to phase out*	0
36	**Additional Tier I capital before regulatory adjustments**	0
37	Investments in own Additional Tier I instruments	
38	Reciprocal cross-holdings in Additional Tier I instruments	
39	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 10% threshold)	
40	Significant investments 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 adjustments	
42	Regulatory adjustments applied to Additional Tier I due to insufficient Tier II to cover deductions	
43	**Total regulatory adjustments to Additional Tier I capital**	
44	**Additional Tier I capital (AT1)**	
45	**Tier I capital (T1 = CET1 CAPITAL + AT1)**	
Tier II capital: instruments and provisions		
46	Directly issued qualifying Tier II instruments plus related stock surplus	
47	*Directly issued capital instruments subject to phase out from Tier II*	
48	Tier II instruments (and CET1 CAPITAL and AT1 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	744
51	**Tier II capital before regulatory adjustments**	
	Tier II capital: regulatory adjustments	
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	-
	Unpublished Current Year's Profits	1139
57	**Total regulatory adjustments to Tier II capital**	-
58	**Tier II capital (T2)**	1883
59	**Total capital (TC = T1 + T2)**	107605
60	**Total risk-weighted assets**	327943

	Capital ratios and buffers	
61	Common Equity Tier I (as a percentage of risk weighted assets)	32.24%
62	*Tier I (as a percentage of risk-weighted assets)*	32.24%
63	*Total capital (as a percentage of risk weighted assets)*	32.81%
64	*Institution specific buffer requirement (minimum CET1 CAPITAL requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)*	0
65	*of which: capital conservation buffer requirement*	
66	*of which: bank specific countercyclical buffer requirement*	0
67	*of which: G-SIB buffer requirement*	0
68		
	Common Equity Tier I available to meet buffers (as a percentage of risk weighted assets)	

National minima (if different from Basel III)	*National Common Equity Tier I minimum ratio (if different from Basel III minimum)*	0
70	*National Tier I minimum ratio (if different from Basel III minimum)*	0
71	*National total capital minimum ratio (if different from Basel III minimum)*	0
Amounts below the thresholds for deduction (before risk-weighting)		0
72	*Non-significant investments in the capital of other financials*	0
73	*Significant investments in the common stock of financials*	0
74	*Mortgage servicing rights (net of related tax liability)*	0
75	*Deferred tax assets arising from temporary differences (net of related tax liability)*	0
Applicable caps on the inclusion of provisions in Tier II		0
76	*Provisions eligible for inclusion in Tier II in respect of exposures subject to standardised approach (prior to application of cap)*	0
77	*Cap on inclusion of provisions in Tier II under standardised approach*	0
78	*Provisions eligible for inclusion in Tier II in respect of exposures subject to internal ratings-based approach (prior to application of cap)*	0
79	*Cap for inclusion of provisions in Tier II under internal ratings-based approach*	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2015 and 1 Jan 2020)		0
80	*Current cap on CET1 CAPITAL instruments subject to phase out arrangements*	0
81	*Amount excluded from CET1 CAPITAL due to cap (excess over cap after redemptions and maturities)*	0
82	*Current cap on AT1 instruments subject to phase out arrangements*	0
83	*Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)*	0
84	*Current cap on T2 instruments subject to phase out arrangements*	0
85	*Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)*	0

Table 24

Capital Adequacy

<table>
<tr><td>Qualitative Disclosures</td><td>(a)</td><td>A summary discussion of a bank’s approach to assessing the adequacy of its capital to support current and future activities.</td><td>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.</td></tr>
<tr><td>Quantitative Disclosures</td><td>(b)</td><td>Capital requirements for credit risk:

• Portfolios subject to the standardised approach, disclosed separately for each portfolio;</td><td>39137</td></tr>
<tr><td rowspan="3"></td><td>(d)</td><td>Capital requirements for market risk

• Standardised Measurement Approach;
• Internal models approach – Trading book.</td><td>7960</td></tr>
<tr><td>(e)</td><td>Capital requirements for operational risk

• Basic indicator approach;
• Standardised approach;</td><td>2094</td></tr>
<tr><td>(f)</td><td>Total and Tier I capital ratio;</td><td>32.81 %</td></tr>
</table>

Table 25

	Balance sheet as in published financial statements	**Under regulatory scope of consolidation**
	As at period end	**As at period end**
Assets		
Cash and balances at central banks	16335	
Items in the course of collection from other banks	135914	
Trading portfolio assets		
Financial assets designated at fair value		
Derivative financial instruments		
Loans and advances to banks		
Loans and advances to customers	220538	
Reverse repurchase agreements and other similar secured lending	4999	
Available for sale financial investments		
Current and deferred tax assets		
Prepayments, accrued income and other assets	5740	
Investments in associates and joint ventures		
Goodwill and intangible assets		
Property, plant and equipment	2538	
Total assets	386064	
Liabilities		
Deposits from banks		
Items in the course of collection due to other banks		
Customer accounts	274094	
Repurchase agreements and other similar secured borrowing	0	
Trading portfolio liabilities		
Financial liabilities designated at fair value		
Derivative financial instruments		
Debt securities in issue		
Accruals, deferred income and other liabilities	2503	
Current and deferred tax liabilities		

Subordinated liabilities		
Provisions	814	
Retirement benefit liabilities		
Total liabilities	277411	
		Shareholders' Equity
Paid-in share capital	124 852	
Retained earnings	-16199	
Accumulated other comprehensive income	0	
Total shareholders' equity	108653	

Table 26

Expanded Regulatory Balance Sheet

	Balance sheet as in published financial statements	**Under regulatory scope of consolidation**	**Reference**
	As at period end	**As at period end**	
Assets			
Cash and balances at central banks	16335		
Items in the course of collection from other banks	135914		
Trading portfolio assets	0		
Financial assets designated at fair value	0		
Derivative financial instruments	0		
Loans and advances to banks	0		
Loans and advances to customers	220538		
Reverse repurchase agreements and other similar secured lending	4999		
Available for sale financial investments	0		
Current and deferred tax assets			
Prepayments, accrued income and other assets	5740		
Investments in associates and joint ventures			
Goodwill and intangible assets			
of which goodwill	0		
of which other intangibles (excluding MSRs)			
of which MSRs			
Property, plant and equipment	2538		
Total assets	386064		
Liabilities			
Deposits from banks	0		
Items in the course of collection due to other banks	0		
Customer accounts	274094		
Repurchase agreements and other similar secured borrowing	0		
Trading portfolio liabilities	0		

Financial liabilities designated at fair value	0		
Derivative financial instruments	0		
Debt securities in issue	0		
Accruals, deferred income and other liabilities	2503		
Current and deferred tax liabilities			
Of which DTLs related to goodwill			d
Of which DTLs related to intangible assets (excluding MSRs)			e
Of which DTLs related to MSRs			f
Subordinated liabilities			
Provisions	814		
Retirement benefit liabilities			
Total liabilities	277411		
Shareholders' Equity			
Paid-in share capital	124 852		
of which amount eligible for CET1 CAPITAL	124 852		h
of which amount eligible for AT1			i
Retained earnings	-16 199		
Accumulated other comprehensive income			
Total shareholders' equity	108 653		

Table 27

Extract of Basel III common disclosure template (with added column)

Common Equity Tier I capital: instruments and reserves			
		Component of regulatory capital reported by bank	Source based on Reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2.
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus.	124 852	
2	Retained earnings	(16 199)	
3	Accumulated other comprehensive income (and other reserves)	0	
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**	108 653	
7	Prudential valuation adjustments	-	
8	Goodwill (net of related tax liability)		

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 30

Credit risk: general disclosures for all banks

Qualitative Disclosures	(a)	The general qualitative disclosure requirement. Definitions of past due and impaired (for accounting purposes); A past due account is one where the instalments or interest is not services for a period of 90 days. In case of overdrafts, if there is continuous irregularity for a period of 90 days or if the interest is not serviced for more than 90 days, the account is classified as Past Due or Impaired	
		· Description of approaches followed for specific and general allowances and statistical methods: General allowances of 0.40% of outstanding advances in the books as on 31st March (Financial Year end) is made. In case of impairments, specific provision of 15% in the first year, 25% in the second year, 40% in the 3rd year and 100% in the 4th year is made	
Quantitative Disclosures	(b)	Total gross credit risk exposures, plus average gross exposure over the period broken down by major types of credit exposure.	
	(c)	Geographic distribution of exposures, broken down in significant areas by major types of credit exposure.	Domestic
	(d)	Industry or counter-party type distribution of exposures, broken down by major types of credit exposure.	Attached as annexure
	(e)	Residual contractual maturity breakdown of the whole portfolio, broken down by major types of credit exposure.	Attached as annexure
	(f)	By major industry or counterparty type:	
		· Amount of impaired loans and if available, past due loans provided; separately;	
		· Specific and general allowances; and	814
		· Charges for specific allowances and charge-offs during the period.	70
	(g)	Amount of impaired loans and, if available, past due loans provided separately broken down by significant geographic areas including, if practical, the amounts of specific and general allowances related to each geographical area.	472
	(h)	Reconciliation of changes in the allowances for loan impairment.	Nil

INDUSTRY TYPE DISTRIBUTION OF EXPOSURE AS ON 30th JUNE 2017	**Exposure**
1. Non-financial institutional units (sum of lines (i) to (vii)):	**221352**
(i) Central Government	
(ii) Local Government	
(iii) Public Non-Financial Corporations	
(iv) Other Non-Financial Corporations (Private business enterprises) (sum of lines (a) to (m)):	206736
a) Agriculture, Forestry, Fishing	1403
b) Mining and Quarying	
c) Manufacturing	9723
d) Construction	
e) Commercial real estate	26019
f) Electricity	
g) Water	
h) Telecommunication and post	
i) Tourism and hotels	9650
j) Transport and storage	
k) Trade, restaurants and bars	35046
l) Business services	124895
m) Other community, social and personal services	
(v) Households (sum of lines (a) to (h)):	14616
a) Residential property (owner occupied)	1592
b) Residential property (rented)	
c) Personal loans	12030
d) Motor vehicle	835
e) Household goods	
f) Credit card loans	
g) Non-Profit Institutions Serving Households	
h) Other*	159

	Amount Outstanding		
(26B) LOANS AND ADVANCES BY MATURITY	Household advances	Corporate	Total
Overdrafts	159	117159	117161
Loans -			
>0 to 6 months	203	88	291
>6 months to 12 months	372	245	617
>1 to 2 years	1503	131	1634
>2 to 3 years	2047	2305	4352
>3 to 5 years	8740	29614	38354
>5 to 7 years	-	44163	44163
>7 to 10 years	-	11006	11006
Overs 10 years	2182	1592	3774
TOTAL	14616	206736	221352

Table 31

Credit risk: disclosures for portfolio subject to the standardised approach

Qualitative Disclosures	(a)	For portfolios under the standardised approach: NA	
		· Names of ECAIs and ECAs used, plus reasons for any change: NA	NA
		· Types of exposure for which each agency is used: NA	NA
		· A description of the process used to transfer public issue ratings onto comparable assets in the banking book: NA	NA
		· The alignment of the alphanumerical scale of each agency used with the risk buckets: NA	NA
Quantitative Disclosures	(b)	· For exposure amounts after risk mitigation subject to the standardised approach, amount of a bank's outstandings (related and unrated) in each risk bucket as well as those that are deducted.	
		Below 100% Risk Weight	37889
			0
		@ 100% Risk Weight	183057
			0
		More than 100% Risk Weight	406
			0
		Amount deducted, if any	0
			0
		TOTAL	221352

Table 32

Credit risk mitigation: disclosures for standardised approach

(BWP in '000s)

Qualitative Disclosures	(a)	The general qualitative disclosure requirement with respect to credit risk mitigation including: ·**Credit Risk Management:** The bank has approved Credit Risk Policy. The policy is in compliance with local law of Botswana. We have a system of internal credit rating for all exposures above BWP 1.00 Million. Stricter of the Income recognition and asset classifications norms are being adhered. The Bank is preparing NPA policy for management of the NPA and provisioning requirements. Presently BSBIBL is having no NPA. The internal rating system known as Credit Risk Assessment (CRA) is a scoring based model covering Risk Assessment of balance sheet items and off-balance sheet items including country Risk Assessment. Due diligence of the applicant/borrower is being carried on ongoing basis and review/renewals of the credit facilities are being done judiciously keeping in view conduct of the account with terms of sanction. Individual and Group exposure norms/ caps have been put in place. All exposures above BWP10.0 Mio are being put up to the Executive Committee of Directors. All proposals above BWP15.0 Mio (aggregate limits) are being put to bank Board for sanction. The Bank has Executive Credit Committee which approve sanction of loan up to BWP 10.00 Mio All loans and advances are being monitored for delinquencies /and for early warnings signals and irregularity reports are being put up to the sanctioning authority/Board.
Quantitative Disclosures	(b)	For each separately disclosed credit risk portfolio under the standardised approach, the total exposure (after, where applicable, on-or off-balance sheet netting) that is covered by : guarantees and credit derivatives; Nil eligible collateral after application of standardised supervisory haircuts: Nil

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 standardized approach

(in BWP '000s)

Qualitative Disclosures	(a)	The general qualitative disclosure requirement for market risk including the portfolios covered by the standardised approach. Foreign Exchange Risk: The NOOP is maintained within the limit prescribed by Bank of Botswana. All open Positions are revalued as at end of day on the day's midrate / Raloo rates as the Case may be. Interest Rate Risk: Interest rate risk management policy in place. Interest rate sensitivity Monitor prepared every quarter ending 31st March, 30th June, 30th September and 31st December and put up to RCOM for review. Equity Position Risk: No investment / exposure in equity market. Commodity Risk: We do not deal in commodities as of now.
Quantitative Disclosures	(b)	The capital requirements for:
		• interest rate risk; P 7334
		• equity position risk; Nil
		• foreign exchange risk; P 587
		• commodity risk: Nil

Table 35

Operational risk

Qualitative Disclosures	(a)	In addition to the general qualitative disclosure requirement, the approach for operational risk capital assessment for which the bank chose. ***Operational Risk*** Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people or systems or from external events. Some of the operational risks the Bank is exposed to in the ordinary course of business are in respect of transaction processing, documentation, accounting, legal / regulatory, technology and human error. BSBIBL has adopted the Basic Indicator approach for the calculation of the capital requirement for operational risk. BSBIBL adopts a zero tolerance culture and as such Management ensures that all systems, procedures and policies are strictly adhered to and they are being reviewed at regular intervals to any change in the processes and regulations. Operational risks identified during work operations are tackled as and when they are identified as part of effective risk management to avoid disruption of workflow. The Bank have Business Continuity Plan document which will details scenarios to be adhered in the case of system / network failure. The disaster recovery site is in place and is under simulation environment being tested and checked at regular intervals. The Compliance, Risk and Internal Audit departments also monitor the operational risks of the Bank closely and highlight any major issues to Management for early remedial actions. Operational risks is being monitored and measured and measures are being taken timely to mitigate risks effectively in the Quarterly Risk Management Committee meeting at Bank. The Bank Board also take into cognizance of the risk management exercise being taken up by the committee.	Standardised Approach

IT System Related Risk

The Bank have Board approved IT Policy having parameters and guidelines for secured usage of the IT system in a secure manner .The policy provide for secure use of the IT and system with system inbuilt logical security to be ensured by the authorized users.

Staff / Users are being given Access ID usable with logical password for operations in application software Finacle Version 10 (Latest Version)

Users are given controlled access as per their job sets and capability to commit and execute the transactions. Logical security is being maintained at access point and also at transaction commitment point. Job rotation is being done periodically.

Business Continuity Plan is in place and local Disaster Recovery Site has been created to ensure Business Continuity Plan. The Disaster Recovery Site for clearing and to maintain backup of clearing operations has been created with other Bank and is also being used as cold site for back up purpose.

The Stress Test and Disaster Recovery Drills are being conducted periodically in scenario to check its efficacy.

The system generated reports of user login – Activity Analysis etc is being analysed in a meaningful manner to ensure logical security and to track unauthorised access etc.

The Bank has formed Risk Management Committee and the committee regularly conducts quarterly meeting to review the risk profile and to strengthen the position in Key Risk Indicators. The Vice President (Operations and Systems) oversees risk management of the Bank. The agenda of the meeting covers all risk prone areas for improvements.

Internal Capital Adequacy Assessment Process: (ICAAP):

Bank of Botswana directives are adhered on Capital Adequacy and Market Discipline - New Capital Adequacy Framework (NCAF), based on the Basel II framework evolved by the Basel Committee on Banking Supervision (BCBS). The guidelines, inter-alia, stipulate the implementation of an internal process called the Internal Capital Adequacy Assessment Process (ICAAP) for each banking entity at the solo level. The guidelines on

		NCAF also stipulate the preparation of an ICAAP Policy and to assess capital requirement as per ICAAP. With this view, the Risk Management Department has formulated the BSBIBL ICAAP Policy, approved by the Risk Management Committee. These guidelines for ICAAP are intended to set minimum standards for appropriate Risk Management and Capital adequacy, with a view to limit excessive risk taking and ensuring adoption of sound risk management practices by banks. ICAAP is an integral part of Pillar II requirements (Supervisory Review) which requires the Bank to assess the capital requirement in accordance with its own particular risk profile. Based on the above principles, the Bank has implemented an Internal Capital Adequacy Assessment Process (ICAAP) through which capital requirement is assessed for material risks. The ICAAP covers the following aspects: a.The risks that are not fully captured by the minimum capital ratio prescribed under Pillar 1; b.The risks that are not at all taken into account by Pillar 1; c. The factors external to the entity. The ICAAP comprises Banking procedures and measures designed to ensure the following: An appropriate identification and measurement of risks; An appropriate level of internal capital in relation to the banks risk profile; and application and further development of suitable risk management systems and internal controls Conduct stress testing to assess : Bank‘s position and resilience in stressed conditions Business Planning, capital forecasting based on the business plans and assessment of headroom on capital availability.	
Quantitative Disclosures	(b)	Description of either the BIA or SA used by the bank, including a discussion of relevant internal and external factors considered in the bank’s measurement approach.	All factors influencing operational risk

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 behavior of non-maturity deposits, and frequency of IRRBB measurements.	Not Applicable, No related business
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).	NA

Table 38

Remuneration

Qualitative disclosures	(a)	Information relating to the bodies that oversee remuneration. Disclosures should include:	
		· Name, composition and mandate of the main body overseeing remuneration.	NA
		· External consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process.	NA
		· A description of the scope of the bank's remuneration policy (eg by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches.	NA
		· A description of the types of employees considered as material risk takers and as senior managers, including the number of employees in each group.	NA
	(b)	Information relating to the design and structure of remuneration processes. Disclosures should include:	NA
		· An overview of the key features and objectives of remuneration policy.	NA
		· Whether the remuneration committee reviewed the firm's remuneration policy during the past year, and if so, an overview of any changes that were made.	NA
		· A discussion of how the bank ensures that risk and compliance employees are remunerated independently of the businesses they oversee.	NA
	(c)	Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures should include:	
		· An overview of the key risks that the bank takes into account when implementing remuneration measures.	NA
		· An overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed).	NA
		· A discussion of the ways in which these measures affect remuneration.	NA

		· A discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.	NA
	(d)	Description of the ways in which the bank seeks to link performance during a performance measurement period with levels of remuneration. Disclosures should include:	No such Policy in force
		· An overview of main performance metrics for bank, top-level business lines and individuals.	NA
		· A discussion of how amounts of individual remuneration are linked to bank-wide and individual performance.	NA
		· A discussion of the measures the bank will in general implement to adjust remuneration in the event that performance metrics are weak.2	NA
	(e)	Description of the ways in which the bank seek to adjust remuneration to take account of longer-term performance. Disclosures should include:	NA
		· A discussion of the bank's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance.	NA
		· A discussion of the bank's policy and criteria for adjusting deferred remuneration before vesting and (if permitted by national law) after vesting through claw back arrangements.	NA
	(f)	Description of the different forms of variable remuneration that the bank utilises and the rationale for using these different forms. Disclosures should include:	No such Policy in force
		· An overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms3).	NA
		· A discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees), a description the factors that determine the mix and their relative importance.	NA
Quantitative disclosures	(g)	· Number of meetings held by the main body overseeing remuneration during the financial year and remuneration paid to its member.	NA

	(h)	· Number of employees having received a variable remuneration award during the financial year.	NA
		· Number and total amount of guaranteed bonuses awarded during the financial year.	NA
		· Number and total amount of sign-on awards made during the financial year.	NA
		· Number and total amount of severance payments made during the financial year.	NA
	(i)	· Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.	NA
		· Total amount of deferred remuneration paid out in the financial year.	NA
	(j)	· Breakdown of amount of remuneration awards for the financial year to show:	NA
		- Fixed and variable.	
		- Deferred and non-deferred.	NA
		- Different forms used (cash, shares and share-linked instruments, other forms).	NA
	(k)	Quantitative information about employees' exposure to implicit (eg fluctuations in the value of shares or performance units) and explicit adjustments (e.g., malus, claw backs or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration:	NA
		· Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments.	NA
		· Total amount of reductions during the financial year due to ex post explicit adjustments.	NA
		· Total amount of reductions during the financial year due to ex post implicit adjustments.	NA

Table 38(a)

Table 38 (a) to be completed separately for senior management

Total value of remuneration awards for the current fiscal year	**Unrestricted**	**Deferred**
Fixed remuneration	NA	NA
· Cash-based	x	x
· Shares and share-linked instruments	x	x
· Other	x	x
Variable remuneration		
· Cash-based	x	x
· Shares and share-linked instruments	x	x
· Other	x	x