BancABC Botswana Pillar III Disclosures

December 2019

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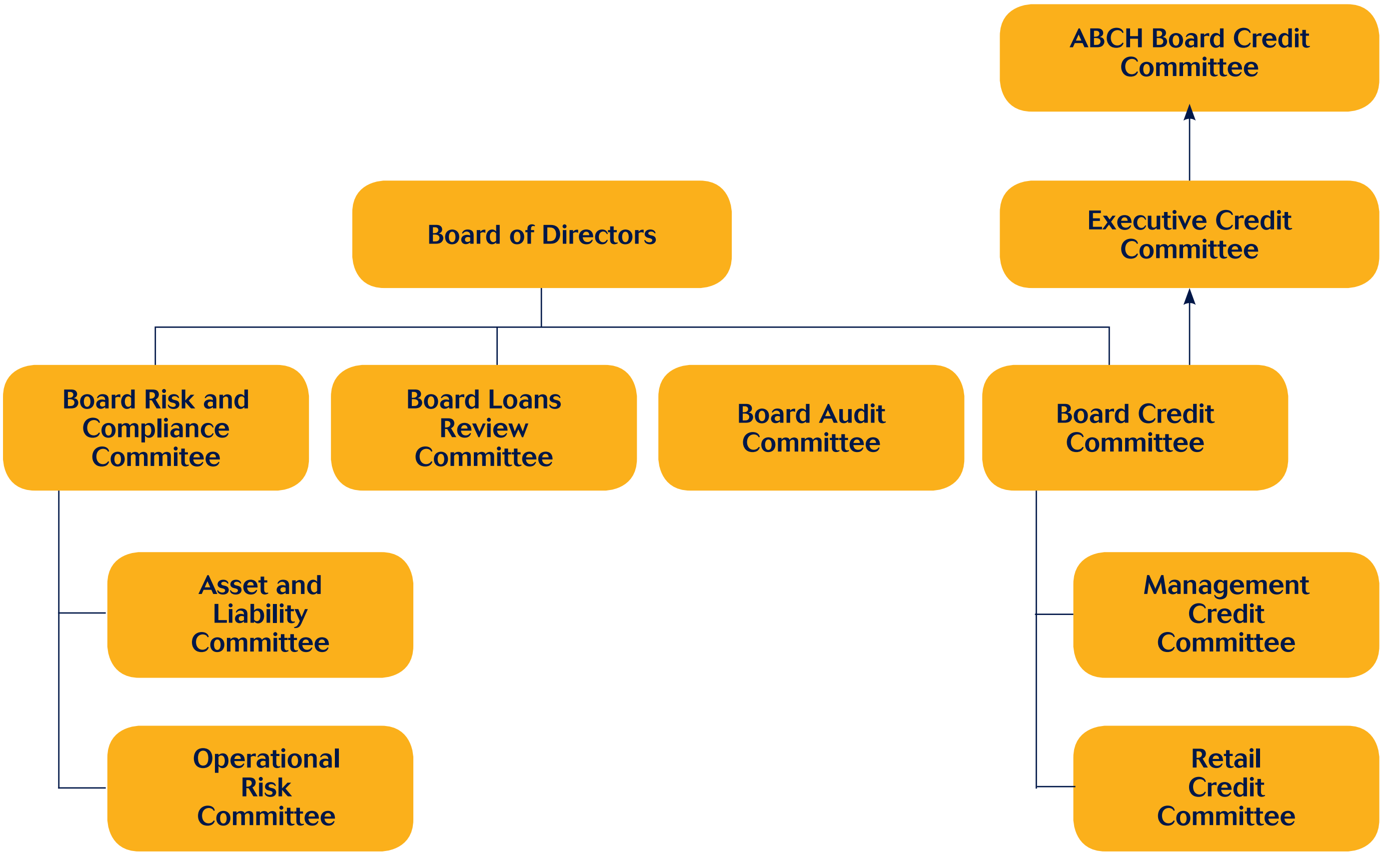
Objectives on risk management

The Group's activities expose it to a variety of financial risks and those activities involve the analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Taking risk is core to the financial business, and operational risks are an inevitable consequence of being in business. The group's aim is therefore to achieve an appropriate balance between risk and return, and minimise potential adverse effects on the group's financial performance.

The Group's risk management policies are designed to identify and analyse these risks, to set appropriate risk limits and controls, and to monitor the risks and adherence to limits by means of reliable and up-to date information systems. The Group regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice.

Risk Management Structure



Market Risk

Market risk is the risk that changes in market prices such as interest rates, foreign exchange rates, equity prices, and general credit spreads which will affect the fair value or future cash flows of a financial instrument; thus, impacting the bank's income or value financial assets. The Bank takes on exposure to market risks, which arises from open positions in interest rate, currency and equity products, all of which are exposed to general and specific movements and /or changes in the level of volatility of market rates or prices.

Market Risk Weighted Assets

In assigning capital for market risk, the Bank uses the standardized measurement method whereby the absolute value of the Net Open Position is taken as the capital charge and a factor of 6.7 applied to come up with the respective Risk-weighted Assets for market risk.

Summary Information	BWP'000
Standardised Measurement Method	**46,047**
Interest rate risk	**44,689**
Specific risk	
General risk	44,689
Foreign exchange risk	**1,359**
Foreign exchange and gold	1,359
Total capital charge	**46,047**
Risk weighted amount factor	6,7
Market risk-weighted assets	**308,516**

Foreign Exchange Risk

The Group, through the Treasury Division, takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. The Board and the ALCO set limits on the level of exposure for both overnight and intra-day positions, which are monitored daily. Stop Loss limits are also set and monitored daily. Periodic stress testing and sensitivity analysis estimate the impact of foreign exchange rates volatility on earnings and as such capital is also performed; the results of which are used to inform the relevant market risk limits.

Sensitivity of Currency		
The following sensitivity analysis is monitored on the following major currencies of non-equity instruments, had a 5% increase or decrease arose on the various currencies	**2019 Impact on profit or loss and equity**	**2018 Impact on profit or loss and equity**
5% in movement of US Dollar/ BWP exchange Rate(P000)	(1,150)	616
As a percentage of total Shareholders equity	-0.1%	0.1%
5% movement in ZAR/BWP exchange rate (P'000)	(1,266)	(268)
As a percentage of total Shareholders equity	-0.0	-0.0
5% movement in EURO/BWP exchange rate(P000)	165	571
As a percentage of total Shareholders equity	0.02%	0.06%

Interest Rate Risk in the Banking Book

Cash flow interest rate risk, is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk, is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The Group takes on exposure to the effect of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks.

Loans and advances are of a floating rate nature, and the Group reserves the right to change the rate of interest in the event of market changes and/or credit/banking considerations which may be set out from time to time by the Group and/or any government or regulatory authority. The customer deposit profile, is also of a short-term nature (largely up to 3 months), thereby minimising the Groups exposure to interest rate risks.

Sensitivity of Net Interest Income	2019	2018
Change in net interest income arising from shift in yield curves of +50basis points (P'000)	5,382	4,864
As percentage of total Shareholders Equity	0.50%	0.50%
Change in net interest arising from shift in yield curves of -50 basis points (P000)	(5,382)	(4,864)
As a percentage of total shareholders equity	(0.50%)	(0.50%)

Operational Risk

Operational risk, is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. This definition includes legal risk but excludes strategic and reputational risk. Operational risks are present in all levels of the business and are taken into consideration in all business decisions. The Bank has adopted the Basic Indicator Approach to operational risk management under Basel II, as the foundation for its operational risk management framework. Operational risk is managed through the Operational Risk Management Framework.

Business Line Management has the direct responsibility for operational risk management in their respective units. Responsibilities include ensuring that all policies, procedures, limits and other risk control requirements are implemented and complied with as well as managing financial losses at desired levels. The rating recognizes the residual risk after considering controls in place to mitigate operational losses.

Key Risk Indicators (KRIs) across business units are fundamental to the management of operational risk. Thresholds are set and events are continuously monitored against the set thresholds. Risk Control Self-Assessments (RCSAs), are performed at Business Unit level to assess inherent operational risks; the design and effectiveness of mitigating controls; and develop actions plans to mitigate risks. All risk assessments results are documented and communicated to impacted stakeholders. Staff are encouraged to report operational risk incidents or events for identification of emerging risks and control lapses.

Identified material operational risk issues are discussed and monitored for closure at the monthly Country Risk and Controls Committee (CR&CC) meetings. Group Risk Control Committee also have oversight of risk issues identified across the group network. The Internal Auditors plays a vital role in risk management by providing assurance of the effectiveness of the overall control environment through periodic reviews. Findings arising from internal audits are reported to all relevant management and governance bodies.

Business Continuity Management

The Bank, has a business continuity management plan in place, to ensure continuity of key services at a minimum acceptable level following disruption. The Bank has recovery sites that exist as a contingency plan for unanticipated business disruptions that would render offices and/or branches inaccessible. All departments have their own business plans that would be invoked such that operations continue at the recovery site without causing much disruption to the business. The recovery sites are set up with all requisite infrastructure and recovery tests are conducted periodically.

Operational Risk Weighted Assets

As previously indicated, the Bank uses the Basic Indicator Approach (BIA) for assigning capital to operational risk; whereby the average revenue (net interest income plus non-interest income) over a three-year period for which revenue was positive is taken and multiplied by an operational risk factor of 0.15 to come up with the capital charge for operational risk. A risk weight factor of 6.7 associated with operational risk is then applied to come up with the associated risk weighted assets for operational risk.

Operational Risk Weighted Assets	Gross Income P'000	Aggregate gross income P'000	Risk Weight factor P'000
Total Gross Income for Year 1	608,840		
Total Gross Income for Year 2	642,131		
Total Gross Income for Year 3	755,104		
Average Gross Income		**2,006,076**	
Operational risk factor - denoted alpha (a)		15%	
Aggregate Gross Income multiplied by a		**300,911**	
No. of years with Positive Gross Income (n)		3	
Operational Risk Capital Charge BIA		**100,304**	
Risk weight factor			6,7
Operational risk weighted assets			**672,035**

CREDIT RISK – GENERAL DISCLOSURES

1. QUALITATIVE DISCLOSURES

1.1 CREDIT RISK

Credit refers to the provision or the commitment to advance funds or commitments to borrowers on a secured or unsecured basis. The amounts advanced together with fees and interest thereon are repayable on demand or at a fixed or determinable future time.

The provision of credit is associated with Credit Risk; that is, the risk of failure by the borrower to honour obligations falling due. The credit function by and large involves managing this risk and administering the delivery thereof.

a. Purpose of Credit

The Bank grants credit to companies wishing to finance working capital; capital expenditure; export finance; asset finance; order finance and other related requirements agreed to. This credit is granted through different products listed under the Facilities section. The provision of credit is a revenue generating function of the bank. As such all facilities granted should match the risk/return balance for the bank.

b. Structures

The Bank's policy on credit risk management is that credit risk is administered through the Board. The Board sets up credit sanctioning committees and stipulates membership thereon. It also delegates authority and sets discretionary limits for these committees.

The Bank has the following approving credit committees:

a. **RETCO** (Retail Credit Committee), considers credit applications for small and medium enterprises (SMEs) up to a limit of the equivalent of US$250,000, otherwise recommends to MANCO;

b. **MANCO** (Management Credit Committee), considers credit applications for corporates and approves up to a limit of US$500,000, otherwise recommends to CREDCO. MANCO also considers credit applications for SMEs for amounts higher than US$250,000 that are recommended by RETCO;

c. **CREDCO** (Board Credit Committee), considers credit applications recommended by MANCO and approves up to a limit of US$1 million, otherwise recommends to the Executive Credit Committee (EXCO);

d. **EXCO** (Executive Credit Committee), considers applications recommended by CREDCO and approves up to a limit of US$5 million, otherwise recommends to the ABCH Board Credit Committee; and

e. The **ABCH Board Credit Committee**, considers applications above US$5 million as recommended by **EXCO.**

1.2. DESCRIPTION OF APPROACHES – SPECIFIC & GENERAL

The credit risk of a customer is assessed at each reporting period (month end) for each financial instrument to determine whether there is a significant increase in Credit Risk.

To make that assessment, the Bank compares the risk of a defaulting occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

As per IFRS 9, accounts can be classified into three (3) stages being, Stage 1, Stage 2 and Stage 3.

Loans classified under stage 1 & 2 – General provisioning is taken on them while loans classified under stage 3 a specific provisioning is taken on them.

1.3. STATISTICAL METHODS

- Credit risk is the risk that a counterparty (e.g. a borrower) will fail to perform according to the terms and conditions of the contract (i.e. default), thus causing the holder of the claim (e.g. a lender) to suffer a loss. For a loan, the risk to the lender includes lost principal and interest, delayed cash flows, and increased collection costs.
- Credit risk exist in most institutions, although more pronounced in lenders (banks) due to leverage.
- IFRS9 and Basel III includes approaches/methods used to measure credit risk.
- Focus on three key concepts:
    - Exposure – What is my exposure to a counterparty at a particular point in time if a credit event occurred. This is known as the exposure at default (“EAD”).
    - Default – What is the likelihood of a credit event occurring at a specific point in time. This is known as the probability of default (“PD”).
    - Loss – If a credit event did occur, how much of the exposure would not be recovered, i.e. how much will be lost. This is known as the loss given default (“LGD”).
- These three factors are used to calculate expected loss (“EL”): EL=EAD x PD x LGD.
    - This is a cost of the loan and needs to be included in the credit margin.

1.4. PORTFOLIO SPECIFIC CONSIDERATIONS

- **Retail** – For Retail exposures, the assessment is made on a collective basis that incorporates all relevant credit information, including forward-looking macroeconomic information. For this purpose, the bank groups its exposures based on shared credit risk characteristics.
- **Corporate & SME** – For large exposures for SME & Corporate accounts, the assessment is driven by the internal credit rating of the exposure and a combination of forward-looking information that is specific to the individual borrower and forward-looking information on the macro economy, commercial sector and geographical region.

2. QUANTITATIVE DISCLOSURES

2.1. Total Credit Exposures

Total exposure as per segment and non-performing per segment

Segment	Non-Performing Loans BWP'000	Total Net Exposure BWP'000
Corporate	29,601	590,212
SME	32,145	138,967
Consumer	220,452	5,714,377
Total	**282,198**	**6,443,556**

2.2. Geographic Distribution

The geographic distribution of exposures broken down into 3 segments (Corporate, SME and Consumer).

Segment	Domestic	International	Total Net Exposure BWP'000
Corporate	586,950	3,262	590,212
SME	138,967	-	138,967
Consumer	5,710,656	3,721	5,714,377
Total	**6,436,573**	**6,983**	**6,443,556**

A signification portion of the Banks loan book is held locally, 99%, about 0.1% is split between South Africa and Zimbabwe. One account from Zimbabwe has been classified as non-performing.

2.3. Total Gross Credit Exposure by Sector

Segment	Total Exposure BWP'000
Construction	23,780
Wholesale, Retail & Trade	212,713
Manufacturing	2,950
Mining and Energy	619
Financial Services	144,334
Transport	510
Real Estate	743,166
Individuals	5,542,057
Tourism	1
Other	52,168
Total	**6,722,298**

2.4. Non-Performing by Sector

Segment	Total Exposure BWP'000
Agriculture	3,255
Business	12,732
Communication	6,351
Construction	1,834
Finance	529
Consumer	220,452
Manufacturing	25,762
Real Estate	5
Tourism	6,058
Trade	118
Transport	5,102
Total	**282,198**

Once a loan is 90 days in arrears or it is clear from the available information that the company will not be able to pay the debt for whatever reasons, it means that the loan is now a Non-Performing Loan and as such the unit that manages it also changes. A specialized unit which handles recovery of such debt by employing various aggressive strategies will start to manage the loan.

2.5. Net Loans by Maturity Profile

Maturity	Total Exposure 'BWP000
Overdrafts	68,510
Up to 1 month	21,536
>1 to 3 months	198,132
>3 to 12 months	875,836
Greater than 1 year	5,279,542
Total	**6,443,556**

2.6. Monitoring & Control

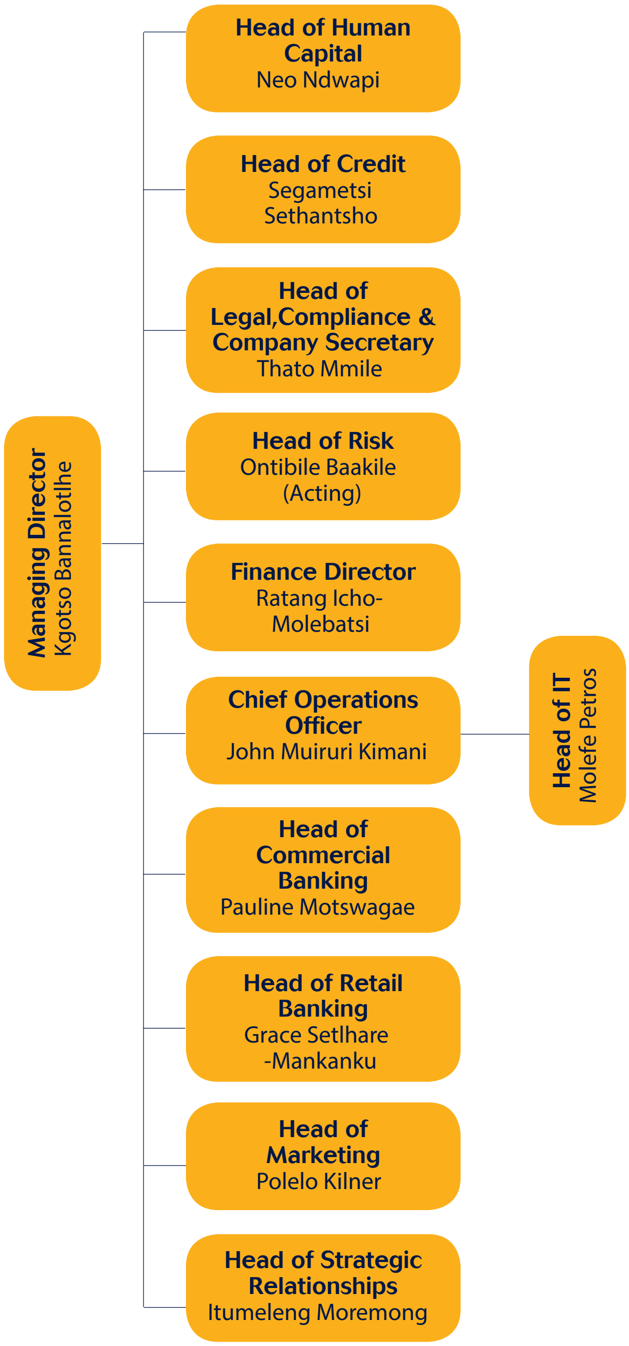
Having granted facilities, client performance has to be monitored effectively. As the facilities would have been granted against specific covenants, the relationship manager shall monitor the facilities to ensure adherence to these. Credit shall maintain a record of all lending stating the arrangements against which it has been sanctioned which include:

- Limit and expiry date
- Conditions precedent, highlighting outstanding issues

Monitoring is done from both internal and external sources.

- Annual reviews on facilities are done to monitor the accounts against performance, when a certain trend is noticed the reviews are done every 6 months.
- Account conduct – we encourage our clients to bank with us so that we can monitor their performance, when the turn over starts deteriorating, we can pick from the account conduct.

MANCO STRUCTURE



Remuneration and Nominations Committee (REMCO)

BancABC is committed to creating, sustaining and maintaining a high- performance culture in accordance with the Bank's strategy of ensuring that the bank has the right people in the right roles at the right time. The Bank's remuneration policy sets out the purpose, framework, procedures and standards related to remuneration. Remuneration Committee (REMCO) is responsible to lead the process for Board appointments and to ensure that the Board and its committees have an appropriate balance of skills, experience, availability, independence and knowledge of the Company to enable them to discharge their respective responsibilities effectively.

The REMCO also advises the Board on developing remuneration policies that are aligned with the business strategy and objectives, risk appetite, values and long -term interests of the Company, recognizing the interests of all stakeholders. As part of their mandate, REMCO ensures that the remuneration policy covers the following objectives:

- attract and retain high caliber staff;
- assist in creating a high-performance culture, where consistent good or excellent performance is rewarded;
- ensure that all employees are remunerated fairly;
- compete for talent in an increasingly competitive labour market, through ensuring that remuneration compares satisfactorily with the market realities; and
- motivate individual and team performance that creates stakeholder value for the organisation.

The Bank participates in remuneration market surveys to ensure competitiveness and alignment to market movements and trends. The remuneration market data is used to determine salary reviews depending on the Bank's affordability and the overall Bank's performance.

- In determining salary reviews; the following are considered:
- Bank's affordability/ ability to pay
- Market movements - internal and external benchmarking
- Individual and unit's performance
- Bank's bonus provisions

Executive Directors and senior management's remuneration is approved by REMCO and their contracts of employment do not contain unusual benefits provisions and they have reasonable termination clauses with reasonable notice periods.

Remuneration of Risk and Compliance staff is part of the general bank's remuneration policy and they have agreed Cost to Company (CTC) remuneration at the time of employment. Any additional variable pay in the form of Annual Cash Incentives or Long -term incentives is based on individual performance against set targets.

The Bank has a guaranteed 13th cheque for eligible staff. A total amounting to **BWP 9,455,158.03** was made for severance and guaranteed 13th cheque for eligible staff in 2019.

There were no employees with deferred remuneration, split into cash, shares and share-linked instruments and other forms during the financial year ending 2019.

Performance Management

The Bank's performance Management Policy aims to promote the achievement of BancABC's objectives through the effective management of employee performance.

All employees are expected to perform their duties in a competent and efficient manner in line with their respective employment contractual requirements; inherent duties and responsibilities of the position; organizational requirements, policies and processes; legislative requirements and acceptable standards with reference to quality, timelines, attitude and behavior; and key performance contract indicators (KPI's) or outcomes.

As a high performance driven organization, staff contracts are reviewed on a regular basis with agreed Key Performance Indicators ("KPI's") with the organization. The main purpose of the Performance Assessment and Appraisal Process is to determine whether the agreed KPIs have been reached, and if reached; the remuneration will be reviewed and staff member awarded accordingly.

All business heads / senior management are considered to be risk takers. They have a responsibility to identify, measure, monitor and report risks inherent in their units and are responsible for implementing board approved policies and ensuring their staff understand and implement risk mitigating strategies. There are 12 Members of senior management, who are part of the total staff compliment of 418.

Quantitative information about employees' exposure to implicit (e.g. 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: None.

Senior Management Compensation

98B) Senior management Compensation	Q1 BWP'000	Q2 BWP'000	Q3 BWP'000	Q4 BWP'000	TOTAL BWP'000
Salaries and allowances	5,202	4,183	4,210	4,557	18,152
Bonuses	-	2,038	-	-	2,038
Termination benefits	3,07	4,441	-	24	7,540
Total	**8,277**	**10,661**	**4,210**	**4,581**	**27,730**

Financial Disclosure

Table 21-Qualitative and Quantitative Disclosures

Qualitative Disclosure	(a)	African Banking Corporation of Botswana limited
	(b)	An outline of the difference in the basis of consolation 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
	(c)	Any restrictions, or other major impediments, on the transfer of funds or regulatory capital within the group
Quantitative Disclosure	(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.
	(e)	The aggregate amounts (e.g, current book value) of the 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 this entities.

Table 22 (a)
Basel III Common Equity Tier I Disclosure Template (With Transitional Adjustments)

Common Equity Tier I capital: instruments and reserves		P'000
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus.	222,479
2	Retained earnings	838,497
3	Accumulated other comprehensive income (and other reserves)	15,386
4	Directly issued capital subject to phase out from CET1 CAPITAL (only applicable to non-joint stock companies)	79,451
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1 CAPITAL)	
6	**Common Equity Tier I capital before regulatory adjustments**	**1,155,813**
Common Equity Tier I capital: regulatory adjustments		
8	Goodwill (net of related tax liability)	
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	(83,478)
28	**Total regulatory adjustments to Common equity Tier I**	**(83,478)**
29	**Common Equity Tier I capital (CET1 CAPITAL)**	**1,072,335**
43	**Total regulatory adjustments to Additional Tier I capital**	
44	**Additional Tier I capital (AT1)**	
45	**Tier I capital (T1 = CET1 CAPITAL + AT1)**	**1,072,335**
Tier II capital: instruments and provisions		
46	Directly issued qualifying Tier II instruments plus related stock surplus	172,000
49	of which: instruments issued by subsidiaries subject to phase out	
50	**Provisions**	**76,873**
51	**Tier II capital before regulatory adjustments**	**248,873**
Tier II capital: regulatory adjustments		
57	**Total regulatory adjustments to Tier II capital**	
58	**Tier II capital (T2)**	**248,873**
59	**Total capital (TC = T1 + T2)**	**1,321,208**
60	**Total risk-weighted assets**	**7,111,423**
Capital ratios and buffers		
61	Common Equity Tier I (as a percentage of risk weighted assets)	15.1%
62	Tier I (as a percentage of risk-weighted assets)	15.1%
63	Total capital (as a percentage of risk weighted assets)	18.6%
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)	7.0%
65	of which: capital conservation buffer requirement	2.5%
66	of which: bank specific countercyclical buffer requirement	
67	of which: G-SIB buffer requirement	

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)**	4.5%
71	**National total capital minimum ratio (if different from Basel III minimum)**	15.0%
Applicable caps on the inclusion of provisions in Tier II		
76	Provisions eligible for inclusion in Tier II in respect of exposures subject to standardised approach (prior to application of cap)	Provisions

Table 22 (b)

Basel III Common Equity Tier I Disclosure Template (Fully Loaded)

Common Equity Tier I capital: instruments and reserves		P'000
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus.	222,479
2	Retained earnings	838,497
3	Accumulated other comprehensive income (and other reserves)	15,386
6	**Common Equity Tier I capital before regulatory adjustments**	**1,076,362**
Common Equity Tier I capital: regulatory adjustments		
9	Other intangibles other than mortgage-servicing rights (net of related tax liability)	(83,478)
28	**Total regulatory adjustments to Common equity Tier I**	**(83,478)**
29	**Common Equity Tier I capital (CET1 CAPITAL)**	**992,884**
43	**Total regulatory adjustments to Additional Tier I capital**	
44	**Additional Tier I capital (AT1)**	
45	**Tier I capital (T1 = CET1 CAPITAL + AT1)**	**992,884**
Tier II capital: instruments and provisions		
46	Directly issued qualifying Tier II instruments plus related stock surplus	172,000
50	Provisions	76,873
51	**Tier II capital before regulatory adjustments**	**248,873**
57	**Total regulatory adjustments to Tier II capital**	
58	**Tier II capital (T2)**	**248,873**
59	**Total capital (TC = T1 + T2)**	**1,241,757**
60	**Total risk-weighted assets**	**7,111,423**
Capital ratios and buffers		
61	Common Equity Tier I (as a percentage of risk weighted assets)	13.96%
62	Tier I (as a percentage of risk-weighted assets)	13.96%
63	Total capital (as a percentage of risk weighted assets)	17.5%
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)	7.0%
65	of which: capital conservation buffer requirement	2.5%
66	of which: bank specific countercyclical buffer requirement	
67	of which: G-SIB buffer requirement	

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)	4.5%
70	National Tier I minimum ratio (if different from Basel III minimum)	
71	National total capital minimum ratio (if different from Basel III minimum)	15.0%
76	Provisions eligible for inclusion in Tier II in respect of exposures subject to standardised approach (prior to application of cap)	76,873

Table 22 (c): Transitional Disclosures

		a	b	c	d	e
		Dec-19	Sep-19	Jun-19	Mar-19	T-4
	Available capital (P'000)					
1	Common Equity Tier 1 (CET1)	1,155,813	1,079,072	1,108,948	1,075,111	1,091,977
1a	Fully loaded ECL accounting model	1,076,362	999,622	1,029,497	995,661	972,801
2	Tier 1	1,072,335	996,355	1,024,528	990,544	1,025,477
2a	Fully loaded ECL accounting model Tier 1	992,884	916,905	945,078	911,094	906,301
3	Total capital	1,321,208	1,251,257	1,291,788	1,254,884	1,296,592
3a	Fully loaded ECL accounting model total capital	1,241,757	1,171,807	1,212,338	1,175,434	1,177,416
	Risk-weighted assets (P'000)					
4	Total risk-weighted assets (RWA)	7,111,423	6,806,993	6,883,750	6,732,545	7,350,576
	Risk-based capital ratios as a percentage of RWA (%)					
5	Common Equity Tier 1 ratio	16.3%	15.9%	16.1%	16.0%	14.9%
5a	Fully loaded ECL accounting model Common Equity Tier 1	15.1%	14.7%	15.0%	14.8%	13.2%
6	Tier 1 ratio	15.1%	14.6%	14.9%	14.7%	14.0%
6a	Fully loaded ECL accounting model Common Equity Tier 1	14.0%	13.5%	13.7%	13.5%	12.3%
7	Total capital ratio	18.6%	18.4%	18.8%	18.6%	17.6%
7a	Fully loaded ECL accounting model total capital ratio	17.5%	17.2%	17.6%	17.5%	16.0%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirements (2.5% from 2019) (%)	177,786	170,175	172,094	168,314	183,764

Qualitative Disclosures	(a)	African Banking Corporation Of Botswana Limited
	(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.
	(c)	Any restrictions, or other major impediments, on the transfer of funds or regulatory capital within the group.
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.
	(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.

Explanation of each row of the common disclosure Row number		P'000
1	Instruments issued by the parent company of the reporting group that meet all of the CET1 CAPITAL entry criteria set out in the Directive. This should be equal to the sum of common stock (and related surplus only) and other instruments for non-joint stock companies, both of which must meet the common stock criteria. This should be net of treasury stock and other investments in own shares to the extent that these are already derecognised on the balance sheet under the relevant accounting standards. Other paid-in capital elements must be excluded. All minority interest must be excluded.	222,479
2	Retained earnings, prior to all regulatory adjustments. In accordance with the Directive, this row should include interim profit and loss that has met any audit, verification or review procedures that the Bank has put in place. Dividends are to be removed in accordance with the applicable accounting standards, i.e. they should be removed from this row when they are removed from the balance sheet of the bank.	716,700
3	Accumulated other comprehensive income and other disclosed reserves, prior to all regulatory adjustments.	15,386
4	A Directly issued capital instruments subject to phase-out from CET1 CAPTAL in accordance with the requirements of the Directive. This is only applicable to non-joint stock companies. Banks structured as joint stock companies must report zero in this row.	-
5	Transitional Adjustment Amount Added Back to CET1	79,451
7	Sum of rows 1 to 5.	1,034,016
10	Other intangibles other than mortgage-servicing rights (net of related tax liability), as set out in the Directive.	(83,478)
28	Total regulatory adjustments to Common equity Tier I.	(83,478)
29	Common Equity Tier I capital (CET1 CAPITAL).	950,538
45	Tier I capital	950,538
46	Instruments issued by the parent company of the reporting group that meet all of the Tier II entry criteria set out in the Directive and any related stock surplus as set out in the Directive. All instruments issued of subsidiaries of the consolidated group should be excluded from this row. This row may include Tier II capital issued by an SPV of the parent company only if it meets the requirements set out in the Directive.	172,000
47	Current year unaudited profits	121,797
50	Provisions included in Tier II, calculated in accordance with the Directive.	76,873
51	The sum of rows 46 to 47 and row 50.	370,670

	Explanation of each row of the common disclosure Row number	P'000
58	Tier II capital, to be calculated as row 51 minus row 57.	370,670
59	Total capital, to be calculated as row 45 plus row 58.	1,321,208
60	Total risk weighted assets of the reporting group.	7,111 ,423
61	Common Equity Tier I (as a percentage of risk weighted assets), to be calculated as row 29 divided by row 60 (expressed as a percentage).	13.37%
62	Tier I ratio (as a percentage of risk weighted assets), to be calculated as row 45 divided by row 60 (expressed as a percentage).	13.37%
63	Total capital ratio (as a percentage of risk weighted assets), to be calculated as row 59 divided by row 60 (expressed as a percentage).	18.58%
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). To be calculated as 4.5% plus 2.5% plus the bank specific countercyclical buffer requirement calculated in accordance with paragraphs 142 to 145 of Basel III plus the bank G-SIB requirement (where applicable) as set out in Global systemically important banks: assessment methodology and the additional loss absorbency requirement: Rules text (November 2011). This row will show the CET1 CAPITAL ratio below which the bank will become subject to constraints on distributions.	

Table 25-Financial (Regulatory v. IFRS)

NO DIFFERENCE BETWEEN REGULATORY AND IFRS. MOVE TO TABLE 26		P'000
	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	As at year ended 31 December 2019	As at year ended 31 December 2019
Assets		
Cash and balances at central banks		489,205
Trading portfolio assets		
Financial assets designated at fair value		
Derivative financial instruments		
Loans and advances to banks		(754,989)
Loans and advances to customers		Nil
Reverse repurchase agreements and other similar		265,784
Secured lending		
Available for sale financial investments		
Current and deferred tax assets		
Prepayments, accrued income and other assets		
Goodwill and intangible assets		
Property, plant and equipment		
Total assets		
Liabilities		
Deposits from banks		
Customer accounts		
Repurchase agreements and other similar secured		
Borrowing		
Trading portfolio liabilities		
Financial liabilities designated at fair value		
Derivative financial instruments		
Accruals, deferred income and other liabilities		
Current and deferred tax liabilities		
Subordinated liabilities		
Provisions		
Total liabilities		
Shareholders' Equity		
Paid-in share capital		
Retained earnings		Nil
Accumulated other comprehensive income		
Total shareholders' equity		

Table 26 - Financial Compared to Regulatory Disclosures

	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	As at year ended 31 December 2019	As at year ended 31 December 2019
Assets	**BWP'000**	**BWP'000**
Cash and balances at central banks	77,138	566,343
Items in the course of collection from other banks	-	265,784
Trading portfolio assets	642,818	642,818
Derivative financial instruments	60,487	60,487
Loans and advances to banks	1,537,655	782,666
Loans and advances to customers	6,443,556	6,443,556
Current and deferred tax assets	46,344	46,344
Prepayments, accrued income and other assets	62,359	62,359
Goodwill and intangible assets	104,347	104,347
Property, plant and equipment	129,860	129,860
Total assets	**9,104,564**	**9,104,564**
Liabilities		
Deposits from banks	66,844	66,844
Items in the course of collection due to other banks	17,662	17,662
Customer accounts	6,973,892	6,973,892
Borrowed funds	558,172	558,172
Derivative financial instruments	59,618	59,618
Accruals, deferred income and other liabilities	133,108	133,108
Subordinated liabilities (Tier II borrowings)	205,000	205,000
Provisions	13,906	13,906
Total liabilities	**8,028,202**	**8,028,202**
Shareholders' Equity		
Paid-in share capital	**222,479**	**222,479**
Retained earnings	838,497	838,4987
Accumulated other comprehensive income	15,386	15,386
Total shareholders' equity	**1,076,362**	**1,076,362**

Common Equity Tier I capital: instruments and reserves			
		Component of regulatory capital reported by bank BWP'000	Source based on Reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2. BWP'000
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus.	222,479	
2	Retained earnings	838,497	
3	Accumulated other comprehensive income (and other reserves)	15,386	
6	**Common Equity Tier I capital before regulatory adjustments**	**1,076,362**	

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